CHAPTER-II

REVIEW

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2.1 Public Distribution System and Research:

The PDS has been in operation for more than four decades now, in India. Its greatest achievement lies in saving more and more families from hunger in the country. For example, the widespread drought of 1987, which has been considered one of the worst of the twentieth century, the PDS significantly helped the country to overcome it with dignity and effectiveness as it mitigated the suffering of the poor. Rice and wheat was made available at the fixed prices to consumers all over the country, thereby preventing the spectre of famine and all its harshness in the country. The distribution network under PDS also supplied grains for the "Food for Work" programmes taken up on a large scale to fight the severe drought especially in Haryana State. All these happenings tend to suggest that managerial and operational aspects of PDS in Haryana require indepth research so that it is amended to face squarely the future challenges. This is against this backdrop that PDS in Haryana has been taken as a topic for research.
2.2 Review of Earlier Studies:

The present chapter is devoted to review the earlier studies on the public distribution system in India in order to identify gaps in research, if any, which would help in formulating the methodology of the present study and further direction of research. We present here the resume of various studies in the area undertaken by several researchers from time to time in India and also abroad.

- Rajkrishna's (1970) study on the government operations in foodgrains presented some normative models. The study was based only on the secondary data. He suggested that the beneficiaries of the distribution system could be arrived at by deducting from the total population - (a) the number of income tax assesses and (b) cultivator households multiplied by five which was the average size of the family.

- The study made by Bhatia (1970) covered several aspects of India's food problem and price control and mainly dealt with the food policy without laying adequate emphasis on the problem of PDS. He concluded that the broad objectives of food policy were intended to safeguard the interest of low income consumers, in terms of availability of foodgrains and also the fair and reasonable prices with an adequate incentive to farmers for increasing food production.
• An evaluation of fair price shops was made by V.B. Singla (1973) by adopting an empirical method. The study, however, was confined to the functioning of public distribution system in an urban area only. The main finding was that fair price shops were found to be dissatisfied with low margin of profit. Two situations were envisaged under the circumstances; either the shopkeepers engaged themselves in malpractices to augment their income or they were honest enough to lead the life of austerity. Both these situations required correction from the government to streamline the whole gamut of issues involving PDS.

• Gulati and Krishnan (1975) made an attempt in their study to outline a scheme to cover all the people under poverty, both from the rural and the urban areas, on a permanent basis with an assured supply of 100.80 kgs of grains per person per annum. The quantity required to feed such a large number of people came to about 30 million tonnes in 1973. The estimates of foodgrains made in this study were found to be too large to the extent that they could not be mobilised either from internal production or from imports or both.

• Gupta (1977) studied the effectiveness of PDS. He examined the price stability as achieved through the operation of PDS using econometric models. He discovered that the quantities required to meet the need was much higher than what could be generated internally through procurement only. The additional requirements were several times of the
George (1979) analyzed the impact of foodgrain issues through PDS on the consumption levels of the poorer sections and on the interest of both the producers and consumers of the state of Kerala. The consumption of rice was found to be lower in the absence of rationing for all the consumers. But, the low-income consumer groups were the worst affected. The excess of income accrued to the producers in the absence of PDS was lower than the additional expenses borne by the consumers. In the short run, the objective of the protection of the consumption level of the low-income groups could be met better through grain supplies, through PDS than the income transfers.

Similar study has been attempted by Gavan and Shekhra (1979) for Sri Lanka. Based on consumer survey data, they examined utilisation of ration by different economic groups in rural, urban and estate areas and concluded that a high proportion of total cereals consumed was obtained through the PDS by all income groups. In terms of cash equivalent, the value of subsidy was 16 per cent of total income for the tenth percentile of the population. Such incremental income, according to this study, enabled the consumers to increase the consumption of different products. However, the identification of target groups for percolating the benefit of the public distribution system had not been attempted in this study.
• Sabhha Rao (1980) attempted to estimate food requirement for the state of Andhra Pradesh under certain assumptions. In the rural areas, PDS covered agricultural labour population and families of workers engaged in household industries. For urban areas, the entire population excluding the income-tax assessees were to be included in the PDS. While working out these estimates, he assumed a supply level of 340 gms per consumption unit and concluded that the Andhra Pradesh was not a surplus state and people in the deficit districts were made to depend on the open market.

