CHAPTER - VIII

CONCLUSIONS & SUGGESTIONS
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8.1 Introduction
8.2 Conclusions
8.3 Suggestions for Effective PDS
8.1 INTRODUCTION:

Universal coverage is the hallmark of PDS in Maharashtra. State Government is making all efforts to make the PDS more effective by ensuring the availability, affordability and accessibility of PDS articles to the poor. The participation of women and middle-aged respondents were found high in all sample districts.

The present system of universal system of PDS should be continued as it has control over the market prices of essential commodities. The effectiveness of PDS is measured based on the responses given by the respondents.

In this chapter an attempt has been made to present the summary of conclusions based on previous chapters. Finally suggestions are given for proper implementation of PDS in the state of Maharashtra in general and Nanded district in particular.

8.2 CONCLUSIONS:

Conclusions of the study are listed below:

1) Universal coverage is the hallmark of PDS in Maharashtra. Only the Government owned Maharashtra Civil Supplies Corporation, Cooperatives and women SHGs alone are involved in running FPS. In all the commodities, in all the sample districts, there was difference between commodities allotted and distributed; particularly the difference was high in rice.

2) The Middle age groups have close relationship with FPS. The study found that majority of the respondents in the entire sample districts were literates.

3) The study found that majority of the sample respondents was married. Further, family cards were viewed beyond PDS requirements. It was found that sample respondents had higher level of exposure to mass media.

4) It was found that sample respondents had higher level of contacts with change agents, especially NGOs. It was found that majority of the respondents, in all categories, in all districts had membership with PACB for more than 5 years.

5) It was found that by virtue of their participation in cultural, social and political organizations, sample respondents enjoyed position in the Board of Management of PACB or in running FPS. It was found that all sections of people have used PDS articles and the lower price was the motivating factor.
6) Non-controlled articles sold currently at FPS were not attractive to rural consumers. Majority of the sample respondents felt that goods were not available in time in all FPS.

7) It was found that dissatisfaction over the quality and quantity of goods available were high among the respondents belonging to weaker sections in general and among the weaker sections of Nanded district in particular.

8) It was found that lack of information on the availability of goods was the major reason among the sample respondents for not purchasing commodities during certain times.

9) It was found that non-availability of non-controlled articles, which was followed by non-availability of controlled articles were the major problems faced by sample respondents.

10) Increasing the margin to the society and the salary to the employees, reducing the number of family cards to be handled by FPS, maintaining and updating notice boards, forming vigilance committees, providing more role of SHGs in running FPS and above all, providing non-controlled articles were the major suggestions given by sample respondents to make the PDS more effective.

11) It was found that 60.0 percent of the respondents in Rural area are middle-aged and they fall in the age group of 25 to 50 years. The data suggests that in Urban also a significant majority i.e., 73.33 percent belong to middle-aged group. The table denotes that in rural area 18.66 per cent and in urban area 13.33 percent respondents are young. The respondents belonging to old age group account for about 21.34 percent in rural area and in urban area are 13.34 percent. The data indicates that the middle age group respondents predominate the sample in Rural & Urban areas.

12) 90.67 percent respondents are literates and 9.33 percent are illiterates. The caste wise analysis shows that illiteracy is more among the O.B.C. (34.93%) and Open (29.78%) respondents as compared to S.C. and S.T. respondents. The percentage of literacy among S.C. is found (23.89%) where as in S.T. category the literacy percentage is (11.4%).

176
13) The Study denotes the educational qualifications of the respondents. In Rural Area about 53.78 percent and in urban area about 57.85 percent of the respondents have studied up to middle school. The respondents who possess qualification such as S.S.C., Intermediate and Graduation, their percentage is, more in urban area than in rural area. The percentage of respondents possessing Postgraduation as their qualification is insignificant in rural and urban areas. It can be inferred that a considerable majority of respondents in both the areas possess middle school level education.

