CHAPTER I

INTRODUCTION

1.1 INTRODUCTION

The need for a centralised National Supply Management system, especially in the case of essential commodities arises in a developing country like India, primarily on account of the failure of the open market system to protect the interests of low income customers. In such economies the increased production of essential commodities is a necessary but not a sufficient condition for meeting the food security needs of the poorest segments of the population. Therefore, the distribution system becomes a crucial element in the supply management system. In India the distribution system consists of two components, namely, private distribution channel and public distribution channel. The private distribution channel is the larger system while the public distribution channel is a supplemental but very influential system. The public distribution channel operates a system which is both anti-inflationary and anti-poverty.

Definition of Public Distribution System

It is difficult to define Public Distribution System as a general concept because of the contextual and situation specific nature of this concept.
However one broad definition that can be considered for the present study is as follows.¹ Public Distribution System is the whole or a part of the distribution system, in principle owned and controlled by the public authorities on behalf of the general public and run by them for the good of the general public or of a specific group thereof. Generally speaking, Public Distribution System operates as a complementary system to the private trade which exists side by side.

### Rationing and Public Distribution System Distinguished

Rationing involves apportioning of the available quantity of any commodity among all the consumers who demand the same in a fair and equitable manner at periodical intervals. Rationing is normally resorted to in times of acute scarcity like famine, war etc. Wherever it is resorted to, it became generally unpopular due to unsatisfied demand, irregularities in distribution, petty corruption, break-down of the supply lines, poor quality etc. But it is generally recognised that there is no alternative to rationing in the short term if scarcity conditions of essential commodities persist. Rationing involves the following;

(i) organisation of procurement of specified commodities through levies, direct or indirect procurement, seizures, imports etc.

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(ii) fixation of entitlement according to the number of members in
the family and issue of cards showing their entitlements.

(iii) Organisation of transport and storage net work to move and
store the commodities;

(iv) organisation of retail out-lets to distribute the commodities.

(v) organisation of vigilance set up to supervise the distribution and
punish the offenders.

(vi) banning of private trade in the commodity which is rationed.

(vii) operations to unearth hoarders' stocks.

Rationing is justified on the following grounds;

* it provides a yardstick for measuring consumption
* it provides for reducing consumption whenever necessary
* it ensures equitable distribution
* it prevents a "run" on a commodity in short supply
* it prevents hoarding
* it prevents profiteering
* it releases surplus quantities for deficit areas
* it enables authority to build up the resources
* it controls prices
* it gives employment
* it raises the efficiency of the administration
* it restores the confidence of the people.
However rationing has certain serious disadvantages also, (especially if the administration is slack) viz.

* it leads to black marketing
* it encourages hoarding and profiteering
* it corrupts the administrative system
* it makes people totally dependent on the state
* it leads to wastage of resources
* it leads to increase in the cost of distribution
* it breaks down in the long run,

At present the whole country is covered by Public Distribution System for foodgrains (mainly rice and wheat), sugar and kerosene. However, there are many differences in commodity coverage, entitlements, prices, etc. from State to State. The Seventh Plan document recognises Public Distribution System as a permanent feature of the strategy to control prices, reduce fluctuations and achieve equitable distribution of essential commodities. In the following paragraphs an attempt has been made to present a historical perspective of the Public Distribution System in India and later on a description of the current system is given.
1.2 HISTORICAL PERSPECTIVE

1.2.1 Pre-Independence Era

The origin of Public Distribution System in India dates back to the Second World War period. At the start of the Second World War in 1939 when shortages of various essential commodities were anticipated and the State had an obligation to maintain supply lines for the conduct of the war while, at the same time, supplying essentials to the citizens also, the Government of India decided to impose controls on distribution of certain commodities under the Defence of India Rules 1939. The Government imposed controls over the essential commodities for the first time. They also ordered the setting up of fair price shops in the then major States like Bombay, Bengal, United Provinces, Madras, etc. Among the foodgrains, wheat was the first item to be brought under control.