• Garg (1980) studied the operational aspects of the Food Corporation of India and described it as a study in policies and practices of PDS without covering an aspect of distribution of goods procured and organisational and managerial aspects of PDS.

• Bapna in her study (1980) elaborated the management structure of the PDS in India. Policy formulation, fixing of objectives, strategies for procurement and distribution of foodgrains and other essential commodities were taken up for study. The study revealed that the PDS as an alternative approach to private trade was not justifiable because the private trade in foodgrains was found to be quite competitive. Its existence could be justified if it generated more competition in the market. Due to very high fluctuations in foodgrains production the PDS was
fully justified for its buffer stock operations. In this case, the elaborate
distribution and procurement system were not necessary. The findings
have also shown that the PDS had been used as a major instrument for
the supply of foodgrains in urban areas.

• Narayana (1982)\textsuperscript{11} in his study on 'Demand Supply Gap and PDS in
India' aimed at analysing the demand supply gap in foodgrains over time.
The study also suggested the ways to alleviate the gap. The study was
based on published data and a variety of methods had been employed to
pursue the objective. It was found that demand-supply gap could be
zero, positive or negative for different states at the same time. A model
for the correction of the demand-supply gap was suggested. Among the
factors influencing the demand for foodgrains, population, income, price,
family size and price of the substitutes were found important. Thus, the
findings helped in formulating a viable and realistic operational policy
for the PDS.

• Suryanarayana (1985)\textsuperscript{12} attempted to analyse the working of PDS in
Andhra Pradesh and Vishakhapatnam in his study on 'Public Distribution
in India'. The consumption patterns, income elasticities for selected
commodities, impact of rationing on consumption in terms of net income
benefits and critical evaluation of the working of FPSs and the PDS had
been analysed by the researcher. The theory of dual market mechanism
was applied to measure the benefits due to public distribution. The exact magnitudes of benefits were calculated by taking into account the difference between open market price and fair price and by multiplying the difference with the quantum distributed through FPSs. Consumption of the selected commodities, growth rates; linear, exponential and compound types were calculated for rice, wheat and sugar with regard to their distribution. The patterns of consumption of essential commodities revealed that consumption was generally higher among rural consumers except in case of sugar which was consumed more by an urban consumer. This was testified also by the figures of per capita consumption worked out on the basis of the field data. The various suggestions were also incorporated to improve the overall working of this system.

- The study entitled 'Organisation and Management of PDS' by G. D. Ojha (1987) based on the empirical research, examined several individual case studies of agencies which were involved in the PDS. This study analysed the policy framework and the organisational structure of the PDS at both the micro and macro levels. The data was collected from the consumers of FPSs/ration shops functioning in urban and rural areas. The purposive random sampling method was adopted for the selection of the respondents. The analysis high lighted three major points - firstly, the distribution mechanism was unscientific; secondly, it was not tailored
to suit the needs of the weaker sections in general and the rural poor in particular; and thirdly, there were unhealthy practices by various sections resulting in the large scale breakdown of the instrument of PDS. The more common short-comings such as irregular release of quotas, wide gap between demand and supply, absence of salesmanship, discourteous behaviour, pilferages caused by the vested interests, interference of the influential persons and lumpen elements, non-viable nature of the FPS, strained relations between the consumers and the dealers and the unfavourable disposition towards the PDS were found to be widely prevalent in running these FPSs. Thus, the micro analysis ended support to the major findings of the study.

- Patil (1988) focused on the rural public distribution and the co-operatives by analysing its strategic role in the PDS in the country. Consumer Co-operatives were organised among the industrial and mining workers, employees of railways, post and telegraphs and other public and private industrial estates. About 3600 such establishments out of total 5100 had organised consumer co-operative stores. It was also observed that in the villages, the service co-operatives as well as marketing co-operatives themselves took the responsibility of the distribution of essential articles. The findings showed that despite massive financial assistance, the performance of Gram Panchayat level societies in distributing the consumer goods in rural Assam was not satisfactory.
The idea of co-operativisation of the distribution trade in rural Maharashtra got frustrated before it actually came into practice. So, the researcher was of the opinion that the only effective way to help the rural consumer was by way of organising the co-operative consumer stores to supply not merely the controlled articles but all the consumer goods of basic requirements.