14) The occupational background of the respondents Rural & Urban areas. In rural area 60.0 percent depend upon agriculture, 8.0 percent are labourers, 8.67 percent are Government servants and 12.00 percent depend upon Private employment. In urban area 36.67 percent respondents are labourers, 12.0 percent have agriculture as their occupation, 19.33 percent are Government servants and 9.33 percent depend upon private employment. The percentage of respondents possessing the occupations such as Business, Traditional Family occupation and earning their livelihood by way of profession is significant both the areas. By and large in both the areas a majority of respondents have agriculture, labour and government service as important occupations.

15) It was found that about 5.33 percent in rural areas and 3.33 percent in urban areas earn their income per month. In the sample of rural area the percentage of agriculturists is more, a majority i.e. 48.00 per cent receive their income annually, while in urban area the percentage of respondents belonging to this category is 30.67 per cent. Daily wage earners in rural area are about 43.34 percent, while in urban area they account for 46.0 per cent. The respondents earning weekly income are significant in both the areas. By and large about 84.0 percent respondents earn their income either daily or annually.

16) It was found that in both the areas (rural and urban) a big majority of respondents i.e. 40.00 percent in rural areas and 38.67 per cent in urban areas have only one earning member each in their families. 31.33 per cent in rural areas and 30.67 percent in urban areas have two earning members each families. 20.67 percent in rural areas and 20.00 percent respondents in urban areas have three earning members in each families. The analysis shows that by and large a majority of the families of respondents have one earning members in both the areas.
17) It is concluded that the size of family of the respondents in both the areas (rural and urban). The percentage of respondents, whose family size ranges between 5 and 6 members is 46.67 percent in rural areas and 40.00 percent in urban areas. 33.33 percent respondents in rural areas and 33.33 per cent in urban areas have families of 2 to 4 members.

18) The number of respondents belonging to income group of below Rs.15,000 is more in both the areas in the sample. They account for about 43.33 percent in rural area and 34.67 percent in urban area. The percentage of respondents having an income of Rs.50,000/- to Rs. 1,00,000/- is also relatively more in both the areas. It is about 28.00 percent in rural area and about 29.33 percent in urban area. 8.67 percent respondents in rural area and about 19.33 percent in urban area have incomes above Rs. 1,00,000/-.

19) The awareness of PDS among the respondents. It reveals that an overwhelming majority of the respondents in both the areas (88.00 and 87.33 percent) are aware of PDS. Such a high degree of awareness is a healthy symptom for the success of PDS.

20) An overwhelming majority i.e. 93.33 percent of the respondents possess ration cards. This shows that in both urban and rural areas, ration cards have been distributed to a proportion of the consumers. However, 6.67 percent of the respondents maintain that they don’t ration cards.

According to them, the following are the reasons for not possessing ration cards.

1. They were out of station at the time of enumeration,
2. The card issuing officials did not visit their houses for the purpose,
3. Transfer from other places,
4. They do not have any interest in possessing a ration card.

21) The total card holders a significant majority of the respondents i.e. 48.00 percent possess Saffron cards. The remaining respondents possess yellow and white cards. The Saffron card holders predominate the sample.

22) The respondents were also asked what should be the basis for fixing ration quota per month. In rural areas 76.00 percent and in urban area 77.34 percent of the respondents expressed that both the size and income of family should be taken into consideration for fixing ration per family per month. 13.33 percent in rural area
and 13.33 percent in urban area maintained that income of family should be the basis for quota fixation. An insignificant percentage of respondents in both the areas regard "size of family" as basis for monthly quota per household card. By and large, in both the areas significant percentage of respondents regard both size of family and income as basis for ration quota per month.

