

## PUBLIC DISTRIBUTION SYSTEM

### (Item No. 28)

The Government attach the highest priority to the efficient and smooth functioning of the Public Distribution System to ensure easy availability of essential commodities and alleviate the distress caused to the weaker sections of the Society in obtaining such items at affordable prices. The Public Distribution System must necessarily meet the expectations and aspirations of the common man in fulfilling his needs.

02. The basic foundation of the Public Distribution System depends upon four factors viz. availability, accessibility, acceptability and affordability. The Public Distribution System in the State has in its fold an extensive net work of 22959 Fair Price Shops. Of these, 17206 shops are in rural areas and 5753 in the urban areas. 21881 shops are run by the Co-operatives and 1078 by the Tamil Nadu Civil Supplies Corporation in urban areas. There is atleast one retail outlet in every revenue village. As per the State Government norms, a viable Fair Price Shop should have atleast 800 family cards. However, in the interest of reaching the cardholders in remote areas, more than 15000 shops are run with less than 800 cards each. The resultant loss is shared by the Government and the concerned Co-operatives.

03. Apart from the above networks, the State Government have empowered the Registrar of Co-operative Societies to accord permission to the Collectors to open part time Fair Price Shops where the distance between two Fair Price Shops exceeds 3 Kms. But to run such a part time shop, the building is obtained free of rent and no separate salesman is appointed. The salesman of the nearby shop looks after the part time shop also. There are 1783 part time Fair Price Shops functioning in this State in this manner.

04. To serve the public in far flung hilly and inaccessible areas, 30 mobile shops have been pressed into service in the following districts: Tirunelveli Kattabomman(2), Dindigul Anna(2), North Arcot Ambedkar(3), Periyar(2), The Nilgiris (6), Tiruchirapalli(1), Salem(5), Dharmapuri(1), Coimbatore(5), Tiruvannamalai Sambuvarayar(1) and Villupuram Ramasamy Padayatchiar (2). Government have introduced a Voluntary Distribution System in select places as a pilot scheme. Accordingly, retail outlets for distribution of essential articles are opened by the women's groups functioning under the Tamil Nadu Corporation for Development of Women or by women groups coming under the schemes for Development of Women and Children in Rural Areas (DWCRA). There are 135 such sub-retail outlets functioning as on 31.5.1996: Chengalpattu MGR(5), North Arcot Ambedkar(12), Tiruvannamalai Sambuvarayar(10), Dharmapuri(10), Salem(8), Periyar(1), The Nilgiris(4), South Arcot Vallalar(4), Villupuram Ramasamy Padayatchiar(7), Nagapattinam Quaid-e-Milleth(10), Tiruchirapalli(8), Pudukkottai(5), Madurai(21), Ramanathapuram(6), Kamarajar(2), Pasumpon Muthuramalinga Thevar(4), Tirunelveli Kattabomman(8) and Kanniyakumari(10).

05. The essential commodities like Rice, Wheat, Maida, Rava, Sugar and Kerosene are supplied regularly under the Public Distribution System to the cardholders. Palmolein is also supplied whenever the Government of India allot the same to the state.

06. There are four levels at which Public Distribution System functions, those are:-

- a. Statutory functions (performed by the Commissioner of Civil Supplies);
- b. Wholesale functions (performed by Tamil Nadu Civil Supplies Corporation Limited);
- c. Retail functions (performed by Co-operatives and Tamil Nadu Civil Supplies Corporation);
- d. Non-statutory Vigilance/Supervision functions (performed by local committees formed by Collectors);

The Government have considered the question of devolution of powers of Public Distribution System to Rural and Urban local bodies as required under 11/12 Schedules of 73rd and 74th Constitutional Amendments and decided for the present that only the Non-statutory Vigilance function can be devolved on the local bodies. Most of the rural shops function at a loss and there is an element of Government subsidy involved which is released by Government

post-facto, often-times, after several years. Also, this is a trading activity, undertaken with cash-credit assistance from banks. Government considered that the Statutory and wholesale functions appear clearly beyond local bodies' capability. The non-statutory Vigilance/Supervisory functions alone have therefore, been devolved on the local bodies by a specific Government order. (G.O. Ms.No. 84, Co-operation, Food and Consumer Protection (F1) Department, dated 4.4.96).

07. State Government have constituted a Committee for re-structuring Public Distribution System (PDS) in order to bring in efficiency and economy. Report of this Committee is awaited. The Union Government is also considering to revamp the PDS by targetting the people living below poverty line and introduction of price differential between the two groups of users viz., people living below poverty line and others. In this context it is necessary to analyse the issue of identification of the target groups as and when the Government enunciate the revised policy of targetting and dual pricing.

