

# Problems in Public Distribution System at Coimbatore District

<sup>1</sup>R. Velmurugan and <sup>2</sup>D. Lavanya

<sup>1</sup>Commerce, Karpagam University,

Karpagam Academy of Higher Education, Coimbatore.

[drvelsngm@gmail.com](mailto:drvelsngm@gmail.com)

<sup>2</sup>Commerce, Karpagam University,

Karpagam Academy of Higher Education, Coimbatore.

[lavanmithu@gmail.com](mailto:lavanmithu@gmail.com)

## Abstract

Vicious circle of poverty in India may not be reduced until the goods distributed at fair price shops reaches the ultimate beneficiaries. Government adopts various steps to clear the problems prevailing at PDS. Still, a number of problems prevail at fair price shops, thereby the real beneficiaries have not received the goods distributed at fair price shops. Thus, the present study has been carried out to ascertain the problems that prevail at Public Distribution System at Coimbatore District. Data required for the study have been collected through the Questionnaire. By adopting a convenient sampling method, data are collected from 900 card holders. The collected data are analyzed by employing the factor analysis. The result of the study disclose that the fair price shops are found over crowded, public have to spend two to three hours for buying goods at PDS, non availability of new stock etc.,

**Key Words:** Public distribution system, poverty alleviation, diversion of goods.

## 1. Introduction

Even after seventy years of independence still poverty persist in our country. Government of India has adopted numerous steps to curtail the vicious poverty in India. Public Distribution System (PDS) is one amongst the step initiated by Government to contain poverty. The prime motto of establishing PDS is to protect vulnerable section of the society by distributing goods at subsidized price, increasing the nutritional status by supplying quality goods at subsidized price to the general public and to control and generate a moderate influence on market prices. Initially, PDS are opened in the urban areas for distributing essential commodities for mass population, later the PDS services extended to rural areas too. To make functioning of PDS more vibrant the Government revamped the PDS during the year 1992, where the eligible card holders are allowed to procure essential goods from fair price shops at a lower price than the market price. To dispense essential commodities at subsidized price to real beneficiaries, Government introduced a revised scheme known as Targeted PDS during 1996. Under this system, card holders are bifurcated into two categories namely Above Poverty Line (APL) and Below Poverty Line (BPL). Thus, the families who belong to BPL are alone eligible to obtain the necessary goods at low cost from the fair price shops. In order to make the PDS more vibrant, TPDS was further liberalized in December 2000, and was renamed as Antyodaya Anna Scheme. Under this scheme, the poor were further classified as the poorest among the poor and other below poverty line. Government took necessary steps for stream lining the functioning of fair price shops so as to bestow the goods to real beneficiaries. But in reality, benefits offered at PDS have not reached the weaker section of the community due to the diversion of products to open market, intervention of political party on the functioning of PDS etc., Thus, in this paper an attempt has been made to identify the problems that prevails at Public Distribution System at Coimbatore District.

## 2. Review of Literature

Ahluwalia (1993) in his study reveals that the major problem exist at PDS are fair price shops leakages in to the free market is eating the profits of the scheme, the major target of the program i.e. the vulnerable sections of the society is often left out and there is a disparity in the rural outreach versus the urban outreach which has led to the failure of the scheme. Satya Sundaram (2000) in his study explains that the proliferation of bogus family cards, inadequate storage arrangements, ineffective functioning of the vigilance committees and failure to issue the family cards to all the eligible households have been identified as the shortcomings of PDS. Nakkiran (2004) in his study finds out that the product leakage, under weightment of goods supplied to beneficiaries, delay in obtaining new ration cards, infrequent opening of the fair price shops, frequent stock-out situations and distribution of sub-standard quality of food grains are the problems prevails in public distribution system. Swami Nathan (2004) in his paper highlighted the base problems that obstruct effective

function of PDS are large scale diversion of food grains to open market, wastage of food items due to poor transport facility and misadministration. Ananth Krishnan (2007) in his study mentions that the lack of transparency in functioning of PDS and smuggling of food grains to open market affect the purpose of establishing fair price shops. Laxmanrao (2009) states that non-availability of food grains in FPS makes the consumer to visit FPS several times in a month. Naik (2009) ascertains that PDS employee's cheat ignorant public by specifying goods is out of stock and diverting the same to open market and money lenders. Peisakhin (2010) and Pal (2011) observes that the corruption is the major problem that impedes successful functioning of Public Distribution System.