23) The behaviour of officials at the time of issuing ration cards. In rural areas about 66.67 percent, and in urban areas about 64.14 per cent of the respondents state that the officials are indifferent at the time of issuing ration cards. In rural areas about 14.81 percent and in urban areas about 15.17 percent respondents rate the behaviour of officials as polite. In rural areas about 11.43 per cent regard the behaviour of officials as rude and 4.29 percent as very rude. The study denotes that the behaviour of officials in urban area is relatively more polite as compared to the officials of rural areas.

24) The respondents were asked whether the officials collect “unauthorised money” at the time of ration cards. An overwhelming majority respondents in both the areas (rural and urban) expressed that the officials do not collect any amount (in an unauthorized manner) from the consumers at the time of issue of ration card. By and large the procedure and the actual issue of ration cards seems free from complaints in both the areas.

25) In rural area about 70.37 percent and in urban area 70.34 percent expressed that working hours of FP shops were convenient for them. Convenient timings help the card holders in drawing their ration quota in an easy manner.

26) The study reveals that the holidays of FP Shops co-incide with the general holidays. To this question 77.78 percent in rural areas, and 76.56 percent of respondents in urban areas expressed that holidays for FP Shops and general holidays do not coincide and the card-holders can draw their ration/quota on their holiday. Thus holidays of FP Shops don't cause any hardship to consumers/card-holders in both the areas (rural and urban).

27) In both rural and urban areas the spouses of the card-holders visit ration shop for drawing ration. They are 38.52 percent in rural areas and 34.49 percent in urban areas. About 25.92 percent of the respondents in rural areas, and 20.68 percent in urban areas reveal that the children go to FP shop to draw ration. About 18.52
percent in rural areas and 13.80 percent in urban areas send adult members (other than card-holders and spouses) for drawing ration from FP shop. It is significant note that about 4.45 percent of card-holders in rural areas and 20.00 percent of card-holders in urban area visit FP Shop for drawing ration. By and large a majority of spouses of card-holders in both the rural and urban areas is it FP Shop for drawing their ration quota.

28) Availability of ration time in rural areas 55.56 percent of the respondents expressed that the ration is available in time, whereas 44.44 percent respondents expressed that the ration is not available in time. The percentage of respondents who said that the ration is not available in time is more in rural areas than the urban sector.

29) The time spent by card-holders/consumers for drawing ration in both the rural and urban areas. It is significant to note that in both the areas a majority of the respondents i.e. 37.03 percent in rural areas and 27.60 percent in urban areas have to spend 1.30 minutes to 2.00 hour for drawing the ration from FP Shops. About 22.22 percent in rural areas and 20.60 percent urban areas are able to draw their ration in 30 min. to 1 hour time. About 29.64 percent in rural areas and 26.20 per cent in urban areas spend 1.00 hour to 1.30 minutes for drawing their ration. The study denotes an insignificant percent of respondents in both the areas have to spend less than 30 minutes for drawing their ration

It is to be noted that the percentage of respondents who spend 1.00 hour to 1.30 minutes is more in rural areas as compare to urban sectors. According to the respondents, the following are the reasons for long waits at FP Shops to draw the ration, in both the areas.

1. Large number of cards for ration shop.
2. Inadequate supply of ration.
3. Heavy rush.
4. No proper maintenance of queue.
5. Irregular shop timings (rural area only).
6. Congested location.
7. Preference to known people.

30) The purchase of goods from FP Shops, it is observed that 100.0 percent of the respondents in rural and urban areas purchase sugar from FP Shops. The rice is
purchased by 30.18 per cent in urban, 27.78 percent in rural areas. The wheat purchasing respondents are more in rural areas as compared to urban area. Edible oil is purchased by 24.13 per cent in urban, 90.26 percent in rural areas. Kerosene is purchased by 83.33 per cent respondents in rural areas and 77.59 percent respondents in urban areas. It can be inferred that except sugar no other commodity is purchased by all respondents in rural and urban areas.

31) In rural area about 7.40 percent, and in urban area about 10.34 percent of the respondents purchase non-rationed items from FP Shops. These percentages are insignificant in both the areas. It can be inferred that most of the FP Shops in rural as well as urban areas do not sell commodities other than rationed ones.