During the period and even a few years before that, India was a net importer of foodgrains. Though the imports were small in size they served to maintain public confidence during a critical period. However when the war broke out in 1939 the prices of foodgrains started rising. The price of major foodgrains namely, rice and wheat sharply increased by 2.5 times during the war period. The Government tried to control the prices when it fixed the maximum price of wheat in 1941. However, there was no control either on supply or on movement of wheat which resulted in the failure of the wheat price control. During 1942 a serious shortage of foodgrains developed and
large sections of people were deprived of any supply at all. After examining the situation in depth, the Government of India promulgated Rule 81-D under the Defence of India Rules which empowered the provincial Governments to regulate the shops dealing in foodgrains and even take over their business, if necessary. In the same year, the Government of India set up the Food Department which was entrusted with the responsibility of regulating prices, procurement, movement and distribution of foodgrain on a centralised basis. States were declared either surplus or deficit in foodgrains and the Department fixed targets of procurement from the surplus States. A plan for the food economy of India called "The Basic Plan" was drawn up and put into operation from April, 1943. On the basis of the anticipated harvest of the two major seasons, (Kharif and Rabi) the Government of India ordered procurement from surplus States and allocation of foodgrains to the deficit States. The first Foodgrain Policy Committee was set up in 1943 to recommend a sound and effective food policy for the country. The Committee stressed the need for continuing the rationing in the urban centres and also inclusion of certain rural areas under the scheme. The committee also asked for a reserve stock to be created as per specific scheme outlined. Food rationing which was introduced to cover 13 cities in 1943 was extended to 103 cities and towns in 1944 and extended to 771 towns and rural pockets in 1946. The procurement in surplus States did not work out satisfactorily and the main source of supply during the period 1943-47 was imports.
The food situation in 1943 was critical and the Government of India modified the basic plan in such a way as to licence more private dealers to encourage them to bring out the hidden stocks. This was first tried in the Eastern region. However, the traders of Bengal captured most of the supplies intended for Bihar, Orissa and Assam resulting in further hoarding and rise in prices. The great famine of Bengal occurred during this period. Thus, the basic plan and its revised version ultimately failed.

During the War period three different types of rationing were in operation.

(i) **Statutory or formal rationing:** Under this system every card holder was entitled to receive specified quantities of rationed articles from the ration shop at fixed prices. This was in operation in big cities of India.

(ii) **Non-statutory or informal rationing:** This was prevalent in the semi-urban areas and in some rural pockets. The system was flexible in such a way that the quantum of the rations could be altered by the District authorities depending upon the availability of the stocks.

(iii) **Sectional rationing:** In certain areas sectional rationing was implemented to meet the foodgrain needs of certain specified sections of the population like Tea Estate workers, members of essential services and non-producers of foodgrains in a region from which the entire marketable surplus was requisitioned.
Though the above three systems were found to render some service to the people, there were large numbers of complaints about the unsatisfactory nature of the systems. The supplies were not centrally held and they were totally inadequate. The entire population was not covered and the persons left out had justifiable grievances. The entitlements also varied from state to State and within the State from area to area, giving rise to serious resentment. The prices also varied and there was no conscious attempt to subsidise the same. Further, there were complaints about the bad quality of the grains supplied. Therefore, in certain areas where the quality was bad and prices were considered high, stocks accumulated due to poor off-take; at the same time certain other areas were awaiting for stocks. Lastly, the grain dealers indulged in various malpractices and the provincial Governments were either unwilling or unable to take serious action against them, probably because they were also in-charge of the open market operations.

For running the above systems of rationing, local procurement of foodgrains was to be accomplished apart from arranging for imports. The mode of procurement varied from province to province. The Foodgrains Policy Committee of 1943 suggested the creation of a single agency in each province for procurement of the surplus foodgrains both for Civilian and Military consumption. Thus each province came to adopt its own machinery for procurement. In the Southern provinces of Madras, Mysore, Cochin and Trivancore monopoly procurement of all surplus foodgrains was attempted.
Bombay, Orissa and Bengal provinces also adopted a modified form of monopoly procurement. In other areas there was some resistance to such procurement operations. Thus the following three types of procurement were in vogue during the War period.