Saha, Chaitanya Tarun Mohan and Rahul Daga (2010) in their study specify the leakages and diversion in PDS, prevalence of Ghost Cards (name of fictitious owners), Shadow Ownership (poor families keep ration card with FPS owners or others) hampers the effective functioning of fair price shops. Swaminathan (2010) in his study ascertains that the goods supplied at public distribution shops are found under weight and non-availability of all the essential commodities in time. Goli (2011) in his study ascertains that many of the above poverty families are having BPL cards while the substantial proportion of poorest do not have any kind of ration cards. Bhat (2012) and Kour (2014) in their study finds that the goods supplied at PDS shops are of inferior quality and goods are not supplied in time to beneficiaries. Mahendran (2013) in his study results illustrates the problems in the universal system such as corruption in leakages, black markets, some ration employees are uncooperative to the poor etc., Sawant and Rahul J. Jadhav (2013) in their study identify the various pitfalls of PDS like disbursement of poor quality of goods, weight cutting, leakage of PDS articles to open market, etc., Ashok Kumar and Naveena (2014) in their study reveals the various obstacles that exists at Public Distribution System are poor quality of goods supplied, weight cutting, leakage of Public Distribution System articles to open market, non-availability of commodities etc., Gurdeep Kaur Ghumaan and Pawan Kumar Dhiman (2014) in his study states that the PDS is suffering from problems like non-availability of food grains, deterioration of food grains, unsatisfactory quality and quantity of commodities, malpractices in weights and measures, inefficiency of the depot holder, rude behavior of dealers, unfair distribution of food grain and preference to known persons. Non-availability of the ration and rude behavior of dealers are the most frequent problems faced by the people visiting ration shops. It has been found that the non-availability of food grains is due to various reasons like storage and transport problems, irregular supply from government, black marketing and lack of government supervision and control. Mahendran and Indrakant (2014) in their study ascertained that the public distribution system goods are sold in black market. Hicks and Hanan (2014) identifies that around 40 per cent of food grains distributed through PDS are diverted or traded in open market; as a result the actual beneficiaries are unable to avail the products from PDS on time. Sargar (2014) ascertains that the Fair Price Shops are not

functioning on proper time and availability of food grains are also not intimated to ultimate beneficiaries. Lavanya (2015) in her study observes that adulterations, supply of poor quality of goods and underweight are the major problems prevail at PDS. Mohapatra and Mahalik (2015) identified that the bogus cards are the main reason for diversion of food grains into open market.

### **3. Statement of the Problem**

The purpose of establishing Public Distribution System may not be satisfied until the subsidized products are distributed to the real beneficiaries. Further, the functioning of Public Distribution System is said to be success only if the number of population in Below Poverty Line diminishes. Whereas, in India contradictory results are noticed (i.e.) Quantum of below poverty line population is ever expanding, which implies that the goods distribute through fair price shops have not reached the true beneficiaries. Unless, the PDS goods are distributed to genuine recipient, poverty may not be reduced in our country. Hence, in this study an effort has been made to ascertain the problems that exist at Public Distribution System at Coimbatore District and to suggest methods to resolve the problems.

### **4. Objective**

To identify the major problems that prevails at Public Distribution System at Coimbatore District.

### **5. Research Methodology**

#### **Data**

Data required for the study is primary in nature. Thus, the primary data have been collected by employing the Interview Schedule.

#### **Area of Study**

The present study is confined to the Customers who avail services of Public Distribution System in Coimbatore District of Tamil Nadu.

#### **Sample Design**

By adopting convenient sampling method, 900 beneficiaries of Public Distribution System have been selected.

#### **Framework of Analysis**

The collected data have been analyzed by making use of the Factor Analysis.

