CHAPTER - VII

PROBLEMS IN MANAGERIAL EFFECTIVENESS OF PDS IN MAHARASHTRA WITH SPECIAL REFERENCE TO NANDED DISTRICT
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WITH SPECIAL REFERENCE TO NANDED DISTRICT

7.1 Introduction
7.2 Reforms Confronted with PDS in Maharashtra
7.3 Problems of PDS from the Point of View of Customers
7.4 Problems of PDS from the Point of Fair Price Shop Dealers
7.5 Problems of PDS from the Point of View of Government
7.6 Problems of the Cardholders in PDS
7.7 Identifying the Problems
7.8 The Food Stamp Solution
7.1 INTRODUCTION:

The problems of Public Distribution System have not been uniform in the state. In some areas the administration is weak and corrupt. In these areas deficiencies regarding huge shortage of stocks, fake supply entries in ration cards, diversion of commodities for sale to open market and bogus ration cards are noted. PDS suffers from irregular and poor quality of food grain made available through Fair Price Shops (FPS). The position in rural areas in this respect is much worse than urban areas. The PDS in rural areas has not been given much attention. Most of the FPSs are economically nonviable which is the main reason for this low rate of commission. The storage facilities in Maharashtra are not sufficient to cope with the problems. There is also a possibility of corruption at local level. The procurement system in India country is not uniform. The distribution system of essential commodities is so meager that it can hardly suffice the need of a family. And even for this the consumers have to make repeated visits to the ration shops in their respective areas. Most of the times they come back empty handed with assurance that ration would be made available to them in the next week.

7.2 REFORMS CONFRONTED WITH PDS IN MAHARASHTRA:

The following reforms confronted with PDS in Maharashtra and ease of use for the poor:

1. Presently, the BPL cardholder is identified by the local bureaucracy with the help of Gram Panchyat and there is no involvement of Gram Sabha in this process. There is no clear policy for the identification of BPL families and sometimes fake BPL cards are made by the bureaucrats by involving the Sarpanches/Panches. The bureaucrats should involve the GS in the selection of BPL card and the list of the BPL families should be passed in the meetings of the GS.

2. The PDS is not equipped with the proper storage and transportation facilities. There are various private agencies engaged in the process of transportation. Besides, the FCI and SFCs do not have proper storage facilities. The government should provide transportation to depot holder for taking ration from the district/regional stores to the FPSs so that there can be check on the corrupt activities while transportation. The state govt. should construct more storage godowns with involvement of local bodies.
3. It has been found that ration cards are being mortgaged to ration shop owners and the beneficiaries are not aware about their rights. It is suggested that there should clear cut policy regarding ration cards. All card holders must be motivated and should be made aware about their rights. A penalty should be imposed on such owners who are involved in such activities.

4. In most of the areas the FPSs are equipped with wheat and rice items only. There is non availability of other essential products on FPSs. It is suggested that the dealers should be encouraged to make their shop a multi-product shop so that the customers can be satisfied under a single roof.

7.3 PROBLEMS OF PDS FROM THE POINT OF VIEW OF CUSTOMERS:

Customers/Ration card holders were asked to rank the problems of PDS from 1 to 5 (1 being most critical problem and 5 list problem). The ranks 1, 2, 3, 4, 5 were given weights of 5, 4, 3, 2, and 1 respectively and then weighted score, rating percentage were calculated for each problem. Table 7.1 shows problems of PDS from the point of view of customers. It is clear from this table that poor quality of supplies is number 1 problem. Whereas customers have given rank 5 to Non-availability of adequate food grains in Fair Price Shops.

Table 7.1

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Problems</th>
<th>Ranking of Problems</th>
<th>Weighted Score</th>
<th>Rating Percentage</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Poor quality of supplies</td>
<td>64 66 72 48 30</td>
<td>926</td>
<td>17.91</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>Less than entitled quantity is given-</td>
<td>55 60 70 48 47</td>
<td>868</td>
<td>16.79</td>
<td>4</td>
</tr>
<tr>
<td>3</td>
<td>Repeated visits to the ration shop</td>
<td>70 60 50 45 55</td>
<td>885</td>
<td>17.11</td>
<td>3</td>
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<tr>
<td>4</td>
<td>Non-availability of adequate food grains in Fair Price Shops-</td>
<td>72 45 48 42 73</td>
<td>841</td>
<td>16.26</td>
<td>5</td>
</tr>
<tr>
<td>5</td>
<td>Irregular opening of FPS</td>
<td>48 47 45 42 98</td>
<td>745</td>
<td>14.42</td>
<td>6</td>
</tr>
<tr>
<td>6</td>
<td>Lack of Information</td>
<td>60 65 70 50 35</td>
<td>905</td>
<td>17.51</td>
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</tr>
</tbody>
</table>

Table 7.1
Problems of PDS from the point of view of customers.