(i) **Compulsory requisitioning:** The entire marketable surplus after making provision for family consumption, wages in kind and seed purposes was requisitioned by the Government. However there was much resentment against this and the administrative machinery found it difficult to carry out the operations.

(ii) **Partial requisitioning:** A part of the marketable surplus was requisitioned in the case of partial requisitioning though the resentment was much lower in this case the cost of administration compared to the quantity requisitioned was found to be very high.

(iii) **Occasional requisitioning:** Occasional requisitioning was resorted to in certain cases depending on local conditions. This was tried only for a short while in Bombay and given up in view of stiff opposition.

1.2.2 **The Post Independence Period**

India obtained independence in the year 1947 and the second Foodgrains Policy Committee was set up in that year. The committee recommended to reduce the area of state intervention in the food market.
Accordingly, the recommendation was to scrap the rationing system, to reduce the import of foodgrains and liberalise internal trade of foodgrains. The Government started to implement these recommendations seriously. However, liberalisation of internal trade in a shortage situation resulted in sharp increase in foodgrain prices and very soon, the Government reverted to the price control mechanism.

The third Foodgrains Policy Committee set up in 1950 pointed out "a few serious contradictions in the policy like the existence of control over foodgrain prices vis-a-vis no control over other agricultural commodities and their influences on production. It further stated that the Government's declared policy of feeding the vulnerable sections with an effort to reduce imports simultaneously was contradictory. The reductions in imports were determined by financial constraints rather than need, and the Government, trying to stabilise prices allowing at the same time the open market prices to find their own level" was not consistent. Therefore the Committee wanted the Government to follow a consistent policy over a period of time.

In 1952 the Foodgrains (licensing and procurement) Order was passed and fair price shops were opened to prevent undue rise in prices consequent on the relaxation of controls. In 1953-54 the food zones which were introduced during the war period to restrict the movement of foodgrains were also abolished. But the zonal system was re-introduced in 1957 for wheat and rice.
The year 1955 was an important one since it was during this year that the Essential Commodities Act was enacted. This Act which is in force even to-day, has the objective of holding control over the production, supply and distribution of and trade and commerce in certain essential commodities. A number of Control Orders have been promulgated under this Act to cover various essential commodities. In 1957 the decision based on the report of the Foodgrains Enquiry Committee further strengthened the State intervention mechanism through controls over trade and its progressive socialisation. During this period the State control was exercised through:

- movement restrictions
- price control
- procurement, licensing and distribution control and
- stock holding limits.

In 1959 "Nationalisation of Trade in Foodgrains" was attempted by fixing maximum selling prices at the wholesale and retail levels for rice and wheat. Due to large variations between the open market prices and the maximum prices fixed by the Government, the market arrivals dropped. The scheme was admittedly a failure and was withdrawn within one year of its introduction. During the years 1956-1965 wheat and rice imported from the U.S.A. under PL 480 was pumped into the Public Distribution System at prices which were lower than the domestic ones. The avowed purpose was to protect the vulnerable sections of the population against the rising prices.
The establishment of the Food Corporation of India in 1965 with the objective of building up buffer stocks of foodgrains to achieve food security was a major landmark of the Indian Food Policy. From 1965 onwards the public distribution system became an important element in the planning process. The old fair price shops scheme was redesignated as Public Distribution System. The importance assigned to this at that time was due to the following factors:

* Higher foodgrains production due to the green revolution, making it possible for the country to move towards self-sufficiency.
* The need to organise effective procurement from the farmers to save them from being exploited by unscrupulous traders.
* The denial by U.S.A. of concessional food aid under PL 480 and
* The need to maintain a buffer stock at the Government level to meet the shortages during the droughts.

