Chapter VI

Summary of Findings, Suggestions and Conclusion
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6.1 INTRODUCTION

The Public Distribution System is the official organization for the distribution of the articles of daily use to the public particularly the vulnerable sections in urban and rural areas of at reasonable prices. It supplies essential commodities to the poor at subsidized prices. There are five essential commodities supplied through the Public Distribution System: rice, wheat, sugar, edible oils and kerosene. In India, the implementation of public distribution has been the joint responsibility of the central and state governments and the administrations of the Union Territories. The Central Government procures, stores and transports the essential commodities up to the central godowns. The responsibility for the actual distribution of the material to the consumers is that of the governments of the state and Union Territories. An advisory Council at the centre reviews the working of the Public Distribution System.

In 1992, the Revamped Public Distribution System was introduced. This involved geographical targeting with special schemes for the relatively poor areas, such as drought-prone areas, desert areas, tribal areas and urban
slum areas. In 1997, the Government of India introduced the Target Public Distribution System (TPDS), the scheme of targeting based on the income criterion. In the Targeted Public Distribution System, each poor family irrespective of size and need is entitled to a Uniform quantity of food grains. This system introduced a two-tier structure of subsidised pricing, one for families below the poverty line (BPL) and the other for those above the poverty line (APL).

The below poverty line population is eligible for getting rice and wheat at a much lower price (higher subsidised) and the Above Poverty Line population sets them at a price which is much higher and closer to the economic cost to the Food Corporation of India. Under the TPDS the identification of the poor is done by the state as per the poverty estimates of the Planning Commission. Under the Targeted Public Distribution System, the initial entitlement for a poor household was fixed at 10 kilograms of rice per month. The entitlement was raised to 20 kilograms per household per month. The Public Distribution System ensures the availability of the essential commodities such as rice, wheat, sugar, edible oil, and kerosene to the consumers through a network of outlets called fair price shops. As on 31st March, 2005 there were 4.78 lakh fair price shops in India for distributing the essential commodities. The Food Corporation of India is the apex agency for procuring food grains from surplus states at the prices fixed
by the Central Government. The food grains so procured are utilized both for allocation to the State Governments for distributing through the Public Distribution System and also for maintaining a national buffer stock. The Central Government procures levy sugar from sugar factories at cost price and distributes it to State Governments for the public distribution system. Kerosene for the Public Distribution System are procured and distributed to the states by the public sector oil companies and coal companies respectively. Edible oil is imported from foreign countries by the State Trading Corporation and supplied to the states for distribution through fair price shops.

6.1 SUMMARY OF FINDINGS

The important findings of the study are summarized below:

1. It is found that the central Government takes the responsibility for procuring and supplying to the stores the essential commodities at subsidised prices. The difference between the cost price to the Central Government and issue price to the State Governments are provided for as food subsidy. The quantities of rice procured by the Government of India during the period from 1998-1999 to 2007-2008, which varied between 10.07 and 24.68 million tonnes shows a fluctuating trend. The fluctuating trend in the procurement of rice has been due to the fluctuations in paddy production on account of the vagaries of the monsoon. It is found that the
minimum support price for rice, which stood at Rs.360 per quintal in the year steadily increased to Rs.560 during the year 1998-1999 to 2007-08.

2. The quantity of wheat procured during the study period varied between 8.16 and 20.63 million tonnes. The minimum support price for wheat, which stood at Rs.360 per quintal in steadily increased to Rs.630 in 2007-08. The difference between the procurement price and distribution price is paid as compensation to the Food Corporation of India by the Government of India through subsidy. The food subsidy, which stood at Rs.5377 crores in 1998-99 steadily increased to Rs.25,800 crores in 2007-08 resulting in more than a four-fifth increase. The trend value for the food subsidy to be provided by the Government of India for the year 2010 would be Rs. 52,779.2 crores.