### **6. Analysis and Interpretation**

To identify the prominent problem that affects the effective functioning of public distribution system, Factor Analysis is employed. The following table

illustrates the problem that prevails at public distribution system, which deteriorates the effective functioning of public distribution system. Kaiser-Meyer-Olkin (KMO) and Bartlett's Test of Sphericity has been used as pre-analysis testing for suitability of the entire sample for factor analysis. The result of KMO and Bartlett's Test are found greater than 0.70. Hence, the collected data is fit for employing factor analysis. Further, the large values of Bartlett's sphericity test (9859.00, df: 406, Sig=0.000) and KMO statistics (0.950) indicates the appropriateness of factor analysis i.e., the sample is adequate.

#### KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.950
Bartlett's Test of Sphericity	Approx. Chi-Square
	9859.00
	df
	406
	Sig.
	.000

#### Problems at PDS – Factor Analysis

Particulars	1	2	3	4
Leakage	-0.015	0.222	0.277	<b>0.650</b>
Black marketing	0.219	0.222	0.103	<b>0.760</b>
Under weighment	0.384	0.376	0.063	0.418
Irregularity in the opening of FPS	0.260	0.472	0.231	0.169
Poor quality of goods supplied	0.258	0.453	0.116	0.411
Non existence of grievance redress channel	0.256	<b>0.505</b>	0.130	0.287
Non availability of all Commodities at the same time	0.383	<b>0.593</b>	-0.146	0.165
Lack of adequate distribution point	0.137	<b>0.665</b>	0.195	0.077
No timely supply / irregular supply of goods	0.223	<b>0.660</b>	-0.009	0.201
Political intervention	0.118	<b>0.565</b>	0.270	0.172
Smuggling of food grains to neighbouring states	0.211	0.456	0.272	0.243
Non display of information on notice board regarding availability of commodities	0.262	<b>0.533</b>	0.269	0.030
Adulteration	0.231	0.462	0.350	0.174
Inconvenient working time	0.190	<b>0.550</b>	0.311	0.095

<b>Particulars</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
Compelled to buy unwanted grocery goods.	0.106	0.071	<b>0.600</b>	0.345
Employee shortage results in the delay of distribution.	0.297	0.031	<b>0.509</b>	0.3047
Inclusion of people who are not eligible into BPL, Ghost cards and shadow ownership	0.180	0.169	<b>0.591</b>	0.175
Over crowded	<b>0.711</b>	0.164	0.057	-0.007
Delay in the distribution of goods	<b>0.646</b>	0.198	0.362	0.097
Non availability of new stock	<b>0.665</b>	0.230	0.152	0.121
Ration shops located at (distance/ not easily accessible Area)	0.146	0.331	<b>0.579</b>	-0.082
Shortage of stock	<b>0.616</b>	0.254	0.105	0.145
Fake supply entries in ration cards	0.277	0.395	0.487	0.052
Poor storage facilities in ration shops, which deterioate product quality	0.351	0.394	0.393	0.070
Unable to obtain free items	0.468	0.359	0.322	-0.012
No respect to poor people	<b>0.605</b>	0.305	0.332	-0.033
Public have to spend 2 to 3 hrs in queue	<b>0.688</b>	0.186	0.164	0.181
Bringing goods late to the shop every month	<b>0.606</b>	0.191	0.134	0.233
Improper behaviour of employees	<b>0.526</b>	0.215	0.312	0.205
<b>Eigen Values</b>	10.198	1.530	1.242	1.096
<b>% of Variance Explained</b>	15.953	15.372	9.979	7.199
<b>Cumulative % of Variance</b>	15.953	31.325	41.304	48.504

Four factors are identified by locating Eigen values greater than unity. Problems which have a component loading of 0.5 and above are said to be significant problems that worsen the effective functioning of fair price shops. From the rotated component matrix, it can be seen that “Over Crowded”, “Public have to spend two to three hours in queue”, “Non availability of new stock”, “Delay in the distribution of goods”, “Shortage of stock”, “Bringing goods late to the shop every month”, “No respect to poor people” and “Improper behaviour of employees” have a component loading of 0.5 and above. Hence, these eight problems form first factor.

