CHAPTER — THREE

PROCUREMENT AND DISTRIBUTION UNDER THE P.D.S.

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3.1 Introduction:

The success of P.D.S. depends upon the effectiveness of procurement, supply and distribution arrangements. On the supply side, the maintenance of the supply line of the commodities selected for the distribution would be of crucial importance. On the distribution side, the effectiveness depends upon a number of factors like proximity of fair price shop, gap between the F.P.S. price and open market prices, regularity and the interval of supplies etc. These Government operations i.e. procurement of sufficient foodgrains and equitable distribution of the same are to be adequately well planned and implemented.

3.2 The Procurement Arrangements:

At the national level as well as state level arrangements generally exist for procuring the essential commodities and supplying them through the P.D.S. outlets. In regard to foodgrains, the necessary operations are undertaken by Food Corporation of India (F.C.I.). In case of sugar, the operations are undertaken by F.C.I. in some states, and Civil Supplies Corporation or co-operatives in others. The responsibility of importing and distributing edible oils has been mainly entrusted to the State Trading Corporation of India (S.T.C.I.). Soft coke is handled by public sector corporations like Indian Oil Corporation (I.O.C.), Hindustan Petroleum,
Bharat Petroleum etc. The production of controlled cloth has now been entrusted to the National Textiles Corporation and distributed through the National Consumer Co-Operatives Federation. Similarly tea is being procured and distributed by the National Consumer Co-Operatives Federations and Coffee is supplied by the Coffee Board. The supply of match-boxes is arranged through the Khadi and Village Industries Commission. As regards exercise books, the State Governments receive paper at controlled prices for conversion into exercise books through its own organisation. For toilet soaps, in the absence of any public sector agency, the necessary arrangement for supply are being made by the Indian Soaps and Textile Manufacturers' Association.

The States have, in turn, nominated certain agencies in the public sector and/or the cooperative sector, which procure, stock and supply various essential commodities to the P.D.S. within their territories. Thus the distribution of essential commodities, received from or through central agencies, is by and large handled by the State Civil Supplies Corporation or Essential Commodities Corporation, State Level Apex Consumer Co-operative Federation and other designated agencies.

3.3 Procurement Arrangements in Karnataka State :

The P.D.S. in Karnataka State has an effective intervention to contain the open market prices of essential
commodities and to ensure the availability of at least the minimum quantity of essential commodities to the consumers, especially those who are below the poverty line and living in rural areas. In the absence of the P.D.S., the public shall have to depend on the private traders who always try to exploit consumers and aim at the maximisation of profits.

The Karnataka State Food and Civil Supplies Corporation Ltd. (established on 7th September, 1973) is the wholesale agency appointed by the Government of Karnataka for procuring various essential commodities from different sources under price support operations of levy system and also from central pool allotment. The procurement is an important function of the Food and Civil Supplies Department. Procurement of rice is being done under the provisions of the Karnataka Rice Procurement (Levy) Order 1984. According to this order, the procurement is done in the form of rice from millers and traders against $33\frac{1}{3}$ per cent of paddy converted into rice.

The F.C.I. is the sole agent of procurement of levy rice. The K.F. & C.S.C is the state agent for purchase of paddy under support price operations. Now, the K.F. & C.S.C. is engaged in the distribution operations only.

The State Government stands as a guarantor for cash credit to be obtained by the K.F. & C.S.C. from the Reserve Bank of India (R.B.I.) for the transactions relating to
purchases of all public distribution items and open market purchase of rice, ragi, jowar, sugar, palmolein oil, kerosene etc.

The Government of India is giving monthly allotment of levy sugar and the stocks are lifted from the sugar mills located in the Karnataka State itself. The corporation is arranging for the payment and lifting of sugar from sugar mills and transports it to the different taluka godowns, from where sugar is released to retail agencies. The Government of India is again allotting the imported palmolien oil and K.F. & C.S.C. is arranging to lift the stock and distribute the same through taluka godowns to retail agencies. The Central Government allots the wheat also and the stock is lifted from F.C.I. Similarly the P.D.S. agencies are getting wheat products like maida, sooji from local flour mills and the same are moved to taluka godowns and released to the agencies working at the base level.

The Director of Food and Civil Supplies makes monthly allotment to the districts. The Deputy (Director) Commissioner of the District sub-allocates the district allotments to the Assistant Commissioners and Taluka Tahasildars and both these officers - particularly the Tahasildar makes shop-wise allotments taking into account the opening stock available at the fair price shops.
3.4 Channels of Distribution:

The Channel of Distribution means and includes all the possible routes through which the goods move from the place of production till reaching the consumers.

'The task of distribution involves making available at the right time and at the right place for meeting the needs of consumers at a price that is acceptable to both the consumers and the suppliers'. A slight negligence in the proper movement and timely reaching the end consumers, shall totally distort the distribution picture and would result in a great amount of loss of stock.

The country has got a three-tier structure in the public distribution management. At the apex level, there are national-level agencies which have the task of procuring, storing, allocation to states etc. They include F.C.I., S.T.C., Coal India Ltd., public sector oil companies, N.C.C.F. etc.

At the state level, there are Civil Supplies Corporation and State Co-operative Federation. At the base level, there are F.P.S. and the retail outlets run by State Civil Supplies Corporation, Co-op. Societies and private licenced retailer sellers. (Chart No.III.1) and (Chart No. III.2)

In the States, the distribution of essential commodities received directly from the Centre or through its
AGENCIES RELATING TO THE P.D.S - PROCUREMENT AND DISTRIBUTION

CHART - III-1

National level Agency

- S.T.C.
- F.C.I.
- P.O.C.S
- N.C.C.F.

K.F.C.S.C.

State level

CO-OP.Soc.

At the Base level.

- Wholesale nominees
  - K.F.C.S.C.
  - CO-OP.SOCIETY

- Retail outlets
  - K.F.C.S.C.
  - CO-OP.Soc.
  - P.L.R.S.
agencies, is being managed by the State Food and Civil Supplies Corporation, State-Level Consumer Co-operative Federation and other designated agencies. At the base level there are fair price shops to undertake retail selling to the beneficiaries. Such retail outlets may be opened and run by the State Civil Supplies Corporation or the Consumer Co-operatives or other Co-operative societies and the private businessmen may also be licensed/permittted for that purpose.

States like Tamil Nadu, Kerala and Punjab have opened their own retail outlets. In the States of Tamil Nadu and Uttar Pradesh the retail shops are run only by the Civil Supplies Corporation and Co-operative Societies. These two are the only States where private traders have been totally eliminated in undertaking of the distribution of essential commodities through retail outlets.  

The System in Karnataka State:

In Karnataka, the system of distribution of essential commodities to the wholesale nominees and then to the retailers does not vary much from the system practiced in other States. But the State has permitted the private traders to be in the P.D.S. field. Nearly 50 per cent of the retail outlets are owned and run by the private traders.

The State has a total network of 273 wholesale nominees, of which 124 wholesale points are managed by the
Karnataka Food and Civil Supplies Corporation and the remaining 149 wholesale depots are run by the Co-operative Societies. Kerosene allocation and distribution arrangements are managed by the State Co-ordinator of Indian Oil Corporation, Bangalore.

At the end of December 1992, there were 18,435 retail fair price shops, comprising of 268 run by K.F. & C.S.C., 7276 run by Co-operative Societies and the remaining 10891 managed by private licenced retailers.

The Karnataka State is one of those few states where the entire population is covered by the P.D.S. No class of people lie outside the purview of the P.D.S. As on December 1992, as many as 83.77 lakh card-holders were covered by the P.D.S. in Karnataka.

3.5 P.D.S. in the State:

The method of identification of areas and the people has a special connotation in Karnataka State. The areas classified fall under three types: I.R.A. (Informal Rationing Area), Urban Area and Rural Areas. The quantity fixed and the prices charged for rationed articles are altogether different for each type of card-holders and area. Various aspects of distribution of the P.D.S. commodities in Karnataka are described below.
A) Types of Ration Cards:

Unlike as in some other states, the P.D.S. in Karnataka State covers the whole of its population irrespective of the area, income etc. of the people. But a discrimination is made in the quantities issued and the prices charged to the different types of cards held by the people. The poor and rural people are favoured more than the urban rich people.

In I.R.A. and Urban Areas, all the people are provided with the photo-affixed Ration Cards. But only the people of specially identified areas, such as slum or backward area, get the Green Cards. The rates charged to the people having Green Cards are lower than those charged to others. Only those families whose annual income is less than Rs.6,400/- get the Green Cards in the Urban Areas too.

