

CHALLENGES FACED BY RATION SHOP DEALERS IN KERALA: UNVEILING THE REALITY

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Abstract

The Public Distribution System (PDS) in Kerala is a cornerstone of the state's welfare initiatives, designed to ensure food security and alleviate poverty by providing essential commodities at subsidized rates through a vast network of ration shops. Despite being recognized for its efficiency and extensive coverage, the system faces challenges, particularly in the wake of the National Food Security Act (NFSA). This article examines the satisfaction levels and challenges faced by PDS dealers in Kerala. While dealers express contentment with technological advancements and consumer-related factors, significant dissatisfaction persists regarding business-related factors such as inadequate commissions, poor-quality goods, and delays in the distribution of commodities from FCI warehouses. Key issues of dealers include insufficient returns, weight shortages, corruption among FCI and Civil Supplies staff, and frequent failures of EPOS machines. By highlighting these challenges, the article provides critical insights for policymakers and stakeholders to address these concerns and improve the efficiency and sustainability of the PDS in Kerala.

Keywords:- Electronic Point of Sale (EPOS), Fair Price Shop (FPS), Food Corporation of India (FCI), National Food Security Act (NFSA), Public Distribution System (PDS).

*A*mong all the safety nets currently in operation in India, the most far-reaching in terms of coverage as well as public expenditure (subsidies) is the Public Distribution System (PDS). (Institute for Human Development, 2018). Ration

shops, also known as Fair Price Shops (FPS) are part of the Indian public distribution system established by the Government of India, which distributes rations to the poor at subsidized prices. The central and state governments are jointly responsible for regulating PDS.

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The central government is responsible for the procurement, storage, transportation, and bulk distribution of food grains, while the state government is responsible for distributing them to consumers through the established FPSs network. India's PDS has a network of 5.34 lakh FPSs as of 31st December 2019 (Dept. of Food and Public Distribution, 2020) and may be the largest distribution agency of its kind in the world.

Statement of the Problem

Recently, the Central and State Governments have implemented many policy reforms in PDS, including the National Food Security Act (NFSA) 2013, One Country One Ration Card, and Electronic Point of Sale (EPOS) arrangements. The main goals of these reforms are to strengthen distribution channels, avoid the leakage of subsidized food grains, and ensure food security, especially for vulnerable sections of the people. The success of these policy reforms depends on how distributors implement these plans in real spirit. The implementation of NFSA in Kerala has not only improved the operational efficiency and transparency of the PDS but has also created some problems for the ration dealers. Problems of dealers will hinder them from providing quality services to their customers. At this juncture, it is necessary to study, what are the problems faced by the dealers to provide satisfactory services to consumers.

Significance and Scope of the Study

In our current economic situation, the prices of consumer goods usually rise from time to time. This is due to two basic reasons. With the increase in

population and living standards, the demand for commodities is also increasing. The other is the increase in input costs due to various reasons. At that time, the government decided to rationalize and tend to reduce market prices and established a network of Fair Price Shops (FPS). PDS is an important planning scheme. Due to a large amount of expenditure in this area, PDS becomes more important. This study has greater relevance, because Governments, policymakers, and planning committees should know the problems of Fair Price Shop dealers, one of the important stakeholders in the system that underwent fundamental changes, especially after the implementation of the National Food Security Act. The scope of the study is limited to the PDS dealers in Kerala and their problems only.

Review of Literature

The PDS system of many states is insufficient to cater to the needs of the people. Inefficient governance of government systems has become a prevailing trend. This inefficiency proved that it is not consumer-oriented. The public distribution system proved to be ineffective and failed in terms of the quantity, price, and quality of the goods distributed, and the regularity of satisfying the needs of consumers, especially those of socially disadvantaged groups (Naik, 1997). Despite all these certain issues like inaccurate identification of beneficiaries, leakages, inadequate storage capacity, and non-viability of Fair Price Shops plague the system (Ghabru, M., et.al., 2017). Dealers are complaining about the discrepancy of quantity allotted and received and reducing the quantity to

consumers to compensate for the discrepancy (Venkata Subbaiah, 1999)

Objectives of the Study

1. To analyze the demographic and rationing profile of PDS Dealers in Kerala.
2. To identify the problems of ration shop dealers in Kerala.

Research Methodology

The primary data were collected from dealers through a structured interview schedule. The secondary data were obtained from the publications of the Ministry of Consumer Affairs Food and Public Distribution (GoI), and Kerala State Civil Supplies Department.

Sample size and method

The sample size of 120 FPS dealers in Kerala. The multi-stage proportionate simple random sampling method was

adopted for the selection of dealers.