1.2.3 The Five Year Plans

At this stage, it may be useful to examine how successive five year plans dealt with the Public Distribution System and its macro-economic goals. In the first Five Year Plan the emphasis was to maintain the food distribution system in the urban and highly deficit areas. For this purpose, Cities and Towns (selected according to varying criteria in each State) were
chosen to be brought under statutory rationing. Certain highly deficit rural areas were given priority for distribution under non-statutory rationing. In the Second Plan the thrust was for the maintenance of a foodgrains reserve, evolution of public distribution system as an anti-inflationary safe-guard and expansion of the scheme to include a few consumer goods apart from foodgrains. The Third Five Year Plan aimed at strengthening the Co-operative network in the public distribution system. The policy goals were defined as price stabilisation and correction of seasonal and regional variations. This plan also aimed at licensing and regulation of wholesale trade. The Fourth Five Year Plan aimed at reinforcing the changes ushered in by the Third Plan, namely strengthening of the Co-operatives. The plan contemplated gradual replacement of the fair price shops system by the Co-operative Consumer Stores or Multi-purpose Co-operative Societies. The Fifth Five Year Plan made a major shift in the erstwhile policy. It contemplated two main perspectives:

* Public Distribution System must avoid any sizable subsides on the public Exchequer and
* The Distribution System basket should be reasonably small and the Public Distribution commodities should be reasonably homogenous in character.

However, the Sixth Five Year Plan reverted back to emphasis on the welfare aspects of the Public Distribution System. Here, the perspective was
to develop the system as a stable and permanent feature of the policies to control prices, to reduce fluctuations and to achieve an equitable distribution of essential consumer goods. The Plan adopted a selective approach in commodity coverage. It identified foodgrains, rice, sugar, edible oils, kerosene, soft coke, controlled cloth, tea, coffee, soaps and match boxes for coverage. The plan admitted that different regions in the country have different preferences in commodity coverage. It emphasised the timely supply of the chosen commodities in the respective regions. Lastly the plan also anticipated horizontal linkages of the Public Distribution System with the other plan programmes. eg., mobile fair price shops at areas where rural development works were in progress. The Seventh Plan contemplated expansion of the area covered by the Public Distribution System. The emphasis was to open a large number of shops in the un-served areas and organising mobile shops in the far flung areas. During the Seventh Plan period the new Twenty Point Programme was also launched. The latter emphasised bringing the essential commodities within the reach of the poor and restructuring the system so that subsidies reach the most needy. The Eighth Five Year Plan recommended the targeting of the Public Distribution System towards the poorer sections of the population and discontinuance of supply to the non-poor segments. It also recommended extension of the present coverage of Public Distribution System to the poorer sections in the rural and urban areas throughout the country. It admitted that it may not be possible to have any significant reduction in the current food subsidy amounts.
The Government of India have given broad guidelines to the State Governments to organise an effective Public Distribution System. The general idea is to ensure a fair price shop for about 2000 cardholders and for much lesser numbers in hilly and tribal areas. At present the system covers rice, wheat, sugar, kerosene, janatha cloth, soft coke and edible oil. (The list varies from State to State) Government of India undertakes procurement, storage and transport of rice and wheat through the Food Corporation of India. The other commodities are procured and distributed through a mix of private and public agencies.

There are at present about 4,00,000 fair price shops spread all over the country catering to the needs of almost the entire population of the country. Thus, today, "the Public Distribution System is not merely a rationing scheme meant for the market dependent urban population but a system with more than four lakhs Fair Price Shops distributing annually, around 18 million tonnes of foodgrains, 43 lakh tonnes of levy sugar and 83 lakh tonnes of kerosene. The Indian Public Distribution System is arguably the largest distribution network of its type in the world.² The operations of the Government of India and the Public sector agencies in procurement, storage and distribution involved a subsidy which has been increasing from year to year.²

year. For 1992-93, the subsidy was estimated to be of the order of Rs.5500 crores.