32) It was found that in rural and urban areas 40 percent of the rice consuming respondents state that the quantity is not sufficient. In case of sugar 76.93 percent and edible oils 33.54 percent state that the quantity is not sufficient, it is important to note that the majority of the consumers state that the quantity of ration is sufficient. Regarding Kerosene, in rural and urban area 55.23 percent of the respondents regard that the quantity supplied by PDS is sufficient.

It can be inferred that the quantity of rice, sugar and edible oils supplied by FPSs is sufficient for the families of respondents in both the areas. The basis philosophy of FPSs is to supply a part of family requirement at fair and reasonable price to people in general and vulnerable sections of the society in particular.

The respondents were asked whether they are required to draw their ration cards at once per month or allowed to draw quota in two or more installments as per their convenience and availability of purchasing power.

33) It can be inferred that 70.37 percent in rural areas and 68.97 percent in urban areas expressed that they have to purchase whole quantity at once from the FPSs. In urban area 31.03 percent and in rural area 29.63 percent expressed that they can draw their ration quota in installments and as per their convenient. By and large a majority of FPSs in both the areas do not extend the facility of purchasing/drawing ration quota by the respondents expressed that they are forced to draw their monthly quota at once as the FPSs owners. Personnel do not allow them to draw a part the quantity in their next visit. Thus, the FPSs lack the convenience offered by
private trade in terms of quantity of goods purchased by consumers. The availability of money/purchasing power with the consumers at the time of release of ration quota is an important problem in the distribution of essential commodities.

34) Public attitude towards prices of commodities in FP Shops. In case of rice 80.0 percent, sugar 71.15 percent, wheat 52.17 percent and edible oil 62.66 percent of the respondents are satisfied with the prices. While in case of rice 20.00 percent, in case of sugar, 28.85 percent, in case of wheat 47.83 percent, in case of edible oil 37.34 percent respondents are not satisfied with the prices.

It is observed that in both the areas, a significant percentage of consumers are not satisfied with the price of rice charged by Fair Price Shops under Public Distribution System.

35) It was found 38.67 percent in case of rice, 21.16 percent in case of sugar, 43.48 percent in case of wheat and 37.34 percent in case of edible oil are not satisfied. While 61.33 percent in case of rice, 78.84 percent in case of sugar, 56.52 percent in case of wheat and 62.66 percent in case of edible oil are satisfied. It can be inferred that a majority of respondents are satisfied with weighing of goods.

36) It is significant to note that at a majority of the respondents, i.e., 37.50 percent in rural area and 42.86 per cent in urban area rated the quality of rice as not bad in rural as well as urban areas. This is a healthy symptom for the successful functioning of PDS. However in rural area about 25.00 percent and in urban area about 34.28 percent of the respondents felt that the quality of rice is bad. The study denotes the satisfaction of the consumers/card-holders in regard to the quality of rice supplied by FP Shops.

37) In rural area about 72.92 percent and in urban area about 64.66 per cent of the respondents rated the quality of sugar is not bad. It is to be noted that about 12.93 per cent of respondents in urban area rated the quality of sugar is 'good'. By and large the respondents are opinioned that quality of sugar supplied under PDS is not bad in both the areas. About 9.24 percent in rural area and 8.00 percent in urban area rated the quality as 'bad'.
38) It was found that the quality of edible oil in rural area about 38.46 percent and in urban area about 40.63 per cent of the respondents rated the quality of edible oil as 'not bad'. About 15.39 per cent in rural area and about 28.90 percent in urban area rated the quality of edible oil as good. About 19.23 per cent in rural area and about 02.35 percent in urban area rated the quality of edible oil as very good. About 23.07 percent of the respondents in rural area and 24.21 percent of respondent from urban area rated the quality of edible oil as 'very bad'. This shows that the majority of respondents opinioned that the quality of edible oil supplied under PDS is not bad.

