ABSTRACT

In India, the New Economic Policy (NEP) is a set of policies and administrative procedures introduced in July 1991 to bring about changes in the economic direction of the country. It has got two major components of stabilisation and structural reforms. The major achievement of the New Economic Policy is the control of Inflation. Indeed there has been decline in the rate of growth of Wholesale Price Index (WPI) to 7.8 per cent as against 10.9 per cent during 1994-95. But a broad view of the seven years period reveals that the annual average growth rate of WPI was of the order of 9.1 percent during 1990-91 and 1997-98. Since 1996-97, the WPI showed a relatively small increase.

According to the Economic Survey 1996, almost 39 percent of India's Population live below the poverty line. On August 15, 1996, The Prime Minister declared that the Public Distribution System (PDS) would cover only the poorest of the poor, that is, population living below the poverty line. This group would be supplied food grains at 50 per cent of the central issue price, the price at which, ration shops sell their stock. The Government's main concern now is to identify the consumer groups on which the PDS would be targeted. In states like Tamil Nadu and Kerala, PDS users account for about 10 percent of the state's population. The policy of selective and targeted PDS, therefore, creates difficult situation in its implementation. It is time to study the operational aspects of the new economic policy and to come up with pragmatic strategies for its success on the public distribution system.
The main objectives of the study are: To analyse the physical and financial targets and achievements of public distribution system at various levels; To study the relation between PDS prices and open market prices, before and after the implementation of new economic policy; 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; To study the impact of PDS on the inequality of income among the PDS beneficiaries and non-PDS beneficiaries; and to study the problems in the implementation of PDS in Dindigul district and to suggest suitable remedies.

The major findings of the study are: The off-take of rice had increased from 6.74 Million tonnes in 1981-82 to 10.99 Million tonnes in 1995-96 and the supply of PDS commodities had increased from 19,58,727 metric tonnes in 1993-94 to 26,40,677 metric tonnes in 1995-96 in Tamil Nadu. Regarding the socio economic status, an overwhelming majority of the respondents belonged to the age group 31-40 years (46.5 percent) in the sample study area in the district. The majority of the respondents belonged to the backward class community in this district. After implementation of New Economic Policy, for the PDS beneficiaries, the average annual employment had increased from 191.80 days in 1993-94 to 216.36 days in 1999-2000.

It implies that those households who have higher income have less members and those income is lower have more members. The income range are classified as below Rs.25000, Rs.25001- Rs. 45000, Rs.45001- Rs.65000, Rs.65001-Rs.85000, Rs. 85001-Rs.105000 and Rs. 105001 and above. Gini coefficient implies that the higher income groups are comparatively small in number but their influence on
the total income and expenditure is significant. The effect of household size on consumption is also studied by calculating household size income and its elasticity is positive for food and non-food commodity groups. It implies that the expenditure on food and non-food commodity groups increase with family size.

For the non-PDS beneficiaries, the average annual employment had increased from 160.9 days in 1993-94 to 213.0 days in 1999-2000 in rural areas. Similarly in Urban areas, the average annual employment had declined from 222.71 days in 1993-94 to 219.68 days in 1999-2000. The average monthly income of PDS and non-PDS beneficiaries had increased from Rs.537.0 to Rs.856.0 and Rs.654.4 to Rs.1599.4 during period 1993-94 to 1999-2000 due to increase in the wage level and inflation during the new economic policy period.

The changes in average monthly savings of the rural PDS beneficiaries had increased to Rs.39.2 in rural areas and Rs.23.4 in Urban areas during the period from 1993-43 and 1999-2000. The changes in average monthly saving of the PDS beneficiaries had increased to Rs.54.4 in rural areas and to Rs.62.8 in urban areas during the new economic policy period. The PDS price for essential commodities such as rice, sugar, wheat, rava, rnaida, palmolin oil and kerosene was lower than the open market price.