



INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

Opportunities & Challenges of Public Distribution system in India

M. Jothi Muthu¹

Assistant professor

*Department of Commerce with Computer Application
Dr. Umayal Ramanathan College for Women, Karaikudi.*

Dr.R.Kalidoss²

Assistant Professor

*PG & Research Department of Commerce
Arumugam Pillai Seethai Ammal College, Tiruppathur*

Abstract:

*Public distribution system is a structure that is sponsored by a government and includes chain of shops trusted with the work of distributing basic food and non-food commodities to the disadvantaged group of the society at very low prices. The central and state governments shared the accountability of regulating the Public distribution system. While the central government is responsible for procurement, storage, transportation, and bulk allocation of food grains, State governments hold the responsibility for distributing the same to the consumers through the established system of Fair Price Shops. State governments are also responsible for operational responsibilities including allocation and identification of families below poverty line, issue of ration cards, supervision and monitoring the functioning of FPSs system (PDS) is an Indian food security system. **This paper tries and attempt to study the opportunities and challenges of Public distribution system in India.***

Keywords:

Ration Shop, Fair price shops, Commodities, Food security.

1.1 Introduction:

Public distribution system in India has developed since many decades. In Indian scenario, there is numerous natural disasters occurring and it results in famines and droughts that cause acute scarcity conditions. Government of India took various measures to help the victims in which the food security system was initiated. Such effort was taken up for the first time in 1939 under the British regime when the Second World War started. The government thought of distributing the food grains to the poor of some selected cities in which there was scarcity and also a situation where private, failed to provide commodities affordable by the poor. In 1943, after the great Bengal Famine, this distribution system was stretched to some more cities and towns. Continued periods of economic stress and disturbance like wars and deprivations gave rise to a form of food security system.

Originally, it concerned itself mainly with management of scarce food supplies, and afterwards it was found necessary to use a more organized and institutionalised approach including measures suspending normal activities of markets and trade. Such type of food security service existed in India for many years, in the shape of constitutional rationing in particular urban areas and continues to be present even today in a few metropolitan centres. Public distribution system (PDS) is a food security system responsible for providing basic food and nonfood commodities to the economically vulnerable sections of the society through government-sponsored shops (Fair Price Shops) at cheap prices in every nook and corner of the country. PDS was established under the Ministry of Consumer Affairs, Food, and Public Distribution and managed jointly with state governments.

1.2 Review of Literature:

Dr.Parul Gupta (2016)¹, in their article said that “**Efficiency of Public Distribution System: Insight and Challenges**”, the main objectives of the study is to maintain satisfactory level of operational and buffer stocks of food grain to ensure National Food Security. The researcher concluded that goods being distributed by the PDS shops does not satisfy human needs at every stage. The lack of government initiation is seen throughout the process. No surveys are being done by the government to ensure whether the goods are reaching to the end-consumers or not. The problems of infra-structural and office services are also seen at a very large scale. The lack of finance i.e. employees are not being provided by any kind of allowances also.

Mahima Gopal Ghabru (2017)², in their article said that “Public distribution system in India: Key Issues and Challenges”, the main objectives of the study is to identify the several issues and challenges in Public distribution system. The researcher concluded that PDS is one of the largest food security programmes in the world which primarily aims to improve food and nutrition security of the socially and economically vulnerable sections of the society. Over the years PDS has managed to survive the innumerable challenges but still, it is intensely scrutinized. The performance of PDS in certain states has been praiseworthy as it has provided assured food supplies to the needy. The PDS has been effective in reducing poverty, hunger as well as has been effective in strengthening income base of weaker sections by increased access to it over the years. However, a lot needs to be done to ensure efficiency in the system because, in various states, the system is still highly leaky and marked by targeting errors. PDS costs the exchequer hugely in the form of food subsidy hence quick and timely reforms are

a must for the efficiency of the system. The greater political will at Centre and State level can lead to achieving efficiency in the system.

1.3 Need for the study:

Public Distribution system had been in existence in India during the inter-war period, it had also emanated from the critical food shortages of the 1960's. In June 1997 the government started the targeted public distribution system in which states were required to formulate arrangements for the identification of the poor for delivery of food grain and for its distribution in a transparent and accountable manner at the fair price level. The Public distribution system has been functioning for more than four decades now, if we leave aside its predecessor, the rationing system. Its greatest achievement lies in preventing any more famines in India.

