

P r e f a c e

The present study on the working of Fair Price Shops in Assam was undertaken by this Centre at the instance of the All India Study Team which was constituted by the Government of India in September, '64, under the leadership of Professor V.M. Dandekar of the Gokhale Institute of Politics and Economics. The terms of reference to the Study Team were:

- (1) to review the working of Fair Price Shops for foodgrains,
- (2) to assess the pricing system of the grains sold through these shops;
- (3) to examine the general impact on the sale of foodgrains through fair price shops.

The Jorhat Centre was asked to make a few case studies and to give its findings on the working of the Fair Price Shops in Assam.

Because of the limitation of time, we took up case studies for only 25 Fair Price Shops, 9 in Jorhat sub-division and 16 in Gauhati sub-division. This study shows that the Fair Price Shops in Assam have neither been able to meet consumers' demand of foodgrains nor to influence the general price structure of foodgrains in the market. Many lacunae have been noticed in regard to the policy of setting up fair price shops, arrangement for distribution of foodgrains through these shops and their general working.

The study was done under the general supervision and guidance of the Deputy Director of the Centre. The field investigation, analysis and tabulation of data and writing of report have been entrusted to Shri C. K. Bora, Senior Research Investigator of the Centre. Shri Bora began field investigation in December 1964 and completed first draft of the report in February, 1965. The entire typing and memo-graphing work of this report was done by Shri V.N. Narayana Menon, Stenographer with the help of Shri Hemodhar Gogoi, Office Peon, who operated the Duplicating machine. I am thankful to Shri Bora, Shri Menon and Shri Gogoi for their help in completing the Report.

The study would not have been possible without the cooperation of the State Supply Department. My thanks are specially due to the Deputy Directors of Supply in Gauhati and Jorhat who supplied relevant information about the Fair Price Shops for case studies. I also offer my sincere thanks to the owners of the Fair Price Shops for their cooperation.

JORHAT
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Review of Fair Price Shops in Assam.1. Introduction.

1.1. The present study of the workings of Fair Price Shops for distribution of foodgrains in Assam was undertaken by the Agro-Economic Research Centre for North East India at Jorhat at the instance of the All-India Study team set up by the Ministry of Food and Agriculture. In view of the limitation of time, the Centre has selected about 16% and 10% of Fair Price Shops of Jorhat and Gauhati sub-divisions respectively for investigation. In course of the investigation of these shops data in respect of receipts and disposals of rice and atta, price charges for different varieties of rice and atta, frequency of inspection by Government, reports and returns maintained by Shopkeepers, expenditure incurred in Transport, Shopkeeper's margin of profit etc. etc. were collected. Detailed information of these shops' case studies is given in the next Chapter. The State Policy of Fair Price Shops, particularly the administration, procedure followed for supply of foodgrains and the people expected to be benefitted from these shops, is discussed in the subsequent paragraphs.

2. State Policy on Fair Price Shop.

2.1. Criterion of Setting up Fair Price Shops: Fair Price Shops are set up mostly in urban areas where scarcity and high price of rice are recurrent. In certain rural areas, particularly in the flood and erosion effected areas, Fair Price Shops are also started. In the urban and industrial areas, one of the criteria of setting up Fair Price Shop is the concentration low-paid wage-earners who regarded as the vulnerable section of the population. But at times, particularly during the lean months when the flow of rice in the open market goes down and prices go up, such Fair Price Shops are the only sources to provide necessaries to the consumers.

2.2. As soon as report about scarcity and high Price of food-grains is received by the authorities the Fair Price Shops are started in those areas to bring prices down and ensure regular supply to the consumers. For this purpose no tenders are invited from the shopkeepers, but the reliable traders are selected by the authorities after making careful scrutiny of the individual applications. Cooperative or consumer Societies willing to function as Fair Price Shops are given preference.

