CHAPTER V

BASIC PROBLEMS OF PUBLIC DISTRIBUTION SYSTEM.

5.1 Introduction

5.2 Issues of Public Distribution System

5.3 Summary
5.1 Introduction:

The chapter is based on the personal observation and the opinion gathered from the fair price shops in Tuticorin. The Government of India tries to streamline the public distribution system by changing its policies to attain the basic objectives. But the problems still continue to exist.

5.2 Issues of Public Distribution System:

The issues of public distribution system can be grouped into the following heads:

1. Issues of fair price shops
2. Allotment and off-take
3. Storage
4. Transport
5. Staffing pattern
6. Cost of distribution
7. Vigilance committee

5.2.1 Issues of fair price shops:

The fair price shop is the vital base and also the Achilles heel in the public distribution system. The
fair price shops have to face the following problems viz.
a) Capital mobilisation b) personal management c)Central management d) Survival of dealers e) Issue of ration cards f) Other problems

5.2.1.a Capital mobilisation:

Finance is the life blood of every business. Every businessman should mobilise capital for business carefully. The cost of capital should be minimum. Otherwise the business will incur loss. Fair price shops in Tuticorin are administered by Tamil Nadu Civil Supplies Corporation and Co-operative societies. It is observed that a fair price shop located in a city needs an investment of Rs. 75,000. Two thirds of the fair price shops have invested Rs. 50,000 and above. The study reveals that the shops run by Civil Supplies Corporation invest their own funds whereas shops run by co-operative societies get 45 per cent of the investment from the share capital; 35 per cent from the bank overdraft; 10 per cent from co-operative development fund and the remaining from their own fund and overdraft.
5.2.1.b Personnel management:

Consumers are served by salesmen in the fair price shops. Personnel management plays very important role in distributing commodities in the system. The efficiency of fair price shops depend on the adequate number of employees in the fair price shops. The study on fair price shops in Tuticorin reveals that 67 per cent of shops have less than 3 employees; 33 per cent of the shops have 4 to 6 employees. Shops having less than 3 employees find it very difficult to serve people satisfactorily. According to the Government norm a shop shall have one bill clerk and the salesmen. Therefore fair price shops are not able to serve the people satisfactorily.

5.2.1.c Procurement and Distribution:

The procurement of commodities is made by the Tamilnadu Civil Supplies Corporation. The main problem of Civil Supplies Corporation is the procurement of rice, wheat, and the like from the producers and the merchants by levy system. It is observed that the Tamil nadu Government procures rice, wheat depending upon the monthly
requisition made by the various Districts Collector. The State procurement is made by the Government only after receiving monthly requisition from various District Collectorates. But it is stated that the purchase requisitions made by the various districts are not sent in time.

Tamil Nadu Civil Supplies Corporation after procurement undertakes the transporting of the commodities to various godowns of fair price shops. In order to avoid bulk stock in Taluk godowns, the Civil Supplies Corporation compels the fair price shops, administered by the co-operative societies to take immediate delivery. This is not insisted on fair price shops administered by Tamil Nadu Civil Supplies Corporation. Many Co-operative fair price shops find it very difficult to take immediate delivery due to financial constraints. Thus Civil Supplies Corporation follows different yardstick in issuing delivery to the fair price shops. It has also been found that sometimes the Tamil Nadu Civil Supplies Corporation fair price shops are given better treatment in terms of delivery, quality of commodities and the like.
The private carriers are leased by the Civil Supplies Corporation to transport the commodities from the godown to its respective fair price shops. Often the commodities are not carried promptly to the co-operative fair price shops.

5.2.1.d Survival of dealers:

1) Underweighment is one of the important sources to make good the loss as well as to maintain fair price shops.

2) As per the instructions of the Civil Supplies Authorities, certain commodities which are in short supply, have to be distributed to the card holders on first come first served basis. Often the consumers are cheated by exhibiting 'no stock' board even when there is stock. This gives scope for fair price shops dealers to survive themselves by selling the commodities to private traders.

3) As the authorities are not giving all the stocks at a time, the fair price shops dealers are also not distributing them at a time to card holders. Every card holder has to visit the shop several times in a
month. This discourages the cardholders sometime not to purchase the goods from fair price shops. As such the fair price shop dealers are getting more benefit from the commodities sold to private traders.

4) The Vigilance Committee, appointed by the Collector, in pursuance of the recommendations of our M.L.A often instruct the fair price shops to issue rationed articles to some people without following the rules and regulations stipulated by the Government. This leads to the fair price shop to underweigh the supply to consumers.

5) Ultimately, the fair price shop dealers are left with low margin. Hence they are resorting to unfair means for their very existence in the business.

5.2.1.e Issue of Ration Cards:

Inspite of appointing many officials at each level like the Registrar of the Public Distribution System, the Vigilance Committee, the Flying Squad, the Central Investigation Department of Civil Supplies, to monitor the Public Distribution System, maladministration
persists because of the inherent defects in the issue of ration cards. The very root cause for the failure of public distribution system is the distribution of bogus cards. Rules and regulations for issue of ration cards are not strictly followed by the issuing authority.

Since supply has to be made to bogus cards also, the Government has to procure more, causing additional financial burden, problem of storage, transport and the like. In the existing public distribution system private dealers make a good profit from bogus cards. Ultimately the public distribution system supplies goods to the private dealers at cheaper prices so that they can earn profit instead of distributing the essential commodities to the vulnerable sections of the society.

5.2.1.f Other problems faced by the fair price shops:

1) As per the stipulation of the authorities the fair price shops dealers are supplied to issue all rationed commodities to each card holder at a time. Whereas the permission for lifting the stock of all rationed commodities from civil supplies godown is not issued simultaneously. As such each card holder has to visit the shop as many times
as the number of commodities are purchased. This causes inconvenience to the consumers and unnecessary strain on the part of the dealer in maintaining records.

