



Management

**A STUDY ON THE ETHICAL ASPECTS OF THE PUBLIC
DISTRIBUTION SYSTEM: WITH REFERENCE TO JAMIRAH GAON
PANCHAYAT SAMABAY SAMITI OF DIBRUGARH DISTRICT**

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Abstract

Public Distribution System (PDS), an Indian food security system, is a means for ensuring food security to the poor and the needy. Essential commodities like rice, flour, kerosene etc., are supplied to the people under the PDS at subsidised prices. It was started with the objective to maintain price stability of essential commodities, providing access to food and other essential items at affordable prices to the population. It is important for the functioning of the PDS to be ethical in order to meet the true objectives with which this system was actually started. It has been seen that there have been a number of malpractices in the functioning of the system. This paper looks into the ethical aspects of the functioning of PDS. In doing so, customers' point of view in respect of the overall system has been taken. And an effort has been made to bring to light any malpractice that may be occurring in the system. This paper is a descriptive one which takes a sample of 46 respondents that have been selected on the basis of the number of fair price shops in the Jamirah Gaon Panchayat Samabay Samiti of Dibrugarh district of Assam.

Keywords: Public Distribution System; Fair Price Shops; Ethics; Malpractices.

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1. Introduction

India is facing a potential crisis in terms of food security. With the population growing at an alarming rate and the resources decreasing, a major problem of food security is seen to be arising. The biggest challenge is to provide nutritious, affordable and good quality food to the population of the country. In India, the food security system mainly focuses on the supply of food grains and other essential commodities through the Public Distribution System.

The Public Distribution System in India has been established by the Government of India under the Ministry of Consumer Affairs, Food, and Public Distribution and managed jointly with the

state governments. Under the Public Distribution System, subsidised food and non-food items are distributed to the population. Although, essential commodities like rice, wheat, flour, sugar and kerosene are distributed at a subsidised rate among all sections of the population, the main target of the Public Distribution System is the poor section of the society. The Public Distribution System is basically a welfare programme of the Government of India with the following objectives:

- The first one is to provide food grains and other essential items at reasonable (subsidised) prices.
- The second one is to have a moderating influence on the open market prices of cereals, the distribution of which constitutes a fairly big share of the total marketable surplus.
- And third one is to attempt socialisation in the matter of distribution of essential commodities.

Both the central and state governments are equally responsible for the proper functioning of the Public Distribution System. The central government is responsible for the procurement, storage, transportation and allocation of the food grains and the state governments are responsible for distributing the food grains to the consumers through Fair price shops (FPS) which are also known as ration shops. The state government is also responsible for operational responsibility including identification of families below poverty line (BPL), issue of ration cards, supervision and monitoring the functioning of the fair price shops.

The Public Distribution System is an important mechanism to help maintain the food security in the country. But the question which arises is whether this system has been ethical in its operations. Another point which arises here is has this system been free from all sorts of malpractices and have the beneficiaries been satisfactorily served.

This paper attempts to look into the ethical aspect of the functioning of the Public Distribution System. The main focus of the paper is on finding out if any sort of malpractice is occurring in the system and also to find out whether the customers have any complaints in respect of the system.

Terminologies used:

- 1) **Fair Price Shops:** A Fair price shop (FPS) or a Ration Shop is a part of India's Public Distribution System established by Government of India which distributes rations at a subsidised price to the people.
- 2) **Below Poverty Line:** Below Poverty Line is an economic benchmark and poverty threshold used by the Government of India to indicate economic disadvantage and to identify individuals and households in need of government assistance and aid. Criteria for measurement are different for the rural and urban areas. In the Tenth Five-Year Plan, the degree of deprivation has been measured with the help of parameters with score given from 0-4, with 13 parameters. Families with 17 marks or less (formerly 15 marks or less) out of a maximum 52 marks have been classified as Below Poverty Line.
- 3) **Above Poverty Line:** As per the parameters used by the Government of India, families with more than 17 marks (formerly more than 15 marks) out of a maximum 52 marks have been classified as Above Poverty Line.