3. As on 31st March, 2008 there were 4,78,190 fair price shops functioning in India. Uttar Pradesh is at the top of the list with 74,788 fair price shops followed by Maharashtra with 49,921. 27,461 fair price shops functioning in Tamil Nadu. As on 31st March 2008 there were 2264.09 lakhs family cards in India. Uttar Pradesh was at the top of the list with 380.79 lakhs a family card, followed by Maharashtra with 220.98 lakhs. The Lakshadweep has the lowest number of family cards of 0.14 lakhs. More than one-third of the ration cardholders in India belong to the above poverty line category.
4. The study shows that out of the 1440.18 APL cardholders in India, Uttar Pradesh tops the list with 274 lakh cardholders, followed by Tamil Nadu with 153.78 lakh. The Lakshdweep has the lowest number of BPL cardholders because it is a small state. Among the 650.82 lakhs BPL cardholders in India, Andhra Pradesh tops the list with 128.12 lakhs, followed by Uttar Pradesh and Karnataka with 74.37 lakhs and 61.87 lakhs.

5. It is observed that the distribution of essential commodities through family cards was first introduced in Tamil Nadu in 1964 and subsequently statutory rationing started in 1966 in Chennai and Coimbatore. In 1978 the village shop programme was introduced first in two districts and later all over the state covering both urban and rural areas. The Tamil Nadu Civil Supply Corporation Limited, a State Government undertaking, was formed in 1972 for procuring and distributing all essential commodities.

6. It is found that there were 27,461 fair price shops functioning in Tamil Nadu. Among the 1161 fair price shop functioning under the control of the TNCSC, Chennai North district tops the list with 215 fair price shops, followed by Tirunelveli District with 198. Among the 26300 fair price shops functioning under the control of the Co-operative Department, Villupuram District tops the list with 1798 fair price shops, followed by
Vellore District with 1557 and Coimbatore District with 1468. Most of the fair price shops in Tamil Nadu are operated by co-operatives. Nearly 95 per cent of fair price shops are run by consumer's co-operatives. They play a major role in the distribution of essential commodities.

7. The Tamil Nadu Public Distribution System supplied which are rice, wheat, sugar, and kerosene essential commodities. The feature of the Public Distribution System in Tamil Nadu is that no private traders have been given licence to run fair price shops. The organisation structure of Public Distribution System in Tamil Nadu has a Commissioner of Civil Supplies and Consumer Protection at the state level, the District Collectors at the District level. The District Collector is assisted by the District Supply Officer at the district level and Taluk Supply Officer at the taluk level. The Public Distribution System in Tamil Nadu consists of the TNCSC Ltd, acting as the whole sale supplying the essential commodities to the retailers namely, the fair price shops and the TNCSC retail shops. The ration cardholders purchase the essential commodities from these. The Corporation runs three petrol/diesel bunks and six gas units. It supplies 35 kilograms of rice to the families of landless agricultural labourers in the drought affected districts through the fair price shops. The Cardholders are not to travel more than two kilometers to reach the fair price shops. In municipal corporations and
municipalities a fair price shop should have a minimum of 850 cards but not more than 1000 cards. In other areas a shop should have not less than 500 cards not more than 850 cards.

8. The quota of supply of rice to the cardholder that is one adult (one unit) 12 kgs; one unit and one child (one + half-unit) 14 kgs; two adults or one adult and two children make (two units) and they get 16 kgs, two adults and child or one or more adults and children (two and half- unit) 18kgs. Three adults and above (three units and above) get 20 kgs. Antyodaya Anna Yojana cardholders get 35kgs of rice per month.

9. It is found that among the 31 District of Tamil Nadu, Villupuram District has the higher number of fair price shops (1847) followed by Coimbatore District with 1641 and Vellore District with 1616. The Nilgiris District has the lowest number of fair price shops in Tamil Nadu. There were 164.72 lakh family cards in Tamil Nadu. There was only a marginal increase in the number of ration cards in 2007-2008. The Tamil Nadu Government has issued cards of different colours. Those who prefer rice are issued green cards, which do not purchase rice, are issued white cards. More than cards are Green.

10. Tamil Nadu distributes rice to all needy families at the uniform rate of Re.1.00 per kilogram, without discriminating between Below Poverty Line and Above Poverty Line. The requirement of rice was expected to
be higher during 2007-2008. Necessary arrangements were to be made to obtain the additional quantities of rice from the central pool.

