CHAPTER VI

SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSIONS

A summary of the findings of the study, suggestion and conclusion are presented in this chapter. The summary of the findings is detailed in the first section, the second section presents few suggestions for the effective functioning of the PDS during the liberalisation period and the conclusions are given in the last section of the Chapter.

6.1 SUMMARY

Introduced in response to very critical food shortages in the 1960's, PDS has evolved into a price support-cum-subsidy program in India. The program has continued more or less unchanged, although the food scenario at the macro (national) level has changed from one of scarcity to a surplus situation. PDS subsidies account for substantial budgetary expenditures at the central level; public spending levels are exceptionally high in which they have their own subsidy programs. Moreover, the country is implementing an new economic policy program. At no time is the question of the efficacy of PDS as a safety net more relevant than now, especially since the Government has recently
embarked on drastic reforms of the system. Although PDS is an over researched subject in India, few studies have analysed subsidy of PDS and government intervention and costs of PDS relative to other similar programs. Almost no studies exist that compare welfare and costs of the PDS beneficiaries and non-beneficiaries. Hence, the study aimed at hand to filling this gap.

The specific objectives of the study were:

1. To analyse the physical and financial targets and achievements of public distribution system at various levels;

2. To study the relation between PDS prices and open market prices, before and after the implementation of new economic policy.

3. To assess the changes in the level of employment and income, expenditure, saving pattern and indebtedness of the PDS beneficiaries after implementation of new economic policy;

4. To study the Impact of PDS on the inequality of income among the PDS beneficiaries and non-PDS beneficiaries, and

5. To study the problems in the implementation of PDS in Dindigul district and to suggest suitable remedies.
The primary data as well as secondary data were used for the present study. In order to analyse the functions and performance of the Public Distribution System in Dindigul District, the secondary data for 10 years from 1989-90 to 1998-99 were collected from the Department of Civil Supplies. The budget allocation, subsidy rate, expenditure for PDS, price variation, quantities supplied etc. were analysed with the help of secondary data. For collection of secondary data various sources were tapped. The predominant among them were Directorate of Food and Supplies, Government of Tamil Nadu, Ministry of food, Government of India, Economic and Statistical Advisor to the Government of India, Ministry of Finance and District food and supplies controller, Dindigul. Data on production procurement, and distribution of wheat and rice were taken from various issues of bulletin of food statistics. The primary data were collected through questionnaire during period 1999-2000 and also asks the situation of the period 1993-94 with same questionnaire.

For the micro level analysis Dindigul district was purposively selected for the study because the researcher is familiar with the District. One taluk for the district was selected
on the basis of the larger number of PDS beneficiaries. After selecting a taluk for the study, one town (Dindigul) and one block (Athoor) from the taluk were selected on the basis of the same criterion. Two municipal wards from the sample town - Balakrishnapurarn, YMR Patti and two revenue villages from the sample block - Perumalkovilpatti and Chinnalapatti were also selected for the study.

A sample of 50 PDS beneficiaries and 50 non-beneficiaries of PDS were randomly selected from each sample town and each sample block with the help of ration cards. A total of 100 PDS beneficiaries and 100 non-PDS beneficiaries were interviewed with the pre-tested questionnaire. Separate interview schedule was used for each respondent of PDS and non-PDS beneficiaries. The primary data on various aspects were collected during the year 1999-2000.

Simple average and tabular analysis were used to analyse the secondary and primary data. Other suitable statistical techniques such as correlation, Gini Ratio and Engel's law were also used in the study. Further, a comparative analysis was done in order to study the impact of the new economic policy on PDS in Tamil Nadu. The reference year was 1993-94 because it
was on the same year the Government of Tamil Nadu introduced changes in the PDS in response to the new economic policy.

THE MAIN FINDINGS OF THE STUDY ARE SUMMARISED BELOW:

Regarding the annual allocation of rice, it has continuously increased from 11.36 million tonnes in 1991-92 to 13.32 million tonnes in 1994-95. The increasing procurement and the declining off-take have caused stocks of foodgrains at FCI godowns to reach unmanageable levels.

Periodic central issue prices of fine rice have increased from Rs. 349 per tonne in 1990 to Rs. 617 per tonne in 1994. The rising issue prices have helped to keep the open market prices above levels that the market would have determined. The central government issue price was Rs. 375 per quintal in 1998-99. But the state government issue price has doubled at Rs. 700 per quintal in the same period.