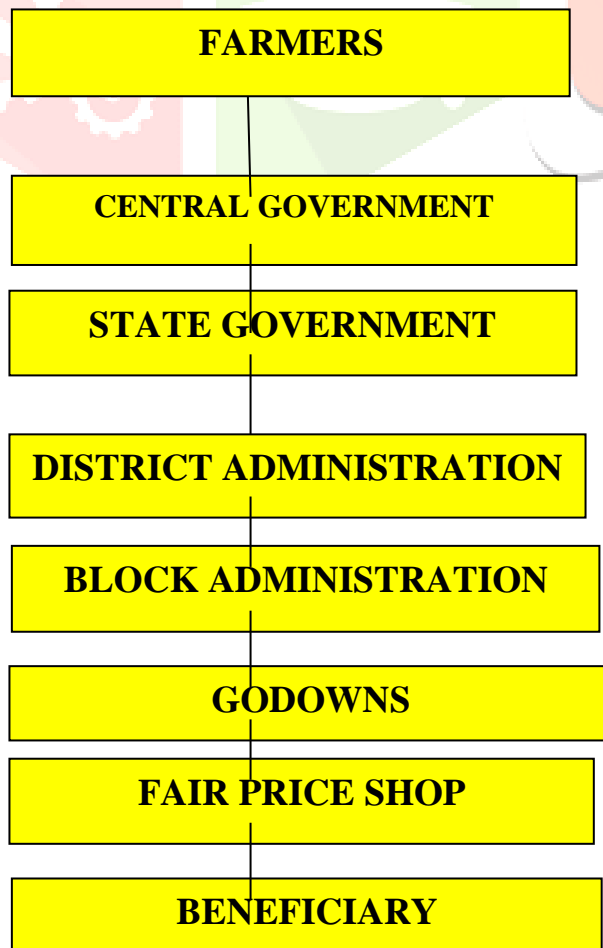
1.4 Objectives of the study:

The Main objective of the study is to know the opportunities and challenges of public distribution system in India.

1.5 Research Methodology:

Research methodology is the scientific approach to validate the research design. It is the process by which the researcher produces authentic research findings. The methodology part provides details about the research design for the study, the nature and source of data collected for the study and details about the research instrument used. The data were collected from Journals, Magazines, Books, and RBI Reports, Government of India.

1.6 Public Distribution Flow:



1.7 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**

[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 mobilization b) personal management c) Central management d) Survival of dealers e), Issue of ration cards f) Other problems

[A] **Capital mobilization:** Finance is the life blood of every business. Every businessman should mobilize 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 over draft; 10 per cent from co-operative development fund and the remaining from their own fund and overdraft.

[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 depends 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.

[C] **Procurement and Distribution:** The procurement of commodities is made by the Tamil Nadu 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 Cooperative 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 cooperative fair price shops.

[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.

[E] **Issue of Ration Cards:** In spite 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 134 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.

[2] Allotment and off take:

The entire public distribution system organization is centered 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 137 authority for timely allotments, it is observed the off-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 utilized 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.

[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 138 rented warehouses for storage. This forces the dealers to resort to malpractices.

[4] Staffing pattern:

The public distribution system is not resting on either the expert training which is a functional appcialisation of work, or the attitude of officialdom to activity. 139 The officials are yet to evolve in to the community of functionaries, who are integrated into the mechanism of the system. The absence of identity, coheshion and even striving for the goals by the member of public distribution defeat the very purpose and existence of the organizations.

[5] 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) Underweighting 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.

[6] 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.

[7] Other problems:

- 1) The consumer co-operatives are entrusted with public distribution system in addition to their 141 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.

Conclusion:

The Public distribution in the nation expedites supply of food grains and delivery of necessary merchandises to poor people through network of fair prices at a subsidized price on regular basis. 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 analyzed. 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 analyzed.

References:

- **Deepa K Thomas & P. Shanmugam (2018)**, “An Analysis of the Consumer Satisfaction with the Public Distribution System in Kottayam District”, International Journal of Research In Humanities, Arts and Literature, ISSN (P): 2347-4564; ISSN (E): 2321-8878, Vol. 6, Issue 4, Apr 2018, 311-316.
- **Dr.R.Velmurugan & D. Lavanya (2017)**,” An Analysis of the Consumer Satisfaction with the Public Distribution System in Coimbatore District”, Journal of Advanced Research in Dynamical and Control Systems, ISSN : 1943-023X, 05-Special Issue, July 2017.
- **Bhagyasree PG (2017)**,”A Study on the Performance of Public Distribution System With Reference To Colachel Municipality”, IOSR Journal of Economics and Finance (IOSR-JEF) e-ISSN: 2321-5933,.Volume 8, Issue 3 Ver. III (May - June 2017), PP 61-68.
- Kumar Ashok and M.T. Naveena (2014) “Public Distribution System in the Context of Social Security and Poverty Alleviation in Mysore District, Karnataka”, Journal of Research in Humanities and Social Science, 2(12), 49-53.
- Chandanshiv M and Narwade S (2013) “An evaluation of PDS in Maharashtra- a Case Study”, Excel Journal of Engineering technology and management science, 1(4), 1-10.
- Puri Raghav (2012) “Reforming the Public Distribution System: lessons from Chhattisgarh”, Economic Political weekly, XL VII (5), 21-23.

