Abstract of the Thesis

A Study of Public Distribution Schemes (P.D.S.)
With Special Reference to Organisation and Working of
Fair Price Shops in Aurangabad District.

THESIS SUBMITTED TO
DR.BABASAHEB AMBEDKAR MARATHWADA UNIVERSITY
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Submitted By

Mr. Kishor.L.Salve
M.Com, M.Phil, D.B.M, L.L.M

Under the guidance of

Dr. W.K Sarwade
M.Com, M.B.A, Ph.D.

Reader

Department of Commerce
Dr. Babasaheb Ambedkar Marathwada University, Aurangabad.

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Introduction

Distribution is the most important function of marketing management, as it provides a vital link between the producers and consumers of various goods and services. The distribution system encompasses all movements’ right from transportation of raw material to the delivery of finished product to consumers. The distributions system of various goods and services, particularly those essential to human beings, managed by the government or any public agency is termed as “Public Distribution System.” Public distribution system had been in operation in the past and at present also is being operated as a system of controlled and equitable distribution of essential commodities in short supply, either due to shortage of production or due to artificial shortage created by the traders on account of hoarding and black marketing or other natural calamities. In case of centrally planned economics it is “a system of sale of selected commodities through agencies such as Fair Price shops or Co-operatives.

The Chapter first deals with the introduction of the topic, significance of the study, objectives of the study, Hypothesis tested, Research Methodology, Collection of data analysis, purpose and Presentation of the study.
It is very difficult to define PDS as a general concept because of contextual and situational-specific nature of the concept. However, one broad definition can be considered for the practical purpose of this study. A PDS principle owned and controlled by the public authorities on behalf of the public and run by them for the good of the general public or a specific group thereof.”2 Indeed the PDS is an important and integral part of national demand and supply management of goods and services. Therefore, its main aim is to fulfill the basic requirement of public at large in general and vulnerable sections of the society in particular, who cannot afford to buy needed goods prices which are determined by the free play of market forces.

Thus, the public distribution is a direct “State intervention in the national distribution system of goods.” This is based on the free forces of the market mechanism PDS by its very nature encompasses generally the items of mass consumption such as food grains, sugar, kerosene, edible oils and everyday other essential goods of common use. In a different economic sense PDS can be defined as “an equitable distribution of essential commodities at reasonable prices determined by the public authorities by intervening in the market for fulfilling the time and place utilities.”
Forms of Public Distribution System.

1. Statutory rationing

2. Non-Statutory rationing

3. Control Distribution

Main Objectives of PDS

The following are the main objectives of PDS:-

(i) To ensure equitable distribution of essential commodities specially to weaker sections of society at fair prices.

(ii) To serve as a"complementary supply source" to the availability of various goods in the open market or to ensure adequate supplies of essential commodities.

(iii) To avoid excessive inter-seasonal and inter-regional disparities in the prices of essential commodities.

(iv) To discipline the open market network so as to curb the tendencies of unscrupulous sections of the business community from indulging in black marketing and profiteering.
(v) To maintain price stability in the economy.

(vi) To safeguard the interest of consumers against the non-availability of goods and their rising prices. Thus, the main objective of PDS is to provide the "distribute social justice" to the common man.

**Need and Rationale of Public Distribution System in India**

One of the major objectives of planning in India has been to provide "National Minimum Level of Living" to its people. This requires provision of not only the needed quantum of food grains and other essential items, but also requires good quality of these items. Does market mechanism provide these requirements of essential commodities? Here State intervention is required to distribute the essential items of mass consumption on an equitable basis at reasonable prices. The PDS in India forms an important part of state strategy for intervening in the distribution of food grains and other essential commodities. How does the scenario of supply and demand for food other items of mass consumption look like in India? The evidence shows that the population grew at an annual average rate of 2.16 percent, 2.48 per cent, 2.45 percent and 2.11 per cent during the 1952-61, 1961-71, 1971-81 and 1981-91 respectively. Correspondingly, food
grain production witnessed growth rate of 4.96, 3.17, 1.98 and 3.5 percentage for the periods of 1951-61, 1961-71, 1971-81 and 1981-91. It is, thus, clear that the population growth rate has been very high and exercising its pressure on demand side of essential commodities. Moreover, even the available supply of food grains needs to be equitably distributed, if every body should maintain the minimum level of living. This appears to be possible only if the government interferes with the open market mechanism to meet the situation. The government had to course, some more considerations in evolving a PDS. The PDS has been operated in India according to the need and requirement of circumstances during different times.

**Objectives of the Study:**

Following are the broad objectives of the Study:

1) To study the Public Distribution System and its working at central and state level.

2) To highlight on various aspects of organization and working of fair price shops in Aurangabad District.

3) To access critically the public distribution system in Rural and urban areas.
4) To study in detail the organizational structure of fair price shops and various methods of merchandising the commodities.

5) To identify the problems in public distribution system and to suggest the suitable remedial measures to overcome them.

6) To draw some significant conclusions regarding the public distribution system.

