



Consumer Groups in Public Distribution System (PDS) and Rural Development

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Abstract

The paper examines the need for consumer groups in Public Distribution System (PDS) where the major stakeholders are rural people. India is the second most populous country in the world where most of the people reside in rural areas. Majority of India's rural population are malnourished, poor and illiterate. Poverty is an important obstacle in attaining rural development. PDS has been developed as a key mechanism of the Indian Government's economic policy for guaranteeing the openness of food grains to the public at reasonable prices as well as for enhancing the food security for the poor. However, due to the malpractice and lack of transparency in the procedure, the PDS is still a failure in India. It is recommended that the prohibition of fraudulent activities within the PDS may happen with the active participation of rural people through the establishment of consumer groups.

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1. Introduction

Public Distribution System (PDS) involves allocation of essential commodities to a large number of people through a network of Fair Price Shops (FPSs) on a continual basis (Department of Food and Public Distribution, 2010). In India, PDS has been developed as a key mechanism for securing the openness of food grains to the public at reasonable prices as well as for enhancing the food security for the poor. To strengthen this Government of India (GoI) is also thinking of introducing Right to Food Act as a measure to ensure food security. With a network of more than 5 lakh FPSs distributing annually commodities worth more than INR 30,000 crore to about 16 crore families, the PDS in India is the largest distribution network of its type in the world (Viramani and Rajeev, 2002).

India is the second most populous country in the world where most of the people live in the rural area. PDS is an important component of the strategy for poverty eradication and is intended to serve as a safety net for the poor (more than 330 million) who are nutritionally at risk (Department of Food and Public Distribution, 2010). PDS has been formed with the purpose to address the food security threat and nutrition risk. But in the past, it has deviated from the core aim which has resulted in worse improvement in the livelihood of the poor. United Nations Human Rights Council (2005) expresses its deep concern that India has the highest number of malnourished people in the world where half of the number depends on PDS and is bottom poor. Karat (2006) points out that 47% of India's children are malnourished, and if the percentage of only rural children is taken, it would be even higher. Establishment of consumer groups at the village level becomes significant due to deep-rooted corruption, black marketing and fraud in PDS. How do people able to negotiate their share in a fairway may be

the root cause to make beginning of consumer groups. It might be considered as an effective tool in accessing the right quantity of commodities by the rural poor through awareness.

The paper discusses the need for effective PDS as well as how PDS will impact rural development with an emphasis on establishing the consumer groups in PDS for ensuring poor people's reasonable access to the essential commodities.

2. Role of PDS in Rural Development

Asian Legal Resource Center (ALRC, 2007) argues that malfunctioning administrative system has a direct bearing upon the living conditions of the poor. The management of this system suffers from corruption particularly black marketing, caste prejudices and the utter failure of various local governments. Poverty and resulting starvation in India is not limited to the lower caste, who suffers most. The lower caste constitutes only about 20% of the Indian population, whereas hunger and malnourishment account for about 53% of its entire population. Starvation and malnourishment are the direct result of the failing administrative system in India (ALRC, 2007). Bhat (2007) noted that the GoI has formulated the PDS and is executing several welfare programs intended to prevent starvation and malnourishment in India. While proper planning and implementation of these programs are necessary, what has been mostly ignored is the poor state of functioning of the PDS. Poverty is an important obstacle in attaining rural development. Strengthening the function of PDS in a fair way can contribute directly to the rural development.

3. Establishment of Fair Price Shops (FPSs) for PDS

A FPS, part of PDS, is a type of store which is used to distribute essential commodities at a subsidized price to the poor.



These are branded as 'ration shops' which mainly sell wheat, rice, kerosene and sugar at a price lesser than the market price along with other essential goods. These are also called 'public distribution shops'. For buying items from this shop one must have a ration card. The introduction of rationing in India dates back to the 1940s Bengal famine. This rationing system was revitalized in the wake of severe food shortage during the 1960s, prior to Green Revolution. These shops are operated throughout the country by joint assistance of central and state government.

