CHAPTER II

REVIEW OF LITERATURE
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2.1 Introduction

2.2 Studies Undertaken by Various Experts

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2.1 INTRODUCTION:

This chapter is devoted to the review of the earlier studies on the Public Distribution System (PDS). The review has been undertaken to identify the research gaps which would help in formulation of the research objectives and methodology of the present study. Researcher carefully undergone the literature available on PDS and reviewed it thoroughly.

2.2 STUDIES UNDERTAKEN BY VARIOUS EXPERTS:

Public distribution system is accepted by the Government of India, it is meant for satisfying the basic needs of common man. In this chapter researcher has undertaken the views and openings of various experts working in the field of PDS.

Chakravati (1972) pinpointed in his study a strong co-operative sector should be developed as a balancing sector between the private and public sector. The co-operative sector plays important role in protection of consumers from unjustified rises in the prices, adulteration and other unhealthy trade practices like boarding, speculation, underweight, etc. done by private retail seller. He found co-operative as an important agency of PDS.

Sheo (1972) observed that Central Government has got sufficient powers in relation to fixation in prices of essential commodities and articles of schedule industries under Essential Commodities Act, 1955. He added that Central Government had asked the state government to take fresh measures to strengthen the Public distribution system especially aimed to protect the vulnerable section of the society. He emphasized on the expansion of fair price shops in rural areas for availability of goods at lower prices. He further that the Centre had suggested to the states to consider the expansion of the scope of Consumer co-operative societies and super Bazaars for supplier's grains and others essential commodities at fair prices.

Bahl (1974) advocated in his study that the operation of Public Distribution System (PDS) itself, how-so-ever, efficiently managed to achieve a limited objective of assuring equitable distribution of available supplies to the economically vulnerable sections of the society. To expect the PDS to have any healthy effective way of stemming the ever-rising prices of goods covered by it. It will be only a too wishful through in as much as the stabilization of prices of various imputes and other factors including incidentals on account of rising freight cost, direct and indirect tax, etc. which go into the determination of ultimate cost of such finished goods.
Dass (1974) inferred in his findings that, citing the examples of Assam as giving a lead to the whole of India. To bring down the prices of essential commodities, he emphasized the need for Co-operatives to strengthen the PDS procurement and Distribution.

Gupta (1975) highlighted in his study that the benefit schemes like PDS should be given to the people for the plan are meant. The proper care should be taken that these plans are not snatched away by the powerful sections and secondly, the beneficiaries should not be ultimately deprived of their earnings and other vulnerable sections of the community and the lowest income group including agricultural labourers.

Bahl (1976) inferred in his study that the Consumer Co-operative Societies have a great responsibility to provide a remedy against malpractices, exploitation, higher prices and adulteration by selling goods at fair stable prices, maintain purity, correct weightment, better quality and set a standard of honest dealing. The Consumer Co-operatives are primarily concerned with economic programmes that’s why the Government wants to involve them strongly in PDS.

Batra (1976) observed that the National Co-operative Development Corporation has played a vital role for the development of consumer co-operative activity, which is a major programme in co-operative sector in the context of Public Distribution System.

Chadha (1977) observed that a problem for Food Corporation of India (FCI) would be that of turnover of stocks. With the new wheat put into the market by private traders the off take through the Public Distribution System would go down.

Dantawala (1977) said that PDS is being operated through cooperatives, individuals private traders, panchayts and government fair price shops. The overall responsibility of procurement and distribution of commodities is assigned to FCI for wheat, rice & sugar, the Indian Oil Corporation for kerosene & The Coal India ltd. for soft coal. The state Essential Commodities Co-operation (SECC) is procuring these items. The range of commodities has been declared at all India level & State Civil Supplies Corporation is free to add more items they consider desirable.

Jain (1977) note that in India where the population is spread over more than 5 lakh villages, regular supply of essential commodities to masses is not as easy task. The low purchasing power of the people leading to frequent buying and a step rise in the prices of various commodities, especially the food products, has clearly demonstrated the need for the formulation of a comprehensive PDS.
Patil (1977)\textsuperscript{11} observed that in cities and towns, the fair price shops and the consumer cooperatives came to the rescue of consumer, particularly during the period of scarcities and inflation. However, the experience and experiments made by various State governments in PDS reveal that FPS selling only the controlled articles has failed to solve the problem. In this situation, the only effective way to help the rural consumer is to organize the cooperative stores to supply not merely the controlled articles but all the basic consumer goods.

Mukhopadhyay (1979)\textsuperscript{12} analyzed in his study that PDS would cover about 50 million people living in the metropolitan cities and big towns. Extension of the scheme to the drought prone areas and flood-affected area is must. Effort need to be steadily made for covering the rural areas, increasing the consumer business through marketing societies and also helping the large number of village agriculture service societies to open fair price shops retail outlets. He stressed that the normal channel of distribution has rightly been allowed shifted the responsibility to the states as to the procurement of commodities which are supplied through the system.