2.3. Administration of Fair Price Shop: The selected shopkeepers are required to execute an agreement accepting the terms and conditions of their appointment made under the Assam Food stuff(Distribution) Control Orders, 1958. They are also required to take licence for dealing in rice under the Assam Food-grains Licensing and Control Orders, 1961. For any violation of terms and conditions of the licence and the provisions of the Assam Foodgrains Control Orders, they are liable for punishment under the **Essential Commodities Act**, 1955. The Fair Price Shop-keepers are required to furnish a security of Rs 50/- which may be forfeited in part or in full for any breach of contract and violation of the terms and conditions of the licence. The terms and conditions are as follows:-

- (i) The licence-holders shall carry on his business in an area specified by Government.
- (ii) He will have to indicate the places where he will start his Head-Office and Branch Offices.
- (iii) He will have to declare the places where he will store foodgrains. Maximum quantity allowed to be stored is also indicated in the licence.
- (iv) Agent's name, if engaged, has also to be declared with their area of operation.
- (v) He shall have to maintain clear accounts of the day-to-day transactions.

- (vi) He shall have to submit fortnightly returns to the Licensing Authority regularly.
- (vii) He shall have to issue cash Memos to the customers.
- (viii) He shall have to give all facilities for inspection of stocks, accounts etc. by the officers authorised for this purpose.
- (ix) Fair Price Shops are not allowed to deal in rice other than that supplied by Government. But Cooperatives--both wholesale and Consumers Societies--have, as a special case, been allowed to do business in rice other than those supplied by Government for sale at fair prices. As regards other foodgrains there is no such restriction.

2.4. Procedure Followed for Supply of Foodgrains: A monthly quota of rice is fixed for each Fair Price Shop-keeper according to the number of persons to be served. Wheat (Atta) and other commodities are also supplied. The Shop-keepers are not required to submit any requisition for their fixed quota. But when it is not possible for them to meet the demand of the consumers according to the fixed quota requisition for additional quantity is required to be given which is generally supplied. The Shop-keepers have to maintain registers showing issues of rice and other commodities to the consumers.

2.5. The dealers are to make payment in the Treasury the full value of their quota before the supply is obtained. The supply is made on the fortnightly basis. The quota for the first fortnight is usually supplied within the 1st week of the month and the quota for the second fortnight after 15th of the month. Quotas for both the fortnights are not supplied at a time.

3. Over-all Position of Fair Price Shops in the State:

3.1. Available data given below show that the total number of Fair Price Shops in Assam at the end of the years from 1957 to 1963 fluctuated greatly.

Year	1957	1958	1959	1960	1961	1962	1963
No.	1,285	687	1,453	556	891	587	1,656*

Source: Bulletin on Food Statistics, 1964 issued by the Economic and Statistical Adviser.

* Provisional.

The fluctuations in number might be the reflection of the supply position in the State. The total number of Fair Price Shops at the end of October, 1964 was about 3,000.

3.2. The available data from official sources for 19 out of 23 sub-divisions of Assam are given in the Statement 1.1 in the Appendix. The total number of Fair Price Shops, total issues of rice per month and approximate number of population benefitted from the Fair Price Shops at 3 points of time viz. December, 1962, December 1963 and October, 1964 are given in the following table:-

TABLE 1.1

Number of Shops, Total Issues of Rice and Population Benefitted, Assam.

Time	No. of F.P Shops.	Total Issues of Rice. (Qtls)	Total persons benefitted. (thousand)
December 62	769	23,214	6,13
December 63	1,171	23,938	6,94
October 64	2,771	75,508	18,29

Note: Data for 4 sub-divisions are not available.

As data on the number of identity cards issued in different sub-divisions are not available, it is very difficult to say definitely whether the total number of population said to have

been benefitted from the Fair Price Shops are correct. Nevertheless, the figures give an approximate idea on this point.

3.3. It appears that there is a general tendency of the number of Fair Price Shops and their total issues to the consumers to increase from June to November, while from December to May the number of Fair Price shops and their total issues remain almost the same. The reason behind this is that the former period comprises lean months when there is a general scarcity of foodgrains and the latter is the harvesting periods when substantial foodgrains are available in the market.