39) In rural area about 81.33 percent of the respondents are not aware of the consumers' councils and in urban area about 92.67 percent of the respondents are not aware of the consumers' councils. In rural area only 18.67 percent are aware of the consumer’s councils where as only 7.33 per cent are the urban respondents aware of the consumer’s councils. Lack of awareness about consumer’s councils is more in urban as well as rural areas.

40) In rural area about 59.26 percent and in urban area about 46.21 percent respondents prefer to buy their requirements from private shops. It also shows that about 27.40 per cent in rural area and about 53.79 percent in urban area prefer to make their purchases from FPs shops.

41) In rural area 83.33 percent and in urban areas 86.00 percent of the respondents expressed that the consumers councils are necessary for effective functioning of PDS. This denotes the faith of respondents in consumers' movement.

42) In rural area about 82.67 percent of the respondents stated that the PDS would be a success, in urban corresponding percentage are 67.33 per cent. In rural area 17.33 percent of the respondents, while in urban area 32.67 percent of the respondents felt that it would not be a success.

In both the areas among the respondents who expressed that PDS will not be a success, the percentage of urban respondents is more as compared to that of rural. By and large a significant majority of respondents predicted a bright future for PDS in both the areas.

43) In rural area 84.0 percent and in urban area 76.0 percent of the respondents said that the policy of Government will encourage PDS. However, 16.0 percent in rural and 24.0 percent in urban area maintained that the Governments' policy will
encourage the private trade in future. By and large a significant number of respondents expressed that the Government will encourage towards PDS.

8.3 SUGGESTIONS FOR EFFECTIVE PDS:

The following suggestions are made to make the PDS more effective based on the findings of this study.

1) More Role for Women SHGs to run FPS- The role of women SHGs were widely appreciated not only in micro credit but also in running the FPS. The reasons quoted were for business viability of FPS as well as attracting the participation of users of PDS. At the same time women SHGs need training to handle the system more effectively. By giving proper training they may be involved widely in running the FPS.

2) Vigilance Committees- The role of vigilance committees should be made transparent, accountable and responsible. Wide publicity must be given on the role of these committees and the particulars of officers’ incharge of the committees. In this study it was found that the round the clock control room established specially for monitoring PDS at the office of the Joint Registrar of Co-operative Societies.

3) The role of FPS cannot be restricted with the distribution of rationed articles alone, both in the context of business viability as well as safeguarding the poor against spiraling rice of essential commodities. Hence, FPS should concentrate on non-controlled articles also. At the same time they should be competitive enough in attracting the consumers.

4) Family cards are used not only for purchasing requirements at FPS but also as an identity card for the family. The problems of bogus cards as well as not-issuing the cards to genuine cases were widely reported during the study. This problem should be viewed seriously.

5) FPS has brought more problems to co-operatives in some cases, while they were the salary providers to employees of co-operatives in some cases. This aspect need a separate study to define the role of co-operatives in PDS as well as to make use of cooperative network to make the PDS more effective.

6) Bogus Cards- It was found that, 386614 bogus cards were detected during the years 2001-2003. Effective coordination between local bodies, revenue authorities
Ppd lead and link societies will alone be able to solve this problem. Above all the employee of the PDS retail outlet should be made responsible for eradicating the problem of bogus cards. As the maximum number of cards per ration shops is 1000, the PDS retail outlet personnel could early detect and prevent bogus cards. Also the support of local PDS Vigilance Committees may also be used in connection.

The economic categories of the households, and the Fair Price Shop Dealers that we covered in the sample, and also the responses of the Panchayat Members, have been taken as the base for the suggestions offered here.

8.3.1 Suggestions offered by Households:

The suggestions is general offered by the households for improved functioning of the PDS are:

1) Information must reach the cardholders well in advance per period (month), regarding arrival and distribution of items through the FPSs.