163
7.4 PROBLEMS OF PDS FROM THE POINT OF FAIR PRICE SHOP DEALERS:

Fair Price Shop Dealers were asked to rank the problems of PDS from 1 to 5 (1 being most critical problem and 5 list problem). The ranks 1, 2, 3, 4, 5 were given weights of 5, 4, 3, 2, and 1 respectively and then weighted score, rating percentage were calculated for each problem. Table 7.2 shows problems of PDS from the point of view of Fair Price Shop Dealers. It is clear from this table that Low rate of commission is number 1 problem. Whereas Fair Price Shop Dealers have given rank 5 to Quality Control Measures in Fair Price Shop dealers.
Table 7.2

Problems of PDS from the point of view of Fair Price Shop Dealers.

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Problems</th>
<th>Ranking of Problems</th>
<th>Weighted Score</th>
<th>Rating Percentage</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Transport Problem</td>
<td>12 13 20 2 3</td>
<td>179</td>
<td>14.91</td>
<td>3</td>
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<tr>
<td>2</td>
<td>Shortage of Goods received from Govt.</td>
<td>15 8 2 10 15</td>
<td>148</td>
<td>12.32</td>
<td>6</td>
</tr>
<tr>
<td>3</td>
<td>Quality Control Measures</td>
<td>12 12 6 12 8</td>
<td>170</td>
<td>14.15</td>
<td>5</td>
</tr>
<tr>
<td>4</td>
<td>Under-weighing of Goods</td>
<td>20 10 5 10 5</td>
<td>180</td>
<td>14.98</td>
<td>2</td>
</tr>
<tr>
<td>5</td>
<td>Interference of Political elite</td>
<td>10 8 10 7 15</td>
<td>141</td>
<td>11.75</td>
<td>7</td>
</tr>
<tr>
<td>6</td>
<td>Low rate of commission</td>
<td>22 18 5 4 1</td>
<td>206</td>
<td>17.15</td>
<td>1</td>
</tr>
<tr>
<td>7</td>
<td>Bureaucracy of Civil Supply Department</td>
<td>18 11 6 10 5</td>
<td>177</td>
<td>14.74</td>
<td>4</td>
</tr>
</tbody>
</table>

**Source:** Field Investigation and Survey

1201 100
7.5 PROBLEMS OF PDS FROM THE POINT OF VIEW OF GOVERNMENT:

Government officials were asked to rank the problems of PDS from 1 to 5 (1 being most critical problem and 5 list problem). The ranks 1, 2, 3, 4, 5 were given weights of 5, 4, 3, 2, and 1 respectively and then weighted score, rating percentage were calculated for each problem. Table 7.3 shows problems of PDS from the point of view of customers. It is clear from this table that Selection of households-Targeting is number 1 problem. Whereas customers have given rank 5 to Multiplicity of Prices in Fair Price Shops.
Table 7.3
Problems of PDS from the Point of View of Government

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Problems</th>
<th>Ranking of Problems</th>
<th>Weighted Score</th>
<th>Rating Percentage</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Selection of households - Targeting</td>
<td>8 7 4 3 3</td>
<td>89</td>
<td>13.50</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>Bogus card</td>
<td>6 7 7 2 3</td>
<td>86</td>
<td>13.05</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>Hijacking of ration cards</td>
<td>8 4 7 3 3</td>
<td>86</td>
<td>13.05</td>
<td>2</td>
</tr>
<tr>
<td>4</td>
<td>Excess Identification of BPL and APL Households</td>
<td>5 6 9 4 1</td>
<td>85</td>
<td>12.89</td>
<td>3</td>
</tr>
<tr>
<td>5</td>
<td>Multiplicity of Schemes</td>
<td>6 6 7 3 3</td>
<td>84</td>
<td>12.74</td>
<td>4</td>
</tr>
<tr>
<td>6</td>
<td>Multiplicity of Prices</td>
<td>5 5 8 3 4</td>
<td>79</td>
<td>11.98</td>
<td>5</td>
</tr>
<tr>
<td>7</td>
<td>Ineffective Implementation of the PDS Control order</td>
<td>4 6 7 4 4</td>
<td>77</td>
<td>11.68</td>
<td>6</td>
</tr>
<tr>
<td>8</td>
<td>Inadequate entitlement for households</td>
<td>5 5 6 5 4</td>
<td>77</td>
<td>11.68</td>
<td>6</td>
</tr>
<tr>
<td>9</td>
<td>Leakages</td>
<td>4 5 6 5 5</td>
<td>73</td>
<td>11.07</td>
<td>7</td>
</tr>
</tbody>
</table>

Source: Field Investigation and Survey

Graph 7.3
Problems of PDS from the Point of View of Government
PROBLEMS:

1. **Selection of households - Targeting**

   As with any targeted system, the basis for PDS eligibility has been plagued by errors of both exclusion and inclusion, that is, the exclusion of certain families that should have qualified, and the inclusion of families that are not entitled.

