CHAPTER - VI
SUMMARY AND CONCLUSION

6.1 Summary
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6.3 Conclusion
The present chapter gives the summary of the study, and puts forth some suggestions for effective performance of Public Distribution System in Tamil Nadu State.

6.1 SUMMARY

Public Distribution System (PDS) is an important service delivery mechanism in rural development. The basic objective of PDS is to ensure that essential articles of daily use are made available at reasonable prices to the public, particularly the vulnerable sections of the society, both in urban and rural areas. This system operates in the Indian economy as an anti-inflationary device which, at the same time, makes a significant contribution to the nutritional standards of the poor, by providing essential commodities at reasonable prices. Besides, it also protects the real income of the beneficiaries by enhancing their purchasing power, through the availability of essential commodities at reasonable rates. At present, the budget allocation, on an average, for food subsidy is in the order of Rs. 4,000 to Rs. 5,000 crores annually. Since the VII five year Plan, PDS has been included as an item under the Minimum Needs Programme, which aims to establish a network of basic services and facilities of social consumption in all the areas of the country, up-to-nationally accepted norms, within a specified time-frame. The programme is meant to assist in raising the living standards and in reducing the regional disparities in development. The programme is essentially an
investment in human resource development. In the context of the new economic policy, the PDS is regarded as a safety net for the rural poor. It contributes to the security system and further management of surplus stocks, also facilitative of poverty alleviation, employment generation and minimum needs programme (JRY, IRDP, ICDS, DWCRA and midday meal scheme) which is oriented to social justice in the supply management of essential commodities.

The Central and state governments are required to arrange for procurement, stocking, transportation and distribution of various essential commodities. For public distribution, procurement of foodstuff is done by the Food Corporation of India (FCI) and then the state government purchases from FCI as per its need and requirements. Thereafter, it is transported to different storage points at the subdivision and block levels, through storage agents under the State government control. After this, the commodities are lifted by the retailers from these storage godowns in blocks to be sold in different villages. Finally, it is the retailer, who is responsible for selling the commodities to the people in different villages, depending on the area of operation, under the supervision of the Civil Supplies Department. The department is also responsible for transportation, stocking, distribution, inspection and monitoring of these commodities at the local level. At present, there are more than four lakhs fair price shops
(FPSs) functioning in the country. Nearly three-fourths of the FPSs are located in rural areas.

The major findings of the study are summarized below:

The Central Government expenditure on food subsidy increased five times between 1999 – 2000 to 2008 – 09. The rate of growth of central government expenditure on food subsidy slowed down in the year 1999-2000. A notable development is seen the sharp increase in the food subsidy only after 2000 – 01 amounting to Rs. 12,010 crores and Rs. 43,627 crores in the year 2008 – 09. The PDS performance in providing food security to the poor has been far from satisfactory.

There is a two-fold increase in the procurement of paddy as minimum support price to the farmers, during the 10 year period after 1999 – 2000. Similarly, the same rate of growth is seen in the case of wheat procurement price, from Rs. 580 per quintal in 1999 – 2000 to Rs. 1080 per quintal in the year 2008-2009.

The growth of distribution cost of rice had increased from Rs. 172.69 per million tonnes in 1999 – 2000 to Rs.345.8 per million tonnes in 2008 – 09.

The number of fair price shops functioning for the poor in India was 4,75,034 in 2002-03 and it had increased to 4,95,845 shops in 2007-08 during the Xth Five Year Plan period. The number of ration
card holders had also increased from 2232.70 lakhs in 2002-03 to 2333.43 lakhs in 2007-08.

During the year 1999–2000, the total procurement of wheat was 14.14 million tonnes and that of rice was 16.62 million tones. The wheat procurement decreased to 9.23 million tonnes in the year 2006–07. In the case of total wheat procurement, there was a two times growth from 14.14 million tonnes in 1999–2000 to 22.69 million tonnes in 2008–09. But the procurement of rice had only a two fold increase from 16.62 million tonnes in 1999–2000 to 32.84 million tonnes in 2008–09.

The stock level of both the foodgrains - wheat and rice shows a positive growth trend during the study period (1999-2000 to 2008-09).

The allocation and off-take level of wheat under PDS shows a medium level of performance. During the study period, (1999 – 2000 to 2008 – 09), the off-take and allocation level of wheat was not satisfactory, compared with the allocation and off-take level of rice under PDS in India.