Stage One: *Selection of districts:* In the first stage, two districts (Kozhikode & Malappuram) from the North, two districts (Palakkad & Ernakulam) from the Central, and two districts (Pathanamthitta & Thiruvananthapuram) from the South part of Kerala were selected by using a simple random sampling method.

Stage Two: *Selection of Rationing Zones:* From each District, two Rationing Zones under the Taluk Supply Officer (TSO)/ City Rationing Officer (CRO) were selected at random. Table 1 shows the details of the TSO/CRO selected for the study.

Stage Three: *Selection of Dealers:* 120 FPS dealers were selected proportionately from rationing zones by using a simple random sampling method.

Table 1
Demographic Profile

Basis of Classification	Classification	No. of Dealers	Percentage
Locality	Rural	85	70.8
	Urban	35	29.2
	Total	120	100.0
Age Group	Up to 40	29	24.2
	41 to 55	48	40.0
	Above 55	43	35.8
	Total	120	100.0
Educational Qualification	Up to Higher Secondary	89	74.2
	Graduate	31	25.8
	Total	120	100.0

Source: Primary Data

Tools used for analysis

The tools used for the analysis of primary data were descriptive statistics like arithmetic mean, standard deviation, variance, etc. The tools used for hypothesis testing include Mann-Whitney U Test and Kruskal Wallis Test.

Analysis of Data

The majority of respondents (71 per cent) are doing business in rural areas and 29 per cent are located in urban areas. The

age-wise classification reveals that one-fourth of the dealers are below the age of 40 years. It is also evident that nearly three-quarters of dealers have educational qualifications up to the Higher Secondary level.

From the Table, 2 nearly half of the respondents have done business for more than 20 years, only 9 per cent of respondents obtained the license by applying themselves; 20 per cent get it through rent, and most of them got

Table 2
Rationing Profile of Dealers

Basis of Classification	Classification	No. of Dealers	Percentage
Number of Years of Experience in running FPS	Below 10 years	28	23.3
	10 - 20 Years	34	28.3
	Above 20 Years	58	48.3
	Total	120	100.0
ARD License Obtained	By applying oneself	11	9.2
	Ancestral	85	70.8
	Rental	24	20.0
	Total	120	100.0
Number of Ration cards in the Shop	Up to 500	46	38.3
	Above 500	74	61.7
	Total	120	100.0
Number of Employees in the shop	No other employee	14	11.7
	One employee	88	73.3
	Two employees	18	15.0
	Total	120	100.0
Monthly expenditure for running FPS	Below 10,000	8	6.7
	Rs. 10,000 - 20,000	40	33.3
	Above Rs. 20,000	72	60.0
	Total	120	100.0

Source: Primary Data

ownership through ancestral inheritance. The majority of the ration shops have a number of ration cards more than 500. It is also found that three-fourths (73 per cent) of ration shops have employees to help the owner. While analysing the monthly expenditure for running the shop, it was found that the majority (60 per cent) of dealers incurred more than Rs. 20,000.

Problems of Dealers

The problems of dealers are measured on a 3-point scale. Each point on the scale carries a score. Responses of dealers are assigned scores, 1 to ‘no problem’, 2 to ‘moderate problem’, and 3 to ‘severe problem’. One sample

Wilcoxon signed-rank test is used to examine whether the median of responses is statistically different from a hypothesized value or test value. Here test value is set to 2 (middle value).

The null hypothesis (H0) is ‘Problems of dealers in PDS are equal to the average level’.

Since the p-value is less than 0.05 (Table 3), the null hypothesis is rejected at 5 per cent level of significance with regard to all Business-related factors except for the variable ‘No proper intimation about the arrival of stocks. Hence the opinion regarding the problems of dealers is not equal to the average level. Based on the

Table 3
Problems of Dealers in Business-Related Factors

Variables	Severe	Moderate	No Problem	Mean	Median	Z Value [#]	p-value
Inadequate commission/ return on investment	49	71	0	2.41	2	-7.000	<0.001*
Shortage in weight of goods supplied	43	65	12	2.26	2	-4.180	<0.001*
Poor quality of consumer articles	37	77	6	2.26	2	-4.727	<0.001*
Delay in supply of articles from FCI warehouse.	29	84	7	2.18	2	-3.667	<0.001*
Lack of storage facility in FPS	2	45	73	1.41	1	-8.198	<0.001*
Inadequate staff	0	24	96	1.20	1	-9.798	<0.001*
Bad location of the shop	2	11	107	1.13	1	-10.057	<0.001*
No proper intimation about the arrival of stocks.	5	103	12	1.94	2	-1.698	0.090
Overall	30	20	70	1.85	1.88	-5.816	<0.001*

Source: Primary Data

mean, it is observed that dealers are facing severe problems only with respect to inadequate commission, shortage in weight, poor quality, and delay in the supply of goods. But they have a very low level of issues concerning the lack of storage facility, inadequate staff, and improper location of the shop.