In 1992 the Government of India introduced a new scheme called "REVAMPED PUBLIC DISTRIBUTION SYSTEM", (RPDS). The objectives of the scheme were to expand and improve the system of delivery of commodities through fair price shops in certain areas of the country identified as "backward" areas. In areas covered by the RPDS, the policy aimed to improve the coverage of the poorer consumers by the Public Distribution System (by increasing the number of fair price shops, by providing all the households with family cards etc.) to increase the range of commodities supplied under the system and to provide foodgrains at prices lower than those in the Public Distribution System. The scheme was launched on the 1st January 1992. A total of 1968 blocks in the country (1023 under the Integrated Tribal Development Programme, 143 under the Desert Development Programme and 155 under the Designated Hill Areas Programme were included under the RPDS). The contents of the programme included opening of 11,000 additional fair price shops, issue of 24 lakh new family cards and creation of an additional 3.30 lakh tonnes storage capacity. Under this programme Government of India supplied foodgrains to the State Governments at prices which are 50 paise per Kg. less than those supplied to other areas. The State Governments were expected to pass on this 50 paise concession to the consumer along with any other concession they are already
enjoying. In Tamilnadu, however, the programme has minimal impact because there is universal coverage of all the households for the issue of family cards and shops are available in all the revenue villages. Since the Government of Tamil Nadu is supplying rice at prices which are nearly 50 per cent of the cost, there is no impact on the issue price of rice under the RPDS. However, wheat is supplied at 50 paise per Kg. less in the RPDS areas than the price charged in the other areas.

1.4 PUBLIC DISTRIBUTION SYSTEM IN TAMIL NADU

The statutory rationing system was abolished in Tamil Nadu in the year 1953. Several adhoc decisions were taken in the subsequent years about distribution of essential commodities depending on the changing supply conditions. The Public Distribution System in the present pattern was introduced in this State in the year 1964.

According to the policy statement of the Government of Tamil Nadu, the objective of the Public Distribution System is as follows:

"To ensure the availability of essential Commodities to the card holders at places which are accessible to them at prices affordable by them and of a quality acceptable to them".

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Thus, the Government tries to ensure the '4 As', viz. Availability, Accessibility, Affordability and Acceptability. Since there is no rationing system which mandates the supply of the entire requirements, the '5th A' viz. Adequacy is not ensured. Originally cards were issued in the urban areas and slowly the system was extended to the rural areas also. Since it was the policy of the State Government to have an universal Public Distribution System, cards were issued to all the families including single member families. The cards were issued after local verification by a team of enumerators supplemented by supervision by the departmental officials. The cards were issued by the Taluk Supply Officers in the districts and Assistance Commissioners of Civil Supplies in Madras city. The card is in a booklet form and is generally valid for six years. Each card gives information about the name of the head of the family, names of the other members of the family, their ages, their monthly incomes and details of their domestic cooking gas connections if any. The card also gives the total quota of essential commodities to be supplied to the family on the basis of scales of entitlement. The commodities are normally supplied on a fortnightly basis and the family card has got columns for entering all the issues for each fortnight of the entire six year period covered by the card. When a commodity is issued, the date of such issue and the quantity issued are entered by the salesman in the appropriate column of the card. As on 31-12-1995, 1,48,75,258 family cards, consisting of 91,92,855 rural cards and 56,82,403 urban cards were in circulation in the state.\footnote{Commissioner of Civil Supplies, Madras, 1995.} Compared to the projected state population of 59
millions in 1995, the number of cards seems to be on the high side, leading to the inference of the presence of many "Bogus Cards".

These cards are attached to designated Public Distribution outlets, generally known as "Ration Shops". The official nomenclature for the shop is "Fair Price Shop". As shown in Table 1.1 the number of shops were increased from year to year corresponding to the coverage of the Public Distribution System in various districts and also consistent with the increased number of cards. This is pictorially represented in Figure 1.1.

Table 1.1

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of shops</th>
</tr>
</thead>
<tbody>
<tr>
<td>1977</td>
<td>8576</td>
</tr>
<tr>
<td>1978</td>
<td>10182</td>
</tr>
<tr>
<td>1979</td>
<td>17002</td>
</tr>
<tr>
<td>1980</td>
<td>17386</td>
</tr>
<tr>
<td>1981</td>
<td>17536</td>
</tr>
<tr>
<td>1982</td>
<td>17536</td>
</tr>
<tr>
<td>1983</td>
<td>17796</td>
</tr>
<tr>
<td>1984</td>
<td>20458</td>
</tr>
<tr>
<td>1985</td>
<td>20458</td>
</tr>
<tr>
<td>1986</td>
<td>21035</td>
</tr>
<tr>
<td>1987</td>
<td>21114</td>
</tr>
<tr>
<td>1988</td>
<td>21141</td>
</tr>
<tr>
<td>1989</td>
<td>21134</td>
</tr>
<tr>
<td>1990</td>
<td>21935</td>
</tr>
<tr>
<td>1991</td>
<td>21977</td>
</tr>
<tr>
<td>1992 to 1995</td>
<td>21985</td>
</tr>
</tbody>
</table>