4. Price Behaviour.

4.1. The Fair Price Shop owners are to sell foodgrains to specified group of consumers at the prices fixed by the Government Supply Department which revises prices from time to time.

4.2. The ex-godown issue prices for Sali (Arua) rice per quintal was Rs. 54.21 in November, 1962 till February 1963, but it was raised to Rs. 57.06 in the month of March, 1963 which continued upto January, 1964. Then there was further rise of rice-prices in the month of February, 1964, to Rs. 65.98 which continued only for two months. In the month of April, 1964 price was again raised to Rs. 68.56 while the price of atta remained static at Rs. 41.52 per quintal from November, 1962 to October, 1964, the period under investigation.

5. Family Identity Cards of Fair Price Shops.

5.1. Foodgrains in the Fair Price Shops in the urban areas are issued on Family Identity Cards. In certain parts of the rural areas, card system is also introduced. But where the card system is not introduced the distribution of foodgrains is made under the direction and supervision of the Local Food Committees appointed for this purpose.

5.2. Generally Family Identity Cards are issued to consumers having no cultivation of their own and whose monthly income do not exceed Rs. 250/- per month. There are no separate cards for individuals, but foodgrains are issued on Family Identity Cards. All foodgrains are issued on the same Identity Card. Weekly quota of cereals (Rice & Atta) are specified on the cards. The quota is determined by the number of persons in the family to which the cards has been issued, the maximum weekly quota of rations being 14 Kg. (7 Kg. rice plus 7 Kg. Atta) per family as specified by the Government. In spite of this rule it is noticed that many families in urban areas do not have any Identity Card. This may be due to the availability of food grains in the open market or to the slackness of food administration in the State. In the boarder areas of the Hill Districts no card system is prevalent and the system of distribution of rice in those areas is through Fair Price Shops.

6. Distribution Policy.

6.1. Generally in Assam, rice and atta are distributed to the consumers on 50:50 basis in urban areas and 75:25 basis in rural and Hill areas. This system of distribution is not appreciated by consumers both the rice and wheat eaters. Because of this, in time of regular supply in the open market, the consumers are reluctant to draw their quota from Fair Price Shops.

CHAPTER II.

Case Studies of Fair Price Shops.

1. Introduction.

1.1. A general review of Fair Price Shops in Assam was done in the previous Chapter. Here the working of some Fair Price Shops from Jorhat and Gauhati sub-divisions are taken up for study. Out of 27 Fair Price Shops at Jorhat Town 6 Shops have been selected at random and informations collected from them in the prescribed schedules. Out of 186 Fair Price Shops in rural areas of Jorhat sub-division, 3 Shops have been selected on 'purposive' basis for our study. There are 151 Fair Price Shops at Gauhati Town from which 16 were selected at random sampling method. No Fair Price Shops were selected from rural areas of this sub-division due to limitation of time.

1.2. The list of Fair Price Shops investigated in both the sub-divisions are given below:-

A. I. Jorhat Sub-division (Urban & Suburb Areas).

1. Shri Bolaram Das, Raibahadur Lane, Jorhat Town.
2. Shri Sunil Kanti Mazumdar, Senibari Road, Jorhat Town.
3. Shri K. C. Kundalia, Garali, Jorhat Town.
4. Nabahar Cooperative Store, Tarajan, Jorhat Town.
5. Kumud Ch. Handique, Lichubari, Jorhat Suburb.
6. Assam Agricultural College Cooperative, Barbheta, Jorhat Suburb.

A. II. Jorhat (Rural)

7. Shri Bhriganath Sahu, Barigaon.
8. Shri Lakheswar Dutta, Desoi Nagar.
9. Simoluguri Mouza Marketing Society, Simoluguri.

B. Gauhati Sub-division (Urban)

1. Shri Dharma Kanta Sarma, Panbazar, Gauhati Town.
2. Shri Mandal Brothers, Uzanbazar, Gauhati Town.
3. Shri Sadhanbala Roy, Paltanbazar, Gauhati Town.
4. Shri Saddique Ali, Athgaon, Gauhati Town.