08. In the view of the State Planning Commission Group, the operation of the Public Distribution System is an economic activity and can be best done by the institutions which handle such works. Panchayats are socio-political institutions to cater to the service oriented activities. Like Village Panchayats, Cooperatives are also democratically elected bodies. The Cooperatives, unlike Panchayats, take up economic activities. In Tamil Nadu, the Cooperatives to a large extent, and for a very long time have been running Fair Price Shops. Thus, the balance of advantage, in the opinion of the State Planning Commission, is in continuing the present arrangements with Co-operatives.

09. However, it is necessary that PDS should be accessible to all, it should be efficiently run, and transparent. Panchayat Raj Institutions have direct and close local knowledge of the households and their needs of essential commodities. Therefore, PDS should be effectively linked to the Panchayat Raj Institutions to achieve the above stated objectives and to improve public confidence in the integrity of its operation. Having regard to this necessity and having analysed the status of PDS in the State, and having taken note of the statutory provisions in the subject, the State Planning Commission suggests the following powers and responsibilities to be devolved on the three tiers of Panchayat Raj Institutions.

### I. VILLAGE PANCHAYAT

<i>ACTIVITY</i> (1)	<i>ENTRUSTMENT OF POWERS</i> (2)
1. Identification of target Group for Public Distribution System.	i) To identify the households living below the poverty line as per Government prescribed criteria and to get the list duly approved/ratified by the Gram Sabha.
2. Availability and movement of essential commodities and demand assessment under PDS Programme.	i) To provide information on the entitlements and availability of stock and to ensure the display of issue prices of commodities, scale of ration per head per month and frequency of distribution of PDS items during the month. ii) To coordinate and review the availability and movement of essential commodities and assess the demand of additional commodities based on the needs of local area and inform the same to appropriate authorities.
3. Operation and maintenance of Fair Price Shops.	i) Operate and maintain Part time Fair Price shops wherever Village Panchayat comes forward. ii) Assist in selection of sites/location for new FPS.
4. Transport, storage and delivery system.	i) Assist in distribution of new ration cards, identification of bogus cards and their elimination.
5. Enhancement of Public Confidence and Redressal of public grievances.	i) Constitute Village level PDS committee, inspect FPS, report irregularities and malpractices to taluk supply office and Pan-chayat Union.

<i>(1)</i>	<i>(2)</i>
6. Linking PDS with Poverty Alleviation Programmes (JRY, IJRY, EAS, etc.).	i) Assist in assessing the quantity of food grains required. ii) Assist in the distribution of foodgrains to the beneficiaries. iii) Maintain quantity and quality of foodgrains for distribution to the beneficiaries. iv) Take corrective steps if the malpractices / irregularities are noticed.
7. Consumer Protection and Education.	i) Display and distribute printed materials relating to consumers rights.

## II. PANCHAYAT UNION

<i>ACTIVITY</i> <i>(1)</i>	<i>ENTRUSTMENT OF POWERS</i> <i>(2)</i>
1. Identification of Target Groups under Public Distribution System.	i) To guide and co-ordinate the Village Panchayat in the identification work.
2. Availability and movement of essential commodities under PDS and demand assessment Programme.	i) Assist in monitoring of movement and availability of essential commodities in Panchayat Union Area. ii) To consolidate the essential commodities demand of the Village Panchayats and follow up with the competent authorities to ensure the availability and movement of essential commodities.
3. Operation and maintenance of Fair Price Shops.	None.
4. Transport, storage and delivery system.	i) To Assist and co-ordinate the opening of new FPS in its jurisdiction. ii) To Assist in the selection of locations and securing lands for the establishment of new godowns / warehouses. iii) To guide Village Panchayats for issuing new ration cards and elimination of bogus cards.
5. Enhancement of public confidence and redressal of public grievances.	i) To constitute a PDS Committee to periodically review smooth function of PDS as per laid down policy. Authorities like TSO, TNCSC and others will furnish information including commodity releases relating to PDS to the Panchayat Union. ii) To receive periodical reports from Pan-chayats and to review for taking follow up action thereon.
6. Linking PDS with Poverty Alleviation Programmes (JRY, IJRY, EAS, etc.).	i) Collect demand from Village Panchayats for foodgrains to be distributed as part of wages under JRY, IJRY, EAS, etc. ii) Ensure supply and distribution of required quantity of foodgrains to the Village Panchayats. iii) Monitor movement and distribution of foodgrains to the beneficiaries.
7. Consumer protection and education.	i) To assist Village Panchayats in promotion of consumers rights.