Dharia (1979)\textsuperscript{13} observed that a satisfactory PDS would have to be an integral part of Government's wages-income-prices policy. It is often experienced that adhoc system of public distribution merely acts as a palliative need of establishment of a permanent production-cum-distribution system, where the state plays a dominant role in ensuring availability of selected essential articles to the common man at reasonable prices, maintaining a fair return to the producers and safeguarding the interest of the consumers.

Dhoklia & Khurana (1979)\textsuperscript{14} observed that the structure as well as the functioning of the public and private distribution system remains far from satisfactory in relation to several key social objectives. Since the ultimate interest of public policy is to improve the effectiveness of the distribution system as a whole, it is essential that the planning for public distribution system be integrated with the measures taken to influence the private trade. This is only possible if a long-range national distribution policy is developed.

Farooq (1979)\textsuperscript{15} pointed out the PDS in Rajasthan has followed the national pattern. The basic structure of the PDS in the state comprises fair price shops and consumer cooperatives stores to which a new dimension has been added by the consumer scheme of National Co-operative Development Corporation and the recently introduced distribution scheme of Government of India.
Kapoor (1979) highlighted that new controlled cloth scheme has thrown a challenge to the National Cooperative Consumers Federation (NCCF) and to the various state Federation /Co-operatives with the result that our responsibility has increased manifolds. He observed that only NCCF through Co-operatives could provide goods to actual vulnerable people and makes the public distribution scheme successful.

Mathew (1979) reveled in his study that the Governments has encouraged the Co-operatives to provide leadership to the consumer movement and also assisted them in procuring consumer goods at competitive rates and provided consultancy service through the NCCF for developing and diversifying their business. He further studied that these steps have been taken because a dependable distribution agency is an essential prerequisite for the success of PDS.

Saxena (1979) explained that the objective of PDS is to ensure the supply of essential goods to the poor and vulnerable sections of the community. It involves the functions of procurement, transportation, storage and distribution of essential commodities like cereals, pulses, cooking oils, sugar, standard cloth, soap, match boxes, essential drugs, note books, etc. PDS is a scheme of social justice and attempts to reduce the overall cost and reach maximum benefits to the public at large. He further suggested that PDS in developing economies commodities to vulnerable section and not a temporary phase like fire fighting operations in times of necessity and emergency only.

Singh (1979) observed that the Public Distribution System in India has become a regular and essential feature of food management. The basic objective is that essential feature of Food management. The basic objective is that essential consumer article of daily use would be made available at reasonable price to the public, particularly the vulnerable section of the society. The social objective can be achieved only if the Central and State Governments assumes the responsibility for assuring availability of essential commodities and articles of mass consumption to common man at reasonable prices. He further find out that co-operative societies have vital role in the network of PDS especially in rural areas.

Agrawal (1980) commented in his study that PDS is a sure exercise with extreme deleterious influence on the efficiency of domestic production in the long run in addition to eroding foreign exchange resources for development. The PDS can play a vital role when essential commodities are short. He revealed that it is unfortunate that the goods supplied to fair price shops are inadequate. It is hard fact that though sugar is allotted for
Most of the times, deterioration in quality occurs in the period in which the grains remain stored. Secondly, deterioration in quality occurs due to infestation. Thirdly, careless handling, exposure and methods used in the course of distribution result into deterioration. In many cases, deterioration also takes place because of inadequate storage facilities, unscientific preservation techniques and reckless application of disinfestations of agent like pests and rodents, which leads to extensive damage to the in various ways.

**Bose (1983)**[^26] stressed on the expansion of PDS through fair price shops including mobile shops in far flung area and shop to cater to industrial worker, student’s hostels and availability of text books and exercise books to students on a priority basis.

**Patel (1983)**[^27] observed in his study that the different agencies have been set up in tribal areas to uplift the agriculture and further found that the tribal get the goods at reasonable prices. He also found that cardholders are satisfied with the prices at which essential commodities like rice, wheat, sugar, kerosene, etc. sold through fair price shops under PDS.

**Patil (1984)**[^28] revealed that PDS covers about 70 percent population, but the private trade still dominates retailing. One private retail outlet exists for every 45 families whereas one co-operative retail outlet covers 7000 families. Again in rural areas one co-operative outlet has to cover 1000 families.

**Seshaiah (1984)**[^29] stated that all the efforts of Governments to strengthen the PDS have proved ineffective due to inefficient internal management of co-operatives. He revealed two causes in the ineffective PDS. Firstly, the various functions of PDS i.e. procurement, storage, transportation and distribution are formed by various different co-operatives; therefore, he found lack of proper co-operation in the activities. Second, the failure of Government machinery in effective control over private traders and their corrupt practices.