In procurement of paddy to the tune of 1,97,321 million tonnes had increased to 16,46,819 million tonnes during the study period. Regarding paddy in Tamil Nadu, month to month change is seen in the paddy quantity, cost, distribution and PDS price also. Than
procurement paddy allotment of 6000 million tonnes to the Public Distribution System had increased every year.

The scale of supply under PDS was 35 kgs of rice, 2 kgs of sugar, 10 kgs of wheat, 15 litres kerosene, 2 kgs of maida, 2 kgs of rava, 1 litre of Palmolin oil, 1 kg of Toor dhal, 1 kg of urid dhal, 1 kg of mixed spices in Tamil Nadu. The scale of supply varies from place to place and depends on the option of the card holders.

The number of ration cards in Tamil Nadu during the period 1999 – 2000 to 2008 – 09 has been increasing. The number of ration cards under circulation increased from 156 lakhs in 1999-2000 to 169.84 lakhs in 2008-09. It is clear that there is a steady growth in the number of family cards under Public Distribution System in Tamil Nadu.

The rice off-take had increased from 21,12,647 million tonnes in 1999 – 2000 to 36,32,017 million tonnes in 2008-09. The growth rate was the highest i.e.32,23,508 million tonnes in the year 2005 – 06 from 25, 29,491 million tonnes in 2004 – 05. It is inferred that there is a positive growth of PSD rice off take in Tamil Nadu due to the increase in the number of card holders.

The wheat off-take level in Tamil Nadu during the period from 1999-2000 to 2008 – 09 shows a positive trend. It shows that the wheat off-take level increased from 47,486 million tonnes in
1999-2000 to 98,874 million tonnes in 2008 – 09. This shows that there was a two fold increase in the off-take of wheat in Tamil Nadu state during the period of study.

Sugar off-take under PDS in Tamil Nadu state increased from 2,28,840 million tonnes in 1999 – 2000 to 3,48,220 in 2008-09. Despite, a gradual rise in the price of sugar distributed through ration shops, the off-take level increased year by year.

The allocation of kerosene to the PDS of Tamil Nadu has been decreasing year by year and it shows the negative trend of growth during the study period. The allocation of kerosene decreased from 7,20,076 million litres in 1999 – 2000 to 5,58,929 million litres in 2008-09.

Out of the total 270 bunks, only 115 bunks are distributing kerosene under PDS. The other bunks are to be developed and the PDS should be improved with proper modifications and reforms in Tamil Nadu.

The food subsidy provided by the Government of Tamil Nadu increased from Rs. 511.36 crores in 1999 – 2000 to Rs. 2988 crores in 2008 – 2009. During the period of 10 years of study, the food subsidy for PDS in Tamil Nadu state increased six times.
In Kanyakumari district, in the case of rice, 12 kgs of rice was distributed to each card holder in the year 2001 – 02 and it was enhanced to 20 kgs in 2008-09. The supply of 2 kgs of sugar per card in 2001 – 09 had been changed to 3 kgs of sugar supplied to option card holders in lieu of rice in 2008-09. In 2001 – 02, the wheat supply per card was 10 kgs in district head quarters and 5 kgs per card in other places.

The Kalaignar Karunanithi Scheme of Re. 1 per kg was functioning in the study area. The essential palmolin oil, rava, maida are also distributed at the reduced price during the study period from 1999-2000 to 2008-09. The price of all the commodities had increased by two times in the study district during the ten years (1999 – 2000 to 2008 – 09) due to inflation and purchasing power of the people in Kanyakumari district.

There is a positive growth in the stock of essential commodities in Kanyakumari district during the study period from 1999 – 2000 to 2008 – 09. Due to the population growth the increased, number of card holders and the rising level of PDS beneficiaries have influenced the stock position of the essential commodities under PDS in the study area.

The number of ration shops had increased from 568 in 1999-2000 to 631 in 2008-09 in Kanyakumari district. In Agastheeswaram
taluk, the number of ration shops also increased from 138 in 1999-2000 to 166 in 2008-09. Out of the total ration shops, 22 ration shops are run by the Self-Help Groups in Kanyakumari district. The Tamil Nadu Civil Supplies Corporation plays an important role in the PDS distribution in Kanyakumari district.

