CHAPTER V

THE ASSESSMENT AND THE CONCLUSION
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The maxim "Necessity is the mother of invention" had its testing time for the truth during the Second World War in India, when the scarcity of the foodgrains along with many other essential commodities became too acute a problem and drove the Governments both at the Central and Provincial levels to undertake various measures to tackle the problem. As an immediate step to arrest the impact of the war on the price rise, the Government formed Price Control Conferences at New Delhi on six occasions between 1939 and 1942. The occurrences of the Bengal tragedy in 1943, however, worsened the gravity of the situation forcing the Government to introduce Foodgrains Control Order and a Central Food Advisory Council.

The rationale of the state intervention in food sector was thus accepted not only as a mere necessity of the time but also gained grounds of justification of its importance over the period of time. Gradually the Government formulated a Food Policy in India which was followed by the establishment of Food Grain Policy Committees and Food Grain Enquiry Committees etc. Finally the efforts assumed the shape of a Food Corporation of India and the Agricultural Prices Commission in 1965.

Similar experiments were also carried out by the Provincial Government of Madras with the establishment of a Civil Supplies Department as a regular Government machinery in 1942. Further the Government promulgated the Madras Food Grains (Intensive procurement) Order 1948 and took serious steps to promote the Grow More Food Campaign in the state by
introducing two vital measures such as the Intensive Agricultural District Programmes in 1960 and the High Yielding Variety Programme in 1966. Simultaneously the Civil Supplies Department of the Government expanded its role with the induction of a host of high offices of responsibilities such as the Commissioners of Food Production, Director of Civil Supplies etc.

The PDS in India has become a stable and permanent feature of India’s strategy to control prices, reduce fluctuations in prices and achieve an equal distribution of essential commodities among the people at reasonable prices particularly to the weaker sections of the community. The Five Year Plans emphasised the need to ensure food grains supplies to urban and deficit areas. The First Five Year Plan (1951 - 56) emphasised on the introduction of a system of controlled distribution through non-statutory rationing.

In the Second Five Year Plan (1956-61) the PDS was revived due to increase in the price of cereals. The coverage of the PDS was extended from foodgrains to other important consumer goods.

The sixties witnessed major organisational changes in food distribution. The war with China (1962) and Pakistan (1965) and the recommendations of the Food Grain Enquiry Commissions compelled the Government to make the PDS a permanent feature of food policy. The Third Five Year Plan (1961-66) pointed out the importance of public procurement and distribution system for the broader, objectives of price stabilisation by introducing

1 India, First Five Year Plan, Planning Commission, p. 182
2 India, Second Five Year Plan, Planning Commission, p. 40
a network of co-operative and governmental agencies close to the farmers\textsuperscript{3}

as against private agencies.

The Fourth Five Year Plan originally prepared in 1966 under the stewardship of Ashok Mehta was abandoned due to drought, devaluation of the rupee and inflationary recession. The Three Annual Plans (1966-69) were implemented during this period which was described as plan holiday.\textsuperscript{4} India learnt a bitter lesson during Indo-Pak war when its allies refused to supply essential materials including foodgrains and this drove home the point that food could be used as a weapon of economic and political diplomacy.

The Fourth Five Year Plan (1969 - 74) broadened the scope of PDS by promoting viable co-operative shops which will depend not merely on the distribution of food grains under the Public Distribution System but have activities covering the sale of other goods of mass consumption.\textsuperscript{5}

The Fifth Five Year Plan (1974 - 79) advocated an effective PDS for foodgrains and other essential commodities and related it with prices, incomes and wage policy. It was also felt that the PDS should be managed in such a way that the exchequer was not highly burdened, otherwise a resource crunch

\textsuperscript{3} India, Third Five Year Plan, Planning Commission, p. 131

\textsuperscript{4} Ruddar Datt & K.P.M. Sundaram, Indian Economy, (New Delhi, 1999), p. 346

\textsuperscript{5} India, Fourth Five Year Plan, Planning Commission, p. 235
for development would be felt. The Fifth Five Year Plan was terminated by the Janata Party in March 1978. The Sixth Five Year Plan (1978-83) of this party focussed attention on the enlargement of the employment potential in agriculture and encouraged small industries producing consumer goods for mass consumption. The new Sixth Five Year Plan (1980-85) was introduced by the Congress (I). Production of food grains continued to increase during this period. In addition to PDS, food for work, export, sale in the open market operation etc were introduced and continued respectively.

