

EVALUATION REPORT ON ESSENTIAL SUPPLIES PROGRAMME, 1985

1. The Study

The Essential Supplies Programme is Point Number 17 of the New 20-Point Programme announced in January, 1982. In the Sixth Five Year Plan this programme was envisaged to remain a stable and permanent feature of our strategy to control prices, reduce fluctuation in them and achieve an equitable distribution of essential consumer goods. The Programme Evaluation Organisation at the behest of Planning Commission undertook the study of this programme to evaluate the working of the public distribution system in regard to its extension and strengthening of the distribution network to rural, backward and far-flung areas and promoting of a strong consumer protection movement

2. Objectives of the Study

The main objectives of the study were as under:

- i) to study the existing public distribution system,
- ii) to examine the role of different agencies viz., cooperative, voluntary and other organizations in strengthening the programme,
- iii) to assess the steps taken to expand/strengthen the system so as to meet the requirements relating to (a) rural backward and inaccessible areas, (b) Industrial workers, and (c) the student community,
- iv) to assess its impact on consumers,
- v) to identify the constraints in its execution at various levels, and
- vi) to assess the steps taken to promote a strong consumer protection movement.

3. Sample Size/Criteria for Sample Selection

Out of 22 States of the Indian Union, only 18 states were selected for the purpose of study. Each state was divided into two strata viz. i) industrially backward districts, and ii) other districts. From each state two districts were selected randomly from the above two categories (i) & (ii). However, only one district was selected in case of the states of Manipur, Tripura and J&K as these states were classified as industrially backward states.

From the two selected districts from a state, two district headquarter towns were selected for selection of beneficiary household respondents from among the industrial workers. From the Industrial areas in each district headquarter town, four licensed fair price shops were selected at random. From each ration shop, five ration-card holders were selected on equal probability basis.

For the selection of beneficiary household respondents, other than industrial workers, one block was selected at random from each selected district. From the selected block, four villages were selected at random, out of which one licensed fair price shop/cooperative retail outlet were selected. From each of the selected fair price shops/retail cooperative outlets, five ration card holders were selected randomly for canvassing.

In all, 1325 ration card holders (660 from Urban and 665 from rural areas) and 265 fair price shopkeepers were selected.

4. Reference Period

The study was conducted in December, 1982 and the data and information was collected for the period December, 1980, December, 1981 and October 1982, respectively.

5. Main Findings

1. The study observed that 81.11 per cent of the selected beneficiary households were old beneficiaries of the Civil Supplies Programme and another 14.80 per cent had become beneficiaries before introduction of the Essential Supplies Programme in January, 1982. 95.91 percent of the total beneficiaries were old beneficiaries and only 4.08 per cent were new beneficiaries who drew their rations after the start of the Essential Supplies Programme. Thus, the impact of the programme with regard to coverage of additional population during January-October, 1982 was marginal.
2. It was reported that the beneficiary households were not drawing the ration regularly even for one commodity out of 11 commodities. The reason for not drawing the ration regularly, was due to irregular supply followed by 'poor quality' of commodities made available through fair price shops.

3. There were only nine commodities which were made available by 17 per cent of the shopkeepers. Of these, sugar was being distributed by over 92 per cent, rice by about 80 per cent, wheat 67 per cent, Kerosene 53 per cent, palm oil 52 per cent and Suji, maida, rapeseed oil and wheat flour by about 17 to 19 per cent of the shopkeepers. Besides these, controlled cloth was distributed by 11.36 per cent and exercise books by 5.68 per cent of the total number of shopkeepers
4. Incidence of not lifting of sanctioned quotas by fair price shopkeepers was observed to be higher in rural areas as compared to urban areas in the case of almost all the commodities. The second reason for non-lifting of these commodities was due to easy availability of some of the commodities in the market like rapeseed oil, wheat flour, palm oil, rice and wheat.
5. In respect of five commodities viz., wheat, rice, suji, maida and exercise books, the quantities sold through fair price shops were broadly 33-50 per cent less than their quantities (quota) sanctioned for release.
6. There was a considerable delay on account of supply to the shopkeepers. Forty nine per cent of the total selected shopkeepers had to make more than one visit per month for lifting the monthly quota due to non-availability of full quota of all the commodities simultaneously.
7. About 76 per cent shopkeepers reported that the running of fair price shops was not profitable and 93 per cent stated low rate of commission as the most important reason.
8. The beneficiaries and the fair price shopkeepers faced four major difficulties, like irregular availability of the commodities, inadequate supplies, poor quality and under-weighment.
9. In 8 out of the 18 states under study, not even a single respondent; urban or rural; reported the existence of consumer protection movement in his area.
10. 5.5 per cent beneficiary households from urban and 3.5 per cent from rural areas stated irregular working hours observed and distant location of Fair Price Shops from their houses.
11. Only four of the selected states viz., Haryana, Punjab, J&K and Maharashtra stated that their whole population has been covered under the programme. The remaining 14 states reported that their urban and rural population was yet to be covered under it.