2) There are no regular schedules for allotment and lifting of stocks. This compels the dealer to mobilise the capital for lifting of stocks as and when quotas are allotted. In order to avoid time-lapse in lifting the quotas, the dealers are forced to borrow money from third parties at exorbitant rate of interest. Many times due to paucity of funds, dealers forgo their monthly quotas and this deprives the consumers of their monthly consumption.

3) While issuing quotas at the Food Corporation of India the Tamil Nadu Civil Supplies Corporation and the Fair Price Shops are not allowed to witness the weighment. An official will be there and he is to be trusted for weighment. As per the various version of dealers it is learnt that underweighing is in vogue.
4) The quality of foodstuffs which is regularly issued to fair price shops depends upon the godown keeper's discretion. As such, in search of good stocks, dealers are forced to tip the officials of Food Corporation of India. Otherwise, stocks of inferior quality have to be lifted and cornered in shops which can never be sold.

5) It is stated that the real cause for the more stock of kerosene to remain undistributed in fair price shops is not due to poor demand for kerosene. As the people have no money at the time of supply of kerosene, they are not able to buy it. Thus the study reveals that the Government should not only supply essential commodities, but also supply them at the time of need. Otherwise people will not have money to purchase rationed articles.

5.2.2 Allotment and off take:

The entire public distribution system organisation is centred around a mathematical equality between the allotment and the off-take of the essential commodities. In spite of the best efforts to expedite and delegate the
authority for timely allotments, it is observed the
take by the fair price shops does not match with
allotments. The stocks that remain unlifted by fair
price shops in the Civil Supplies Corporation ultimately
result in non lifting of stocks from Food Corporation of
India. Thus the allotment may not be utilised in full.
The unlifted allotments are taken in the last days of
month. Otherwise the allotment for the month will lapse.
Thus allotment and off-take are not in a particular
fashion.

5.2.3 Storage:

Another major problem of public distribution
system is storing of articles. The Tamil Nadu Civil
Supplies Corporation after procuring the commodities
from the Food Corporation of India, instructs the fair
price shops to take delivery immediately. The fair
price shops under the management of the Civil Supplies
can retain the commodities even in the godown of the
Civil Supplies Corporation. Whereas the fair price shops
run by the co-operative societies find it very difficult
to store the commodities. Naturally they resort to private
rented warehouses for storage. This forces the dealers to resort to malpractices.

5.2.4 Transport:

The mode of transport is chosen as per the convenience of the concerned authorities. In Chilumbaran District, the Civil Supplies Corporation assume the responsibility of transporting the commodities. The Civil Supplies Corporation employs private carriers on lease to transport the commodities. The licensed private carriers, as they are assured of work, do not transport the commodities in time. The private carriers undertake the transporting after completing all other transporting work. They give second place in the list of priorities to transporting the commodities from the Civil Supplies Corporation. Moreover, as the Civil Supplies Corporation is the authority for them, they give preferential treatment to the Civil Supplies Corporation fair price shops.

5.2.5 Staffing pattern:

The public distribution system is not resting on either the expert training which is a functional specialisation of work, or the attitude of officialdom to activity.
The officials are yet to evolve into the community of functionaires, who are integrated into the mechanism of the system. The absence of identity, cohesion and even striving for the goals by the members of public distribution defeat the very purpose and existence of the organisations.

5.2.6 Cost of Distribution:

The minimum margin left out between the purchase price and the sale price on various items fixed by the Government is so low that it hardly covers even the operational cost. Many fair price shops are really not interested in doing this business. As stated earlier, even for the survival of a fair price shop, the shop employees have to resort to malpractices. The main reason for the increased cost of distribution may be listed as follows:

i) Underweighment by the Civil Supplies Corporation.

ii) Defective storage system resulting in decrease in quality and quantity.

iii) Transportation costs.
iv) Sudden order to purchase quota, which makes to borrow money at higher rate of interest.

v) Unnecessary interference by Vigilance Committee, Taluk Officials, flying squad and the like.

vi) High storage cost.

5.2.7 Vigilance Committee:

The Vigilance Committee created to protect the interest of the public welfare do not protect the public welfare. In fact, most of the people do not know the very existence of the Vigilance Committee. The fair price shops dealers are able to satisfy the needs of the members of the Vigilance Committee. Hence the Vigilance Committee do not function properly. As the vigilance committee members are appointed at the recommendations of MLAs the vigilance committee is politicalised. Therefore satisfying the vigilance committee is also an additional burden to fair price shop dealers.

5.2.8 Other problems:

1) The consumer co-operatives are entrusted with public distribution system in addition to their
normal consumer business. Many societies find it very difficult to get funds to meet the increased needs.

2) The uncertainty of quantity of controlled goods to be distributed by the co-operatives poses a problem to themselves particularly when they are required to handle additional quantity during festival seasons.

3) The quality of rice and wheat supplied by the Food Corporation of India on many occasions is poor, resulting in low sales and locking up of funds in unsold stocks causing loss of interest.

4) Some fair price shops are allotted with small number of ration cards. With low margin of profit, the shops are not able to run business.

5) Low salary of the salesman.

5.3 Summary:

It is an attempt to give full information regarding the basic problems of fair price shops. Financial problems of the civil supplies fair price shops and co-operative fair price shops are analysed. Inequality between allotment
and off-take of essential commodities has been analysed. The weaknesses in storing the commodities, transport bottlenecks are studied. Various problems involved in personnel management and the functioning of Vigilance Committee have also been analysed.