The foodgrains supplied increased from 8.0 million tonnes in 1991 to 17.4 million tonnes in 1999. The supply of foodgrains continuously increased and the Government of India was fully involved systematically in the supply of foodgrains to the cardholders.
The expenditure on central subsidy had declined by 27 percent between 1992-93 and 1994-95. The distribution of the central subsidy for wheat and rice was more or less equal except in the year 1994-95, when the share of wheat had increased to 65 percent. The rate of growth of central government expenditure on food subsidy slowed down after 1993-94. The cost of food subsidy increased from Rs. 63.90 crores to Rs. 1000 crores in the period from 1984-85 to 1998-99 in Tamil Nadu. The amount of subsidy had increased according to the growth of PDS beneficiaries in Tamil Nadu.

A higher procurement of paddy was handled only in Thanjavur district and Tiruvarur district of Tamil Nadu. Nearly, 3,10,000 million tonnes in Tanjavur and 3,00,000 million tonnes of paddy were procured from these districts during the study period.

The number of fair price shops in Tamil Nadu had increased from 23,125 in 1996 to 26,515 in 1999, as per the policy of the government to start at least one fair price shop in each revenue village.
The scale of supply of rice is 20 kgs for a period of one month per cardholder. The kerosene supply is allotted to the cardholders through the number of LPG connection. The cardholders having single LPG connection and kerosene supply is 15 litres in the municipalities, 10 litres in the township and 3 litres in the rural areas of Tamil Nadu. The Kerosene bunks have opened for the supply of correct scale of supply to the cardholders and 362 kerosene bunks were functioned in the year 1999-2000.

There was no change in the limits of supply of PDS commodities to the cardholders for the years 1989-90 and 1998-99 in Tamil Nadu. Except wheat, limits of supply of other commodities were same, and the kerosene limit was increased from 10 litres to 5 litres in corporation areas.

After the implementation of the New Economic policy, the price of wheat had increased from Rs. 2.60 in 1991-92 to Rs. 7.30 in 1998-99 and the price of sugar had also increased from Rs. 5.25 to Rs. 12.00 during the same period. The essential commodities such as Rice, Sugar, and Kerosene at PDS price
level were lower than the open market prices. The price of wheat was Rs. 9.75, Rava was Rs. 12.80 and maida was Rs. 12.30 in the year 1999-2000.

The study observed that there is highly positive correlation between PDS price and open market prices of fine rice, wheat, sugar and palmolin oil, since it is significant at 1 percent and 5 percent level. The result of the 't' test does support the hypothesis that there is relationship between two variables -PDS and open market price.

In Dindigul District, rice supplies had increased from 38968.805 tonne kilograms in 1989-90 to 63024.767 tonne kilograms in 1998-99. Similarly, the supply of sugar, rava, kerosene, had also increased during the same period. Except wheat and palmolin oil, supplies of all other essential commodities had increased under PDS in Dindigul District.

The total number of ration shops had increased from 476 in 1989-90 to 624 in 1998-99 in Dindigul District. After the implementation of the New Economic Policy, it increased from 492 in 1991-92 to 624 ration shops in 1998-99. A large number of ration shops were found to be located in Dindigul Town Frika (Urban) and Chinnalapatti Frika (Rural).
A large number of ration cards were in circulation in Dindigul Town Frika (Urban) (46019) and Chinnalapatty Frika (Rural) (17810) in the year 1998-99 in Dindigul Taluk. The number of ration users are living in Dindigul Town Frika (Urban) and Chinnalapatti Frika (Rural) in Dindigul Taluk of Dindigul District.

The total PDS beneficiaries of the sample respondents, 85 respondents are cardholders and 15 respondents are non-card holders. Of the non-PDS beneficiaries, 70 respondents are non card holders and 30 respondents are cardholders. It is inferred that 85.0 percent of PDS beneficiaries are cardholders and 70.0 percent of non-PDS beneficiaries are non-card holders.

Of the total sample respondents, 98 respondents (49.0 percent) are working as non-Agricultural labourers, 45 respondents (22.5 percent) are Agricultural labours, 22 respondents (11.0 percent) are doing business, 17 respondents (8.5 percent) are cultivators (land holders) and 18 respondents (9.0 percent) are working as profession also in Dindigul district. Thus, majority of the sample respondents (49.0 percent) are engaged in non-agricultural activities in Dindigul District.
The age-wise average family size of the beneficiaries are 295 (3.92), 454 (6.05), 206 (2.34), and 89 (1.18) wise in the age group between 0-15, 16-35, 36-50 and above 50 in the period 1999-2000.