**Sharma (1984)**[^30] observed that the work of distribution of consumer articles in rural areas is being performed by agricultural/service co-operatives, as it is not feasible to open exclusively consumer co-operative stores due to various reasons. However, efforts have been made from time to time to strengthen rural distribution system as to provide consumer articles to rural population at reasonable prices and in required quantity and quality.

**Shankariah and Ojha (1985)**[^31] found in their study that majority of respondents had faith in PDS and expressed that PDS will be a success. They further suggested that

[^26]: Bose (1983)
[^27]: Patel (1983)
[^29]: Seshaiah (1984)
[^30]: Sharma (1984)
[^31]: Shankariah and Ojha (1985)
Government, Government agencies, politicians, co-operative societies, private traders, consumers and all other concerned with PDS should make co-coordinated efforts to improve the performance of Integrated Rural Development Schemes (IRDS) in general and in rural areas in particular.

**Dogra (1987)** while pointing out the shortcomings of PDS, observed that PDS functions in a very lethargic manner and the private sector exploited this weakness to their own advantage. This can be checked only by properly reorganizing, monitoring and controlling of system’s functioning.

**Dholakia (1988)** observed in his study that be mixed economy like India, has two type channels in distribution of essential commodities i.e. private distribution channels and public distribution channels. But main system of the operational activities is Public Distribution System, which provides specified essential commodities through national-wide network or retail outlets.

**Mishra (1988)** advocated that the association of the co-operative institutions with PDS was inevitable and it becomes clear by remembering the fact that unless the consumer himself is involved in the procurement and distribution of the consumer goods, the element of undue profit and malpractices in respect of price, quality and quantity can never be checked.

**Shankta (1989)** revealed that FPS s are functioning in the industrial areas and are also catering to the need of students hostels and indoor patients in the hospitals. The need of the hour is to strengthen and streamline the existing PDS by the way be introducing more and more essential commodities in the system with view to widen the scope of the PDS uniformly in the States and Union Territories.

**Negi (1990)** while emphasizing on the quality of foodgrains under PDS, suggested that the scientific methods and procedure based on national and international practices should be adopted for effective quality control in respect of indigenous foodgrains procured locally and imported foodgrains that are being store by the various agencies involved under PDS in their various godowns.

**Tyagi (1990)** noted that, as a consequence of near self-sufficiency being achieved in the case of cereals in some years, the demand from the PDS was less then not only the quantity procured but also even less than what it was in the previous year. When the domestic supply to meet the domestic demand, prices generally tend to rule easy and the
difference between the open market prices and the prices being charged at FPSs tends to get narrowed. The impact of this narrowing of difference is that the demand for cereals distributed through the PDS decline. On the other hand, in such years, the procurement tends to be higher than that recorded in any of the previous years and thus, the stocks with the Government tends to increase. When the Government also follows a policy of buffer stocking and as a security maintains the level of stocks at the desired level, then in the year of excess supply, the level of stocks with the Government tends to be higher than those contemplated.

Kabra (1991) observed that the recent development in the management of good policy and the PDS brings out some disturbing feature that run contrary to declared policy objectives. The PDS is one the more durable features of state intervention in the market for basic wage good like cereals in India, its main objective is to control inflation and soften the impact of endemic inflation on vulnerable sections of society. The overall price effects of PDS operations are expected to work through a change in the demand supply balance and its effect on market sentiment or price expectations.

Koshy (1991) revealed that a significant portion of important commodities like rice supplied for the PDS is siphoned off to the open market even in a state like Kerala, where the system is considered to be well developed in a matter of concern for policy-makers and administrators. It would be beneficial to devise certain measures, which would reduce, if not eliminate, such tendencies. Improving and reinforcing the monitoring and control mechanisms and processes of the PDS is one obvious solution to at least reduce the extent of malpractices.

Sinha (1991) commented that the PDS did not satisfy needs of the poor for whom it was intended. It should take up the distribution of coarse grain and oils as it formed a major part of the poor man’s diet.

According to Bhatt (1992) PDS is a joint undertaking of the centre and the states. The centre has the resources for the procurement and for import, and states have agencies to reach down to the grass roots where live the customers. The centre is responsible for procuring and supplying of wheat, rice, levy sugar, imported edible oils and kerosene to the states and Union Territories. The commodities are made available to the State and UTs at fixed prices. The latter add a few items to the list of essential commodities sold for the
FPSs like coarse grains, salt, match boxes, tea, soaps and exercise books, commodities differing from state while center takes the responsibility five essential articles.

Ghosal (1992)\(^\text{42}\) pinpointed that the food stocks helped to support the PDS in normal years and came in handy to meet exigencies created by droughts without the need to resort the large-scale imports.