The PDS was extended to rural and backward areas through IRDP and ITDP during the Seventh Five Year Plan (1985-90). Adequate supply of stocks and supplies to retail outlets were ensured. During this period, the infrastructure for the PDS was improved. By the end of March 1988, there were 3.74 lakhs of FFS in the country. The execution of the PDS on the above lines commenced in Tamil Nadu in the early 70's. Ignoring the variations from time to time the commodity basket of PDS from Tamil Nadu had almost consistently consisted of rice, wheat, sugar, edible oils, kerosene etc. These commodities were sold to the consumers identified and listed in the ration cards issued to each family. The PDS sales generally involved the States in varying sums of subsidies. The State procured these commodities at sufficiently remunerative, incentive providing prices which were usually not

S.L. Bapna, *Food Security through the PDS: The Indian Experience*, (—, n.d.), p. 104

Ibid.

K.N. Kabra, *Political Economy of Public Distribution in India*
to be considered affordable by the poor and indigent masses. Many other States also started setting up Civil Supplies Corporations and distributed essential commodities through PDS following the Tamil Nadu pattern. For example, in Kerala State, the entire population is covered by the PDS on a uniform basis. This is partly due to the fact that mainly cash crops are grown here, leaving the State highly deficit in food. Kerala is highly dependent on supplies from the Centre and its population prefers mainly rice, though in acute scarcity years even wheat has been consumed by them.\(^9\)

Andhra Pradesh is one of the states which has been successfully implementing the scheme of supply of essential commodities to the poorest of the poor even in the remote villages of the state. The Andhra Pradesh State Civil Supplies Corporation Ltd is actively involved in the PDS of the state. All the families were issued supply cards. White cards are given to the people below the poverty line, pink cards are given to the people above poverty line. There are 40,006 FPSs out of which 7,167 are in urban areas and 32,839 are in rural areas.\(^10\) The unique feature of PDS in Andhra Pradesh is the system of delivery of stocks at the FPS' point in all areas outside the Metropolitan cities as per a route programme.\(^11\) The state also contributes substantial quantity of rice of the central pool through FCI and draws required quantity for the state's PDS from the Central Pool.\(^12\)

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\(^1\) R.N. Chopra, *Food Policy in India: A Survey* (New Delhi, 1988), p. 267

\(^0\) Food, Civil Supplies and Consumer Affairs Department, *Note on Public Distribution System* (Hyderabad, 1999)

\(^11\) Ibid.

\(^12\) *A synoptic note on the Activities of the Civil Supplies Department, Andhra Pradesh* (Hyderabad, 1997), p. 4
The ideal behind starting a PDS network is laudable. However, it is very painful experience to observe that there is lot of scope for improvement. When it is a question of implementation, many people below the poverty line were not happy with the measure and quality of the items distributed through the PDS. There is also the problem of unsatisfactory targeting of the beneficiaries with the result that a lot of seepage has been deducted from time to time. Some officials as well as the beneficiaries expressed the view that the creamy layers should be eliminated in targeting by the PDS and it should be available only to the people below the poverty line. Yet, this suggestion has not yet been implemented for reasons best known to the powers that may be. It is also realistic to point out, with the elimination of the higher income group from the reach of the PDS, not only greater quantum of the ordinary items of consumption can be distributed to the masses but also more variety can be included keeping pace with the increase in the standard of living over the years for different sections in the society. Instances were not uncommon when some members of the lower strata of society mortgaged the ration cards or hired it out to others. Effective monitoring mechanism should be evolved to put an end to all these malpractices.

On the whole the State of Tamil Nadu has tackled the food problem successfully right from the inception of the TNCSC Ltd though there is lot of scope for improvement considering the problems encountered at the time and with reference to the manner of implementation. However, its organisation, modes operandi and service conditions stood the test of the time and proved effective. However, there is little room for complacency for days to come on three grounds. Firstly, population is going to increase every year and will put
additional pressure on the system. Secondly, the food production has to be increased through various methods of scientific progress, technological advancement, food grain management and farmers incentives. Thirdly, inter-state disparity in food production and food mobilisation has to be taken care of.