The number of ration cards had increased from 5,11,034 in 1999–2000 to 5,48,412 in 2008–09 in Kanyakumari district. In Agasteeswaram taluk, the number of ration cards increased from 1,49,888 in 1999–2000 to 1,77,652 in 2008–2009.

The total number of ration shops increased from 138 in 1999-2000 to 166 in 2008-09 during the study period in Agasteeswaram taluk. In Nagercoil, the number of shops increased from 35 in 1999-2000 to 40 in 2008-09. In Anjugramam rural and Veppamodu town the ration shops also increased from 5 in 1999 - 2000 to 10 during 2008-09 in Agasteeswaram taluk of Kanyakumari District.

The number of ration cards in Agasteeswaram taluk had increased during the period from 1999– 2000 to 2008 – 09 in Kanyakumari district. In Agasteeswaram taluk, the number of ration cards increased from 1,49,890 in 1999 – 2000 to 1,77,652 in 2008 – 2009. In the main division, Kottar, the number of ration card had increased from 26530 in 1999 – 2000 to 28,621 in 2008 – 2009.
Nearly 10 per cent of the respondents benefited under the PDS without having their own ration cards and more than 30 per cent of the non-card holders are getting the PDS benefits with other people's cards in Kanyakumari district.

The study reveals that 42.1 per cent of the sample respondents (101 respondents) belong to the age group of between 31 – 40 year.

The study reveals that 82 per cent of the total respondents (97 respondents) are males and 18 per cent (43 respondents) are females.

As a whole 75 per cent of the respondents (179) are Hindus; 17 per cent (41) are Christians and 8 per cent respondents (20) are Muslims. It is inferred that Hindus dominated the PDS respondents in Agasteeswaram Taluk of Kanyakumari district.

Out of the 240 respondents 96 respondents (40 per cent) belong to the BC community, and 84 respondents (35 per cent) to the SC/ST community. The study reveals that majority of the sample respondents belong to BC community (40 per cent) in the study area.

Out of the 240 sample respondents, 119 (50 per cent) had completed primary education, 71 respondents (30 per cent) secondary school level, 6 respondents (25 per cent) are educated above school level and 44 respondents (18 per cent) were illiterates in the study district. Thus 50 per cent of the respondents had completed primary
education in Asasteeswaram and they formed the major part of the total respondents.

The study reveals that the average family size of the PDS beneficiaries is 4.41 in rural areas and 4.61 in urban areas. But in the case of PDS non-beneficiaries, the average family size is very low, i.e., 2.27 in rural and 2.55 in urban areas. It is inferred that the family size influences, no doubt, the purchase of essential commodities from the ration shops.

The average asset value of the sample household was Rs. 47,989 in rural areas and Rs. 67,394 in urban areas. It is inferred that the PDS beneficiaries are having low level asset position in rural as well as in urban areas.

In the rural area, the number of Agri labourers are higher than other labourers and in urban area non-agri labourers are higher in number. Thus, majority of the sample respondents (44.16 per cent) are non-agri labourers in the study area.

The PDS beneficiaries and non-beneficiaries got average employment of 238.47 days and 223.77 days respectively in rural areas. In urban areas, the PDS beneficiaries got 218.59 days and non-beneficiaries got employed for 226.63 days.
In the rural areas, the PDS beneficiaries’ average monthly income in agriculture, non–agriculture, profession and others sectors was Rs. 1679, Rs. 1673, Rs. 2158, and Rs. 1237 respectively. It is inferred that the average monthly income drawn by the PDS beneficiaries was very lower than the poverty line income status.

The households having high income are small in number and households having low income are larger in number. However, larger number of households come in the income range of Rs.25001 – 105001. The higher income groups are comparatively small in number but their influence on the total income and expenditure is significant.

The average monthly consumption expenditure of the PDS beneficiaries has changed after the implementation of the scheme of one rupee one kilogram of rice. The average rice consumption by PDS beneficiaries had increased and from 15.8 kg in 2005 – 06 to 40.7 kg in 2009 – 10. The increase is because of the supply of quality rice at a very cheap price of Re. 1 per kg.

The non-food expenditure of the PDS beneficiaries was Rs. 4536.06 in 2009-2010. Among the various items of expenditures, education expenditure was higher than the other expenditures. The expenditure meagre was very in the case of expenditure on entertainment.
While, comparing the consumption expenditure, on food items for two different periods of 2005-06 and 2009-10, it was found that among the PDS beneficiaries and non PDS beneficiaries, the expenditure level of the PDS beneficiaries had increased at a low rate. At the same time, the consumption expenditure on food items of the non PDS beneficiaries had increased at a high rate.