Gurumorthy (1992)\(^\text{43}\) advocated that the PDS helps the consumers to escape from the impact of rising prices of the essential commodities. Compared to the urban areas, the poverty percentage is high in rural areas. Therefore the PDS is expected to concentrate in rural areas.

Jha (1992)\(^\text{44}\) inferred in his study that the system of rationing introduced by Britishers is said to be the forerunner of the existing PDS. It is an ant inflationary measure having significant bearing on stabilizing prices and in improving the nutritional standards of the poor. Thus, the PDS can play an important role in poverty alleviation.

Roy (1992)\(^\text{45}\) observed that the wide variation in the population coverage and the ration quota have led to wide variation in the estimate of the quantitative burden of the PDS. The requirement of PDS varies from 4 percent to 40 percent of production, 81 percent to 73.5 percent of internal procurement and 40 percent to 38.50 percent of public distribution that actually took place in the respective years.

Sud (1992)\(^\text{46}\) pinpointed that several social, economic as well as geographical features, besides the other local conditions, decide the shape of the PDS system that is needed a particular state. The conditions of hill states are entirely different from those in the plains, remote, interior and far flung areas, as also the hilly trades may need mobile rather than static outlets for the PDS. The stress now being laid on increasing the number of mobile vans engaged in these areas is, therefore, well place.

Thomas (1992)\(^\text{47}\) stressed that PDS is essentially aimed at equitable distribution of essential commodities at reasonable prices to the poorer sections. In the case of low-income consumers, the fair price system ensures as minimum supply at subsidized prices. The sale and distribution of essential commodities through FPS had helped in alleviating the miseries of the poor. At present, the PDS is serving nearly 80 lakh families in the country.

Velluva (1992)\(^\text{48}\) found in his study that the PDS was a device to introduce planned distribution of essential commodities in place of unplanned or automatic distribution.
started in our country during the Second World War. The dawn of independence led to a great emphasis on the need for an uninterrupted supply of essential goods everywhere so that none died of hunger. The last few decades witnessed tremendous improvement in food distribution front, especially in the network operation of fair price shops and coverage of commodities. He further highlighted that distribution system established for the poor people is to be revamped so as to fulfill the enunciated objectives. Unless the relatives share of the PDS in food supply with an assured quality has increased, it is impossible to influence the behavior of the open market segment, which is responsible for market imperfection.

Ministry of Food (1994) observed that the PDS functioning through the network of fair price shops or ration shops, aims primarily at supplementing supply of foodgrains to the consumers, particularly the vulnerable sections of the population, at reasonable prices.

Ministry of information and Broadcasting (1994) conclude that consumer cooperatives play an important role in the distribution trade for supply of quality goods at reasonable rates to the common people. As a matter of policy, the Government of India has been emphasizing the urgent need for strengthening of co-operatives for playing a pivotal role in the PDS and no exploitative retail distribution of consumer items with the objective of holding price line.

Ministry of Information and Broadcasting (1995) in its report stated that Government has accorded a very high priority to Consumer Protection Programme. Ministry of Civil Supplies, Consumer Protection and Public Distribution in the Central Government has been designated as the nodal ministry to deal with the subject of consumer protection.

Dev (1996) explained that in order to provide food security to all the poor, there is a need for effective implementation of the PDS and other antipoverty programmes. We need to look at the problems and the ways in which PDS can restructure effectively. However, this type of PDS restructuring would help the poor only marginally because there are several problems associated with the present PDS. Unless these problems are tackled, the PDS’s objective of helping the poor and vulnerable sections will not be fulfilled.

Hanumanatha (1996) said the issue prices of foodgrains from PDS have almost double over a short period of four years in an effort to contain food subsidy. He derived that public policy has become important in the situations like South East Asia crists for the
preventions of the interest of poor people and state interference is immensely required to
take out the economy in such situations.

Parikh (1996)\textsuperscript{54} revealed that PDS became an instrument of subsidizing urban consumers
and is to longer made sense to give it to all urban consumers. But during the 1960s PDS
was also a mechanism of selling the foodgrains received as aid by the Government. Since
the cost of getting the grain was negligible, the subsidy given to urban consumer did not
burden the Government’s budget on the contrary, since the food aid was virtually free,
even at the highly subsidized ration prices, the Government generated surplus from it,
which came handy in financing development expenditure. Thus, there was no compulsion
to restrict PDS only to the poor.

Pathania (1996)\textsuperscript{55} stated that the role of fair price shops is highly commendable in
providing the essential commodities available at the doorsteps of poor people. But the
FPSs are confronted with the major problems of inefficient funds, share capital subsidy,
loan for different purposes, irregular supply bogus ration cards, inadequate staff, poor
quality, under weight, excessive political as well as departmental intervention, obstructing
the functioning of PDS in the state which require immediate attention.