- 4) **Antyodaya Anna Yojana:** In December, 2000, the Government of India launched the Antyodaya Anna Yojana for one crore poorest of the poor families to make the Public Distribution System more focused and targeted towards this category of population. Its main aim is to identify the poorest of the poor families from amongst the families of the below poverty line (BPL) population covered under targeted public distribution system within the states. Food grains are offered to them at a highly subsidized rate of Rs. 2 per kg for wheat and Rs. 3 per kg for rice. The state or the Union territories bear all the costs, starting from distribution cost, which includes the margin to dealers and retailers, to the transportation cost. Initially, 25 kg of food grains were issued per family per month that has been increased to 35 kg per family per month with effect from April 1, 2002.

1.1. Objectives of the Study

The main objective of the paper is to look into the ethical aspects of the Public Distribution System. In doing so, the following sub-objectives have been taken up:

- To find out if any malpractice is occurring in the overall system.
- To find out if the customers have any complaints in respect of the system.

1.2. Rationale of the Study

The Public Distribution System is the most important feature of the food security system of the country. The beneficiaries of this system are the population of the country as a whole. In case of any malpractice occurring in the system, the whole population of the country will be affected. A certain section can tend to take advantage of the malpractices that maybe occurring. As such, the researcher attempts to look into the ethical aspect of the Public Distribution System by trying to bring into focus any sort of malpractice that maybe occurring in the system so that an attempt can be made to stop the malpractices.

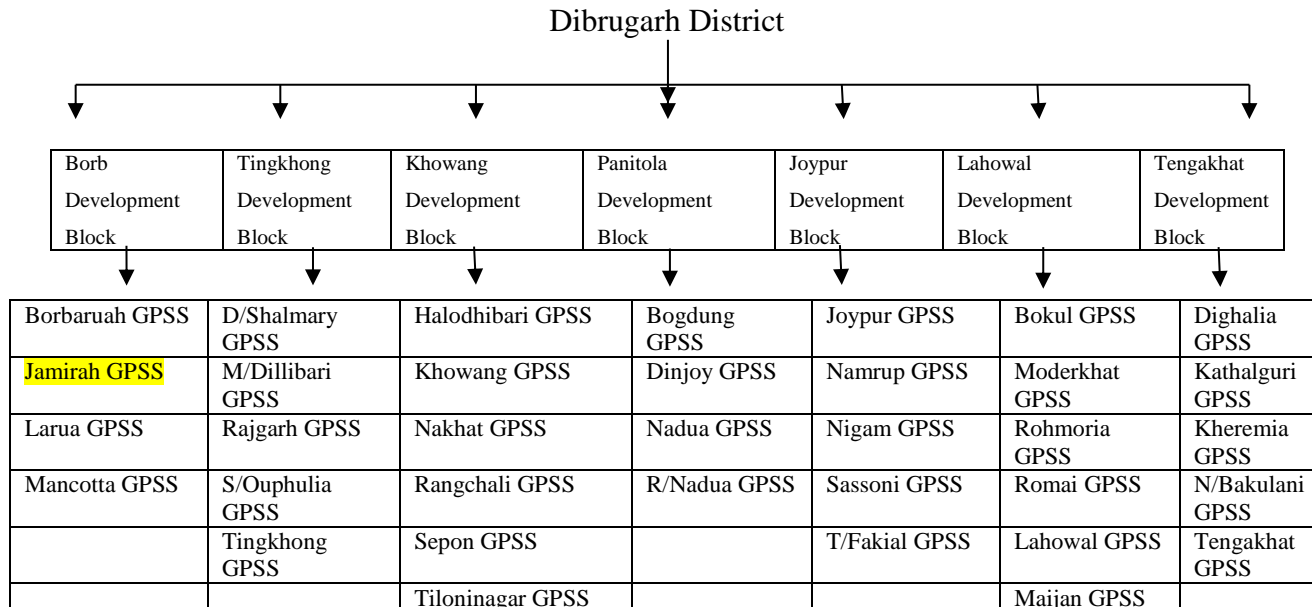
2. Materials and Methods

2.1. Research Methodology

The present study is a descriptive one with data being collected from customers of Fair Price Shops. Specially designed questionnaires have been used to collect the data. The sample taken up for the study is 46 customers. There are 35 Gaon Panchayat Samabay Samiti under 7 blocks in the Dibrugarh district of Assam. For the purpose of the study, the fair price shops of Jamirah Gaon Panchayat Samabay Samiti have been included. There are a total of 46 fair price shops under the Jamirah Gaon Panchayat Samabay Samiti from which one customer each has been taken up at random for the collection of data.