Since the p-value is greater than 0.05, the test result failed to reject the null hypothesis at 5 per cent level of significance in respect of the variable ‘no proper intimation about the arrival of stock. There is no significant difference

between the mean score and average value, which means dealers are facing the problem of ‘no proper intimation about the arrival of stocks’ on an average level. Although there are some serious problems in business-related factors, the overall problem on Business-related factors is not serious because its mean is less than the middle value.

Since the p-value is less than 0.05 (Table 4), the null hypothesis is rejected at 5 per cent level of significance about all regulatory measures-related factors. Hence problems of dealers are not equal

Table 4
Problems of Dealers on Regulatory Measures Related Factors

Variables	Severe	Moderate	No Problem	Mean	Median	Z Value	p-value
Lack of awareness of provisions of NSFA-2013	6	50	64	1.52	1	-6.932	<0.001*
Lack of awareness of Govt. Orders& Circulars	6	54	60	1.55	1.50	-6.647	<0.001*
Excessive paperwork/maintenance of Registers	0	58	62	1.48	1	-7.874	<0.001*
Frequent inspection by the supply department	0	72	48	1.60	2	-6.928	<0.001*
Departmental intervention	7	61	52	1.63	2	-5.859	<0.001*
Lack of coordination among civil supplies dept., vigilance cell, FCI, and other Agencies.	6	94	20	1.88	2	-2.746	0.006*
Corruption of FCI & Civil Supplies department staff	60	54	6	2.45	2.5	-6.647	<0.001*
Political intervention	12	72	36	1.80	2	-3.464	<0.001*
Overall	12	18	90	1.74	1.75	-7.897	<0.001*

Source: Primary Data.

to the average level. Based on mean and median scores, it can be inferred that they are facing severe problems only with respect to corruption of FCI & Civil Supplies department staff, and all other regulatory measures related problems are mild, viz., lack of awareness about NFSA and Govt. Orders & circulars, huge paperwork, intervention & inspection by the dept. And lack of coordination of Govt. Agencies. It can be concluded that overall problems in regulatory measures related factors are below-average level.

Since P-value is less than 0.05 (Table 5), the null hypothesis is rejected at 5 per cent level of significance regarding the variables Breakdown of EPOS machines and the Indifferent attitude of consumers toward using EPOS

machines. Hence the opinion regarding the problems of dealers on these variables is not equal to the average level. Based on the mean and median scores, it is observed that dealers are facing severe problems in respect of the breakdown of EPOS machines but they have a very low level of issues concerning the indifferent attitude of consumers toward using EPOS machines.

Since the p-value is greater than 0.05, the test result failed to reject the null hypothesis at 5 per cent level of significance in respect of the variables, viz., delay in getting connectivity of EPOS machine with Server, difficulty in recognizing thump impression by EPOS machine, absence of the online payment system, Lack of technical knowledge, and

Table 5
Problems of Dealers in Technology-Related Factors

Variables	Severe	Moderate	No Problem	Mean	Median	Z Value	p-value
Delay in getting connectivity of EPOS machine with Server	13	82	25	1.90	2.00	-1.947	0.052
Difficulty in recognizing thump impression by EPOS	14	95	11	2.03	2.00	-.600	0.549
Absence of the online payment system	18	72	30	1.90	2.00	-1.732	0.083
Break-down of EPOS machine	28	92	0	2.23	2.00	-5.292	<0.001*
Lack of technical knowledge	33	57	30	2.03	2.00	-.378	0.705
Indifferent attitude of consumers for using EPOS	0	98	22	1.82	2.00	-4.690	<0.001*
Difficulty in rectifying errors	27	72	21	2.05	2.00	-.866	0.386
Overall	29	38	53	1.99	2.00	-.351	0.726

Source: Primary Data

Difficulty in rectifying errors. There is no significant difference between the median score, which means dealers are facing problems in these variables on an average level. It is also revealed that overall problems of dealers in Technology-related factors are on an average level.