**SUMMARY, FINDINGS AND SUGGESTIONS:**

The Tamil Nadu Civil Supplies Corporation Limited was launched in 1972 as a governmental agency and was entrusted with the policies and programmes to be implemented by the State Government. The Corporation was thus conceptualised with a great responsibility and accordingly it adopted a set of noble objectives. While the **Memorandum of Association** enumerated different types of objectives for the Corporation to pursue, the **Articles of Association** explained the administrative mechanism to carry out the functions. Being developed in the lines of **Public Limited Company**, it was constituted of a **Board of Directors** and a **Chairman-cum-Managing Director**. While the Head Office was situated at Chennai, its regional offices numbering 22 were located at respective regions based on geographical divisions of the State.

The Corporation had a systematic method for the preparation of its **Budget**, **Allocation of funds**, **Banking transactions**, **Accounting and Auditing mechanisms** for the strict regulation for finance. Similarly, steps were also taken to exercise control over the commodities by setting up **Direct Purchase Centres**, **Scientific Godowns** and **Modern Rice Mills**. Due attention was paid for the maintenance of **Quality Control** at every stage of the operation and distribution to the public through **Fair Price Shops**. The
details of procurement policy of the Corporation, methods of storage, Management of Godowns, methods to prevent storage loss etc. are detailed in the thesis.

The Corporation, besides adopting a rationale public distribution system towards its targeted segments of the society through Fair Price Shops, had also adopted a series of Socio-economic Programmes with the objectives of enhancing both the social development and economic conditions of the people. As mentioned in the foregoing chapter, the prominent among them were Puratchi Thalaivar M.G. Ramachandran Noon Meals Programme, Widows, Handicapped, Old Age Pensioners, Free Assistance Relief Scheme, supply of essential commodities to Police and Fire Service Personnel, supplies to Government Institution, Sathu Programme, Integrated Child Development Scheme, Integrated Tribal Development Project Scheme, Supply of rice to Srilanka Refugees at subsidised rates and Indian Made Foreign Liquor Shops.

Launched at different period of time to mark various occasions of the state celebrations and the festivals such as Pongal, Deepavali and Tamil New Years Day, these programmes have been successfully carried out all along, barring a few short falls and difficulties at certain points. In other words, these programmes of the Corporation require certain changes and modifications for a more effective role to play for the society. The various suggestions and recommendations putforth herebelow can be considered towards enhancing the efficiency of the organisation.
FREE RICE - DISTRIBUTION
Imports of foodgrains and other agricultural goods were given an important role in order to maintain domestic supplies and stabilise prices. As early as 1956, the Government of India had formulated a long term food policy based on heavy imports from USA under PL 480 which was supplied through PDS. By then, our food imports were 2.2% of total food availability but after that, the proportion of food imports touched the peak of 14% in 1966.\textsuperscript{13}

The two wars one with China in 1962 and the other with Pakistan in 1965 had its repercussions in India. To top it, there was a severe drought in 1965. India had been receiving food aid from the U.S till then, but during the drought of 1965-1967 U.S used food aid to influence India's foreign policy.

The American President Lyndon B. Johnson stated that shipment of food aid should be linked with India's statements on U.S action in Vietnam. As the Government of India was extremely critical of the American role in Vietnam war, political and economic weakness of India made Americans devalue the Indian rupee in return for foreign aid. While the Indian Government devalued the rupee the promised aids did not come.

Mrs. Gandhi's visits to the U.S in 1966 emphasized the economic crisis of India and also Indian dependence on the U.S. Though Johnson publicly exhibited sympathy for India's economic problem, he tried to put pressure on

\textsuperscript{13} Ruddar Datt & K.P.M. Sundaram, \textit{Indian Economy}, (New Delhi, 1999), p. 415
India with regard to her relationship with the Soviet Union. This made India resolute in achieving self-sufficiency for food grains and it also made her realise that long term effort was different from immediate effect.

The next problem was the huge fund accumulated by the U.S administration through the sale of PL480 food grains and other raw materials supplies to India. The Americans setup Indo-U.S foundation utilising those funds to progress in all fields of learning. But the issue generated an alarm among Indian intellectuals. Some of whom saw in the proposal a wedge in the U.S domination over India and the proposal was dropped. Therefore the Government of India formulated a new integrated food policy from 1966 cutting off India's humiliating dependence on imported food and distributed only what is produced within the country.