In the rural areas, the population is classified into two sections viz. poor and non-poor. All the families whose annual income is less than Rs.6,400/- are considered as poor. (Until April 1992 the income limit was as low as Rs.3,500/- per year). Nowadays the people with an annual income of Rs.6,400/- or less get the Tri-colour cards bearing the photograph of the late Prime-minister Smt. Indira Gandhi, popularly known as "Green Cards".
And the families whose annual income exceeds Rs.6,400/-, are issued the Saffron Cards, widely known as Red Cards.

The completely dark green-coloured cards were in vogue till 15th August, 1992. Thereafter the tri-colour cards came into force. Similarly the saffron cards were introduced in the year 1989.

The areas with population below 20,000 are identified as Rural Area and eligible for the Green Cards. As on 28.3.1990, 45 cities spread over 17 districts were identified as urban areas and the rest with the population below 20,000 were declared rural areas.

The landless labour, agricultural labour, village artisans, small and marginal farmers, recipients of old-age pensions, physically handicapped and widow pensioners are generally considered to be eligible ones for Green Cards and regarded as the beneficiaries under Green Card Scheme.

The talukas have further been classified as D.P.A.P. and NON-D.P.A.P. - TALUKAS. The talukas which are prone to be hit by drought and famines have been recognised specially and declared D.P.A.P. (Drought Prone Area Programme). There were about 73 talukas identified as D.P.A.P. Talukas. The rest are Non-DPAP talukas. The green card-holder of DPAP Talukas get an additional 1 kg. of rice at the rate charged to saffron card-holders of the same area.
Again a special project called I.T.D.P. (Integrated Tribal Development Project) was introduced in January 1986. As on 1st April 1992, there were 23 such blocks considered for I.T.D.P. In this scheme, tribal families have been issued with Green Cards which entitle them to draw ration at the rate of 10 kgs. of rice and 5 Kgs. of wheat per month at subsidised rates. They are generally charged 50 paise less than what other green card-holders of rural areas are charged. There were about 8.24 lakh families which benefitted under this particular scheme.

As on 31st December 1992, there were 18,435 fair price shops working throughout the state. They served a total of 83.77 lakh families, of which 28.5 per cent (24,07,445 families) were in urban areas and the remaining 71.5 per cent (59,92,555 families) in rural area. Out of the rural 59.92 lakh families, 32.35 lakh families (54%) constitute Green Cardholders and the balance 27.56 lakhs families (46%) are Saffron Card-holders.

As on 18th March, 1994, there were 93.70 lakh families which were brought under the wide net of P.D.S. in Karnataka.

In Belgaum District, of the 10 talukas, the four talukas of Athani, Gokak, Ramdurg and Savadatti are considered as D.P.A.P. Talukas and the other 6 as Non-D.P.A.P. talukas.
The only difference between the two is that the Green Cardholders of D.P.A.P. taluka get an additional 1 kg of rice at the price charged to the Saffron Card-holders of that area.

In Athani Taluka, the area under study, the town of Athani Taluka proper area is declared as urban while the villages as Rural Areas. In Athani Urban Area all the families have been issued the same type of Ration Card - irrespective of the economic status. No part of the urban area is recognised for issuing Green Cards, as is done in other urban areas of the Belgaum District. The Green Cards and the Saffron Cards are issued only at all the rural areas.

An interview with the Shirastedar (Dy. Tahasildar - food), Athani, revealed that a proposal had been sent to the higher authorities for recognising 4 areas specially slum dwellers/backward localities viz. Harijan Galli, Chavan Galli, Charmalaya area and Bajantri area, for issuing Green Cards in Athani urban Area. Until the recognition comes, the poor of the urban area are treated on par with the non-poor.

B) Issue of Ration Cards:

Issuing ration cards to the public is quite a difficult task. It should be monitored and managed very systematically and carefully. Otherwise the ineligible will
get the Green cards and the really eligible will be deprived of this benefit. It also leads to the creation of bogus cards.

The State Government order the Dy. Commissioners of the Districts to conduct a survey for the purpose of identifying the eligible families for Green Cards and families to be brought under P.D.S. afresh. While conducting such a survey, an eye is also kept on the genuineness of the cards already possessed by the people, need of fresh cards, elimination etc.

The Talathi i.e. Village Accountant of Revenue Department of State Government, ascertains the needs of the public at the grassroot level. Based on such an enquiry, the Dy. Tahasildar (food) prepares the list of persons eligible to possess the cards and the Tahasildar of the Taluka issues the Ration Cards - bearing his signature and seal.

As at the end of March, 1985, there were in all (i.e. total of Green, Saffron and Photo cards) 58,764 card-holders and when a purposive survey was done in March, 1992, it was found that there was an increase in the number of Cards by 4044 and the total stood at 62,808. As of March 1994, it remained at 78,623 in the taluka. Though a fresh survey was not conducted and new cards were not issued, the increase in the number of card-holders is due to inclusion of more families under Green Cards scheme, transfer cases etc.
Apart from a periodic survey and issue of new ration cards, the Tahasildar is empowered to issue new cards, necessitated by transfer, death, division of families etc. throughout the year. In such cases, a written application is to be made to the Tahasildar accompanied by a copy of home ownership or residential certificate. An enquiry is made by the Inspector of Food with the help of the Village Accountant and finally the ration card is issued by the Tahasildar based on the enquiry reports. In this process the opinion of the Village Accountant carries weight since he is a Government employee actually administering at the village level. He recommends to the Tahasildar the issue of ration cards and finally hands over the cards to the real beneficiaries.

However, more of this is in theory than in practice. The issue of cards is not very systematically monitored. At the Tahasildar's Office, the village accountant who has a close contact with the officials gets more ration cards than really needed.

This results in the issue and existence of more cards than actually required. It is observed that the officials do not actually verify the actual population of and the number of ration cards requisitioned for every village. Generally one card should exist for every five persons, and hence the total number of cards required for every village could be
ascertained. It is found that there are relatively more ration cards than really required in Athani Taluka. It is clear that a very large number of excess cards have been issued, which has resulted in the existence of bogus cards.

In order to unearth the existing bogus cards in the taluka, a notification was given in a Daily by the Municipal Authorities to surrender voluntarily all the bogus ration cards if possessed, failing which the persons would be punishable under the K.E.C. Act, 1955.

C) Quantity-fixed for Card-holders:

The quantity of foodgrains distributed to household beneficiaries depends on the areas and types of ration cards held.

The first distinction is made on the basis of areas—as between Urban (I.R.A.) and Rural Areas, secondly, on the basis of D.P.A.P. and NON-D.P.A.P. Talukas, and thirdly, on the basis of Green and Saffron ration cards.

The chart III-3 classifies the quantity made available to the card-holders of different areas.

As regards the quantity under the P.D.S. until 1989, the unit base was in vogue. A member above 12 years of age considered a full unit and below 12 years of age-half a unit.
CHART III-3
QUANTITY PER CARD - PER MONTH

Quantity per card/per month.

Urban Area

Photo card
a) Rice - upto 15 kg.
b) Wheat - 3 Kg.
c) Sugar - 2.5 Kg.
d) Kerosene - i) 9 ltrs (non-LPG)
ii) 6 ltrs (LPG holm)
def.

Green Cards.
a) Rice - up to 5 kgs.
b) Wheat - 5 kgs.
c) Sugar - 2.5 kgs.
d) Kerosene - i) up to 9 ltrs.
ii) 6 ltrs.

D.P.A.F. TALUKA

GREEN
a) Rice - 5 to 10 kg.
a) DPAF Rice 1 kg.
b) Wheat - 2 to 5 kg.
c) Sugar - 1 to 2 kg.
d) Kerosene - 2 liters

SAFFRON
a) Rice - 5 to 15 kg.
b) Wheat - 2 to 5 kgs.
c) Sugar - 1 to 2 kgs.
d) Kerosene - 2 liters

Saffron
a) Rice - up to 5 kg.
b) Wheat - 7 kg.
c) Sugar - 2 kg.
d) Kerosene - 2 liters.

Non-DPAP+TALUKA

Green
a) Rice - up to 10 kgs.
b) Wheat - 3 kgs.
c) Sugar - 2 kgs.
d) Kerosene - 2 ltrs.