12. The progress made towards meeting the needs of industrial workers was not upto the mark.
13. Lack of proper and adequate storage space (godown) resulted in higher transport costs. State Governments as well as fair price shop owners were wholly dependent upon private transport. Some of the state Governments and numerous fair price shop owners complaint of exploitation by these contractors.
14. Nearly 34 per cent of the total number of respondents shopkeepers reported that they do not have adequate funds to run the fair price shops.
15. There was no unanimity and coordination in senior Government officers responsible for running the Essential Supplies Programme in their understanding of the programme even in respect of an important aspect like budgetary allocation.

6. Major Suggestions

1. Necessary steps need to be taken to secure the coverage of all the targeted population urban as well as rural in all the states at the earliest.
2. More fair price shops should be opened in areas with dense industrial workers' population. The timings of the fair price shops should be in accordance with the off-duty hours of the workers.
3. Steps should be taken to provide sufficient godown space, especially in states like Kerala, Madhya Pradesh, J&K, Orissa, Maharashtra and Rajasthan.
4. The job of transportation of commodities from state to district areas and from latter to the premises of fair price shops should be under one authority.
5. It should be ensured that the commodities made available through fair price shops are of good quality, clean and free from foreign matter. It was suggested that wheat and rice (Staple food) should be available at price shops in 5,10 & 20 kgs. bags duly certified contents.
6. The total requirement of different essential commodities should be stocked at the all Indian level for purpose of public distribution which will help in working out more accurate estimates of the requirement of these commodities for distribution through fair price shops.

7. Only those new commodities should be considered for inclusion for distribution through fair price shops which are consumed by a large percentage of the population of a State.
8. There is need for further streamlining of the procedures prescribed lest there is a minimum variation between the sanctioned quantities of the commodities and those actually become available for distribution at fair price shops.
9. Institutional agencies like the commercial and cooperative banks should be induced to advance a certain percentage of the assessed capital requirement as loans to the licenses of the fair price shops which will help in raising their working capital required by them.
10. All village panchayats should have powers and authority to check and supervise the working of fair price shops in their respective jurisdiction in all states where they have not such powers at present.
11. Exercise books may be made available to students directly through schools and stationery shops at controlled prices.
12. The Government should get the position with regard to the quantities of different commodities sanctioned, allottees, actually lifted and actually sold, investigated.
13. Necessary steps should be taken to ensure that the weighing of commodities at the issue points is fair and correct.
14. The whole structure of commission-direct commission as well as indirect revenue through the sale of gunny bags, etc. allowed to fair price shopkeepers on the sale of different commodities should be examined and reviewed from time to time.
15. The main role of the consumer protection movement should be by formation of consumer council in urban as well as rural areas with such leaders as may be forthcoming from local leaders, voluntary organisations, youth clubs, gram panchayats and others.
16. Steps should be taken to minimise delay and essential commodities made available at fair price shops timely. The computerisation of the distribution system at all India and state levels may be introduced for this purpose.
17. The benefit of the element of subsidy in the programme should flow in its entirety to the poor.

18. The Food & Civil Supplies Department should not take any staff on deputation from other departments.
19. A hand book relating to different aspects of the Essential Supplies Programme should be brought out by the Department of Civil Supplies of the Union Government. Secretary/Commissioner/Director incharge of the programme in different states should monitor and make contribution on specified aspects of the programme.