However, the Green Revolution, HYVP, IADP and also the consecutive rainfall increased the agricultural production in the country, resulting in virtual elimination of imports in 1972. Now that India has become self sufficient in food grains with record production (of about 200 million tonnes in 1997-98) imports of foodgrains which accounted for 3.5% in 1983 were completely stopped thereafter.\textsuperscript{14}

\textsuperscript{14} Ibid.
"For any organisation with definite objectives and goals, a study on the impediments to the growth of the organisation is a must where all problems are carefully analysed and ways and means are evolved to cope with flexibilities innovation and speed which are required in the process of the development of the institution. An organisation which refuses to accept its fault or to set its house in order will never succeed in its mission."\(^\text{15}\)

The Corporation being a massive organisation, requires the undivided will and harmonious efforts of the employees to serve the common purpose. Further, the Corporation should set up one Research and Development Wing within it to suggest ways and means for its improvement. Though the establishment of this wing could be an additional expenditure yet, considering its contribution and comparing its economic gains in the long term, the proposal would be a welcome factor. The Research and Development wing will provide to the Corporation not only the scientific measures but also management techniques at every stage of its operation. Being designed exclusively for the Corporation, the Research and Development wing would be able to develop innovative steps for the organisation.

It is found that a large a number of Bill Clerks were appointed in the Direct Purchase Centros during the harvest season for a short period. These clerks, being raw recruits were given a week's training to man the operations. However it is felt that the training was insufficient to the technical necessity of the job. It would therefore be better if the qualified persons in the cadre of

Quality Inspectors and Assistant Quality Inspectors from the Quality wings should be posted permanently in the Direct Purchase Centres. This measure can help an effective and continued supervision over quality control throughout the year.

According to an assessment of A.R. Sundararajan, one time Deputy General Manager, Food Corporation of India, the procurement procedure was defective in terms of moisture content of the paddy. While the Government recommended to a maximum of 18 percent of moisture content, in reality the Corporation had accepted the paddy up to 25 percent of moisture content due to various exigencies. This affected the quality of the paddy and rice subsequently. This can be avoided with the careful planning drawn in advance of the exigencies and strict adherence to the guidelines recommended by the Government. It was further suggested that the paddy should be segregated according to the level of moisture content in them and be sent to different storage points with instructions to carry out the required type of treatments to the paddy before storage.

The policy of the Government for Monopoly Procurement had many disadvantages. Quality standards on the grain procured were not adequate. Though monopoly procurement was prevalent, yet the stocks were moving out of the state by illegal methods to which the Tamil Nadu Civil Supplies Corporation Limited was helpless. Therefore, instead of 100 percent monopoly procurement throughout the year, the Corporation had adopted mixed policy.

of monopoly procurement during kuruvai and levy purchase during samba. Since the quality and quantity remained unaffected by the mixed policy, it is suggested to continue the levy procurement in a more effective manner.

The collection of food grains, by levy process from the Producers, Traders as well as Millers found to be defective, for they parted away their substandard stocks to the Government by retaining the best for themselves to sell in the open market for better price. It is here, the Tamil Nadu Civil Supplies Corporations Limited should be more careful and strict to ensure quality standard grains from them. Some permanent mechanisms can be thought of to prevent this loopholes in the system.

The storage facilities of the Corporation at different storage points were inadequate, for which the paddy lacked the due treatment required for storage purpose and thus got damaged. It is therefore advisable that each storage point should have a sufficient big drying yard so that the paddy, soon after their arrival from the procurement centres, be sufficiently sun dried and stored so that the storage loss can be prevented. Corollary to it, the storage points be scientifically designed ensuring sufficient supply of light and air and free from the Pests, Rodents, Insects and Birds.

It is observed that the use of pesticides on the foodgrains during the storage period had great chemical effect on the foodgrains hampering its quality and finding its way to the health hazards of the consumers. It is thus recommended that the use of the pesticides be kept to the minimum level by substituting it with the non chemical pesticides such as different types of leaves and roots.
It is advocated that the Corporation should adopt more of silo storage facilities than of bagged storage or Cover and Plinth storage. Though the establishment of a silo storage is an expensive one, it is very effective in retaining the quality of the foodgrains for quite considerable period of time. This is not possible in other means of storage. Therefore, well designed bulk storage to control humidity and temperature to maintain the quality of the stored foodgrains are needed. As a developing nation, taking advantage of the latest benefit in other fields, the Corporation cannot afford to lag behind, in this important field. It is perhaps from this point of view that the storage structures in abroad are silo based structures and basement patterned.