4. Importance of Consumer Groups in PDS

The items obtained from FPSs are much cheaper where rice is provided even at the cost of INR 1 in certain states like Tamil Nadu but is not able to reach the ultimate poor and yet it reaches with reduced quantity too. Only the poorest of the poor buys item from these shops and are normally exploited by the concerned authorities. The targeted PDS was introduced in India in 1997 with the purpose of avoiding the exploitation and wastage of subsidized food materials but the very objective has not been achieved (Table 1 and 2). In order to maintain

Table 1: Distribution of food articles under targeted PDS during 2009-2010 (in '000' tonnes)								
Region	Wheat				Rice			
	APL	BPL	AAY	Total	APL	BPL	AAY	Total
East	2591.70	1228.76	741.28	4561.05	458.71	4482.84	1851.87	6793.41
North-east	417.78	12.11	3.91	433.81	973.78	811.40	442.37	227.55
North	5014.10	2723.77	1288.03	9025.90	652.71	2228.59	1338.47	4219.77
South	539.21	258.16	87.64	885.01	4696.78	3819.38	2119.55	10635.72
West	875.31	2360.24	1269.59	7003.14	565.09	1990.56	1041.07	3596.72
APL: Above poverty line, BPL: Below poverty line, AAY: Antyodaya Anna Yojana; Source: Department of Food and Public Distribution, GoI, 2010								

Table 2: Distribution of main food articles during 2009-2010 (in '000' tonnes)								
Features	Wheat				Rice			
	APL	BPL	AAY	Total	APL	BPL	AAY	Total
Allotment	6,023.936	3,480.120	13,279.654	22,783.710	11,389.095	6,715.458	6,714.434	24,818.987
Off take	6,112.624	3,352.526	9,525.892	18,991.042	10,432.800	6,441.832	6,537.011	23,411.643
% off take	101.5	96.3	71.7	83.4	91.6	95.9	97.4	94.3
APL: Above poverty line, BPL: Below poverty line, AAY: Antyodaya Anna Yojana Source: Department of Food and Public Distribution, GoI, 2010								

supplies and securing availability and distribution of essential commodities, Public Distribution System (Control) Order, 2001 has been introduced by the GoI. However, due to the lack of proper selection methods and transparency in the procedure, the targeted PDS is still a malfunction in India. According to the Planning Commission, GoI report, 57% of the poor are still outside the BPL (below poverty line) category (Karat, 2006). Fraudulent activities within the PDS may be prohibited with the active participation of rural people through the formation of consumer groups. In addition to this, the complaint registered by the consumer groups are required to be taken by the special courts formed to sort out the crime related to the distribution of rationed food articles.

5. Establishing Effective Consumer Groups

5.1. Involvement of NGOs and VCOs

Lack of awareness of consumer rights may be one of the reasons for fraud and corruption. If the consumers are properly educated, this can be addressed effectively. Expecting everything

from government is no good. The Non-Government Organizations (NGOs) and Voluntary Consumer Organizations (VCOs) must be empowered so as to make PDS more vibrant.

5.2. Role of SHGs

Self-help Groups (SHGs) are getting momentum in rural India. At present, they are doing quite well in states like Tamil Nadu, Andhra Pradesh and Karnataka. This system may be broad-based and allowed to run ration shops on the democratic principle 'of the people, for the people and by the people'.

5.3. Establishment of consumer clubs in colleges and schools

Formation of consumer clubs in colleges and schools will effectively address awareness issue among students. Outreach activities and workshops conducted by the schools and colleges through National Service Scheme (NSS) can help spread the movement in an effective manner.

6. Conclusion

The consumer movement which has slowly matured in the last few decades is required to be encouraged further in future



in the rural area for efficient functioning of PDS. Establishing effective consumer groups in PDS may help in protecting the rural mass from exploitation and thereby may contribute to rural development. Activities required to be taken up in this regard include establishment of District Legal Consumer Information Centers; creating awareness about the consumer protection and rights; providing training to SHGs, VCOs and government officials; and establishment of consumer clubs in educational institutions.

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