Saffron
a) Rice - up to 5 kg.
The Government used to declare the quantity for every unit mentioned in the ration cards. Accordingly, the card-holders were issued the foodgrains in proportion to the number of units mentioned in the ration cards without any limit on the maximum quantity to be issued at a time. This had given scope to inclusion of more members in the card, recording half units as full units, non-cancellation of deceased members of the family or transferred elsewhere. Such techniques were restored to, to draw more quantities of foodgrains, especially sugar, from the F.P.S. Therefore, from 1989 onwards, the quantity remains fixed for every ration card irrespective of the size or number of members in each family. The quantity per card differs on the basis of area, type of cards etc., as shown in the preceding chart.

While the Government proposes to make equitable allocation of foodgrains to all families, the people do not cooperate with its schemes. Under the current system of issuing quota per family ration card also, people try to get more quota by getting two or three or more ration cards on the plea that the family is divided and all the elders of a family are living separately. Otherwise, if such a big, undivided and joint family is shown as a single family, it would be able to avail itself of only that quantity that is fixed for a single ration card.
The existence of multiple number of cards was personally inspected by the researcher during the survey. It can also be proved on the basis of press reports regarding the existence of bogus cards. As per a press report published on 12th January, 1992 there were about 36,00,000 Green cards in the State but the State Planning Department estimates that only 25,00,000 families were eligible for such Green cards. This shows that there were about 11,00,000 bogus Green Cards in the State issued to ineligible families.

Another report states that in urban areas- i.e. Davanagere (Chitradurg District) the existence of 4400 illegal cards (Red) has been found. Another report states that about 20,000 excess cards are in existence in Bangalore I.R.A. alone and it is estimated that about 50,000 such cards might be existing in other urban areas. A news item from Northern Zone states that around 5391 bogus cards were estimated to be in existence.

In Athani Taluka also, the existence of a few bogus ration cards is suspected. The total number of ration cards in the taluka exceeds the number that should have existed according to the population in the taluka. There were about 4044 unauthorised ration cards. On 8th July 1994, a press report released by the Municipal Authorities of Athani Taluka released to a daily warned the people that possession of
unauthorised cards was illegal and punishable under the Essential Commodities Act 1955 and asked such people to surrender bogus cards.\textsuperscript{12}

These are the consequences of fixing the quantity for every family ration card irrespective of the number of family members.

**Variation in the Quantity Actually Sold by F.P.S. Owners:**

Even though the quota to be distributed for every card remains fixed, there are variations in the quantities actually sold by the F.P.S. owners.

The monthly permit issued by the Tahasildar clearly indicates the different quantities fixed for every area and type of card. Actually the receipts prepared and issued by the F.P.S. owners should also show the same quantity for that month. But in reality there are some differences in the quantity mentioned by F.P.S. owners of different shops for the same month.

The following illustrations prove it.

I) Receipts issued to Saffron card-holders:

A) **For the month of July 1993.**

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Rice 7 kgs.</td>
<td>Rice 9 kgs.</td>
</tr>
<tr>
<td>Wheat 2 kgs.</td>
<td>Wheat 2 kgs.</td>
</tr>
<tr>
<td>Kerosene 2 ltrs.</td>
<td>Kerosene 2 ltrs.</td>
</tr>
</tbody>
</table>
B) For the month of September, 93.

Shop (i) Sugar - 1800 grams. Shop (ii) Sugar - 1600 grams.
Rice 12.5 kgs. Rice 12.5 kgs.
Wheat 4 kgs. Wheat 4 kgs.
Kerosene 2 ltrs. Kerosene 2 ltrs.

C) For the month of October, 93.

Shop (i) Shop (ii) (Shop iii)
Sugar 1500 grams. 1650 grams. 1500 grams.
Rice 6 kgs. 6 kgs. 3 kgs.
Wheat 2 kgs. 2 kgs. 3 kgs.
Kerosene 2 litres. - 1 litre.

II) Receipts issued to Green Card-holders.

a) For the month of March, 1993:

Shop (i) Shop (ii)
Sugar - No. - 1800 grams
Rice (DPAP 1 kg) 7(+1) kgs. 8(+1) kgs.
Wheat 2 kgs. 2 kgs.
Kerosene - No. - 1 1/4 litres.

b) For the month of July '93.

Shop (i) Shop (ii)
Sugar 1500 grams 1000 gms.
Rice 8(+1) kgs. 7 kgs.
Wheat 2 kgs. 2 kgs.
Kerosene 2 litres 2 litres.
c) For the month of August '93.

<table>
<thead>
<tr>
<th>Item</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sugar</td>
<td>1750 gms.</td>
</tr>
<tr>
<td>Rice</td>
<td>8(-1) kg.</td>
</tr>
<tr>
<td>Wheat</td>
<td>2 kgs.</td>
</tr>
<tr>
<td>Kerosene</td>
<td>2 litres</td>
</tr>
</tbody>
</table>

d) For the month of September '93.

<table>
<thead>
<tr>
<th>Shop (i)</th>
<th>Shop (ii)</th>
<th>Shop (iii)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sugar</td>
<td>1500 gms.</td>
<td>2000 gms.</td>
</tr>
<tr>
<td>Rice</td>
<td>5+1 kgs.</td>
<td>8+1 kgs.</td>
</tr>
<tr>
<td>Wheat</td>
<td>5 kgs.</td>
<td>2 kgs.</td>
</tr>
<tr>
<td>Kerosene</td>
<td>2 litres</td>
<td>2 ltrs.</td>
</tr>
</tbody>
</table>

e) For the month of October, '93.

<table>
<thead>
<tr>
<th>Item</th>
<th>Shop (i)</th>
<th>Shop (ii)</th>
<th>Shop (iii)</th>
<th>Shop (iv)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sugar</td>
<td>1500 gms.</td>
<td>2000 gms.</td>
<td>1500 gms.</td>
<td></td>
</tr>
<tr>
<td>Rice</td>
<td>8+1 kgs.</td>
<td>8+1 kgs.</td>
<td>8+1 kgs.</td>
<td></td>
</tr>
<tr>
<td>Wheat</td>
<td>2 kgs.</td>
<td>3 kgs.</td>
<td>2 kgs.</td>
<td></td>
</tr>
<tr>
<td>Kerosene</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
</tbody>
</table>

f) For the month of November, '93.

<table>
<thead>
<tr>
<th>Item</th>
<th>Shop (i)</th>
<th>Shop (ii)</th>
<th>Shop (iii)</th>
<th>Shop (iv)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sugar</td>
<td>1500 gms.</td>
<td>1500 gms.</td>
<td>1650 gms.</td>
<td>1650 gms.</td>
</tr>
<tr>
<td>Rice</td>
<td>6 kgs.</td>
<td>8+1 kgs.</td>
<td>7+1 kgs.</td>
<td>7+1 kgs.</td>
</tr>
<tr>
<td>Wheat</td>
<td>2 kgs.</td>
<td>2 kgs.</td>
<td>2 kgs.</td>
<td>3 kgs.</td>
</tr>
<tr>
<td>Kerosene</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
</tbody>
</table>

The above mentioned illustrations show that the quantities sold by each F.P.S. differ for the same month. For
example, the quantities of sugar sold by shops (i) and (ii) to Saffron Card-holders for the month of July 1993 differ from each other. It was 1500 gms. (1\(\frac{1}{2}\) kgs) in the first shop, whereas in the second shop it was 2000 gms. (2kgs). Again, the rice and wheat sold were 7 kgs. and 2 kgs. in one shop while in the another it was 9 kgs. and 3 kgs.

Similarly for the month of September 1993, the sugar sold in one shop was 1800 grams and it was 1600 grams in another shop. Lastly, for the month of October, 1993 the sugar sold in shop (i) was 1500 grams in shop (ii) 1650 gms. and the shop (iii) 1500 grams. The wheat quantity was 2 kgs. in shop (i) and 3 kgs. in shop (iii). Though the kerosene supplied generally is 2 litres per card every month, shop (iii) sold only 1 litre of kerosene.