Acharya (1997)\textsuperscript{56} observed that the off take of PDS aggregated to 3.5 million tons during
1993, 3.6 million tons during 1994 and 4.1 million tons during 1995, but it was
considerably lower than the assessed requirement of about 8 million tons for these years.
While the off take under, PDS, RPDS (Revamped Public Distribution System) and other
schemes remained low, with a view of containing the rise in the market prices during the
lean months, wheat and rice from the Central pool were sold in the open market. The open
market sales aggregated to 10.2 lakh tones during 1993, 44.8 lakh tones during 1994 and
78.3 lakh tones during 1995.

Desai (1997)\textsuperscript{57} reveals that the increase in food subsidy should have been aimed to
enhance the coverage of PDS for the needy rather than selling foodgrains and sugar at half
the issue prices to those living below the poverty line. A major concern for the poor is not
that of minimizing the social cost of the reform programme by minimizing the likely
reductions in foodgrains consumption and nutritional intake, but the of halting the
reduction that has already been taking place and reversing the direction of change. In such
a context, a targeted but scaled down PDS may not make any material difference to the
status of the poor.
Majumdar (1997) advocated that one of the most significant achievements of the United Front Government is to halt the trend to focus on urban areas and rekindle interest in agricultural and rural development. In this regard there has been considerable discussion of revamping of PDS towards rural areas for providing them food security.

Pathnaik (1997) stated that PDS expanded from 1970s to 1990s both in terms of volume of grains it handled and in the coverage of population. But it was extended only in the urban areas and has created a disparity between urban and rural areas. Second problem with the system is regarding mismanagement of PDS stock and foodgrains import. She found that Government has failed to make a proper policy to control and maintain off take of food grains, which resulted in the failure of PDS system. One another problem she found is fewer gaps between the prices of food grains under PDS and their prices in open market.

Raman and Halbhavi (1997) explained in their study that the cooperatives occupy a unique place in Tamil Nadu among the co-operatives is India in the distribution of essential commodities of mass consumption under PDS. Unlike in other states, the unique feature of PDS in Tamil Nadu is that no private trader is given the license to run the important role in efficient PDS working and to control the price of essential commodities in the market. Though Government of Tamil Nadu face problems in fixing the prices of essential commodities under PDS. It is only co-operatives, which make possible for the state Government to cover maximum population under PDS scheme.

Shah (1997) advocated that till now the Indian polices have adopted a cautious approach ensuring that requisite foodgrains are produced, before launching a massive for diversification and exports. However, doubts have been raised about the sustainability of growth in production as well as efficacy of the PDS to ensure food security. Alternatively, a strategy has been advocated to ensure foodgrain self-sufficiency by enhancing access to land/natural resources.

Sharma (1998) studied mainly to three types of subsistence items namely the food items viz.; wheat flour, rice and sugar. The operational period of the study of the study is ten years regarding between 1983-1993. The hypothesis drawn in this study that ‘the management of PDS in Jammu region is not well managed’ has been proved correct in the course of the analysis of the study.
Dev and Ranade (1998) observed that there were many anti-poverty programmes in India and some of these programmes with some changes for effective implementation can be used as safety nets during transition period. Food management including PDS and rural public works programmes can be used for this purpose. The present PDS is highly centralized and the delivery system is poor in rural areas. Linking PDS to special feeding programme is important. The effectiveness of PDS and feeding programmes is needed because the problem of malnutrition is acute and widespread.

Joshi (1998) commented in his study that if the Government at the centre has any concern for removing the poverty from country, then it must aim at a strategy for the development of social sector of which the key components should be population control, universal primary education, family welfare, job creation and food security, especially in the rural area. He emphasized that Government should ensure the public services and utilities available at the lowest cost. Where there is a need of subsidy for food and employment generation, the same must be closely targeted to the benefit of really really needy and the poor.

Pattanik (1998) argued that distribution of foodgrains and prices are one of the vital dimensions of food security in India. In India, the PDS is one of the conspicuous programmes of poverty alleviation. According to Economic Survey, only 15 percent of total food grain availability is provided through FPSs. To fulfill the minimum food grain requirements for survival, as recommended by the Indian Council of Medical Research, the Government would need to expand the PDS. While in his study Pattanaik found out that very few people are taking benefit of PDS, large chunk of the poor are depending on the mercy of the skyrocketing prices of foodgrains available in the free market. Another vital lacuna of Public Distribution System is the narrow gap between PDS prices and open market prices particularly important food foodstuffs, rice and wheat. Moreover, the PDS has been ineffective in targeting the poor. Its benefit is required to be directed towards the poorest of the poor only.