The study concludes that except medical expenditure all other non-food expenditure by non-PDS beneficiaries have increased during the study period.

It is inferred that only Rs. 1513.39 had increased on food expenditure from 2005-06 to 2009-10 among PDS beneficiaries and Rs. 2297.77 had increased among the non-PDS beneficiaries from 2005-06 to 2009-10. For non-food items, the changes in expenditure was Rs. 4536.06 for PDS beneficiaries and Rs. 8378.4 for non-PDS beneficiaries during the study period.

The debt position of the PDS beneficiaries and non-PDS beneficiary households have declined during the study period.

The income elasticities of expenditure on food and non food are 0.3544 and 1.0534 which means that the household size being constant one per cent increase in the income of the household size causes 0.35 per cent and 1.05 per cent increase on food and non-food
items respectively. Regarding the household size elasticities, keeping the household income constant, an one per cent increase in the household size causes 0.14 to 0.51 per cent increase in the expenditure on food and non-food items.

The $R^2$ value shows that these explanatory variables explained about 0.51 percent of the variation in food and non food expenditure of the non-PDS beneficiaries in 2009-10.

The study reveals that more than 66 per cent of the respondents availing the PDS benefits reside only within 2 kms distance from the ration shop and the remaining 34 per cent of the respondents have to walk for more than 2 kms for to reach the ration shops.

Most of the PDS beneficiaries (40 per cent) came to know about the supply of PDS commodities in the concerned ration shop only through their friends and relatives and 30.8 per cent of the respondents’ know about the supply through the notice board.

Out of the 120 PDS beneficiaries, 80 cardholders have received their ration cards from the revenue officials, 32 respondents from the village leaders and 8 respondents from the politicians.

The study reveals that the supply of rice, wheat, sugar, rava, maida and Palmolin oil under PDS is adequate to the family. But kerosene is not adequate to the PDS beneficiaries.
Out of the 120 PDS respondents, 84 PDS respondents are aware that giving their cards to others is legally wrong. But 34 PDS respondents are not aware of it. Out of the 120 non PDS beneficiaries, 86 respondents (34 per cent) are aware and 32 respondents are not aware about the legal implication in giving their cards to others.

Regarding the purchase of rice, 63 PDS beneficiaries respondents purchased rice only from PDS ration shop and 17 sample respondents purchased rice from open market. The study found that a large number of respondents are using the PDS for purchasing all essential commodities.

Most of the non cardholders (30.59 per cent) have applied recently for ration cards to the Taluk office in the study district.

The study reveals that 21.7 per cent of the respondents’ feel that the ration shops are functioning regularly, 28 per cent feel that the entitled quota of ration is supplied, 11.3 per cent said that the availability of ration items is displayed every day, and 38.8 per cent feel that correct weighment must be ensured. It is inferred that supply of PDS commodities in the correct weight would pave the way for the effective functioning of PDS in Agasteeswaram taluk of Kanyakumari district.
6.2 SUGGESTIONS

The following suggestions will be helpful for the effective functioning of the PDS, for the alleviation of poverty and malnutrition in the state.

Three types of cards for different categories of consumers may be prepared for effective identification not only for PDS but also for other security net benefits - yellow for Antodaya families; blue for BPL families and white for APL families. It would also help in the better allocation of quota to the depot holders and check diversion of foodgrains.

Inter-state visits of Food and Civil Supplies authorities and fair price shop owners, preferably to Andhra Pradesh and Kerala, should be organized. The lessons learned from the visits and their good features can be adopted in Tamil Nadu.

A monitoring mechanism, through the effective involvement of not only panchayat members but also other sections of society, such as members of youth clubs, self-help groups and Mahila Mandals, need to be evolved. This would prevent exclusion of genuine beneficiaries, proper functioning of the fair price shops and control diversion of foodgrains.

The fair price shops need to be within the village. If it is not possible, it can open extension counters, with fixed dates and timing.
Home delivery system as is operating in Kerala may be tried. Kerosene, sugar and other essential items need to be supplied at subsidized rates to Antyodaya and BPL families.

Effective linkages between the Poverty Alleviation Programme (PAP) and PDS have to be established for achieving equilibrium between demand and supply of foodgrains distributed through PDS.