The figures are precarious in case of Green Cardholders. In the month of March 93, the quantity of rice sold (i) was 7+1 kgs. and by shop (ii) was 8+1 kgs. and Kerosene was 2 litres and 1\(\frac{1}{4}\) litres respectively. Again, in the month of July 1993, the sugar sold was 1500 grams in shop (i) and only 1000 grams in shop (ii), while rice was 8+1 kgs. in shop (i) but only 7+1 kgs. in shop (ii) Similarly in August 1993 the sugar sold no quantity of sugar at all. The rice sold by both the shops was 8+1 kgs. and 7+1 kgs. respectively and wheat was 2 kgs. in shop (i) and 3 kgs. in shop (ii).
Quite surprising is the situation of September 1993, when shop (i) sold 1500 grams, shop (ii) 2000 grams and shop (iii) 2000 grams of sugar but the rice quantity was different in all the three shops viz. 5+1 kgs., 8+1 kgs. and 6+1 kgs. The quantity of wheat was also 5 kgs., 2 kgs. and 5 kgs., respectively in the three shops. Similar was the situation in October and November '93.

Effect:

The adverse effect of such variations would be that the card-holders cannot exercise check or control over the activities of the F.P.S. owners. Nor is it possible to make a comparison or cross-checking with the neighbouring F.P.S. And also the card-holders will not be in a position to make estimation about the fixed quantity that would be supplied regularly by a F.P. Shop. Such variations in the quantities keep the card-holders in a state of confusion. What is needed is all the card-holders should be informed about the fixed quantity of quota they are eligible to get, at least for a short term of 3 to 6 months.

C-(iii) Quantity - Urban biased:

The study made by N.S.S.O. 42 round indicate that in the rural areas of Karnataka State, the P.D.S. accounts only for 19 per cent of the total cereal purchases wherein it covers 25 per cent of total cereal purchases of Urban area population. This can be supported by a press report published
in a daily about the quantities fixed for cardholders of H.D.M.C. Area.

<table>
<thead>
<tr>
<th>Every Photo ration cardholders</th>
<th>Green cardholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rice - 15 kgs.</td>
<td>Rice - 5 kgs.</td>
</tr>
<tr>
<td>Wheat - 3 kgs.</td>
<td>Wheat - 5 kgs.</td>
</tr>
<tr>
<td>Sugar - 2.5 kgs.</td>
<td>Sugar - 2.5 kgs.</td>
</tr>
<tr>
<td>Cardholders having L.P.G. Connection - 6 litres of kerosene</td>
<td></td>
</tr>
<tr>
<td>&quot; not &quot;</td>
<td>9 &quot; &quot; &quot;</td>
</tr>
<tr>
<td>In rural areas</td>
<td>2 &quot; &quot; &quot;</td>
</tr>
</tbody>
</table>

Comparing these quotas with those of an quantities sold by different F.P.S. in rural areas one may find greater bias towards urban areas, at least in case of sugar and kerosene.

In rural areas just 1 or 2 litres of kerosene is distributed while it is 6 to 9 ltrs. in urban areas. Again the quantity fixed on the basis of type of cards is also favourable to non-poor than the poor, excepting rice. Comparing the quantity allotted to Saffron and Green Cards, the wheat and kerosene quantities are more for Saffron Cardholders (non-poor) than the Green Card holders (poor). At the same time, the quantity of rice is more for Saffron card-holders than for Green card-holders.

C-(iii) Quantity Released for P.D.S.

The amount of foodgrains released for Belgaum Dt. for the month of April 1994 is provided below.

141
A) For D.P.A.P. Talukas-

22,000 quintals of Rice
8,400 " " Wheat.

B) For Non-D.P.A.P. Talukas-
& Informal Rationing Areas

30,000 quintals of Rice
12,000 " " Wheat.

C-(iv) Area-wise Quantity Per Card and Rate:

TABLE - III.1

I) For DPAP Talukas - Athani Gokak Ramdurg Saudatti

<table>
<thead>
<tr>
<th>Rice</th>
<th>Rate-per kg.</th>
<th>Qty.</th>
<th>Rate-per kg.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Super Fine</td>
<td></td>
<td>Common</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) Green card</td>
<td>7+1 kgs</td>
<td>4.45</td>
<td>4.10</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4.35</td>
<td></td>
</tr>
<tr>
<td>ii) Saffron card</td>
<td>12 kgs</td>
<td>6.45</td>
<td>5.35</td>
</tr>
</tbody>
</table>

II) District proper :

<table>
<thead>
<tr>
<th>Informal Rationing</th>
<th>District place-proper</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>7.05 5.95 2 Rs.4.45</td>
</tr>
</tbody>
</table>

| Slum people         | 7 4.45 4.10 3 Rs.2.95 |

III) Taluka proper :

| Urban Area          | 7 7.05 5.95 2 Rs.4.45 |
| Slum people         | 7 4.45 4.10 3 Rs.2.95 |

Rural Places :
(Non-D.P.A.P.)

<p>| Green card | 7 kgs | 4.45 | 4-10 | 3 kgs | 2.95 |
| Saffron card | 3 kgs | 7.05 | 5.9  | 1 kgs | 4.45 |</p>
<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Name of the Area</th>
<th>No. of cards</th>
<th>Quantity Released</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>(in quintals)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Tri. Col.</td>
<td>Green Rice</td>
</tr>
<tr>
<td>1</td>
<td>Belgaum</td>
<td>66,258</td>
<td>288</td>
</tr>
<tr>
<td>2</td>
<td>Gokak</td>
<td>13,475</td>
<td>805</td>
</tr>
<tr>
<td>3</td>
<td>Nipani</td>
<td>10,860</td>
<td>-</td>
</tr>
<tr>
<td>4</td>
<td>Gokak</td>
<td>6,315</td>
<td>-</td>
</tr>
<tr>
<td>5</td>
<td>Athani</td>
<td>6,292</td>
<td>-</td>
</tr>
<tr>
<td>6</td>
<td>Bailhongal</td>
<td>4,988</td>
<td>180</td>
</tr>
<tr>
<td>7</td>
<td>Hukkeri</td>
<td>3,229</td>
<td>403</td>
</tr>
<tr>
<td></td>
<td>Sankeshwar</td>
<td>5,346</td>
<td>-</td>
</tr>
<tr>
<td>8</td>
<td>Savadatti</td>
<td>5,591</td>
<td>116</td>
</tr>
<tr>
<td>9</td>
<td>Chikodi</td>
<td>5,396</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Sadalaga</td>
<td>2,665</td>
<td>484</td>
</tr>
<tr>
<td>10</td>
<td>Nandagadh</td>
<td>1,420</td>
<td>248</td>
</tr>
<tr>
<td></td>
<td>Khanapur</td>
<td>1,315</td>
<td>252</td>
</tr>
<tr>
<td>11</td>
<td>Ramadurg</td>
<td>6,845</td>
<td>78</td>
</tr>
<tr>
<td>12</td>
<td>Raigad</td>
<td>7,710</td>
<td>172</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,47,705</td>
<td>3,026</td>
</tr>
</tbody>
</table>

TABLE - III.2
DETAILS OF CARDS AND QUANTITY MADE AVAILABLE
(Informal and Urban Places in Belgaum. Dt.)
### TABLE - III.3

**NUMBER OF CARDS AND QUANTITY RELEASED TO D.P.A.P. - TALUKAS - FOR APRIL - 94 (QUANTITY IN QUINTALS)**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Place</th>
<th>No. of Green-Quota Cards</th>
<th>7Kg Rice</th>
<th>1 Kg DPAP</th>
<th>3 Kg Cards</th>
<th>1248</th>
<th>30736</th>
<th>3652</th>
<th>1406</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Athani</td>
<td>41596</td>
<td>2912</td>
<td>416</td>
<td>1248</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Ramdurg</td>
<td>23326</td>
<td>1623</td>
<td>233</td>
<td>700</td>
<td>10802</td>
<td>1254</td>
<td>486</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Gokak</td>
<td>39100</td>
<td>2736</td>
<td>390</td>
<td>1172</td>
<td>32152</td>
<td>3720</td>
<td>1448</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Savadatti</td>
<td>25300</td>
<td>1760</td>
<td>252</td>
<td>758</td>
<td>26211</td>
<td>2042</td>
<td>1182</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** APV/SVP/AD 4:94 dt.4.4.94. Div. Com. (food) Bgm.