In the second factor, “Lack of adequate distribution point”, “No timely supply / irregular supply of goods”, “Non availability of all Commodities at the same

time”, “Political intervention”, “Inconvenient working time”, “Non display of information on notice board regarding availability of commodities” and “Non existence of grievance redress channel” are found to be significant.

In the third factor, “Compelled to buy unwanted grocery goods”, “Inclusion of people who are not eligible into BPL, Ghost cards and shadow ownership”, “Ration shops located at (distance/ not easily accessible Area)” and “Employee shortage results in the delay of distribution” are found to be significant.

In the fourth factor, “Black marketing”, and “Leakage” are found to be significant.

Factor one explains to a tune of 15.953 per cent towards the problem prevails at fair price shops. The other factor explains namely, 15.372, 9.979 and 7.199 towards problems at fair price shops in their order. The total cumulative percentage of problems explained by these four factors is 48.504 per cent.

## **7. Suggestions**

Public Distribution shops are not to be located at narrow streets or places, thereby overcrowd may be avoided to a maximum extent.

In PDS notice board, card numbers for which the goods are to be distributed on each and every day may be displayed so that the beneficiaries need not to spend two to three hours for availing the essential goods.

Civil Supplies Corporation has to immediately forward the essential commodities to fair price shops as soon as they procure, in order that the new goods are distributed to the consumers at PDS.

Shortage of stock is due to diversion of PDS goods to open market. Hence, it is suggested that surprise inspection has to be carried out by Government officials to verify the stock level maintained at PDS so that trading of PDS goods in open market may be contained.

Employees of PDS shops have to initiate necessary step for ordering necessary goods in advance, when stock level reaches minimum level so that there would not be problem of bringing goods late to the shop every month.

Officials of PDS should inform staff members at PDS to respect elderly people and instruct PDS employees to avoid using harsh words towards general public.

Based on the number of beneficiaries available in an area, more number of PDS have to established by this means overcrowd on public distribution shops be avoided.

Most of the consumers are of opinion that the essential commodities are not supplied in time at PDS. Hence, to enhance the satisfaction of consumers, PDS

officials to look after and to initiate necessary steps to distribute goods in time without fail to ultimate beneficiaries.

Majority of the consumers agreed that all the essential commodities are not available at the same time at PDS. Hence, it is suggested to staff members of PDS to plan well-in-advance about the stock availability of essential commodities. Thus, all the essential commodities may be purchased by general public at a single place.

Diversion of PDS goods at open market is due political party member's interference in PDS activities. Hence, it is advised to both ruling as well opponent parties not to interfere in PDS day-to-day activities or not to divert PDS goods in open market. Further, it is recommended to the law authorities to instigate stringent action against the parties who divert PDS goods in open market.

In most of the places, public distribution shops are not opened in regular time whereas in certain areas PDS function on half-a-day basis, due to paucity of employees. Hence, Government has to recruit necessary staff members and to depute them to shops where the employees are found shortage.

In any private enterprises, feedback mechanism is adopted to ascertain the consumer's expectations and to identify the problem faced by them to resolve their grievances, if any. No such practices are followed at public distribution shops. Hence, it is suggested to obtain feedback from general public about the functioning of PDS and officials of PDS should initiate necessary steps to redress the consumer's grievances.

Staff members of PDS compel general public to purchase unwanted goods, which are not needed. Hence, it is suggested to discontinue such unfair practices at fair price shops. Consumer's should have full liberty to buy goods only which is essentially needed by them.

Elderly persons are not able to procure goods at PDS due to distance location of fair price shops. Hence, it is advised to PDS officials to rent public distribution shops nearest to the beneficiary's residence.

## **8. Conclusion**

Cardholders prefer to acquire goods on fair price shops only when the goods are available at right time, right quantity and quality. Nevertheless, the cardholder's face various problems like, over crowd at fair price shops, public have to wait two to three hours for receiving goods from fair price shops, distribution of old goods, exorbitant delay in distribution of goods by staff members at PDS, paucity of stock at fair price shops etc., Hence, the Civil Supply Corporation have to initiate necessary actions immediately to curtail the problems that exist at fair price shops else the real purpose of establishing

public distribution system may not be fulfilled.