Prakash (1998) pinpointed that food security has now become an important issue before the international community. Over 800 million people are food insecure; almost 40,000 people die every day due to malnutrition. Food security is a fundamental prerequisite for maintaining the international order and socio-economic stability. Stable food availability at national, regional and household level is a cornerstone of nutrition in most low-income and food deficit countries.
Raghuvanshi and Sohane (1998) observed in their study that the Public Distribution System works through a network of 0.437 million fair price shops of which 0.348 million are in rural area and 0.089 million are in urban area. The food subsidy is around Rs.70,000 million, but it failed to provide a benefit to real beneficiaries. Now Targeted Public Distribution System (TPDS) for ensuring increased food security for poor is on the anvil. Food Ministry fears that we may have to import foodgrains to meet the excessive demands of the states if immediate streamlining of the TPDS is not worked out. They explained in the study with reference to report of Indian Council of Medical Research that the PDS should distribute 32.4 million tones of foodgrains but Government has reduced its norms from 20.8 million tones to 15.1 tones. Then food security has to be ensured at individual, household, regional and national level.

Rao (1998) stated that since the food situation in India was critical on the eve of independence. PDS, focused on the poor, should have received high priority in the development plans launched soon after independence. Actually a substantive PDS for rural areas appeared on the scene after almost two decades as a byproduct of green revolution in the late 1960s. The green revolution is a milestone in Indian economy to get food security and sustainability PDS expanded considerably in the rural areas during 1980s based on the surplus of rice and wheat procured in the green evolution areas. While the present wheat-cum-rice based (PDS) serves mirably as support system for farmers in green revolution areas, it hardly provides credible food security to the poor. There are large areas in the country, which have no PDS functioning in them. Even in the areas covered by PDS, purchases from PDS appear to account for less than a fifth of the foodgrains consumption of the poor.

Ravichandran and Padmanaban (1998) explained in his study that in India, the Public Distribution System is being implemented through fair price shops or ration shops and consumer co-operatives. The consumer cooperatives are essential part of PDS, which has been assigned a significant role in the distribution of essential consumer goods and they are expected to bring down the prices of essential commodities. The main objectives of these societies are, elimination of intermediaries, curbing the undesired malpractices like adulteration and maintenance of purity, quality and correct weightiest. He further found that in Tamil Nadu, there are 3891 primary cooperative stores of which 359 primary co-operatives are undertaking PDS. These societies are primary concerned with supply of foodstuff and other daily needs in correct measures at reasonable prices.
Parikh (1999)\textsuperscript{70} inferred in his study that Indian agriculture has made significant progress since independence. Yet million of Indians remain undernourished while, at the same time, more than 25 million tons of food grains remain in the buffer-stock. The persistence of hunger amidst abundance is the result of inadequate purchasing power with the hungry. He further advocated that agricultural policy alone could not provide food security. The main policy dilemma has been to provide famers incentives to grow more through remunerative prices and at the same keep the food prices low enough for the consumers. He has suggested the efficient PDS to remove this problem.

Reddy and Kumar (1999)\textsuperscript{71} explained in their study that substantial quantity of essential commodities are supplied to the people of rural and tribal areas comparatively at a cheaper price under PDS. The Food Corporation of India is the apex agency for procuring essential commodities to the central pool at the price fixed by the Government. These commodities are supplied at reasonable prices to consumers. The PDS helps the consumers in escaping from the impact of rising prices of the essential commodities. As the percentage of poverty in rural areas is comparatively higher than that of the urban areas, the PDS is expected to concentrate in rural areas.

Sharma (1999)\textsuperscript{72} observed that the consumer co-operatives are the integral part of PDS for supplying essential commodities mainly foodgrains, sugar, edible oil, controlled cloth, kerosene oil, salt, soft coke, etc. in the rural area. There are 96000 fair price shops functioning in the co-operative sector, over 22 percent of fair price shops under PDS in rural areas are run by co-operative. He found co-operatives a vital instrument for economic and rural development and is the best instrument to promote social justice and prevention of exploitation as grass root level. Weaker sections should have always been the thrust area of the co-operatives.

Choudhury (2000)\textsuperscript{73} inferred that ghost units figuring in ration cards is a recurring phenomenon in Haryana. The Comptroller and Auditor General’s (CAG) report, which reviewed the functioning of PDS for the period 1992-97, found that in all years there was a huge presence of ghost units. The CAG said that the existence of bogus units was indicative of the fact that the Food and Supplies Department was not exercising proper checks while issuing ration cards, and allowing the leakage of PDS items in the open market. The CAG observed that in view of incorrect identification in the case of test-checked forms, the genuineness of the BPL families covered under the TPDS category could not be relied upon. The ORG-MARG survey, commissioned by the CAG also found
the most consumers were unhappy about the various aspects of fair price shops. It was found that ration shops were need irregularly and infrequently. Besides stock of rice, wheat and edible oil were rarely available.