The average number of working days of the PDS respondents on an average was 175.19 days per year in 1993-94 and 194.34 days per year in 1999-2000 by the PDS beneficiaries and the number of working days has increased from 191.80 days in 1993-94 to 216.36 days in 1999-2000 by the non-PDS beneficiaries.

The average monthly income of the PDS respondent are Rs.537 in 1993-94 to Rs.856.2 in 1999-2000 and non-PDS respondent are Rs.654.4 in 1993-94 to Rs.1509.4 in 1999-2000.

It implies that those households who have higher income have less members and those income is lower have more members. However the large number of households is found in the income range of Rs. 25000-105001 in the study area. The Gini ratio of PDS and Non-PDS respondents is 0.31 per cent and 0.42 per cent in 1993-94 and in 1999-2000, the Gini ratio of the PDS and Non-PDS beneficiaries is 0.36 percent and 0.47 percent.
Gini Coefficient implies that the higher income groups are comparatively small in number but their influence on total income and expenditure is significant.

It cleared that average annual food expenditure of PDS respondents household is Rs. 11185.63 and non food expenditure is Rs. 12972 in 1993-94 and it has increases to Rs. 13678.67 and Rs. 18956.4 in 1999-2000. The average annual food expenditure is Rs. 13390.07 and non- food expenditure is Rs. 23427.6 in 1993-94 and it has increases to Rs.22434.97 and Rs. 33090.0 in 1999-2000 by the non PDS respondent.

The change on the average annual non-food expenditure of the PDS beneficiaries was Rs.2493.04. The changes were very meager in the case of house rent and education and household item. The average house rent expenditure had increased from Rs. 206.6 in 1993-94 to Rs. 274.4 in 1999-2000 and the education expenditure had increased from Rs. 519.5 to Rs 656.8 during the same period.

The expenditure made on food and non-food due to increase in income and household size in 1993-94 is greater than that of the expenditure made on food and nonfood by PDS beneficiaries due to increase in income and household size in 1999-2000.
The changes in average monthly saving an increases Rs. 31.2 during period from 1993-94 to 1999-2000 by PDS respondents and the changes in average monthly savings an increases of Rs 58.6 during period from 1993-94 and 1999-2000 by the non PDS respondents.

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

33 percent PDS beneficiaries respondent revealed that the Distance between home and ration shop is more than 2 km. for 49 PDS and 64 non-PDS respondents reported that the ration shop were convenient, 21 PDS and 20 non-PDS respondents suggested to set up the ration shop in their nearby living areas.

Most of the PDS beneficiaries (33 Percent) came to know about the supply of PDS commodities in the concerned ration shops through the notice board and friends (33.0 percent) and through relatives (25.0 percent) in the study district.
77 cardholders (67 percent) received their ration cards from the revenue officials and 30 respondents (26 percent) received their ration cards from the village leaders.

A large number of respondents opined that rice (54) and wheat (57) qualities supplied through PDS are good, but the opinion on the quality of kerosene and palmoline oil is fair but expressed dissatisfaction on the poor quality of sugar, rava, and maida.

Most of the respondents opined that the supply of Rice (27), Wheat (33), Sugar (55), Rava (42), Maida (34), under PDS are adequate to the family, but the kerosene (39) is not adequate to the PDS beneficiaries.

The reasons for not purchasing the ration items are that no suitable time for purchase, shortages of weight, and irregular functioning of ration shops in the study district. 8 respondents answered that the card is mortgaged due to lack of money.

Most of the non-cardholders had applied (30.59) for the ration cards to the taluk office in the study district.
6.2 SUGGESTIONS

1. Keeping in view the twin objectives of economic development with social justice, the food subsidy may be continued in the near future. However, it may be restricted to the vulnerable population only.

2. Entitlement of commodities to be supplied through public distribution system in the state may be increased at least to the extent of minimum calorie requirement as per the recommendations of Indian Council of Medical Research.

3. For bringing efficiency in the system:
   a) Commodities may be supplied at door-steps of the beneficiaries.
   b) Fair price shops should be allotted to the residents of the same village in rural areas and that of the same locality and ladies should be given preference for allotment of such shops.
   c) Efforts should be made to make fair price shop business remunerative, which could be done partly by increasing the number of ration cards per shop and partly by raising the rate of commission.
   d) Efforts should be made to bring regularity in supply of PDS commodities.
e) The ration cardholders should be made aware of functions and composition of vigilance committees and formation of such committees should be taken up seriously.

4. In addition to terms of trade between monetary benefits and costs associated with PDS, while making policy decisions its indirect benefits should also be taken into consideration,

5. Display boards should be put up properly indicating the availability of stocks and availed number of cards in PDS Beneficiaries.