## References

- [1] Ahluwalia D., Public distribution of food in India: Coverage, targeting and leakages, *Food Policy* 8(1) (1993), 33-54.
- [2] Sundaram S., Public Distribution System: Problems Plaguig it and the Changes Needed, *Civil Services Chronicle* (2000), 58-59.
- [3] Nakkiran S., A Study on the Effectiveness of Public Distribution System In Rural Tamilnadu. *System* 19 (2004), 34-62.
- [4] Nathan S., Failure of the PDS as well as its success, *RIJS* 3 (1) (2004).
- [5] Krishnan A., Report finds problems in PDS in Tamil Nadu, *The Hindu* (2007), <http://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/report-finds-problems-in-pds-in-tamil-nadu/article1905602>.  
ece
- [6] Laxmanrao S.K., A Study of Public Distribution Schemes with Special Reference to Organisation and Working of Fair Price Shops in Aurangabad District, A Doctoral Research Thesis Submitted to Dr. Babasaheb Ambedkar Marathwada University (2009).
- [7] Naik, Problems of Public Distribution System: A Case Study of Kashipur Block in Orissa, *Indian Anthropologist* 39(1) (2009), 145-153.
- [8] Peisakhin, Pinto, Is transparency an effective anti-corruption strategy? Evidence from a field experiment in India, *Regulation & Governance* 4 (2010), 261-280 .
- [9] Saha, Chaitanya Tarun Mohan, Rahul Daga (2010), Public Distribution System in India, [http://www.academia.edu/378216/Public\\_Distribution\\_System\\_in\\_India](http://www.academia.edu/378216/Public_Distribution_System_in_India)
- [10] Swaminathan, Public distribution system in Tamil Nadu: Evaluation of its Impact and Examination of Policy Options (2010), <http://shodhganga.inflibnet.ac.in/handle/10603/907>.
- [11] Goli, Conundrums in Public Distribution System in India: An Assessment by States and Social Groups, *Indian Development Review* 9(2) (2011), 301-310.
- [12] Bhat, Hussain, Efficiency of Public Distribution System in Kashmir: A Micro Economic Analysis, *International Research Journal of Social Sciences* 1(4) (2012), 24-27.
- [13] Kour, Effectiveness of Public Distribution System in Jammu & Kashmir, *Socrates* 2(2) (2014), 166-178.

- [14] Mahendran, A Study on Customer Satisfaction on Food Delivery Mechanism of Universal PDS in Tamil Nadu (India), International Journal of Agricultural Economics and Extension 1(8)(2013), 61-67 .
- [15] Sawant B.S., Jadhav R.J., Public distribution system of essential commodities as a social security (A study of Satara District Maharashtra). International Journal of Management & Business Studies 3(1) (2013), 31-33.
- [16] Kumar A., Naveena, Public Distribution System in the context of Social Security and Poverty Alleviation in Mysore District, Karnataka, Quest Journals Journal of Research in Humanities and Social Science 2(12) (2014), 49-53
- [17] Ghumaan G.K., Dhiman P.K., Impact of Public Distribution System On BPL Families an Analysis of Punjab, International Journal of Business Management & Research 4(2) (2014), 125-134.
- [18] Mahendran, Indrakant, Public Distribution System in Tamil Nadu, India: Rice Supply Scheme of Prosperous, Problems and Policy, International Journal of Academic Research in Public Policy and Governance 1(1) (2014), 15-29.
- [19] Hicks, Hanan, Corruption in Public Distribution Systems, PTF working paper series No. 5/2014 (2014).
- [20] Sargar, Kumar, Nakade, Borkar, Public Distribution System in Solapur District of Maharashtra: A Case Study, International Journal of Research in Engineering and Advanced Technology 2(3) (2014), 1-8 .
- [21] Lavanya, Velmurugan, Problems in Public Distribution System, Journal of Progressive Research in Social Sciences 1(1) (2015), 29-32.
- [22] Mohapatra, Mahalik, Reducing Public Distribution System Leakages and its Strategy, Journal of Business and Management 7(1) (2015),12-16 .