Source: Commissioner of Civil Supplies, Madras, 1995.
Fig. 1.1 Total Number of Fair Price Shops
Though originally the outlets were run by the private licencees, the Government took a decision to abolish private retail outlets during the 1970s. Thereafter all the outlets are run either by the Tamil Nadu Civil Supplies Corporation (1073 shops) or by the Cooperatives (20912 shops). It is seen that 95.12 percent of the shops are run by the Cooperatives. Thus, for all practical purposes, the distribution of essential commodities under the Public Distribution System in Tamil Nadu is almost totally in the Cooperative sector.

Table 1.2 shows the distribution of the above shops in the rural and urban areas.

Table 1.2

Location of Fair Price Shops in Tamil Nadu

<table>
<thead>
<tr>
<th>Area</th>
<th>Tamil Nadu Civil Supplies Corporation</th>
<th>Co-operatives</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural</td>
<td>337</td>
<td>16528</td>
<td>16865</td>
</tr>
<tr>
<td>Urban</td>
<td>736</td>
<td>4384</td>
<td>5120</td>
</tr>
<tr>
<td>Total</td>
<td>1073</td>
<td>20912</td>
<td>21985</td>
</tr>
</tbody>
</table>

Source: Commissioner of Civil Supplies, Madras. 1995.

Out of the total of 21985 shops in the State 77 per cent of the shops are catering to the needs of the rural areas and 23 per cent to the urban areas. A pictorial representation of these may be found in Figure 1.2 and 1.3.
Fig. 1.2 Rural and Urban Shops

Fig. 1.3 Ownership of Shops
The general principle is to have one outlet for about 800 to 1000 cards. However, since the policy of the Government is to have at least one shop per village, there are a number of shops which have less than 500 cards attached to them. Similarly, in certain areas where it is not possible to get additional accommodation or where there are some special difficulties, more than thousand cards are also attached to a particular outlet. It is seen from Table 1.3 that 45 percent of the shops have less than 500 cards attached to them. This is also depicted in Figure 1.4.

**Table 1.3**

**Number of Cards Attached to Shops in Tamil Nadu**

<table>
<thead>
<tr>
<th>No. of Cards</th>
<th>No. of Shops</th>
<th>Cumulative Total</th>
<th>Cumulative Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 100</td>
<td>776</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>101 - 200</td>
<td>2270</td>
<td>3046</td>
<td>13</td>
</tr>
<tr>
<td>201 - 300</td>
<td>2473</td>
<td>5519</td>
<td>25</td>
</tr>
<tr>
<td>301 - 400</td>
<td>2426</td>
<td>7945</td>
<td>36</td>
</tr>
<tr>
<td>401 - 500</td>
<td>1941</td>
<td>9886</td>
<td>45</td>
</tr>
<tr>
<td>501 - 600</td>
<td>1784</td>
<td>11670</td>
<td>53</td>
</tr>
<tr>
<td>601 - 700</td>
<td>1863</td>
<td>13533</td>
<td>61</td>
</tr>
<tr>
<td>701 - 800</td>
<td>1805</td>
<td>15338</td>
<td>69</td>
</tr>
<tr>
<td>801 - 900</td>
<td>1751</td>
<td>17089</td>
<td>78</td>
</tr>
<tr>
<td>901 - 1000</td>
<td>1551</td>
<td>18640</td>
<td>85</td>
</tr>
<tr>
<td>More than 1000</td>
<td>3345</td>
<td>21985</td>
<td>100</td>
</tr>
</tbody>
</table>

Fig. 1.4 Number of Cards Attached to Shops
The present policy of the Government of Tamil Nadu is to ensure that the shops are located within 3 Km. distance to provide easy access to the card holders. However, in certain hilly areas especially where tribals live, this has been further relaxed. In these areas either part-time shops or mobile shops have been sanctioned. Even in the plains in certain problem areas part-time shops have been sanctioned. As on 31-12-1995 the number of part-time shops and mobile shops stood at 1719 and 27 respectively.⁵

The entitlements of all commodities for the cardholders have been changed from time to time. Details of such change are given in Annexure IV. The present scale of entitlement is as given in the Table 1.4 below.