Since the p-value is less than 0.05 (Table 6), the null hypothesis is rejected at 5 per cent level of significance regarding all Consumer related factors. Hence the opinion regarding the problems of dealers is not equal to the average level. Based on the mean scores, it is observed that dealers have a low level of problems with respect to all consumer-related factors.

Since the p-value is less than 0.05 (Table 7), the null hypothesis is rejected at 5 per cent level of significance regarding the variables viz., lack of finance, dealers having other jobs, and indifferent attitude of consumers. Hence the opinion

regarding the problems of dealers on these variables is not equal to the average level. Based on the mean scores, it is observed that dealers are facing severe problems only with respect to lack of finance. But they have a very low level of problems in respect of dealers having other jobs, and the indifferent attitude of consumers.

Since the p-value is greater than 0.05, the test result failed to reject the null hypothesis at 5 per cent level of significance in respect of the variables, viz., health problems of dealers, and indifferent attitude of officials. There is no significant difference between the mean/median scores and average value i.e., dealers are facing the problem in these variables on an average level. It is also revealed that overall problems of dealers in owner-related factors are at a below-average level. Mann-Whitney U test has been executed to identify the disparity

Table 6
Problems of Dealers on Consumer-Related Factors

Variables	Severe	Moderate	No Problem	Mean	Z Value	p-value
Irregular purchasing of articles by consumers	6	69	45	1.68	-5.461	<0.001*
Ignorance of consumers about how to use EPOS machine	6	77	37	1.74	-4.727	<0.001*
Unawareness about the quantity of their entitlement	6	35	79	1.39	-7.918	<0.001*
Ration card Portability	0	25	95	1.21	-9.747	<0.001*
Option to give up ration items temporary	6	35	79	1.39	-7.918	<0.001*
Overall	0	18	102	1.48	-8.845	<0.001*

Source: Primary Data

Table 7
Problems of Dealers on Personal/Owner-Related Factors

Variables	Severe	Moderate	No Problem	Mean	Z Value	p-value
Lack of finance	41	74	5	2.30	-5.308	<0.001*
Health problems	30	72	18	2.10	-1.732	0.083
Having other jobs	0	30	90	1.25	-9.487	<0.001*
Indifferent attitude of officials	13	90	17	1.97	-.730	0.465
Indifferent attitude of consumers	6	76	38	1.73	-4.824	<0.001*
Overall	22	23	75	1.87	-4.729	<0.001*

Source: Primary Data

between the problems of dealers in urban and rural areas with the null hypothesis being “There is no significant difference in the level of problems of urban and rural dealers”.

Since p-values for Business, Technology, and Owner-related Factors are less than 0.05, the null hypothesis is rejected at 5 per cent level of significance. Hence there is a significant difference in the level of problems between urban and rural dealers. Based on the mean rank, dealers in rural areas are facing more

problems in Business, Technology, and Owner-related factors. There is no significant difference in the level of problems of urban and rural dealers on these constructs.

To evaluate the statistical significance in the disparity of opinion regarding the problems of dealers having numbers of ration cards up to 500 and above 500, the Mann-Whitney U test was applied to test the hypothesis is ‘there is no significant difference in the level of problems of dealers having the number of ration cards up to 500 and above 500’.

Table 8
Problems of Dealers Based on Location

Construct	Mean Rank		Z value	p-value
	Urban (N=35)	Rural (N=85)		
Business Related Factors	45.87	66.52	-2.995	0.003*
Regulatory Measures Related Factors	63.09	59.44	-.532	0.595
Technology Related Factors	45.70	66.59	-3.069	0.002*
Consumer Related Factors	57.17	61.87	-.689	0.491
Owner Related Factors	48.26	65.54	-2.618	0.009*

Source: Primary Data ; *Significant at 5 per cent level of Significance

Table 9
Problems of Dealers Based on Number of Years of Experience

Construct	Mean Rank			Kruskal Wallis H	df	p-value
	No. of Years of Experience					
	Below 10 (N=28)	10 - 20 (N=34)	Above 20 (N=58)			
Business Related Factors	63.36	56.76	61.31	0.629	2	0.730
Regulatory Measures Factors	90.00	73.19	38.82	48.871	2	<0.001*
Technology Related Factors	41.64	64.78	67.09	11.398	2	0.003*
Consumer Related Factors	53.61	56.50	66.17	3.242	2	0.198
Owner Related Factors	68.89	59.34	57.13	2.478	2	0.290

Source: Primary Data

Since p-values for Regulatory and Technology-related factors are less than 0.05, the null hypothesis is rejected at 5 per cent level of significance. It shows that less experienced dealers are facing more problems in Regulatory Measures-related factors than the more experienced dealers. While in Technology-related factors more experienced dealers are facing more problems than the less experienced groups. This is due to the reason that experienced dealers are advanced in age and most of them find it difficult to adapt to the changes in technology in the field. There is no significant difference in the level of problems among the dealers having different years of experience regarding Business, Consumer, and Owner-related factors as the p-value is >0.05.