11. The Government of India allots wheat for PDS for Tamil Nadu price at Rs.7.50 per kilogram. The offtake of wheat in the Public Distribution System of Tamil Nadu has increased nearly by one-fifth during 2007-2008 when compared to 1998-99. The allotment of kerosene has been made by the Government of India 771267 kilolitres per month for Tamil Nadu during the year 2008.

12. The selling price of kerosene under the PDS has been fixed ranging from Rs.8.40 to 9.00 per litre depending upon the distance from the supply terminals of the oil companies and the kerosene whole sale point. As on 31st March, 2008 there are 309 kerosene bunks functioning in the state. The Government of India reduces the allotment of kerosene every year based on the number of LPG connections given to the families through the state.

13. The study reveals that the Tirunelveli District 36.13 per cent of the respondents have opted for sugar and those who have opted for rice amounted to 31.95 per cent. The lowest number of cardholders 31.92 per cent have opted for kerosene.

14. In Tirunelveli District there are bogus cards with people getting two-
cards one from the working place, and another in their native. When a person's name is included in the family cards at his native place and also when he has a separate card at the work place with the same time, it becomes a partial bogus card.

15. A majority of the respondents (50.67 per cent) were above 45 years of age. A majority of the sample respondents were female. This has been due to the fact that in majority of the households, the female members are the purchases from the fair price shops. A majority of the cardholders belong to the Most Backward Communities. 155 respondents studied only up to school level.

16. The majority of the ration cardholders in Tirunelveli District have green cards. The respondents came to know of the supply of essential commodities at fair price shops through friends, relatives and neighbours. Nearly three-fourths of the respondents reside within two kilometres of the fair price shops.

17. A majority of the ration cardholders have been purchasing rations from the fair price shops for more than 15 years. 154 respondents always need rice from the fair price shops. Some respondents do not always need wheat from fair price shops because wheat is not an item of daily consumption in the households of Tirunelveli District.
18. The various reasons for cardholders making purchase from the fair price shops are ranked in this order: lower price, reasonable quality, quantity supplied, compulsion due to low purchasing power and nearest to the fair price shops. A majority of the cardholders require upto 25 kilograms of rice per month. This is due to the fact that nearly two thirds of the households have up to four members in their families.

19. A majority of cardholders purchase rice from fair price shops. Two-thirds of the respondents purchase more than 20 kgs of rice from the fair price shops. This confirms that people below the poverty line patronize the fair price shops because of low price. Majority of the respondents purchase up to five kilograms of sugar per month from the fair price shops.

20. Three-fourth of the cardholders purchase kerosene from the fair price shops. This is due to the fact that 46 per cent of the respondents have an annual income of less than Rs.25000. More than two-thirds of the respondents purchase less than five litres of kerosene from the fair price shops. Kerosene is used only to supplement the shortages of other fuels such as LPG or firewood. Nearly three-fourths of the respondents do not purchase the entire quota of essential commodities to which they are entitled. The poor people purchase the entire quota of rice but not the wheat. The cardholders above the poverty line purchase rice from the open market because of the poor quality in the fair price shops.
21. Nearly one-third of the respondents opined that the fair price shops are always kept open during the prescribed hours. The attitudes of consumers towards the working of the fair price shops in Tirunelveli District are influenced in the following order namely, quality, price and weighment, behaviour of sales men, attitude the distribution of essential commodities, irregularity of the employees, quota and working hours of shops, supply and packing system and environment.

22. There is no significant relationship between the age and sex of the respondents and their level of opinion on the service rendered by the fair price shops. There is no significant relationship between the community and literacy levels the respondents and their level of opinion on the services rendered by the fair price shops.

23. There is no significant relationship between the occupation of the respondents and their level of opinion on the services rendered by the fair price shops. There is a significant relationship between the periodicity of income of the respondents and the level of opinion on the services rendered by the fair price shops.

24. There is no significant relationship between the family size of the respondents and the level of opinion on the services of the shops. There is no significant relationship between the marital status of the respondents and their level of opinion on the services rendered by the fair
price shops.