Political commitment, administrative ingenuity, fairness in the selection of people to run fair price shops and effective participation of Panchayat Raj institutions and society and gender role and sine-qua-non are essential for the effective functioning of PDS.

As many APL households are not using their ration cards for purchasing foodgrains, this facility may either be withdrawn or be made available to them seasonally in order to effectively target the poor and check leakage and diversion of foodgrains to the free market.

A study on the efficacy of fair price shops run by different organizations and individuals needs to be conducted and more effective and poor friendly system need to be promoted in the state.

Careful attention needs to be paid to ‘E’ mistakes (exclusion of deserving persons) and ‘I’ mistakes (inclusion of non-deserving persons) while selecting beneficiaries of BPL, AYY and Annapurna schemes, particularly, the latter two schemes. Panchayats need to be
given full autonomy in the selection of households living below poverty line and interference of the line department should be minimum.

Fair price shops should be established in each village and supply of commodities should be made regularly, so that beneficiaries with their scarcity of farm resources can avail properly the facilities of PDS.

Adequate quota to equate the allotted ration cards to each FPS and per capita quota should be increased. Moreover, to increase the purchasing capacity of the poor, beneficiaries should be permitted for lifting their quota weekly or fortnightly instead of once in a month.

Vigilance committee must have strict supervision and control on FPS owners through periodical checking for avoiding mal practices. In fact, the monitoring and evaluation should be one of the components and a part of the inbuilt system of the PDS.

Since government efforts are in favour of more powers and authority to Gram Panchayats, all village Panchayats should be given power and authority to check and supervise the working of FPS in their respective jurisdiction.

At the time of allotment of FPS, unemployed and educated rural youth should be given priority as FPS owners. In this way PDS scheme may also serve as an employment generation programme.
Since a major population of India lives in villages and their main occupation is agriculture, there is a need to develop a complete linkage between the PDS and the Department of Agriculture.

The Department of Agriculture should take an initiative in nominating the activities of FPS owners, with respect to transfer of agricultural technology. These dealers may be designated as Animator or Local Change Agent. If appropriate, they may be paid a token honorarium for the services rendered by them to PDS beneficiary farmers.

Likewise, the department of supply should also make pre-requisite conditions while providing the agency dealing with PDS. It must have complete exposure of agricultural know-how, like different sources of availability for agriculture inputs, their prices, using techniques etc. Such exposure can be provided through the Department of Agriculture extension units of Agricultural Universities, non governmental organizations, Krish Vigyan Kendras etc.

Thus, FPS may also serve as ‘Community Centre’ or ‘Agricultural Information Centre’ for providing the technical information where some visual aids on agricultural production activities can be displayed, so that whenever the PDS beneficiary farmers visiting the FPS for getting their quota may also learn through the visual materials displayed. Farm literature for free distribution
may also be made available at FPS so that the farmers, interested in acquiring technical knowledge can obtain such information/literature from FPS keeper / change agent.

In addition to supply of essential consumable commodities at FPS, agricultural inputs like improved seeds, fertilizers etc. may also be made available to the farmers which would be very helpful for them to access, as they may purchase the inputs along with commodities under PDS. These two types of commodities and inputs should be kept separate so that agricultural inputs may not come in contact with the consumable essential goods.

When all these additional activities of agricultural production are attached to FPS, then a regular and timely opening of the shop could very well be ensured and beneficiaries can also minimize their visit and time consumption for getting the commodities from the FPS.

In conclusion, by way of providing technical knowledge to the PDS beneficiaries farmers by FPS keepers and also making the agricultural inputs available, the agricultural farm production potential will increase. This will reduce the dependency of the beneficiaries farmers on PDS and the time required for procuring the commodities could economically be utilized for some other productive purposes which will enhance the income of the beneficiary farmers. Though FPS will continue to serve as a source of supplying the
essential goods, particularly, to small, marginal farmers, tribals backward community, labourers and other vulnerable sections of the society.

6.3 CONCLUSION

While concluding, it is suggested that good governance, community ownership of PDS and good pricing would go a long way in promoting the efficiency of PDS in Tamil Nadu. Emphasis must be given both to quality and quantity of foodgrains, catered through PDS. Raising the purchasing power of the poorest of the poor through income and employment generation and streamlining of PDS, would arrest hunger deaths and ensure food security to all.