5. Shri Tapan Barua, Ulubari, Gauhati Town.
6. Md. Ismile, Dispur, Gauhati Suburb.
7. Shri Binod Bhandar Kayastha, Kamakhya, Gauhati Suburb.
8. Shri Saty Kanta Barua, Chhenikuthi, Gauhati Suburb.
9. Shri Hiralall Agarwalla, Narengi, Gauhati Suburb.
10. Shri Umesh Ch. Sarma, Jalukbari, Gauhati Suburb.
11. Shri Gopal Das, Jalukbari, Gauhati Suburb.
12. Shri Kamini Kr. Biswas, Maligaon, Gauhati Suburb.
13. Shri Golok Sarma, Pandu, Gauhati Suburb.
14. Shri Sudhir Burdhan, Pandu, Gauhati Suburb.
15. Shri Gobinda Prasad Sarma, Beerkuchi, Gauhati Suburb.
16. Shri Jhappar Bahadur, Noonmati, Gauhati Suburb.

2. Main Handicaps.

2.1. The main handicaps under which the Fair Price Shops of Jorhat and Gauhati Sub-divisions have been working are discussed in the following paragraphs.

In both the sub-divisions the Government has selected some approved dealers in addition to the old Fair Price Shops (which were set up earlier) for the distribution of foodgrains to meet the consumers' demand. Both these Fair Price Shops and approved dealers are drawing their quota of rice and atta from the Supply Department of the Government. But it is seen that the approved dealers had been able to sell rice to the consumers at a cheaper rate than that of Fair Price Shop owners. Evidently this price-discrimination has encouraged consumers preference towards the approved dealers rather than that of Fair Price Shop owners. It is surprising to see how the same product is sold at different rates at Government approval. The differences in price of the same quality of rice by the different dealers put the Fair Price Shop owners in a disadvantageous position. Usually the difference is 3 paise per kilogram.

2.3. Certain other common difficulties have also been noticed during the course of our investigation. In Municipality

area, the Supply Department has allowed 1.34 paise as profit margin per quintal. Dealers are, however, required to bear the transport charges out of this profit. It has been alleged by the dealers that this margin of 1.34 per quintal is not sufficient to cover the actual expenses on certain occasion. But reasonable transport costs i.e. 8 paise per quintal beyond 2 miles from the Supply point are allowed to the Fair Price Shops. In the municipality area the low margin of profit leads the Fair Price Shop owners to adopt unfair means by way of either selling at a higher price to non-card owners or diverting their quota to other channels. Fair Price Shops situated within two miles from the Supply point are however, required to incur substantial amount as transport charges for carrying Fair Price articles after which a very small margin is left as their profits.

2.4. During and just after the harvesting periods different varieties of rice both coarse and fine are available in the open market at competitive and reasonable prices. At the same time consumers can make their free choices of their requirements in the open market. As a result of this Fair Price Shops owners have often to face a difficult situation to dispose of their respective quotas received from the Government which are generally of not good quality.

2.5. One more important complaint received from shop-owners is that the procedure for obtaining stocks was dilatory and complicated, with the result of that it quite often took 2 to 3 days or more to obtain supplies. As a result there was quite often a gap of 2 to 3 days, during which the customers had to be refused.

2.6. In the previous Chapter, it was mentioned that Fair Price Shop keepers were required to draw their quota of rice and ^aatta fortnightly (i.e. twice in a month, once in/fortnight^a).

But in actual practice, the shopkeepers are not seen to follow this procedure. It indicates that there is no rigidity in the procedure.

2.7. In the distribution side also the system of 50:50 basis in the urban areas and 75:25 basis in the rural and Hill areas are not rigidly followed.

2.8. Though in the agreement in between the Supply Department and the Shopkeeper there is a provision to maintain clear accounts of the day-to-day transactions by the Shop-keepers in most cases they could not produce the old records. In certain cases the present records are not maintained properly.

Case Studies of Selected Fair Price Shops.