2) There has to be regular distribution of items throughout the period (month).

3) There has to be provision for the poor (BPL) households to get the items from the FPSs in installments.

4) Quantity of kerosene allotted per household per period should be increased.

5) Quality of all items should be better.

6) Edible oil should also be distributed through the FPSs.

7) Quantity of sugar should be allotted more (mainly suggested by the APL households).

8) Rice and Wheat should be distributed to the APL households at the same price as it is for the BPL households (mainly suggested by the APL households).

9) The price of items distributed through FPSs should be lower than open market price.

10) The price of kerosene per liter should be reduced.

11) The FPS should be located inside the village.
12) There has to be regular inspection over the system operating at the village level.

13) Ration Cards should be issued to card-less households.

14) Assessment for identification of BPL and APL cardholding should be corrected.

15) Diversion of items to open market should be stopped.

16) Quantity of rice and wheat per household per period should be increased. By economic categories, BPL and APL, there are not major differences in suggestions offered for improving the PDS.

8.3.2 Suggestions by Fair Price Shop Dealers:

The suggestions in general offered by the FPS dealers for improved functioning of the PDS are:

1) Quantity allotted by the Supply Department should be adequate for each item.

2) The Godown-in-Charge has to be present during delivery/withdrawal of items.

3) Late delivery of items (by the Supply Department) should be stopped.

4) Commission (illegal payment) and Bribing should be stopped in the relation between FPS Dealers and Supply Department.

5) The FPS prices fixed for distributable items should be lower than open market prices (for same quality of items).

6) Quality of items released from the Supply Department for distribution through FPSs should be improved.

7) Measures are needed, to be initiated by the Supply Department, which reduce the transportation cost of the FPS Dealers in carrying items for distribution.

8) There has to be non-discrimination in releasing quality items to the FPS Dealers running shops for varying years.

9) There has to be allotment of items for card-less households.

10) Awareness should be built so that cardholders come with verified cards and cardless households do not come for drawing items from the FPSs.

11) Monsoon-related transportation problems for carrying items for distribution at the local level should be taken care of by the Supply Department.
8.3.3 **Suggestions for Improving Effectiveness of PDS in Maharashtra;**-

1) The state level review of PDS should mainly be in the context of food and nutrition security to poor and vulnerable population sections. At the national level PDS may have multiple objectives, but at the state level, it is largely effective targeting, distribution and providing nutritional security to poor regularly, during drought and other natural disasters and to vulnerable sections. The relevance and usefulness of the PDS in the larger context of regulating market behaviour to provide support prices and maintain buffer stocks etc. are being questioned seriously. The Economic Survey 2002-03 has found that the economic cost of procuring and transporting rice and wheat was very high. Even with substantially revised central issue prices, food subsidy is mounting. Between 1996-97 and 2002-03, food subsidy increased from Rs 6,066 crore to Rs 21,200 crore (Budget estimate, Table 5.15, Economic Survey 2002-03). If the issue prices are raised further, the target population may find it economical to buy from the open market. In yet another significant observation, the Economic Survey comments that the minimum support prices in case of most crop items were virtually ceiling prices. Thus, in Indian case food subsidy at present has a component of subsidy to producers and subsidy to consumers both. Rising issue prices may have adverse impact on the performance of the state level PDS programmes as well. Since, the food subsidy issue is to be settled at the national level, we continue to focus only on improving the effectiveness of the state level PDS programmes assuming the given central policy.

2) For better targeting it is not enough to have only poverty estimates at the state and lower levels. The nature of vulnerability and poverty should also be understood. The exercise is also necessary to address the nutrition issue.

3) Although it must be stated again that the major items that the PDS handles are rice, wheat, edible oil, sugar and kerosene. The poorest tend to use rice and wheat and only occasionally draw on the sugar, oil and kerosene quota. Thus, of the total nutritional requirement PDS at best can take care of 48 per cent if consumed in a balanced fashion. Since poor do not normally have access to other items such as
milk, eggs, vegetables and fruits etc in desired quantities that contribute to the total nutritional requirements, they may be consuming more of foodgrains subject to their income constraint. In this context, nature of poverty has to be understood first.