2. **Bogus cards**

   A wide-spread practice among FPS owners is to get bogus ration cards made in the name of people who do not even exist. The ration is regularly drawn by FPS owners in the names of these card-holders and sold in the open market.

3. **Hijacking of ration cards**

   Another frequent problem is that the ration cards do not reach the people who had applied for them. Instead, unscrupulous FPS owners/ration office staff draw ration on them and sell it in the open market. There are a large number of households who do not take ration from FPS but still the records show off-take. The supplies are actually sold in the open market.

4. **Poor quality of supplies**

   The ration distributed at the ration shops is of very low quality. Even when the supplies from FCI (Food Corporation of India) are good, they are sold in the open market, not given to the card holders.

5. **Less than entitled quantity is given**

   In many areas to obtain 5 kg of grain, consumers must sign a shop register recording that they had received 10 kg. This is another means of fixing the otherwise out-of-balance books produced by the shopkeepers' continued creaming.

6. **Repeated visits to the ration shop**

   The ration is available at the FPS only for a few days (sometimes, for a few hours) every month. The card-holders have to keep on checking the shop for when the ration is available.
7. **Excess Identification of BPL and APL Households**-

The excess identification of BPL and APL families by the State government and issue of Ration Cards can result in:

(i) Issue of bogus ration cards.

(ii) Diversion of food grains and other commodities to such card-holders.

(iii) Reduced scale of issue of food grains to consumers against the scale of issue stipulated by the Central Government for each household.

8. **Multiplicity of Schemes** - The Government of India is running a number of schemes, which are targeting the same section of the society for the purpose of subsidized/free supply of food grains. The BPL family is entitled to 35 kg food grains under TPDS and it is possible that the same family would be the beneficiary in its Special Component or Mid Day Meal, which benefits the children of the same family. There is, therefore, a need to rationalize this distribution in order to reach these sections equitably.

9. **Multiplicity of Prices** - The presence of different price slabs under the TPDS, apart from complicating the operation of the Scheme at the Fair Price Shop level, also creates the problem of monitoring the Scheme. The presence of quite low priced food grains, as in the case of the Antyodaya Anna Yojana, also increases the propensity of diversion of such food grains, as the difference between the Open market rate and the subsidized food grains at FPS level is substantial.

10. **Ineffective Implementation of the PDS Control Order** - Another criticism of the PDS is its inability to reach the poor effectively. Not only are there various cases of wrong inclusion of above poverty line households, but also exclusion of the real poor who are included in the poverty lists of the villages. The PDS Control Order, 2001 provides for constant review and updating of families eligible for issue of ration card and deletion of ineligible units/households.

11. **Non-availability of adequate foodgrains in Fair Price Shops** - It has been observed that on account of shortage of resources, there is considerable delay in lifting of food grains on the part of State agencies and Fair Price Shop dealers. The consumers are generally not given the arrears of the previous month/fortnight thereby making a room for diversion and defeating the very purpose of the scheme.
12. Inadequate entitlement for households - In view of several complaints made regarding diversion of PDS grains into the open market, a study was conducted by the Tata Economic Consultancy Services in 1998. It was found that at the national level, there was diversion of 36% of wheat grains and 31% of rice. It was found that the diversion is more in the northern, eastern and northeastern regions.

13. Leakages- A disturbing feature of the PDS in India is the ground reality that a large portion of the subsidized foodgrains and other essential commodities meant for distribution do not reach the beneficiaries and find their way to the market. The difference between the open market prices and subsidized prices of these commodities under PDS determine the lucratively of the leakages. If calculation is made between the figures of stocks lifted and actually sold to the consumers, there shall be a discrepancy, which could be said to be equal to leakages in the system.

It is estimated that a little over one-third of the foodgrains, supplied to PDS, do not reach actual users of the PDS-it leaks out of the programme. While some part of these may be genuine losses incurred in storage and transport, a major part is diverted to the open market. Major reason for the diversion, besides the corruption prevalent in the system, can be the arbitrariness of the authorities in not permitting any losses and lower margins to all in the chain, i.e. transporter and FPS dealer. For the dealer, to compensate and make good the losses in PDS commodities, leakage is the only route. Estimates vary but nobody can deny its existence. The mischief has many stages and several areas, starting from legitimate loading charges, transportation rates are kept artificially low, and at times, not revised for years and again, not permitting any losses, neither to him nor to the FPS dealer and, in the case of latter, fixing margin at abysmally low unviable level. From economic point of view, it can be clearly stated that if the income gain of the poor under PDS (subsidy) is lower than the income loss (taxes to pay for subsidy) of the nonpoor, the entire exercise, from a welfare point of view, might prove counter-productive; hence, the need to check leakages.