6. Distribution of kerosene may be systematised as per the allotment and the Gram Panchayat should monitor the distribution regularly.

7. Panchayat Surpanch and revenue official should ensure that the genuine persons to get ration cards while recommending and duplicity of the family members should be avoided.

8. It is suggested that for these smooth functioning of PDS, PCI should have storage capacity to maintain 3 months of stock to avoid delay in delivery of PDS articles. This means creation of adequate infrastructure and more investment of FCI.

9. There is a need to reduce the number of PDS dealers and to introduce a system of composite dealership to serve better effective supervision and viable delivery system. Steps should
be taken to reduce the number of storage agents and retailers for a close and proper monitoring. Composite retailers should be appointed so that the consumer gets all PDS commodities at a single location.

10. The transport charges paid to storage agents and to the retailers should be enhanced. Moreover, Gram Panchayats as retailers, they should have some credit facility to lift the stock.

The suggestion of the respondents for good functioning of fair price shops are: regular functioning (21 percent), supply entitled quota of ration (29.0 percent), Display the availability of ration everyday (8.5 percent) and ensuring correct weight (41.5 percent). The study suggested that supply of PDS commodities at correct weight would pave the way for effective functioning of PDS in Dindigul district of Tamil Nadu.

The respondent's opinion about running of PDS by the Gram Panchayat, the majority of the respondents (76.0 percent) had accepted the running of PDS effectively by the gram panchayat or under New Panchayat Raj System.
6.3 CONCLUSION

Rationing was introduced in India as a food control during the second World War but has come to stay as a permanent feature of our economy as clearly stated in this study. Today the PDS is intended not only to ensure adequate and timely availability of essential commodities to people in the rural and urban areas, particularly the weaker section.

Firstly this study in limited to Dindigul district of Tamil Nadu. It has a predominantly urban and rural population, a majority of whom are rice eaters. Hence their drawal patterns should be improved against this background. A brief review of the findings from previous research on PDS was provided in Chapter II. In a federal set up, the cost of PDS is borne by the central and state governments.

Availability of data has been proved to be a limitation - especially in the immediate after New Economic Policy period. Similarly, current data of some other state civil supply corporations and state warehousing corporation are available.
Having studied the evolution of rationing in India, Chapter -IV looks at the PDS in India and Tamil Nadu as it exists today in terms of allocation, stock, procurement, cost borne by the central government for selected year and special schemes. The rationing system was introduced in independent India as a fire fighting device and the controls were removed in period of easy foodgrain availability. Initially called the "FPS Scheme "it was renamed "PDS" in 1961-68. In the context of distribution, the state are relatively present entrants. Their function various from assessing the store department of food and civil supplies in procurement and distribution of essential commodities to declining in certain non-rationed commodities.

Having analysed the role and activities of the institutional framework for procurement storage and distribution in Chapter V gives as the details of the PDS network in Dindigul district. To the credit of PDS in the central of open market prices, even though it has shown a certain degree of ad-hocism in its functioning specially commodities coverage. In Chapter-V, the impact of New Economic Policy on PDS is measured for both rural and urban areas of Tamil Nadu, the chapter also derives indirectly the possible nutritional impact of
PDS. The central issue therefore is how to improve the efficiency of PDS in transferring food overdue. Targeted Public Distribution System is proposing to making great strides towards an improved targeted system.

The government primary objective has been to increase the "reach" of the PDS and therefore its efforts have been directed towards an increase in the number of PDS so as to cover the maximum population. The focus of policy makers therefore has to be an how to make a PDS effectively discharge its obligation as a dependable public distribution agency without being too much of a burden on the government and how to ensure its survival and growth through periods of surplus.

While concluding, the measures like composite dealership; doorstep delivery and enhancement of transport commission will improve the condition of PDS delivery at the cutting edge level. Along with that monitoring, vigilance, information about entitlement and accessibility factors from the consumers point of view should be strengthened to improve the reach of the delivery of essential commodities.
In order to avoid the transport and storage cost, the food stamps may be issued to the eligible households and they may be instructed to get the essential commodities from the open market by using the food stamps. The open market dealers may get the subsidy from the government by reimbursing the same food stamps.

However, further improvement are needed to reach poor cast effectively under the TPDS. India's own experience offers substantive guidance to approaches for reform. Some of the approaches to reform and their implications for the institutions involved are outlined in this study. Different approaches should be tried in different regions/ states and the experience gained be used for further restructuring.