**NON-DPAP AREAS.**

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Place</th>
<th>No. of Green-Quota Cards</th>
<th>7Kg Rice</th>
<th>3 Kg Cards</th>
<th>1 Kg Rice</th>
<th>25485</th>
<th>820</th>
<th>415</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Belgaum</td>
<td>39579</td>
<td>2772</td>
<td>1188</td>
<td>25485</td>
<td>820</td>
<td>415</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Khanapur</td>
<td>9570</td>
<td>670</td>
<td>288</td>
<td>13874</td>
<td>446</td>
<td>266</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Hukkeri</td>
<td>13648</td>
<td>948</td>
<td>407</td>
<td>15113</td>
<td>486</td>
<td>246</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Chikodi</td>
<td>22274</td>
<td>1590</td>
<td>681</td>
<td>18116</td>
<td>583</td>
<td>295</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Raibag</td>
<td>22800</td>
<td>1596</td>
<td>684</td>
<td>24679</td>
<td>774</td>
<td>393</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Bailhongal</td>
<td>27300</td>
<td>1911</td>
<td>819</td>
<td>26007</td>
<td>848</td>
<td>442</td>
<td></td>
</tr>
</tbody>
</table>

|       | 1,29322 | 9041       | 1291      | 3878       | 99901     | 11668 | 4522  |      |

---

**Note:** The quantities are in quintals for both DPAP and non-DPAP areas.
D) P.D.S.-Prices:

Since one of the objectives of the P.D.S. is to make available at least the minimum of food requirements to the poor at the reasonable and affordable prices, a vision on the prices, seems to be necessary at this place.

In India the Government has to keep satisfied sections of the people viz. farmers and the poor. In order to maintain the interest of farmers and encourage foodgrain production, the farmer's produce is to be procured at reasonably high prices while the same is needed to be distributed to the poor through the P.D.S. This is a heavy burden on the Government exchequer in the form of subsidies. Therefore, whenever the Government has increased the procurement price, the prices of foodgrains sold at the F.P.S. are revised. Though the increase in the P.D.S. prices were not exactly in proportion to the increase in procurement prices about 50 per cent is recovered from the card-holders and 50 per cent is borne by the Government in the form of subsidies.

The following Table III.4 shows the trends in the prices of items distributed through the F.P.S. in Karnataka State:

Despite the Central and State Government subsidies, the prices of essential items sold through the F.P.S. are showing a rising trend. The green card-holders get the grains at the
TABLE III.4
PRICE TRENDS OF ITEMS DISTRIBUTED THROUGH F.P.S. - IN KARNATAKA.

<table>
<thead>
<tr>
<th>Years</th>
<th>Rice (P.Qt.)</th>
<th>Wheat</th>
<th>Cereals</th>
<th>Kerosene (Per Litre)</th>
<th>Palmoleine (Per kg.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ord.</td>
<td>Good</td>
<td>S.Fine (P.Qt.)</td>
<td>130</td>
<td>107</td>
<td>1.64</td>
</tr>
<tr>
<td>1980-81</td>
<td>165</td>
<td>177</td>
<td>192</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1981-82</td>
<td>175</td>
<td>187</td>
<td>202</td>
<td>145</td>
<td>117</td>
</tr>
<tr>
<td>1982-83</td>
<td>188</td>
<td>200</td>
<td>215</td>
<td>160</td>
<td>118.60</td>
</tr>
<tr>
<td>1983-84</td>
<td>208</td>
<td>220</td>
<td>235</td>
<td>132</td>
<td>124</td>
</tr>
<tr>
<td>1984-85</td>
<td>217</td>
<td>229</td>
<td>224</td>
<td>117</td>
<td>130</td>
</tr>
<tr>
<td>1985-86</td>
<td>231</td>
<td>243</td>
<td>258</td>
<td>190</td>
<td>130</td>
</tr>
<tr>
<td>1986-87</td>
<td>266</td>
<td>251</td>
<td>234</td>
<td>195</td>
<td>132</td>
</tr>
<tr>
<td>1987-88</td>
<td>200</td>
<td>315</td>
<td>315</td>
<td>220</td>
<td>135</td>
</tr>
<tr>
<td>1988-89</td>
<td>270</td>
<td>365</td>
<td>365</td>
<td>230</td>
<td>145</td>
</tr>
<tr>
<td>1989-90</td>
<td>270</td>
<td>365</td>
<td>365</td>
<td>230</td>
<td>189</td>
</tr>
<tr>
<td>1990-91</td>
<td>315</td>
<td>410</td>
<td>410</td>
<td>260</td>
<td>-</td>
</tr>
<tr>
<td>1991-92</td>
<td>510</td>
<td>-</td>
<td>-</td>
<td>320</td>
<td>-</td>
</tr>
<tr>
<td>1992-93</td>
<td>510</td>
<td>-</td>
<td>-</td>
<td>320</td>
<td>-</td>
</tr>
</tbody>
</table>

Table 5.12, page 303

Hints: (* ) prices are for hilly area.

* Retail Price
** Retail Price for plastic bag.
prices - which are subsidised at two different stages viz. the subsidy enjoyed by saffron card-holders and the State Government's special subsidy for green card-holders.

Over a period of thirteen years i.e. from 1980-81 to 1992-93, the prices have increased more than two times and a half in the case of wheat, doubled in case of rice, tribled in the case of pomoleine. The cereals and kerosene prices are also not an exception.

The actual retail prices charged to Green and Saffron card-holders at the Rural F.P. Shops are shown in the following table -

**TABLE - III.5**

**THE RETAIL PRICES CHARGED AT F.P.S. FOR GREEN AND SAFFRON CARDS - PRICES PER KG/LITRE**

<table>
<thead>
<tr>
<th>Year</th>
<th>Green Cards Rice</th>
<th>Green Cards Wheat</th>
<th>Saffron Cards Rice</th>
<th>Saffron Cards Wheat</th>
<th>For All Sugar</th>
<th>For All Kerosene</th>
<th>Palm Oil</th>
</tr>
</thead>
<tbody>
<tr>
<td>1986</td>
<td>Rs. 2.00</td>
<td>1.25</td>
<td>2.75</td>
<td>2.00</td>
<td>4.80</td>
<td>2.35</td>
<td>11.60</td>
</tr>
<tr>
<td>1989</td>
<td>2.00</td>
<td>1.25</td>
<td>2.75</td>
<td>2.60</td>
<td>5.25</td>
<td>2.40</td>
<td>16.00</td>
</tr>
<tr>
<td>1991</td>
<td>2.50</td>
<td>1.60</td>
<td>NA</td>
<td>NA</td>
<td>6.90</td>
<td>2.95</td>
<td>16.00</td>
</tr>
<tr>
<td>1992</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>1993</td>
<td>4.15</td>
<td>2.75</td>
<td>4.95</td>
<td>3.10</td>
<td>8.30</td>
<td>3.25</td>
<td>28.50</td>
</tr>
<tr>
<td>1994</td>
<td>5.45</td>
<td>3.45</td>
<td>7.05</td>
<td>4.45</td>
<td>9.05</td>
<td>3.25</td>
<td>30.00</td>
</tr>
</tbody>
</table>

(4.45) (2.95)

Prices in brackets - are rates after the State's additional subsidy

**Sources:** Collected from various records at Tahasildar's Office *varies from Rs.2.92 to Rs.3.25.*
Such a hefty hike in the P.D.S. rates certainly mars the very purpose of the P.D.S. Because the earning level of the poor remains more or less the same. Every increase in the P.D.S. rates reduces the purchasing power of the poor.

The recent hike in the P.D.S. prices from February, 1994 has proved that the poor keep away from the F.P.S. when the prices are raised and become more or less equal to the open market prices. A press report published on the 18th March, 1994, based on the statement made by the Minister of Food and Civil Supplies of Karnataka supports the above view. To quote "A sharp fall has been recorded in the drawals of rice, wheat and other foodgrains through the P.D.S. in the State following the Centre's recent hike in prices of these commodities. Consequent to hike, the difference in the open market and that supplied through P.D.S. is so marginal that there are hardly any takers for rationed commodities said the minister. The sale of P.D.S. rice and wheat had dipped to 30 per cent following the hike. To stem the downward trend, a meeting of Food Department officials has suggested that the State Government should, if possible, sell rationed items at subsidised rates, said the minister. The hike was so big that (it was between 21 per cent and 23 per cent in rice and wheat respectively) it imposed an additional burden of around Rs.2000 crores a year on P.D.S. beneficiaries.