14. Irregular opening of FPS - The FPS is not always open daily. In many cases, the beneficiaries have to cover long distances to reach the Fair Price Shops. As a result of the Hon'ble Supreme Court's intervention in the implementation of the PDS, the
Commissioners to the Court have reported that the opening of the ration shops has become more regular and predictable.

15. **Lack of Information**

Beneficiaries are unaware of rights, as the Citizens' Charter is seldom available in the regional language(s). There is also not enough publicity and information relating to scale of issue, prices, availability of commodities to the consumers.

7.6 **PROBLEMS OF THE CARDHOLDERS IN PDS:**

As per the survey conducted by ORG-MARG commissioned by CAG for assessing the perception of beneficiaries about the PDS, generally there was dissatisfaction among the cardholders. They reported problems of inability to obtain ration cards, charging of higher price, infrequent opening of the FPS, frequent stock-out situations, under-weighing by the FPS owners, inferior quality of food grains supplied through the PDS, nonawareness of their entitlement, and non-existence of grievance-redress channel, etc. (NIRD: 2003, p-18). This study also found that the cardholders were facing the problems like-

1. leakages
2. under-weighment
3. poor quality
4. non-availability of controlled and
5. non-controlled articles

In general non-availability of non-controlled articles was the major problems for majority of the respondents which is followed by nonavailability of essential goods though category wise responses are different. This might be due to the facts that at village level consumers are cheated in non-controlled articles trade by local merchants. The respondents' category wise analysis gives different picture. For example for the majority of respondents in weaker sections category non-availability of ration cards and for non-weaker sections respondents non-availability of non-controlled articles was the problem in Nanded district. Though the same problem continues in district, the respondent category is different. Whereas for the majority of the respondents in non-weaker sections category leakage was
the problem, while for the majority of the respondents in weaker sections category non-availability of non-controlled articles was the problem.

7.7 IDENTIFYING THE PROBLEMS:

The general problems associated with PDS have been identified for the sake of clarity are again being summarized below:

1. Large errors of exclusion of BPL families and inclusion of above poverty line (APL) Families.


3. Diversion of subsidised grains to unintended beneficiaries.

4. Section of the APL households not lifting their ration quota and thus a part of the entitlement of these households leaking out of the PDS supply chain.

5. The present procedure for selection of BPL beneficiaries is opaque, bureaucratic, and does not involve gram sabhas. The basis on which village wise cap on the maximum number of entitled beneficiaries is fixed, is not clear and not well defined.

6. Selection procedure of FPS dealers is not transparent, and often based on patronage or bribes.

7. Inadequate storage capacity with FCI in some districts.

8. Poor financial condition of many State Food Corporations.

9. The poor do not have cash to buy 35 kg at a time, and often they are not permitted to buy in instalments.

10. Low quality of foodgrains.

11. Weak monitoring, lack of transparency and inadequate accountability of officials implementing the scheme.

12. Price charged exceeds the official price by 10 to 14%.

13. Ration cards are mortgaged to ration shop owners.

14. No grievance redressal mechanism.
15. A large number of homeless and poor living in unauthorised colonies in urban areas have been denied ration cards, and are thus not able to avail of PDS, despite being Indian citizens.

16. Seasonal and temporary migrants face problems in receiving their entitlements during the period they are out from the village.

7.8 THE FOOD STAMP SOLUTION:

The food stamp system can address the problem of rations being diverted to other sources and the poor not being able to avail of the rations. An idea is that food stamps will be allocated to each family—perhaps a finger print system based biometric ‘smart’ card could be given instead of a ration card, so the family’s details could be included in the card, along with the amount of food stamps each member would be eligible for. The purpose of using biometrics is that it ensures that only a finger-printed member of that family could come to claim the stamps, and that person would have to be physically present while claiming the stamps. This could prevent the manufacture of spurious cards and also ensure that families wouldn’t get cheated out of their rations, because the authorized ration dealers would not be able to claim their subsidy unless they showed the food stamps they got from the families in exchange for goods to the government. Black marketeering could be reduced this way and after a few years the government would get a more accurate idea of how much grain was actually being sold through the PDS system, so they could adjust their allotments accordingly. This would lead to a better mechanism for allocation of grains the excess food could be sold in the open market operations instead the Government having to incur high storage costs for the grain and disturbingly high costs to get rid of the rotting grain.