### III. DISTRICT PANCHAYAT

<i>ACTIVITY</i> (1)	<i>ENTRUSTMENT OF POWERS</i> (2)
1. Availability and movement of essential commodities and demand assessment under PDS Programme, operation and maintenance of Fair Price Shops, transport, storage and delivery system, enhancement of public confidence and redressal of public grievances, linking PDS with Poverty Alleviation Programmes; consumer protection and education.	<ul style="list-style-type: none"> <li>i) To review the supply, availability and distribution arrangements of foodgrains in the district.</li> <li>ii) To review the functioning of Public Distribution System including storage and transport facilities</li> <li>iii) On the basis of the reports of the Panchayat Unions, co-ordinate with the DSO, JRCS, TNCSC to ensure the availability of essential commodities in the Fair Price Shops, and to ensure smooth movement of essential commodities to the Fair Price Shops within the districts.</li> <li>iv) To liaise with District Consumer Protection Council for promoting and safeguarding the rights of consumers.</li> </ul>
2. Long term planning to boost local foodgrains production and to ensure district level food security	<ul style="list-style-type: none"> <li>i) To formulate and implement plans for promoting foodgrains production to over-come the deficit in the district.</li> <li>ii) To formulate plans for buffer stocking of foodgrains by the community.</li> </ul>

#### Administrative Implications

10. The District Panchayats will need to develop good linkages with Co-operatives, Tamil Nadu Civil Supplies Corporation, District Supply Offices and Tamil Nadu Warehousing Corporation for timely, effective and efficient movement, storages and distribution of foodgrains. At the Panchayat Union level, similar coordination with the Taluk supply officer and functionaries of other agencies will be needed to ensure that the Public Distribution System operates smoothly. At the Village Panchayat level, wherever there is no one to manage the part time Fair Price Shops, there is need to transfer such FPS to the Village Panchayat. In such cases, withdrawal of the Co-operative presence will be advisable. Village Panchayat can deploy its staff. Hence the part time shops (1783) operated by the Co-operatives may be taken over by the Village Panchayats if they come forward. Since the Co-operatives do not employ separate salesmen for the part time shops, the Village Panchayat running such shops will not cause any administrative inconvenience but will improve accessibility.

11. In order to inculcate public confidence and to overcome the leakages taking place during the transport from the TNCSC godown to Fair Price shops, it is suggested that TNCSC can receive monthly indent, develop appropriate transport route and deliver the commodities at the Fair Price shops, as is being done for noon meal centres.

12. Under Centrally Sponsored Jawahar Rozgar Yojana (JRY), Intensive Jawahar Rozgar Yojana, Employment Assurance Scheme (EAS) and other similar employment generation programmes, supply of foodgrains as a part of the wages is the basic component for the labourers. These employment generation schemes are to be implemented by the Panchayat Raj Institutions. Thus, the Panchayats will have to arrange for quality foodgrains supply to the labourers from the local fair price shops.

#### Financial Implications

13. The Government are sanctioning subsidy to village fair price shops and urban fair price shops working at loss, operated by Co-operative Societies. A sum of Rs.7.13 Crores has been sanctioned as subsidy for village fair price shops for the year 1994-95. Government have released Rs.15 Crores during 1995-96 as arrears of subsidy for the years from 1991-92 to 1993-94 for rural fair price shops and for the years 1990-91 to 1994-95 for urban fair price shops. The proposal for sanction of subsidy of Rs.11.07 Crores for the year 1995-96 is under active consideration of the Government. When the part time FPS are transferred to the Panchayats, Government subsidies presently allowed to the Co-operatives need to be provided to the panchayats.

14. Marginal profits, presently allowed for the proper marketing of the essential commodities through the Co-operatives and Corporation, will also be applicable for the Village Panchayats.

#### **Legal Implications**

15. Essential Commodities Act, commoditywise Notifications issued thereunder, Tamil Nadu Civil Supplies Corporation Articles of Associations and Memorandum of understanding would not prohibit village panchayats to manage the distribution of essential commodities in case the powers are transferred to the Panchayats. Village Panchayats may have to take necessary commodity retail licence under the Essential Commodities Act. Three licences are required to be taken for (a) foodgrains, (b) sugar and (c) kerosene.

16. G.O. Ms.No. 289, Co-operation, Food and Consumer Protection Department dt.8.8.1995 should be modified in respect of the composition of Vigilance Committee for the Fair Price shop. The Village Panchayat should be empowered by the Government to discharge all the functions of the vigilance committee at shop level stipulated in cited G.O. Though G.O. Ms.No. 616, CFCP Department, dated 5.11.96 has constituted a District level Consumer Protection Council, there is need for separate Government order to constitute Panchayat Union and District Level Committee to review smooth functioning of Public Distribution System. Such Committee at the Panchayat Union and District levels will be chaired by respective Chairman. The District Panchayat Chairman may be nominated as a member of the District Level Consumer Protection Council.

17. Under Section 7 of the Consumer Protection Act 1986, Chairpersons of 2 District Panchayats may be included as members of the State Consumer Protection Council. At the district level, District Panchayat Chairperson may be taken as a member of the District Consumer Protection Council.