Findings

The dominance of rural, less educated, and experienced dealers: The majority of dealer respondents (71 per cent) do business in rural areas and most of them have educational qualifications up to a Higher Secondary

level. It is revealed that the dominance of dealers belongs to the age group 41-55 years. Most dealers obtain ARD licenses through ancestral means and most ration shops have ration cards more than 500 numbers.

Increased cost of working: The expense of running the shop for the majority of the dealers (60 per cent) is more than Rs. 20,000.

Inadequate Commission/ Return: Dealers are facing severe problems in respect of inadequate commission/ return, shortage in weight of goods supplied, poor quality of consumer articles, and delay in Supply of articles from FCI warehouse. They are facing the problem of no proper intimation about the arrival of stocks on an average level.

Corruption still exists: Dealers are facing severe problems with respect to Corruption of FCI & Civil Supplies department staff, and all other Regulatory measures related problems are mild, viz., lack of awareness about NFSA and Govt. Orders & circulars, huge paperwork,

intervention & inspection by the dept. And lack of coordination of Govt. Agencies.

Breakdown of EPOS machines is a serious issue: Dealers are facing severe problems with respect to the breakdown of EPOS machines, delays in getting connectivity of EPOS machines with the Server, difficulty in recognizing thump impression, and absence of the online payment system.

Technical issues are more severe among experienced dealers: There is a significant difference in the level of technical problems among the dealers having different years of experience. Technical problems are more severe among experienced dealers because they are senior citizens and reluctant to change.

No severe issues in consumer-related factors: Dealers did not have any serious problems with respect to customer-related factors viz., irregular purchasing of articles by Consumers, ignorance of consumers about how to use EPOS machine, unawareness about the quantity of their entitlement, ration card Portability, and usage of option to give up ration.

Lack of finance: Dealers are facing severe personal problems due to the lack of finances and health issues. All other personal problems are mild viz., having other jobs, indifferent attitude of officials and Customers.

Rural dealers have more problems: There is a significant difference in the level of problems between urban and rural dealers in Business, Technology, and Owner-related Factors. Dealers in rural

areas are facing more problems in Business, Technology, and Owner-related factors. Problems in Regulatory Measures and Customer-related factors are more or less similar in both urban and rural areas.

Less-educated Dealers have more problems: Dealers, who have low-level education, are facing more problems in Business, Customer, and Owner-related factors. Problems in Regulatory measures and Technology-related factors are similar, irrespective of their level of education.

Suggestions

- An appropriate and efficient system for the procurement, processing, and storage of goods should be adopted to improve the quality of goods and timely distribution to the FPS.
- The adoption of modern and innovative technologies is the only panacea to improve efficiency and prevent leakage in the distribution process. The Government should provide facilities to consumers for online payment at the point of sale. In addition to traditional ration cards, plastic cards should also be issued for more convenience.
- The majority of FPS is not financially viable. The Government should ensure adequate commission/ return to the dealers especially FPS with a small number of ration cards.
- The number of essential goods distributed through this system is very limited, but consumers demand more, so the Government should take the necessary steps to distribute more goods at subsidized prices through the PDS.

- The Government should also take the necessary steps to provide continuous training to dealers on how to use EPOS machines, and how to correct complaints and false entries, especially for more experienced and older dealers. A toll-free number should be provided to the dealers for getting technical advice from experts.
- There are a lot of issues like delays in getting connectivity of EPOS machine with the server, and difficulty in recognition of thump impression by the machine, the Govt. should take appropriate measures to overcome these technical problems.

Conclusion

This article examined what are the problems faced by the dealers in Kerala.

They are facing several serious issues, which are to be addressed. After the implementation of NFSA and FPS automation, the financial viability of the store is threatened. Regulatory and technologically advanced measures have been taken to curb unfair trade practices in PDS. These technological upgrades may sometimes cause more problems in the working of FPS than before. While examining the problems of dealers, it is found that they are facing severe problems in respect of inadequate commission/return, shortage in weight of goods supplied, poor quality of consumer articles, delay in supply of articles from FCI warehouse, corruption of officials, break-down of EPOS machine and lack of personal finance. While analyzing the construct-wise, it is observed that they have an average level of problems in Technology-related factors and all other problems are mild.

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