Cover and plinth storage was organised by the Tamil Nadu Civil Supplies Corporations Limited. Whenever there was lack of covered storage accommodation to store the entire marketable surplus procured through Direct Purchase Centres, this was resorted to as a last measure after utilising all the covered storage structures. CAP storage was quite convenient, economic and quick to construct. However, it was prone to damage by flood water affecting the wooden crates and the stocks. Preventive methods can be designed in terms of concrete basements and high level platforms on a permanent basis, particularly in the high procurement areas this pattern must be adopted.17

A great amount of time, energy and money were lost in transporting the foodgrains from one storage point to another by adopting adhoc measures. For example, paddy was sent to Coimbatore from Thanjavur and

17. Interview with C.Thirumeni, Deputy Manager (Quality Control), MRM, Sundarakottai, 15 July 1994
STORAGE STRUCTURES ABROAD

Semi-Underground Bins in Kenya

Bury Silo Showing Tube and Tarpulin Cap

Semi-Underground Bin (Pileen envelope is being fixed)

Air-tight Underground Silo in Argentina with Fixed Roof, Showing Surrounding Pavement

Two 500-tonne Air-tight Underground Bins Connected with a Country Elevator
FOODGRAINS DAMAGED AND SALVAGED

DEVASTATION BY FLOODS

THE ASSESSMENT OF DAMAGE

THE RESCUE OPERATIONS
rice processed there was sent to Madras. This can be avoided with proper planning so that the foodgrain movement can be minimised, localised and polarised. Similarly to avoid the frequent shifting of foodgrains from railway wagons to lorries or vice versa, rail side lines be extended quite interior to the important transit points.

The losses are not man made and can be avoided by careful planning. Mr. T. C. Dutt, one time Chairman of the Food Corporation of India had outlined the following steps to cut losses for storage transit.

Provision of weigh bridges in all depots,
Sticking to specifications while procuring grain,
Avoidance of open wagon transport,
Use of machine stitching on the bags
Investment on Railways sidings and
Proposal for adoption of bulk handling / transport / storage.18

Pilferage was yet another artificial means of storage loss and required to be prevented. As a first step all weighing machines namely the weigh bridges and scales must be standardised and synchronised. Uniform weighment throughout will reduce the differences. Weigh bridges must be installed in each taluk by the Corporation and all transactions are to be done only through weigh bridges which should be manned by a separate team of officials. Spillage can be avoided by machine stitching the gunnies during storage.

M.R. Krishnan, n. 1, p. 43
Attention should be paid towards, the area of Gunny Management. The Corporation purchased gunnies at the rate of not less than Rs.14 per piece. The new bale gunnies were sent for utilisation in the procurement operations. From their the same gunnies were sent to the hulling agents for packing rice. On depreciation, the value of the new gunny got downgraded in all these stages thereby reduced its value to Rs.4 in one cycle itself. After allowing downgradation, the gunnies were delivered at gunny godowns or for operations at taluk godowns which after occupying the valuable space for prolonged period fetched only Re.1 per gunny. In no organised industry so much time, space and energy are wasted on the used packages. To avoid such a loss the following measures were suggested by Mr. D. Raghunathan, General Secretary, Quality Control Staff Association as a request to the Management. The suggestions were

to purchase sound and serviceable gunnies by local tenders proportionate to the requirement of paddy procurement of each season either state wise or District wise, to allow the hulling agent to retain the balance gunnies after delivering the due rice in sound serviceable gunnies, deducting the cost of the gunnies and after allowing 10% depreciation without downgradation from the respective Hulling Bill thereby saving huge sums to the Corporation, to ban as far as possible purchase of new bale gunnies and to request the Government to permit disposal of the gunny along with the grain to Chief Ministers Noon Meal Programme Centres there itself by fixing a nominal cost and get it reimbursed alongwith the original claims or allowed as applicable to co-operatives.