The respondents for the purpose of the study have been randomly selected. Data have been collected from the customers of the fair price shops because these customers are the beneficiaries of the Public Distribution System and any malpractice in the system will finally affect these customers. As such, collecting data from the customers gives the researcher a very good idea in respect of any malpractice that may be occurring in the overall system. Relevant data have also been collected from secondary sources such as books, journals and the internet.

Flowchart showing the block-wise division of the Gaon Panchayat Samabay Samiti in Dibrugarh District:



3. Results and Discussions

After collecting necessary data from the customers, the researcher found that a number of malpractices occur in the overall Public Distribution System. The malpractices that occur are mainly seen in respect of the quantity of products, quality of the products and the price of the products. Each of these aspects has been discussed in details in the next part of the paper.

3.1. Malpractices Relating To Quantity of the Products

In Assam, the products which are supplied under the Public Distribution System include rice, flour and kerosene. Earlier sugar was also distributed but since the beginning of 2015, the distribution of sugar has been stopped. While looking into the quantity of the products, it is first important to know the prescribed quantity of products that a customer is supposed to receive. According to the Deputy Director of Food and Civil Supplies and Consumer Affairs Department of Dibrugarh district, the quantity to be received by customers on per ration card basis has been shown in the table below:

Quantity → Product ↓	Above Poverty Line (APL)	Below Poverty Line (BPL)	Antyodaya Anna Yojana (AAY)
Rice	4-5 kilos	32,946 kilos	35 kilos
Flour	6-9 kilos	6-9 kilos	6-9 kilos
Kerosene	4-6 litres	4-6 litres	4-6 litres

According to the fair price shop dealers, the quantity of products which they distribute is as given below. The quantity mentioned is distributed on a per ration card basis (not per person basis):

Quantity → Product ↓	Above Poverty Line (APL)	Below Poverty Line (BPL)	Antyodaya Anna Yojana (AAY)
Rice	7 kilos approximately	30-35 kilos	35 kilos
Flour	Minimum 5 kilos	Minimum 5 kilos	Minimum 5 kilos
Kerosene	3-4 litres	3-4 litres	3-4 litres

But when the customers were questioned about the amount of products which they receive, they had a different story altogether to tell. It is seen that the quantity of products actually received is considerably lesser than what they ought to receive. The amount of products actually received by the customers is as follows:

Quantity → Product ↓	Above Poverty Line (APL)	Below Poverty Line (BPL)	Antyodaya Anna Yojana (AAY)
Rice	Half kilos per head	5 kilos per head	5-10 kilos per card
Flour	2-3 kilos	2-3 kilos	2-3 kilos
Kerosene	3 litres	2.5 litres	3-4 litres

When a comparison is made among the three tables, it is seen that the amount of products vary considerably. While the amount prescribed by the Food and Civil Supplies and Consumer Affairs Department is quite high, the amount which the Fair Price Shop dealers claim to distribute is comparatively lesser. But what is interesting to note is that the quantity actually received by the customers is even lesser. Another point that came to the notice of the researcher is that while the products are to be supplied on per card basis, in most cases it is seen that they are distributed on per person basis. This brings about an inequality in the distribution system as households with more people tend to receive much more quantity than those with less people. In case of kerosene, it is seen that the customers are distributed a much lesser quantity than they are actually meant to receive. And the kerosene which they do receive is to be bought at the retail price, not the subsidized price. In case of flour, it is seen that most of the people do not buy the flour. In that case, it is seen that the Fair Price Shop dealers tend to sell the flour to people at more than the prescribed quantity. But the price charged in this case is comparatively higher than the prescribed price.