4) Writing on economic reforms and poverty alleviation, Lal (1998) distinguishes between different types of poverty. Lal states that there are three types of poverty, mass structural poverty, destitution and conjunctural poverty that may have some usefulness in the present analysis. Lal goes on to argue and prove that there was historical evidence as well as strong theoretical base to conclude that mass structural poverty can be reduced substantially and sustainably only though liberalised market governed economies. Mass poverty meant that the headcount ratio of poor in large in an economy. Growth is the only major powerful engine that can make a dent on the mass poverty. The shift of organic agrarian economies to industrialised economies is an example that has potential to be carried forward. Destitution poverty is one where an individual is lacking in labour power for physical and social reasons. Society has always tackled this with charity both public and private. Conjunctural poverty arises due to seasonal and unpredictable fluctuations affecting normal production environment. The extreme form of such poverty manifests at the time of famines. Income transfer by State has been the dominant strategy. There has been considerable debate whether such income transfer should be under the welfare state mode or safety net mode. The latter seem to be the preferred one in the liberal economic approach. Lal too favours the targeted safety net approach.

5) The staple diet of most of these groups does not have large proportions of rice and wheat, which is the mainstay of PDS in India and therefore also in Gujarat. Only in years of acute drought, when the local crops fail totally, do they resort to consuming wheat as main diet. Even in such cases the market purchase of grains other than rice and wheat are substantial as reflected in the data presented by Jharwal (1999). While one cannot immediately shift the procurement and distribution in favour of other foodgrains it may be useful to carry out an analysis using latest NSS data first and tracing and describing the poor in each state, their
food grains basket needs to be examined. This exercise will help the states in targeting the PDS better.

6) Proper identification of the potential beneficiaries is the second most important step. The ghost ration cards have to be eliminated completely. The Maharashtra Government has initiated an experiment of involving cooperatives as fair price distribution shops. These efforts need to be strengthened further. The Gram Sabha that has been reactivated now again under the Panchayati Raj administration and implementation of development schemes, should be involved thoroughly. The list of BPL families, list of different colour card holders (signifying their economic status) and the ration quota of all the items must be displayed in public and the records should be made available to any village resident upon request. The transparency and public knowledge of the entitlement of different families in a village would act as a check on the people, officer and traders who indulge in manipulation. The central government has recognised two categories BPL and APL. The state government should also reduce all the categories into two and target the allocation and distribution. More the number of categories, higher would be the chance of manipulation.

7) In any given year the PDS is channeled through 10 or more schemes. Although intended for better targeting, it fails to do so. Further, the total supply is not related to the number of schemes. It is not necessary for instance, that higher the number of schemes, higher was the PDS quantities distributed and vice versa.

8) There is an urgent need to rationalise the schemes. Allocation and distribution aimed at BPL, APL should be enough. If employment programmes are to be run, it means increase in quota for the BPL families during particular months. Such quota allocation should be made public. The Panchayat office must display the monthly quota by category and scheme, if any on a notice board at a prominent public place. Similarly, the fair price shops should also declare in public the quota received and display the changing stock on daily basis.

9) Non-government organizations have in some cases come forward by assisting in planning better distribution of the PDS supply and in general keep vigil on the malpractices. Some of them have also found that the programmes for children such
as Integrated Child Development Scheme (ICDS) and Anganwadi are very useful in utilizing PDS supplies to improve the nutritional levels of children.