• Verma & Prasad (1990) examined the public distribution system and its operational efficiency both in micro and macro settings by drawing samples both from urban and rural areas of Bihar. The micro level experiences of the operation of PDS had been discussed mainly to reveal the rural-urban contrast in its effective operation. The analysis further showed that the PDS with its operations had not been able to fulfil its purpose of protecting vulnerable population of the society from inflationary pressure. Four different systems of rationing namely statutory, non-statutory, rural controlled and market stabilisation system, through relief and fair price shops, were suggested to make the distribution system more effective in Bihar.

• Mahendra Dev (1991) et al made an attempt to verify severe criticisms levelled against the PDS in India on the grounds that it was urban biased and it benefited, by an large, the middle and upper income groups. To evaluate the validity of these criticisms, the latest available National Sample
Survey data on 'Utilisation of PDS' had been used. To collect the data, 47,827 rural households and 27,736 urban households were contacted. Four different criteria i.e. rural sector's share in total PDS given by ratio of PDS purchase to total purchases, PDS quantity purchased per capita and PDS quantity purchased per market dependent were taken into consideration to examine whether PDS was urban-biased or not. The results had brought out that the nature of bias varied depending upon the commodity in question and criterion used. The data at the all-India level showed that the PDS was not favouring the middle or richer groups. More or less all the population groups depended uniformly to the same extent on the PDS with respect to all commodities in rural areas, even though there were slight variations.

- Kecker (1991) examined the current status and the role of the distribution function in several developing countries in Asia and Africa. This study incorporated views of members who examined distribution systems in India, China and other developing countries in Africa. Different distribution strategies were found to be effective in the overall public distribution system. Statistical Data on distribution was collected on regular basis by appropriate government agencies. The findings revealed that the distribution systems were being used as a political tool to control and channelise resources from farmers to government and from
government to consumers. In India, small independent firms of retailers, wholesales, agents and broker were predominant in the distributive trade in the country.

- Kabra and Rao (1992) examined the impact of the liberalised policy regime on the scheme of providing inflation insulated supplies of essential food items through the PDS. The paper also explored the adverse consequences of the liberalised economic policies and the scope of setting them right by strengthening and redesigning the PDS. The hypothesis that the better off, more organised and those living in the urban areas in the backward blocks were likely to corner much of the benefits available under RPDS, was put to test during the study. The results showed that the study had not taken into account the pattern of regional variations and the concentration of poor inhabitants. Some limitations of these steps had been brought out covering different factors and reducing the effectiveness of the PDS by the low utilisation of its supplies. It was also found that the loopholes in the administrative design of the PDS operations resulted in leakages of the meagre supplies to unintended channels, non-availability of entitlements with FPS dealer in collusion with civil supply authorities, irregular supplies, inferior quality of grains supply and restrictions on drawals according to the consumers' capacity and convenience.
• The study on 'The Public Distribution System in a Designated Hill Area of North Western Uttar Pradesh conducted by Anil Ittyerah (1992)\(^4\) made an attempt to look into the functioning of the PDS and identification of the priorities from among the various measures suggested as a part of the revamping schemes, on the basis of actual field level observations. Keeping in view the various issues and suggestions that emerged during the course of the study, different measures that deserved top priority in any attempt to revamp and strengthen the PDS in identified hill blocks, were needed to be emphasised.

• Venugopal (1992)\(^5\) carried out a study on 'Deliverance from Hunger-the PDS in India' in which he concluded that some states which did not produce enough foodgrains, had a far better record of providing food for the poor than states which had a surplus. Various issues like the intensity of hunger in rural poor households, the financial constraints involved in the rational use of foodgrains in rural wage employment programmes, reorientation of the PDS to serve only the poor and the needy for involving the community in food management were also discussed. The study revealed certain serious drawbacks in the system. It showed that a very substantial percentage of the beneficiaries, who were daily wage earners, were unable to buy their entire monthly entitlement. It was also observed during the study that the scheme had
not been able to meet the expectations of rural poor labour class in the state of Andhra Pradesh.

- Sanathanan (1992) concluded in a study on PDS relating to the rural areas of Kerala that the number of ration cards served in the rural areas of the state was six times more than that in the urban areas. The study also stated that inspite of 156 per cent increase in FPS till 1990, the issues like non-availability of food items, insufficient norms and malpractices associated with FPS were the disturbing facts of PDS in the state. The major focus of the study was on the responses of the 120 beneficiary households selected by simple random sampling method from several villages of Kannur District of Kerala. An over-whelming majority of the respondents held the view that the quality of sugar and edible oil supplied under the PDS, was good.