Table 1.4

<table>
<thead>
<tr>
<th>Commodities</th>
<th>Present Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Rice</td>
<td>4 Kgs. per adult and 2 Kgs per child per month subject to a maximum of 12 Kg. per month per family</td>
</tr>
<tr>
<td>(2) Wheat</td>
<td>10 Kgs. per month per family in Madras and district headquarters and 5 Kgs per month per family in other areas.</td>
</tr>
<tr>
<td>(3) Sugar</td>
<td>500 gms. per capita per month subject to a maximum of 2 Kgs. per month per family.</td>
</tr>
<tr>
<td>(4) Kerosene</td>
<td>10 litres in Madras city and District Headquarters. 6 litres in Municipal areas. 5 litres in Town Panchayats 3 litres in rural areas per family per month (Higher entitlements allowed in hilly areas)</td>
</tr>
</tbody>
</table>

⁵ Commissioner of Civil Supplies, Madras.
In respect of prices of commodities Tamil Nadu has a long history of providing State subsidy so as to distribute rice at much less price than the cost price to the cardholders. The details of changes in the prices and the subsidy of the State are given in Annexure V. For the year 1995-96 rice is being distributed at price Rs.2.50 per Kg. for the common variety and Rs.3.75 per Kg. for the fine and super fine varieties. This involves a State subsidy of about Rs. 440 crores. There is no State subsidy for the other commodities distributed through the Public Distribution System.

The Tamil Nadu Civil Supplies Corporation is the wholesale agency for rice, wheat and sugar. From their godowns these commodities reach the Public Distribution System outlets either directly or through the link societies who are sub-wholesalers. However, private wholesalers are operating in the Kerosene trade and they supply the Public Distribution System kerosene directly to the retail outlets. A diagrammatic representation of the public distribution System in Tamil Nadu is as shown in Figure 1.5.

1.5 ADMINISTRATIVE SET UP OF THE PUBLIC DISTRIBUTION SYSTEM

The Public Distribution System in this country is organised and managed by the Ministry of Civil Supplies, Consumer Protection and Public Distribution System. There is a Cabinet Minister and a Minister of State in-charge of the Ministry. There is a separate Secretary for the Ministry with the usual supporting staff. The responsibilities of the Ministry includes;

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FIG. 1.5 PDS FLOW CHART
running of the Public Distribution System,

* monitoring of prices and the availability of essential commodities,

* administration of the Essential Commodities Act,

* organisation of consumer co-operatives,

* supply of oils and vanaspathi,

* weights and measures,

* Bureau of Indian Standards and

* consumer protection

Except supply of oils and vanaspathi and Bureau of Indian Standards all the other responsibilities are directly under the respective State Governments and the Ministry has a role of policy formulation and co-ordination only.

In the State of Tamil Nadu, there is a Cabinet Minister in-charge of Food, Co-operation and Consumer Protection. There is a Secretary to the Government with supporting staff to assist him. At the field level the department is headed by the Commissioner of Civil Supplies whose responsibilities are;

* Organisation and operations of the Public Distribution System,

* Co-ordination with the various agencies involved,

* Administration of the Essential Commodities Act and Prevention of Black Marketing Act,
* Procurement operations of paddy,

* Prevention of smuggling of essential commodities across the State border and

* Consumer protection including promotion of voluntary consumer activities and consumer education.

The organisation chart of the department is given in Figure 1.6.
FIG.1.6. PUBLIC DISTRIBUTION SYSTEM IN TAMIL NADU - ORGANISATION CHART