The card-holders prefer the open market to F.P.S. when the difference between the two prices is too marginal.
E) Procedure for Opening/Licensing of F.P.S. :

A systematic method is prescribed for licensing the organisation as the wholesale or the individual as retail dealer under the P.D.S. Such a procedure is prescribed in a few provisions of the Karnataka Essential Commodities Control (P.D.S.) Order 1992.

i) Method adopted prior to 1993 :

The licensing was to be done in different stages earlier to the introduction of the new system in February, 1993.

a) Necessity of F.P.S. :

The Tahasildar of a Taluka had to be satisfied about the necessity of a Retail F.P.Shop in those areas from which the requisition had been received. On finding the genuineness of such a requisition, the Tahasildar had to make a request to the Dy. Commissioner of a district.

b) Inviting applications :

The Dy. Commissioner of a district had to invite applications from the prospective dealers interested in opening a Wholesale Depot or Retail F.P.Shop.

c) Submission of Applications :

The applications from the prospective dealers had to be submitted to the Tahasildar's office of each taluka. But they
were to be addressed to the Dy. Commissioner of the district concerned.

d) Recommending and Forwarding:

The Tahasildar of a taluka, after enquiring about the applicant's and prospective dealer's financial strength, ability, capacity etc., had to forward the applications with his recommendations to the Dy. Commissioner.

e) Issuing the licences:

After scrutinizing the applications and the recommendations, the Dy. Commissioner used to issue the Authorisation or Licence to the dealers. While issuing an authorisation, preference was to be given first to the co-operative societies and then to the youth clubs, associations and lastly to the sole proprietors.

f) Licensing Fees/and Security Deposits:

The licences had to keep security deposits and pay the licensing fees. Such fees were: i) for retail shop Rs.20/- and ii) for wholesale dealership Rs.50/- per item.

In addition, all the dealers had to keep Rs.50/- per item as security deposit. The retail dealers were to pay such amounts at the Tahasildar's office, and the wholesale dealers at the Dy. Commissioner's.
ii) Present system:

A few changes have been made in issuing the licence to both retail and wholesale dealers since the 1st February, 1993. The change can be noticed at the stage of submission of applications and making recommendations by the Tahasildar. The first two stages, viz.

a) Necessity of the F.P.S.

b) Invitation of applications – remain the same as already explained. But further changes are:

c) Submission of applications: The prospective dealers and businessmen had to submit their applications directly to the Dy. Commissioner, furnishing all the required information.

d) Referring back to Tahasildar: The Dy. Commissioner refers back to the Tahasildar to make enquiries about status and credit. The Tahasildar has to enquire about different factors and make recommendations to the Dy. Commissioner. Perhaps the intention behind the change is to remove the direct link between the applicant and the Tahasildar, which may sometimes result in biased treatment towards the applicants.

e) Issue of licence: Based on the recommendations and exercising his discretionary powers, the Dy. Commissioner sanctions the permission and issues licences to the retail as well as wholesale dealers.

f) Period of Licence, Fees and Security Deposit:
A licence remains valid for a period of 3 years and the fee is Rs.50/- per year but Rs.150/- need to be paid in one amount (covering 3 year's period) by every retail F.P.Shop owner and Rs.300/- for a period of 3 years by every wholesale dealer. The security deposit is Rs.500/- and Rs.1000/- respectively for Rural Area F.P.S. and Urban Area F.P.S. In the case of wholesale dealership, Rs.5000/- have to be paid by a dealer at District headquarters and Rs.2000/- for wholesale dealers working at areas other than district headquarters.

(The details are explained in the following paragraphs).

g) Renewal of Licences: The Dy. Commissioner may, after having been satisfied with the manageability and efficiency of the owner, renew the licences for another period of 3 years. On the other hand, if there are complaints, he may cancel the licence and authorise another organisation or individual to the F.P.S.

The relevant provisions of the K.E.C.C. order 1992, as regards issue of licences, licence fees and security amount etc. are reproduced below.

Section-3. ISSUE OF AUTHENTICATION:

1) Authorised Authority: The Dy. Commissioner of the district concerned - the rural, urban and Informal Rationing Areas in the district concerned (Except Bangalore Informal Rationing Area) and the Jt.Director (P.D.S.) for the area comprised in
Bangalore-I.R.A. or any other officer authorised by Government, may issue authorisation to any person to be an authorised dealer or to run a fair price depot to obtain and supply essential commodities issued under the P.D.S. in respect of the areas specified therein—

2) No person other than the authorised dealer or fair price depot, shall sell any essential commodity supplied by the Government for distribution under P.D.S. except and in accordance with the term and conditions specified in the Authorisation issued in this behalf by the authorised authority.

Provided that no person when the commencement of this order, has entered into an agreement to run a wholesale depot/fair price depot shall carry on business as such wholesale depot/fair price depot without obtaining an authorisation issued in this behalf by the authorised authority within a period of ninety days from the date of commencement of this order.

3) Nothing in this order shall apply to a Corporation owned or controlled by the State or Central Government.

Section-4. APPLICATION FOR AUTHORISATION :

1) The authorised authority shall call for applications by publication of a notice after giving minimum of thirty days
time and publishing the same on the noticeboard of his office and at the office at the Tahasildar of the Taluka, Office of the Taluka Panchayat Samithi, Office of the Mandal Panchayat concerned, Town Municipal Council, Municipal Corporation, Range Office of the Food & Civil Supplies Department concerned as the case may be.

2) Every application for an authorisation or renewal thereof shall be made to the authorised authority in 'Form A'. (See Annexure i) and authorisation order shall be in 'Form B'. (See Annexure ii).

Section-5. CONDITIONS FOR ELIGIBILITY:

To be eligible for grant of authorisation under clause 3, an institution or person should satisfy the following conditions.

a) He should not have been convicted for an offence under the Essential Commodities Act, 1955 nor should a wholesale dealers licence or retail dealers licence issued to him under any order made under the Essential Commodities Act 1955 or an authorisation issued to him to run a fair price depot have been cancelled.

b) He should be in possession of suitable business premises, and in the case of wholesale dealers, godowns with sufficient space to store the essential commodities.
c) He should have sufficient funds in a bank account to purchase one month's stock requirements.

Section-6. ORDER OF PRIORITY FOR GRANT OF AUTHORISATION:

1) Subject to the provisions of clause 5, the authorised authority shall follow the following order of priority for granting authorisation-

a) Authorised Wholesale Dealer:
   i) Karnataka Food and Civil Supplies Corporation.
   ii) Co-operative Societies registered under the Karnataka Co-operative Societies Act, which have been in existence for last one year.

b) Fair Price Depot:
   i) Karnataka Food and Civil Supplies Corporation.
   ii) Co-operative Societies run by Women.
   iii) Consumer Co-operative Societies.
   iv) Other Co-operative Societies.
   v) If neither KFCSC nor any Co-operative Society is willing or able to run the fair price depot in a particular area, then the authorised authority may grant authorisation to open a fair price depot to associations and individuals in the following order or priority.

a) A society or association registered under the Karnataka Registration Act.
b) Unemployed graduates.
c) Ex-servicemen.
d) Physically handicapped persons.
e) Other persons.

Provided that out of authorisations for fair price depots issued to individuals during the official year by an authorised authority, 15 per cent shall be reserved for persons belonging to Scheduled Caste and 5 per cent for persons belonging to Scheduled Tribe. If the persons belonging to this category are not available, then authorisation can be issued to other persons/candidates.

2) The authorised authority shall replace the existing dealer or fair price dealer if its authorisation is cancelled for any reason by granting an authorisation to an institution or a person in the order of priority, specified under clause (1).

Section-7. PERIOD OF AUTHORISATION AND FEES CHARGEABLE:

1) Every authorisation issued under this order, shall be valid for a period of three years from the date of issue and may be renewed for a further period of three years at a time, if the authorised authority is satisfied that the applicant has not committed any offence or irregularities in the distribution of essential commodities during the previous years.

2) The fees specified below shall be chargeable in respect of each authorisation, namely-
a) For issue of authorisation:
   i) Wholesale Dealer .... Rs.300/-
   ii) Fair Price Depot .... Rs.150/-

b) For renewal of authorisation applied before the expiry of
   the period of authorisation:
   i) Wholesale Dealer .... Rs.150/-
   ii) Fair Price Depot .... Rs.75/-

c) For renewal of authorisation applied after the expiry of
   the period of authorisation:
   i) Wholesale Dealer .... Rs.300/-
   ii) Fair Price Depot .... Rs.150/-

d) For issue of duplicate authorisation:
   i) Wholesale Dealer .... Rs.50/-
   ii) Fair Price Depot .... Rs.25/-

Section-9. DEPOSIT OF SECURITY:

1) For the due performance of the conditions and subject to
   which the authorisation is granted, every authorised dealer and
   every fair price depot applying for an authorisation shall
   before the authorisation is issued to him, deposit with the
   authorised authority, a security of the value of-

   i) five thousand rupees for authorised wholesale at the
      district level and for Bangalore Informal Rationing
      Area.
   
   ii) two thousand rupees for authorised wholesale dealer for
       area other than the district level and Bangalore
       Informal Rationing Area.
iii) five hundred rupees in case of fair price depot in rural area and rupees one thousand in urban and informal rationing areas.