**Dev (2000)** advocated that sustained and broad base growth of agriculture is essential for alleviating poverty, generating income and employment, assuring food security and sustaining a buoyant domestic market for industry and services. However, the specific proposal do not live up to the expectations regarding agriculture development and welfare increasing programmes like PDS. They would not take the country’s agriculture to the higher growth path. He emphasizes that there are no major initiatives to arrest some of the disturbing trends in agriculture, rural development and poverty. In the case of PDS, the Government is following poor strategies.

**Gautam (2000)** explained the importance of consumer co-operatives in national Economy and the role of co-operatives regarding distribution of essential commodities under PDS. The consumer co-operatives emerged as very strong organization in distributive trade. Co-operative, in India, is not only distributing essential commodities but also providing all other consumer goods at reasonable prices.

**Jha (2000)** observed that rapid economic growth remains the best bet for reducing India’s immense problems of inequality and poverty. Along with the rapid economic growth, efforts must be made to see that the distribution of consumption does not get skewed further. He emphasized on the efficiency of public expenditure and improvement in social safely net. This would call for policies that sustain and enhance social expenditure levels geared towards poor. He has argued for better targeting of subsidies general towards the poor.

**Kannan (2000)** conferred that it was contended that the original objective of PDS in India was stabilization of prices of foodgrains and management of its supply. Overtime, it came to be seen as instrument for poverty alleviation. Those who subscribed to this view contended that PDS should not be evaluated on the basis of poverty alleviation.

**Saha (2000)** observed in his study that the unabated decline in the per capita consumption of foodgrains in India during the past view decades has become a matter of concern. India’s average per capita consumption of foodgrains being well below the international level and malnutrition being ramps, it is tempting to call this secular decline a puzzle. The cause of observed decline in per capita consumption of cereals and share of
food expenditure is a large part of the decline in food consumption in rural areas could be explained by increasing difficulties in accessing other non-food necessities of life.

Sud (2000) explained in his study that the food management system in India, which has served rather well so far, have to undergo changes under the influence of globalization. These changes are bound to have far reaching implications for the household food accessibility and food security. In its present form, the food management system has three components: production, procurement and distribution. The system offering remunerative minimum support prices through market intervention by the way of food procurement has served as a major incentive for the farmers to grow more. It has virtually converted food crops into cash crops. However, this system has resulted in needless accumulation of food grains on the Government account, pushing up the subsidy bill to unsustainable level. Such system may have to be modified in near future to avoid unnecessary inventory buildup and stock caring costs. This would require changes in the present grain procurement approach, confining purchases to the requirements of the PDS and minimum buffer stock rather than mopping up whatever is offered to state agencies at the minimum support price. He has suggested the role of states in foodgrains production management.

Devasahayam (2001) remarked that Government has restructured the food security without having thought on its consequence. Last year when Government tampered with the PDS by changing prices of commodities for people living below poverty line and above poverty line, will boomerang and that has exactly happened. He emphasized the need of such a system which protects both products and consumers by stabilizing the price in the market. Secondly, effective delivery system under which those in genuine need of subsidies and support are properly targeted and given sufficient access to foodgrains.

Devasahayam (2001) suggested that under proper Food Management System (FMS), food security should go hand in hand with fair price for the farmers. Food security does not mean overflowing of FCI godowns and food grains procured and stored at high costs with some of them sub-standard and rotting. The failure of PDS is responsible for it. He explained that PDS remained fail in providing food security. According to him, food security actually means access to foodgrains to all sections of society at all the time and at affordable price. He emphasized on the important role of PDS in such food security.

Devesahayma (2001) noted that the PDS in India is the oldest and one of the most comprehensive anti-poverty programme in term of budgetary expenditures of the Central
and State Government. From the mid-1960s, the PDS has evolved into a price support-cum-quantity system that has undergone drastic changes from one of recurring scarcity to a food surplus situation today. The PDS, in continuing more or less unchanged, is “an over-researched subject” as far as debates and writings are concerned, few studies have attempted to compare the welfare gains of the PDS to the poor and its fiscal cost to the economy. The benefits of transfers from the PDS have also not been compared with the programmes intended for the welfare of the poor.

Tritah, Ahmed (2003) pinpointed that PDS was changed to TPDS or Targeted PDS in June 1997, which aimed to provide more quantity to the Below Poverty Line families at higher subsidized rates by differentiating the households on the basis of incomes. Contrary to the aim of TPDS, a Performance Evaluation undertaken by the Planning Commission (POE, 2005) brings forth the failure of this program to both benefit the poor, as well as, reduce the budgetary subsidies. This can be attributed to targeting and exclusion errors. These errors are of two types: wrong exclusion i.e. exclusion of the right candidate, and wrong inclusion i.e. inclusion of the wrong candidate, in a targeted program.