Jha (1992) examined the purchasing power of the poorer section particularly the Scheduled Tribes known to be the poorest among the poor groups in India. The study was carried out in Bihar where the population of tribals is 8.31 per cent of the total population. The tribals are compelled to rely mostly on agriculture and live mainly on produce like the vegetables, rice, maize, millets, etc. Till recently they had little liking for wheat. Hence, they were not dependent on PDS for their food supply. The tribal consumers complained about general shortages of
concessional commodities except their produce at the Fair Price Shops. There was an urgent need for an effective enforcement machinery to ensure that these commodities were distributed in time to the right persons, in right quantity and at the right price.

• The study on 'Public Distribution System : Access of the Poor-A Case Study of a Jhuggi Jhompri Cluster' (1993)\textsuperscript{23} was carried out by the Department of Administrative Reforms and Public Grievances. It was based upon a survey of two \textit{Jhuggi Jhompri} settlements in the Union Territory of Delhi. The study was designed to reveal insights into the manner in which the Public Distribution System serves the needs of the poor. It was found that there was disparity between the entitlement and the allocation norms. Allocation of foodgrains was being made at a much lower rate than the entitlement per unit. Among others, this may be the cogent reason that the earnings of the \textit{jhuggi} dwellers were so meagre that they were not capable of buying their entitled quota.

• Suryanarayana and Geetha (1993)\textsuperscript{24} examined about critical issues of reorganising the PDS. The system of food controls to be maintained had to be related to the needs of the urban and other highly deficit areas. The researchers had reviewed the objectives of food policy pursued in different Five-Year Plans and had examined interstate PDS disparities and their implications for the current on-going reforms. It concluded
that the revamping of PDS was not merely a question of targeting but also involved the creation of necessary infrastructure, like storage facilities and distribution network particularly in the states like Bihar and Orissa.

• Nawani (1995)\textsuperscript{25} tried to analyse the role of the PDS in achieving the objective of food security in his study entitled 'Towards Food For All-Idea for a New PDS'. The global situation relating to food security and a historical perspective of food management in India were described in detail in the study. The scenario of production and availability of foodgrains and dynamic relations between poverty, purchasing power and consumption of foodgrains were also examined with a view to improve the effectiveness of the PDS rather than on alternative models for ensuring food security. For the field survey, Chamoli and Uttarkashi districts were selected within Garhwal Himalayas, for a sample survey of fair price shops and PDS beneficiaries on a random basis out of the four hill districts. The overall food and nutrition availability appeared to be much better in Uttarkashi as compared to Chamoli. The findings highlighted that the PDS was playing only a marginal role in meeting the nutritional requirements of an average family.

• Sharma Anuradha (1996)\textsuperscript{26} attempted to analyse the policy framework and the organisational structure of the PDS at both the macro and micro
levels in the Jammu region of the state of Jammu and Kashmir, thus, paving the way for the overall development of this system. The findings of the study revealed that the PDS was needed to be streamlined in the light of liberalisation and globalisation era. It further warned that if the consumption levels of foodgrains by the poor was not protected and improved, the reform process itself would have no meaning for people of the country, for the state and the Jammu region.

- Bala Krishnan (1997) argued in his study that price formation in foodgrains markets cannot be fully understood without reference to consumer switches between the open market and the PDS induced by quality differences. It showed in conclusion that this was an important aspect of the food economy, for an evaluation of state intervention must consider not only the welfare of its targeted beneficiaries but also the welfare of households without access to the PDS but who might nevertheless be affected if the working of the PDS had a bearing on the open market.

From the foregoing review, it becomes clear that most of the studies conducted in India have not dealt with the costs and political feasibility of targeting of PDS and have also reported a high percentage of leakages in the event of targeting. The main weakness in the PDS which has been noticed is that it is not reaching to the vulnerable section of the society for whom it was actually meant.
Based on the above stated review, the present study is an addition to the current literature on the subject. Since such studies on the PDS have been carried out in several states in India but not in Haryana. The present study, therefore is intended to fill this gap.

2.3 Notes and References


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