2) The amount of security to be deposited may be in the form of N.S.C. or Post Office S.B.Dehosit.

Provided that if the authorised dealer is a co-operative society registered under the Karnataka Co-operative Societies Act 1959 the amount of Security Deposit to be deposited shall be equal to one half of the amounts specified in sub clause (1) above Karnataka Essential Commodities (PDS) Control Order 1992.

Section-11. ASSIGNMENT OF RATION CARDS :

1) After sanctioning an authorisation to run a fair price depot, the authorised authority shall assign to the fair price depot a certain number of cards belonging to persons residing in areas near the fair price depots.

2) The Number of ration cards assigned to a fair price depot under sub clause (1) shall not be less than 300 for a fair price depot in a rural area and not less than 500 for a fair price depot in an urban area.

Provided that the authorised authority may, in exceptional cases and for reasons to be recorded in writing relax the limit upto 200 cards for a fair price depot in a
rural area and up to 300 cards for a fair price shops depot is to serve the needs of an isolate settlement or layout where the number of ration cards is below the limit prescribed.

3) The authorised authority may, if he considers it necessary in the interest of the ration cardholders, transfer the ration cards from one shop to another.

Provided that no such transfer shall leave any fair price depot with less than the minimum number of ration cards specified in sub clause (2) above.

F) ALLOCATION OF FOODGRAINS, LIFTING PROCEDURE AND DELIVERY SYSTEM:

A clear hierarchy and procedure is adopted in allocating the foodgrains and lifting by the F.P.S. keepers from the wholesale depots. (Chart III-4).

The Director of Food and Civil Supplies allocates the quota to each district and orders are issued to the Dy. Commissioner/Dy. Director of the F & C S for allocation to the talukas under their jurisdiction.

Similarly, the Dy. Commissioner issues orders to the Tahasildar of every taluka indicating the allocation of total quota along with the quota to be issued to every card-holder separately for Green, Saffron and photo ration card-holders.
ALLOCATION AND LIFTING PROCEDURE.

Director-F & C.S.

Districtwise Allocation

DY. Commissioner/
Dy. Director F & CS.

Talukawise Allocation

Administration

Accounts

Tahasildar/
Dy. Tahasildar & food)

Shopwise allocation

Wholesale Nominee

1) Receiving amt. from F.P.S. owners.

Urban and Rural FPS Owners

For arranging payment & lifting.

Food Inspector
i) Watching the delivery at Wholesale Nominee

ii) Inspecting the FPS. -working.
Based on this order, the Tahasildar prepares an exhaustive and detailed permit list showing the names of the shops, number of cards served, quantity of wheat, sugar and rice to be delivered etc. Such a permit copy is sent to each and every F.P.S. owner within the stipulated period/date. The permit also mentions the date within which payment has to be made, date for lifting, period of selling and maintenance of stock register by all the F.P.S. dealers.

On receiving such permit, the F.P.S. owners shall visit the Tahasildar's Office and get the correct amount of Demand Draft to be submitted to the manager of K.S.F. & C.S.- the wholesale Taluka Depot. In the meanwhile, the Tahasildar keeps the manager of Wholesale Depot informed about the delivery of foodgrains to all the F.P.S. owners. Accordingly, the manager of KFCSC contacts the Government Transport Contractor and asks him to make available the carriers for delivering the foodgrains quota to all the F.P. Shops.

Generally the delivery is effected route-wise. Whenever the majority of F.P.S. owners coming in the same line or route submit the Demand Drafts with the manager, KF & CSC, the trucks are loaded for such a particular route and the foodgrains are delivered at the door-steps of the F.P. Shops.

The entire cost of transportation for supply of rice and wheat only to rural fair price shops is borne by the
Government. In case of sugar and kerosene, the F.P.S. Owners have to pay the transport charges in addition to the purchase price.

Such of the F.P.S. owners who cannot wait till the Government transport contractor arranges for carriers take their quota by private carriers by paying additional hire charges. They are reimbursed by the Government contractor to the extent of Government rates. And the excess hire charges incurred by the F.P.S. owners are charged to all the card-holders. Such additional charge towards transportation is mentioned in the bills if it is a small amount, but not if a heavy amount is collected from the cardholder.

A copy of Tahasildar's statement regarding allocation of quota to each F.P.S. is sent to the following officials and persons—
a) Dy.Commissioner (Food)  
b) Asst. Commissioner  
c) M.L.A. of taluka  
d) F.P.S. Owners  
f) B.D. Officer  
g) Inspector of Food  
h) Dy.Tahasildar (Food).

SUPPLY OF KEROSENE:

The allocation of kerosene for the whole state is made by the State Co-ordinator, I.O.C., Bangalore. Kerosene is supplied by the Government Corporation like I.O.C. (Indian Oil Corporation). The quantity to each of the taluka wholesale distributor is allocated by the said authority.
The licencing of the wholesale distributor for a taluka is within the powers of the Dy.Commissioner of the district concerned.

There are two wholesale distributors in the taluka under study. They have been engaged in the wholesale dealership for the past 25 to 30 years. All the villages/rural F.P.Shops have been divided between them. The wholesale distributors have their own lorries to get the quota from the Company's Dumping Places and to deliver to all the rural fair price shops.

All the Urban and Rural F.P.S. Owners have to pay the amount of the their quota to the wholesale distributor in advance in cash before the 5th of every month. The wholesale distributors of the taluka have to give a demand draft for the whole quota to the company and get the supplies.

The rates and quota per card are decided by the Dy.Commissioner of the district.

Quota-Per Card:

The quota per card is different for the I.R.A., Urban and Rural areas.

In the Informal Rationing Areas (District Proper) the quota of kerosene varies on the basis of L.P.G. connection holders and non-L.P.G. holders. As on May, 1994, the L.P.G.
connection holders were allotted 6 litres while others got 10 litres per month.

In urban areas (other than district head quarters) the monthly quota remains fixed at 6 litres to all the card holders. No distinction is made on the basis of L.P.G. holders and non-L.P.G. holders. All the 6 litres are not supplied in one but in two instalments of 4 and 2 litres.

In all the rural areas, only 2 litres every month are distributed in a single instalment. All the card-holders get the same quantity of kerosene in the rural areas.

Distribution in Urban Areas:

The sale of kerosene is not undertaken by the F.P.S. owners in the urban areas. Licenced hawkers are appointed by the Dy.Commissioner of the district. Such hawkers get the quota as per the number of cards allotted to each of them from the wholesale distributor of kerosene and move from street to street with the barrels.

The hawkers call at the doors of the card-holders.

But some malpractices and complaints have been heard about such hawkers. Generally the charges levelled against them are-

a) Hawkers were found to have indulged in adulteration,
b) Wrong/incorrect measurement,
c) taking untimely round, and/or
d) personal discrimination.

Therefore it was intended by the Dy. Commissioner to cancel the licences of hawkers and arrange to sell the kerosene through the F.P. Shop only. But the hawkers have raised objections and the decision still to be taken. At present the retail distribution of kerosene to card-holders—in urban areas is done by the existing hawkers. No new licences for hawking are being issued.

Supply and Distribution in Rural Areas:

i) Supply to the Rural F.P.S.:

Until 1st February 1993, permits for a period of six months were issued to the F.P.S. owners. All the F.P.S. owners had to collect their monthly kerosene quota from the taluka wholesale distributors. They had to arrange their own transport carrier and all the transport charges were authorised to be collected from card-holders by increasing the retail sale price proportionately. But this had given rise to charging the card-holders heavily by way of transport charges.