Programme Evaluation Organization (PEO, 2005) observed that Investigations by government authorities have uncovered large amounts of leakage in the system across India. Prior work suggests that up to one-third of grains are diverted from the legal PDS channels into the black market. Accordingly, policy makers have great concerns regarding the amount of resources actually reaching intended beneficiaries, as opposed to being sold on the black market at some point in the system.

Kochar (2005) revealed that a final set of changes occurred in 2000, when the central government increased monthly grain allotments for BPL families, eliminated the subsidy for APL families, and created a third category of families Antodaya Anna Yojana (AAY) with an even larger subsidy than BPL families. As a result of the large number of changes over time, the PDS has become the government's largest instrument for targeting the poor, consuming a large share of government resources. In 2002-03, program expenditures accounted for more than 5% of central government expenditures, more than twice the amount spent on education.

A Planning Commission study (2005) found that about 58% of the subsidized food grain issued by the Government does not reach the BPL families due to identification errors, non-transparent operation and corrupt practices in the implementation of TPDS (N.
C. Saxena). In the year 2005, Transparency International and Delhi based Centre for Media Studies undertook the India Corruption Study which encompassed 14,405 respondents from 20 states. The common irregularities reported in the PDS were: unavailability of rations-59%, ration diversion to open market-54%, inferior quality-51%, less quantity-49%, faulty weights-38% and overcharging-30%

Mane, R. (2006)\textsuperscript{87} stated that in the same time period, around 233 million people were undernourished in calories and micronutrient terms. Self-reported rates of hunger were also higher among SCs/STs than others, with a rate of 5% and 6% for rural SCs/STs, respectively, as compared with an overall rural rate of 3.3%.

Madhura Swaminathan (2008)\textsuperscript{88} revealed that in striving for “efficiency” by means of narrow targeting, households that should be entitled to basic food security through the PDS have been left out. In the present situation, a person who belongs to a household that has neither a BPL nor an Antyodaya card is effectively excluded from the PDS. In Kerala, the State where the universal PDS was most effective, 70 percent of the households now have been excluded from the PDS. A high proportion of agricultural labour and other labour households, of households belonging to the Scheduled Castes and the Scheduled Tribes, of households with little or no land and households in the lowest expenditure classes, are effectively excluded from the PDS today. The only immediate remedy to the problem is to make the PDS universal again, and to ensure that a monthly ration of basic food commodities including grain, pulses and oil is available at affordable prices to all households.

Economic Survey of Maharashtra (2008-09)\textsuperscript{89} report stated that 51,574 FPS operating in the State as on 31st December, 2008. It is mandatory for the FPS to display foodgrain samples, stock position, as well as prices prominently. In order to keep check on the malpractices of FPS, regular and surprise inspections are carried out by Food, Civil Supplies and Consumer Protection Department, Government of Maharashtra. 49,258 FPS were inspected, 5,950 FPS were found faulty, action was taken against 906 shops and a fine of Rs. 52.59 lakh was collected during 2008. In November, 2007 the State Government has taken a decision to give priority to Self-Help Groups while sanctioning new FPS and retail kerosene licenses.

T. R. Sreenivas, (FPM 2011)\textsuperscript{90} advocated that Computerization of PDS would be taken up as a Mission Mode Project (MMP) under the National e-Governance Plan (NeGP)
(July 2007) Department of Food and Public Distribution has framed detailed guidelines for computerization of TPDS Central Project e-Mission Team (CPeMT) on computerization of PDS has been set up. To Sale of TPDS commodities at Fair Price Shops including identification and authentication of beneficiaries and recording of transactions.

OneWorld Foundation India (2012) in its report stated that with the objective of redesigning public system to render to the citizen-centric services in real time, the state government of Gujarat has institutionalised an innovative mechanism of uniform identity management and monitoring using 2D barcodes and biometric technology. By leveraging advanced technologies, the Food, Civil Supplies and Consumer Affairs Department has been able to enhance the delivery of TPDS services, empower beneficiaries and secure high levels of accountability and transparency in the system. The department envisions implementing the bar-coded PDS system across 16000 Fair Price Shops (FPS) in the region. With the enhanced community ownership of the initiative and the backing of a stable political leadership, the implementing agency is motivated to expedite the operationalisation of the system across the region.

2.3 CONCLUSION:

Researcher after careful study of the opinions of the experts found that there is a research gap in the study of Public distribution System in Maharashtra. No study on managerial effectiveness of public distribution system in Maharashtra with reference to Nanded district is undertaken so far and hence this is the earnest attempt made by the researcher.
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