The quality improvement in the Modern Rice Mills was applicable to a combination of steps involving mechanical, drying, safe storage of paddy, improved par-boiling, adoption of modern milling equipment and methods and improved marketing. This would ultimately lead to increased milling, recovery of rice, a superior quality of milled products, cleaner by-products of higher value, a reduction of storage loses and better returns to the producers and processors.

The issue price of the commodities for the Public Distribution System was less than its actual cost excluding the Administrative and transporting or handling expenditure. The loss was made good by the Government which aimed at supplying goods at reasonable price throughout the state. Though the motive of the government was to be appreciated, the loss incurred by the Government became heavy due to huge subsidy. As it is a recurring expenditure, the Government should re-examined its commitments not to put the organisation doing a noble deed to face its waterloo and thus allow it to sink.

As the public in Tamil Nadu are accustomed to the consumption of the single boiled rice which is fairly white in colour, the double boiled rice supplied by the Corporation is being criticised and resisted by them. No doubt, the double boiling method is adopted for long storage purpose but in view of the consumers interest, monthly requirement of single boiled rice can be assessed and hulled for the distributions. Through Fair Price Shops. However, the Corporation can resort to giving no concession for the single boiled rice to the
consumers thereby building up its image among the public by accepting the popular concept that the Domestic Consumer is sovereign.

One of the functions of the TNCSC Ltd. was the introduction of an edible oil extracted from the rice bran under the brand name 'Amudham'. However the experiment underwent rough weather due to the lack of technological difficulties to keep the oil fit for consumption for longer period of time and thereby compelled the organisation to close the system. Comparing it with the prices of other edible oil the Bran oil is cheaper and therefore, the TNCSC Ltd. should think of reintroducing the sale of bran oil after carrying out the required technical treatment needed for it. As suggested earlier, the Research and Development Wing of the Corporation can take up this project on a priority basis.

In an effort to control the pollution and to maintain the ecology of the environment, the Corporation had adopted the Effluent Water Treatment Plant at Polur and was successful in re-using this water for agriculture and industrial purposes. Further, the Corporation had also developed a teakwood plantation around Polur. Yet in another effort to re-use the industrial waste the Corporation had attempted to produce manure out of the ash. All these efforts were a small step in the direction of the present day requirement of eco-conservation. It is therefore advisable that such efforts can be taken on a large scale by growing different types of plantations and producing the by-products from its wastage.
THE CORPORATION'S EFFORTS FOR ECO CONSERVATION

WATER TREATMENT FOR RE-USE AT POLUR

GROWTH OF TEAK PLANTATION - POLUR

PLANT CONVERTING ASH INTO MANURE
The Corporation has a good number of publications such as Policy notes, Circulars, Letters, Shortnotes, Hand Books, Manuals, Journals and Souvenirs. Besides the Government of Tamil Nadu also has many Government orders and publications covering and relating to the role and function of the TNCSC Ltd. Yet another source of materials are available by the works of the scholars and critics in different books, articles, magazines and journals. These vast source of knowledge are scattered and are available in different form and format at different libraries.

A person interested in the study of the TNCSC Ltd. has the difficulty to refer to these materials scattered over different libraries. It would thus be more convenient, if all such related materials are collected, classified and catalogued in a library format for the ready use for the public in general and the Research Scholars in particular. Further it can be said that in the age of information technology, the Corporation should not fall behind in getting itself hooked from the facilities of internet.

To summarise it up it can be said that the development of the Tamil Nadu Civil Supplies Corporations Limited is the product of the necessity of the time and the requirement of the society. In fact, the social utility and the state requirement was so immense that the establishment of the Corporation was not only justified but also has come to an inevitable stay for times to come. Passing through various stages of evolution, it is cruising ahead in serving the society and fulfilling its predetermined objectives.
In the running of its course, the Corporation confronts various difficulties not only by shortfalls in the planning or red tapism in the administration but also the defectives in the system and indifference of a few work force at the lower level. However, looking at the massiveness of the organisation, the nobleness of the goal and its positive impacts on the society as a whole, the organisation stands at a high pedestal for praise. Being fully service oriented in outlook and adopting ever expanding programmes for more and more social welfare, the Corporation can feel proud to identify as a true representative of the welfare nature of the modern state.