25. There are many fair price shops in Tirunelveli District which sell both essential and non-essential commodities. To supply of essential commodities to cardholders, adequate stock is necessary. Sometimes there is delay in getting supply from the Tamil Nadu Civil Supply Corporation due to transport problem. More than one-fourth of the fair price shops compensate the loss in transit through under weighment in sales. There is a significant relationship between the designation of the employees and their perceptions on the service rendered by fair price shops in Tirunelveli District.

6.2 SUGGESTIONS

The following suggestions are made for improving the functioning of fair price shops.

i. The Government should take necessary steps to ensure proper supply of goods as per the monthly quota in time to avoid inconvenience to the family card holders,

ii. Care should be taken to improve the quality of rice supplied through fair price shops and the Government should ensure proper transportation and godown facilities to the fair price shops in order to maintain the required quantity and avoid delay in supply.
iii. The targeting mode may be adopted for wheat sales as in the case of rice to help the Below Poverty Line families. Above Poverty Line families may be charged higher prices.

iv. Essential commodities should be supplied at correct measurements and electronic weighing scale may be kept in the fair price shops to help the workers and the buyers.

v. The Government should take prompt and severe action against malpractices, black-marketing and bogus billing by appointing members of Revenue and Civil Supply Department officials as vigilance officers.

vi. Rice, sugar and wheat should be supplied to the cardholders in packets of one kgs, two kgs, five kgs, and ten kgs to prevent under weighment.

vii. Members of the public can be appointed to supervise the working of the fair price shops and the government should announce rewards for those who give information on bogus family cards.

viii. The salary of the employees working in the fair price shops under the Co-operative societies should be enhanced to be on part with the salaries of employees of the fair price shops under the Tamil Nadu Civil Supply Corporation Limited. The employees working in fair price shops should be instructed to adhere strictly to the guidelines issued by the higher authorities,
ix. The Government should identify the real beneficiaries among the public and give the essential commodities to them without discrimination as Above Poverty Line and Below Poverty Line.

x. Mobile fair price shops can be introduced instead of part-time shops, to help the targeted group directly. Women's fair price shops should be opened to take care of women beneficiaries exclusively.

6.3 CONCLUSION

The Tamil Nadu Civil Supply Corporation Limited and the Cooperative societies distributing the essential commodities to the weaker sections in the District could do better in allotment, liftment and off-take. The lack of uniform allotment of monthly quota to the fair price shops and uncertainty of supply, irritated the cardholders, creating conflicts between cardholders and the employees occasionally. Irregular supply of commodities on different days, unpleasant behaviour of the salesmen, malpractices like black-marketing, and bogus billing found commonly in fair price shops added to the woes of the consumers. Low salary, difficult working conditions and other such problems created indifference and bad temper in the employees.

The PDS has come to be a vital life-line of the welfare State of India. Having undertaken the responsibility, it is the duty of the government machinery to see to it that the job is well done. Indeed, it requires constant
attention to details and extraordinary vigilance. Procurement at a satisfactory level depends on good production performance and that needs special attention to modes of production, which requires a good and improving research and upgradation of the production mechanism.

So, the public who are the chosen beneficiaries should learn to behave properly, not indulging in selfish recourse to corrupt practices. They should learn to standup for their rights and not be browbeaten by political influences. Thus, the messages are clear. An institutionalised programme, however good and indispensable in itself, cannot be a success unless all concerned are educated to co-operate.

The economic survey for 2008-09 had mooted the idea of food coupons. “It may be useful to introduce food stamps/coupons which may be valid outside the PDS outlets once the markets better integrated. Food coupons will allow the consumers a wider choice, “the survey¹ said.

The Union Finance Ministry is planning to replace the public distribution system in India with food coupons that can be used to buy food items from the open market. Once this scheme is implemented, all the problems of consumers and employees of PDS would be solved and also the government expenditure on PDS would be greatly reduced.

¹ The Economic Times, Chennai 17 Feb 2010
6.4 TOPIC FOR FURTHER RESEARCH


4. Administrative Problems of Public Distribution System