3.2. Malpractices Relating To Price of the Products

The following table shows the prices at which the Fair Price Shop dealers say they sell the products:

Price → Product ↓	Above Poverty Line (APL)	Below Poverty Line (BPL)	Antyodaya Anna Yojana (AAY)
Rice	Rs. 10 per kg	Rs. 7.50 per kg	Rs. 3-5 per kg
Flour	Rs. 10 per kg	Rs. 10 per kg	Rs. 10 per kg
Kerosene	Rs. 15-18 per litre	Rs. 15-18 per litre	Rs. 15-18 per litre

The following table shows the prices at which the customers say they purchase the products:

Price → Product ↓	Above Poverty Line (APL)	Below Poverty Line (BPL)	Antyodaya Anna Yojana (AAY)
Rice	Rs. 25 per kg	Rs. 10 per kg	Rs. 5-10 per kg
Flour	Rs. 10 per kg	Rs. 10 per kg	Rs. 10 per kg
Kerosene	Rs. 40-45 per litre	Rs. 40-45 per litre	Rs. 40-45 per litre

From the above tables, it is clear that there is a huge difference between the price at which the dealers claim to sell the products and the price at which the customers actually purchase the products. In case of kerosene, it is clearly seen that the price difference is huge. In fact, the customers have pointed out that they have to purchase the kerosene at the retail price which is very much higher than the prescribed price. The Fair Price Shop dealers say that they add up a small amount of profit to their cost price in order to meet the transportation cost. But it is seen that they sell the products at a very much higher price than the price at which they purchase. Even the Flour, which is generally not purchased by the people, is later sold at the open market in higher prices.

3.3. Malpractices Relating To Quality of the Products

On being questioned about the quality of the products, the customers had a highly negative opinion. They are seen to be highly disappointed with the quality of the products which they are supplied with. The flour specially, is of very poor quality, according to the customers. In case of the rice, the customers say that the grains of rice are broken and of poor quality. Even the kerosene which they receive is adulterated. All in all, the quality of products received by the customers is very poor.

4. Conclusion

The Public Distribution System was introduced with the objective of providing food security to the people of India. It was introduced to provide good quality, essential commodities to the people at a subsidized, affordable rate. But the overall system has been seen to divert from these objectives. With the dealers and suppliers looking for means of earning higher profits, the beneficiaries i.e., the customers are being cheated. It is seen that the people below the poverty line (BPL) and the AAY customers are the ones who mainly purchase the products from the Fair Price Shops. These people are generally not well aware about the system, whether it is in respect of price or in respect of quantity of the products. This gives the dealers and suppliers an opportunity to benefit themselves.

Ethics is an integral part of the Public Distribution System as any unethical practice in the system will adversely affect the people of the country. But this is what is exactly happening in the system. Unethical practices are highly prevalent in the Public Distribution System which is ultimately affecting the normal people. The main objective of the study was to look into the ethical aspects of the Public Distribution System. The study pointed out that unethical practices are on a high in the system. In respect of price, quality and quantity of the products distributed, the study has found that the customers are being cheated. The customers are being charged much

higher prices than what they ought to pay. Moreover, they are supplied much less than their respective quotas. And the quality of products being distributed is also very poor. The findings of the study put forward a picture of the Public Distribution System which is highly unethical and immoral. The study shows that the objectives with which the system was introduced have been completely ignored and malpractices have been on a high in the system.

5. Limitations of the Study

The major limitation of the study is the reluctance on the part of the respondents, both Fair Price Shop dealers and customers, to disclose information.

Another limitation is that the study is limited to Dibrugarh district of Assam. As such, the findings cannot be generalized.

This study looks into three aspects of the Public Distribution System viz., quantity, price and quality. Many more aspects of the system have not been looked into. As such, the results of the study are limited.

6. Scope for Further Research

There is a scope for further research in the topic taking into consideration aspects other than quantity, price and quality of the products distributed. Moreover, the present study is limited to only the Jamirah Gaon Panchayat Samabay Samiti of Dibrugarh district of Assam. A study can be undertaken at a bigger level, taking into consideration other geographical areas, to have a better idea on the topic.

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