**Hypothesis Tested**

To study the Public distribution system and different schemes is a very sensitive and critically important for the study. Hence following hypothesis are tested:-

1) Middle class and BPL category customers are largely dependent on PDS supply.

2) Public distribution system is Faulty and hence need reforms.

3) There is a large amount of inconsistency in Public distribution system.

4) The items distributed through FPS is of substandard.
Research Methodology:

Aurangabad district is one of the fastest developing industrial District in Asia. It has a unique blend of Balanced Urban and Rural areas hence it was selected for the study purpose.

There are nine taluka places in Aurangabad District namely Khuldabad, Kannad, Gangapur, Vaijapur, Sillod, Soegaon, Paithan, Phulambri and Aurangabad.

There are 1785 fair price shops in Aurangabad District, with 195 shops in urban area and 1592 shops in rural area.

There is a limit to study and deal with each and every fair price shop. Hence, by random sampling method 18 shop from urban areas and 46 shops from rural areas have been taken for the study and analysis purpose. In Maharashtra there are on an average 443 number of cards per fair price shops, hence a sample of 18 shops amounts to 7974 from this by random sampling Method 1000 respondents amounting to over 10% is taken similarly for a sample of FPS in rural area, the sample of 46 shops where 20,368 cards are distributed, a sample of 10% amounting to 2000 respondents are taken randomly for the study purpose.
**Table No.1.1**

Fair Price Shops in Aurangabad district

<table>
<thead>
<tr>
<th>Sr.No</th>
<th>Name of taluka</th>
<th>Total no of fair price shops</th>
<th>Total no of Consumers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Aurangabad (Urban)</td>
<td>193</td>
<td>902179</td>
</tr>
<tr>
<td>2</td>
<td>Aurangabad (Rurual)</td>
<td>204</td>
<td>263388</td>
</tr>
<tr>
<td>3</td>
<td>Paithan</td>
<td>224</td>
<td>287356</td>
</tr>
<tr>
<td>4</td>
<td>Phulambri</td>
<td>107</td>
<td>131327</td>
</tr>
<tr>
<td>5</td>
<td>Sillod</td>
<td>205</td>
<td>291056</td>
</tr>
<tr>
<td>6</td>
<td>Kannad</td>
<td>243</td>
<td>291267</td>
</tr>
<tr>
<td>7</td>
<td>Soygaon</td>
<td>52</td>
<td>90142</td>
</tr>
<tr>
<td>8</td>
<td>Vaijapur</td>
<td>218</td>
<td>259601</td>
</tr>
<tr>
<td>9</td>
<td>Gangapur</td>
<td>246</td>
<td>279197</td>
</tr>
<tr>
<td>10</td>
<td>Kuldabad</td>
<td>93</td>
<td>101500</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>1785</td>
<td>2897013</td>
</tr>
</tbody>
</table>

Source: - District Supply Office, Aurangabad.(2006-2007)
Tools and Techniques used

In order to assess the achievements of objectives the survey method and cross sectional approach is considered. A detailed and comprehensive questionnaire is prepared for fair price shopkeepers and their real beneficiaries. As far as research techniques is concerned use of statistical methods mean, co-efficient of correlation, percentile, average, operational research technique is used for the interpretation of data.

Scope & Limitations of the study:

The study involves close and careful examination of modus operandi of various activities involved in Public Distribution System in fair price shops. The results are mostly based on primary data. The period of the study is from 1998 to 2008.
Presentation of the Study

For the purpose of convenience the study is divided into seven Chapters.

• The first Chapter Deals with introduction of public distribution system and its background including history of PDS. It also highlights on the significance of the study, objectives of the study, research methodology used, hypothesis to be tested and tools and techniques to be used for the analysis purpose.

• The chapter second presents the review of literature on the present research topic. In this chapter the review has been taken of different research articles & different scholars and academicians.

• The third chapter explains the machinery involved in regulating the Public Distribution System in India and its detail profile and similarly Public Distribution System in Maharashtra with a district wise profile of the machinery involved in monitoring PDS in Maharashtra.

• Chapter fourth deals with the analysis of primary data collected from urban areas of Aurangabad District.
Chapter 5th deals with the analysis of primary data collected from rural areas of Aurangabad District.

Comparative analysis of PDS & its schemes in Aurangabad district is presented in sixth chapters, the presentation is made is with full of tables and graphs.

Summary, conclusion and important suggestions are covered in seventh Chapter.

**Expected contribution from the Study**

To study this P.D.S is most important to know the lacunas in this distribution management. The researcher has tried to cover rural and urban Indian public distribution system in India. This study will be usefull to the government officials to frame the appropriate policies regarding the B.P.L customers and overall distribution management. This study will also be used by the research Scholars, Academicians, professors, different N.G.O and different private or public distribution agencies.

In the overall the total framework of public distribution system at central, State, Region and District level is depicted in this study. This study is highlighted on the rural and urban Indian B.P.L customers and fair price shops.