10) In view of the facts that (a) safety net approach is still not being adopted as a strategy for helping poor, and (b) income transfer is not affected only by way of providing cash wage employment and other income generating activity in drought and scarcity areas, it is necessary that people in the communities are involved to make the entitlement (BPL, APL), allocation and distribution of PDS supplies, as public and transparent. Gujarat government is partly successful in putting morsels in the mouth of poor but it should also avoid the spillage of the larger quantities outside the deserving mouths by making the system open, participatory and transparent.

8.3.4 Suggestions for Improving Delivery System:

Leakage of food grains in the supply chain is universal. To plug these leakages and for an efficient and effective delivery system, major overhaul of the delivery mechanism is required. Some reform measures that can be suggested based on the findings of the study are as follows:

1) Late arrival of food grains at FPS is an important constraint in the timely distribution of PDS grains in some States. It is also a major factor contributing to FPS level leakage of subsidized grains. The full quota of food grains for distribution must reach the retail outlets (FPS) within the first seven days of the month. For this, doorstep delivery of grains by government agencies (the wholesale dealers) is required. The capacity created for doorstep delivery in some States must continue. Ensuring timely availability of ration quota should be the responsibility of States. This important task cannot be left to the FPS owners, who are mostly private individuals with a profit motive.

2) The doorstep delivery to retail outlets must be done in a transparent manner, e.g. in the presence of the PRI representatives. The quantity delivered and received at FPS level must be authenticated by the PRI.

3) The consumers may be allowed to draw ration quota in weekly installments. 75.6% of the BPL respondents desired to lift their PDS entitlement in installments. Quantitative analysis revealed that this is one of the most important factors...
influencing the decision to buy grains from PDS and the quantity bought by those BPL respondents who made use of PDS.

4) Composition of food grains offered through PDS in different States should give due weightage to local preferences in terms of cereals and their varieties wherever feasible. Quantitative analysis of the utilization of the PDS by BPL respondents revealed that variations in such preferences significantly affected their decision to buy food grains from the PDS.

5) The FPS-wise information on delivery and receipt should be computerized at the block level for onward transmission and monitoring.

6) It is proposed that the retail PDS outlets be handed over to cooperatives or self-help groups (SHGs) of the poor, wherever possible. These SHGs/Cooperatives may be helped to get bank finance to run their FPS outlets.

7) Considering the very low turnover and viability gap of FPSs, a host of interrelated initiatives is required. The suggested requirement for full coverage of FPSs under door-step delivery of PDS items and erecting public buildings for housing FPSs (which is tantamount to full rental subsidy) are integral parts of this package.

8) It is suggested that the FPS level margin on PDS items be fixed in relation to their economic cost to ensure uniformity in the margin structure and to improve their viability. Simulation exercises on FPS profits suggested that the policy package of; a) pegging the FPS level margin at 2% of the economic cost of food grains, b) providing for doorstep delivery of food grains and full rental subsidy, and c) removing the supply (and demand) constraints so that the FPSs reach the minimum turnover of about 122 tonnes per annum. These measures will make about 89% of the FPSs viable in the sense that they will earn a return of 12% on their capital. An annual return of 12% on PDS transactions can be justified on conditions of commercial viability/bankability; yet in view of the fact that the monthly net income earned by some of the aforesaid 88.6% of the selected FPSs is not sufficient (Rs.986/- per month for the lowest quartile of them). To ensure their sustenance as a full-time PDS dealer, it becomes necessary to give FPS dealers the freedom to trade in non-PDS items, under the strict surveillance of PRIs.
9) The observance of transparency measures leaves much to be desired. Also, the involvement of PRIs in overseeing the functioning of PDS is generally nominal/non-existent. Measures suggested above for involving PRIs plus complementary measures that create a sense of belonging among PRIs towards PDS in general, and, the FPSs in their jurisdiction in particular may further their involvement with PDS.

10) While some of the measures suggested will raise the delivery cost per BPL household, the saving that would accrue to GOI (Govt. of India) by plugging leakages and diversions would be several times more than the additional cost. Thus, these suggestions, if operationalized, will give a more cost-effective TPDS.