Since 1st February 1993, the Government has decided to give delivery of kerosene at the doorstep of F.P.S. in order to avoid the problems faced by the F.P.S. owners in arranging for private carriers and charging heavily the card-holders.
Accordingly at present the Tahasildar fixes certain route charts covering nearly 8-10 F.P.S. in a row and the total quota is loaded at the wholesale distributor and carried to the F.P.Shops. But some difficulties are also faced in this system namely a) Non-payment of advance amount by all the F.P.S. owners on a particular route b) Increase in transport cost if a full truck load is not carried c) Untimely distribution by F.P.S. owners due to irregularity of other F.P.S. owners etc. In view of these difficulties, the small matadors or mini-trucks are used for carrying the kerosene in barrels either to all the F.P.S. in a particular route or to a few F.P.S. who have paid the amount in advance. Kerosene is poured into the barrels of the F.P.S. - owners at the villages. This facilitates at least a few people in the village to observe/witness the arrival of kerosene at the F.P.S. and to spread the news among themselves to draw their quota. This system of supplying in barrels through mini-trucks is found to be economically viable too.

ii. Distribution in Rural Areas:

Kerosene is sold through such F.P.S. where the card-holders draw their foodgrains quota. Unlike urban areas, hawkers are not appointed separately for selling kerosene in the rural areas. Along with the foodgrains, the card-holders can get their kerosene quota if available. Otherwise, card-holders have to visit the F.P.S. a second time to purchase the kerosene.
TABLE III-6

TRANSPORT CHARGES

(Applicable in case of foodgrains)

Rates as on ............

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Particulars</th>
<th>May 1985</th>
<th>May 1991</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>For places at a distance not exceeding 80 kms.</td>
<td>7 paise* per km./per qutl. subject to minimum of Rs. 2.50</td>
<td>10 paise per km./qutl. subject to minimum of Rs. 4.50 P.Q.</td>
</tr>
<tr>
<td></td>
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<tr>
<td>2.</td>
<td>Places in excess of 80 kms. but not exceeding 150 kms.</td>
<td>5.25 paise per km/qutl. minimum of Rs. 6.00</td>
<td>7 ps.km/qutl. minimum Rs. 8.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
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<tr>
<td>3.</td>
<td>Places in excess of 150 kms. but not exceeding 250 km.</td>
<td>5 ps. per km/qutl. minimum Rs. 7.50</td>
<td>7 ps.km/qutl. minimum Rs. 11.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>4.</td>
<td>Places in excess of 250 kms. but not exceeding 500 kms.</td>
<td>4 ps. per km/qutl. minimum Rs. 11.50</td>
<td>7 ps per km/qutl. minimum Rs. 15.00</td>
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<td></td>
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<tr>
<td>5.</td>
<td>Places in excess of 500 kms.</td>
<td>4 ps. per km/qutl. minimum Rs. 20/-</td>
<td>5 ps. per km/qutl. minimum Rs. 22.00</td>
</tr>
</tbody>
</table>

* (Re. 1 = 100 paises)

G. INSPECTION:

At the Taluka level, the Tahasildar is the responsible officer for ensuring effective and efficient distribution of foodgrains made available under the P.D.S. He is assisted by the Dy. Tahasildar (Food) - a shirastedar rank which was specially created w.e.f. 1.4.1986. For the overall inspection,
two inspectors separately for Urban Areas, and Rural Areas are appointed. In fact, the Dy.Tahasildar- (Food) looks after all the work incidental to the implementation of the P.D.S. The following job chart is given for the staff concerned (vide-D.F.C.S./E.F.T./1985-86 dt.5.12.1985).

i) Supervise or inspect all the wholesale godowns and F.P.S.

ii) ensure that all the F.P.S. credit the required amount to the wholesale nominees within the time limit prescribed,

iii) ensure that wholesale nominees lift the foodgrains from F.C.I./K.F. & C.S.C and keep adequate stock,

iv) ensure that foodgrains transported from wholesale nominees to F.P.S. according to route and schedule and give wide publicity in the area,

v) keep continuous touch with Vigilance Committee and record complaints and take action thereon,

vi) shall inspect a minimum of 30 F.P.S. in each taluka, of which a detailed inspection of 5 F.P.S. is to be done, atleast verifying 10 ration cards and compare them with the accounts book,

vii) wholesale godowns inspection every month,

viii) shall submit tour programmes and diaries to the Tahasildar, Asst. Commissioner and Tahasildar relating to food and civil supplies.
ix) discharge all duties as entrusted by the Dy. Commissioner, Asst. Commissioner and Tahasildar relating to food and civil supplies.

Similarly, a checklist is also provided to a senior officer for inspection of F.P.S. vide-SN/ADM/86-87 dt.27.8.1986. It is as follows-

i) What are the storage and lifting arrangement made to reach the wholesale and retail points?

ii) What are the arrangements made for joint inspection of stock of wholesale and retailers by F.C.I. Officer and Nominee Officers of State Govt.?

iii) System of issue of permits by Tahasildar or I.R.O. to F.P.S. and arrangement to monitor lifting programme.


v) Urban and Rural breakup of F.P.S. and distribution of F.P.S. at Taluka and District level.

vi) Whether ration cards have been issued and commodities are provided strictly against cards? (quantity allotted per card - per month).

vii) Whether a review of allocation or Offtake is made periodically?

viii) Whether the position of P.D.S. is reviewed in meeting of wholesalers and retailers?

ix) What is the system followed in the distribution of controlled cloth?
x) What is the system followed in distribution of kerosene?

For the purpose of ensuring timely and proper delivery of foodgrains to the F.P.S., the Food Inspectors are instructed to accompany the loaded trucks till foodgrains are delivered at the F.P.S. And the transport contractors should provide trucks to the wholesale nominee promptly, to avoid accumulation of stock with wholesale points.  

An Appellate Authority is appointed by the State Government to exercise powers of the appellate authority under -2(b) KEC/PDS/order 1992. Generally, the Government appoints the Director of Food and Civil Supplies in Karnataka for this position and the area of authority shall be the entire state covering the authorised Wholesale and Retail F.P.S. Depots.

In addition, the Asst. Commissioner and Dy. Commissioner shall also pay surprise visits and inspect the relevant books, records, stocks etc. The Asst. Commissioner arranges the meetings of all the wholesale and retail dealers at the Tahasildar's Office.

The Government has provided one Jeep for every two talukas for the overall inspection and supervision of P.D.S. functioning by the Tahasildar.
H) MAINTENANCE OF BOOKS, REGISTERS, ETC. AT THE FAIR PRICE SHOPS:

In order to make the owners of F.P.S. accountable to the Govt. officials, they are required to keep a record of all the transactions and maintain the books of accounts which would facilitate the preparation of financial statements at the end of every year.

i. Name of the F.P.S.:

As per the instructions, every F.P.S. owner has to hang a Name Board showing that his is a Government Licensed Fair Price Shop. The board must be of yellow colour and the letters of blue colour. It also has to show the licence number, year of establishment of FPS, etc.

ii. Books and Registers:

Every F.P.S. whether a private licensed retailer or a licenced co-operative society, should maintain the following books and registers which can be considered as statutory ones.

a) Stock and Distribution Book,
b) Bill Book,
c) F.P.S. Name plate, and
d) Inspection Book.
MINISTER FOR F & C.S.

SECRETARY TO GOVERNMENT

FOOD SECRETARY

COMMISSIONER FOR F & C.S.

CHIEF ACCOUNTS OFFICER

DIVISIONAL ACCOUNTS OFFICERS (4)
(Mysore, Bangalore, Bellary and Dharwad)

AUDIT STAFF

AUDITS ACCOUNTS RELATING TO
F & C.S. MAINTAINED AT

Dy. Commissioner's/
Dy. Director's Office

Asst. Commissioner's/
Tahasildar's Office

Whole-sale
Nominees at
Talukas
However, the list above does not include the instructions regarding the exhibition of rates, quota per card, etc. And also no instructions as regards the display of Government circulars showing the retail price are given to the F.P.S. owners. This may keep the card-holders in the dark about the retail prices, quota etc.

Every wholesale dealer should display a statement showing distribution of quantity to Rural F.P.S. (Please refer Annexure - 3 for other forms).

The hierarchy of the State Accounts and Audit Wing which carries out audit of F. & C.S. is presented in Chart III.5.
REFERENCES


3. Cities and towns with a population of 45,000 and above come under the perview of I.R.A. and the rest of the towns come under Urban Area.


7. Deccan Herald - Daily dt. 18.3.94.


14. Samyukta Karnataka Daily - dt.11.3.94.


16. Deccan Herald - Daily. dt.18th March, 1994 - "Price Hike kills the demand for P.D.S."

18. Information collected from Tahasildar's Office through an oral interview with official on 15th April, 1993.