A.1. Jorhat Sub-division (Urban).

Case Study No.1: This shop is within the Jorhat Municipal area. Besides dealing in Fair Price articles the shopkeeper deals also in other commodities of daily use.

Last fortnight of.	Permitted quantity of		Sales during the period		No. of cards.
	Rice	Atta	Rice	Atta	
October 63	20.00	20.00	16.15	16.15	230
April 64	Nil	Nil	Nil	Nil	151
August 64	5.00	5.00	4.69	4.69	151

From the above it is seen that the shop keeper had drawn 20 quintals of rice and atta each in the 2nd fortnight of October, 1963 out of which only 16.15 quintals of each had been disposed. While on the 2nd fortnight of April, 1964 he had drawn neither rice nor atta from the Government Supply. This may be due to the availability of these articles in the free market. The number of cards registered in the month of September, 1963 were 230 while in the month of January, 1964 there were only 151. This decline is said to be due to detection of some false cards. The rate of ration issued is 2 Kg. for an adult and 1 Kg. for a minor per week.

The Sub-Inspector of Supply Department usually visits the shop twice a month for inspection of detail accounts and physical verification of stocks. Accounts are properly maintained in the shop since September 1963 onwards. The distance is 1 K.M. from the Government Godown to the shop and the Transport charges varies from 0.37 to 0.50 paise per bag of one quintal.

Case Study No. 2: This is also situated within the Municipal area:

Last for- night of	Permitted Qtl.		Stocks at the beginning of		Sales during the period.		No. of cards.
	Rice	Atta	Rice	Atta	Rice	Atta	
Nov. 62	5.00	1.25	9.18	Nil	8.46	1.25	130
Oct. 63	Nil	Nil	17.15	17.15	10.32	10.32	130
April 64.	10.00	10.00	8.15	8.15	6.62	6.62	135
Aug. 64	5.00	5.00	2.41	2.41	2.36	2.36	135

It appears from the above that the shop had disposed 8.46 quintals of rice in November, 1962 and it was increased to 10.32 October 1963, while in August, 1964 it had come down to 2.36. This may also be due to availability of necessary articles in the open market. In the beginning of November 1962 the number of cards registered were 130 and it increased to 135 in April, 1964.

The inspection for records and stocks has been done weekly by the Sub-Inspector and the records maintained is satisfactory. Reports and returns are submitted regularly. The distance from Supply Godown to the shop is 0.8 Km. and the transport cost per bag 0.37 paise.

Case Study No. 3: The shop is situated at the heart of the Jorhat Town.

Last fortnight of	Permitted quantity		Stock at the beginning		Sales during the period.		No. of cards.
	Rice	Atta	Rice	Atta	Rice	Atta.	
Oct. 63	10.00	10.00	0.03	0.03	9.55	9.55	207
April 64	Nil	Nil	7.50	7.50	7.50	7.50	207

The shop had drawn 10 quintals of rice in the 1st fortnight of April, 1964. But at the end of the fortnight there remained a balance quantity of 7.50 quintals. This balance may be due to availability of rice in the free market during that period. The data for the month of August to September was not available as the shop was put under suspension for committing some irregularity. The rations are distributed among the cardholders.

The Supply sub-Inspector generally visits the shop twice a month for inspection of detail accounts as well as the physical verification of stocks. Accounts are kept properly. The distance from the Supply Godown to the Shop is 0.8 K.M. and the transport charges 0.37 paise per bag.

Case Study No. 4: This is a cooperative Store situated in the Jorhat Municipality area. Though this Store started some years back, it remained inactive upto January, 1964. It started functioning since February 1964 onwards. The data supplied by the Secretary of the Store reveal that it has a very small transaction of foodgrains.

The submission of returns and inspection of stock and accounts are done as usual. The distance from the Supply Godown to the Store is about 16 K. M. and the transport charge is 0.50 per bag.

Case Study No. 5: This is situated in the suburb of Jorhat Town and situated within 3.2 K.M. from the Supply point. He does not receive any transport charges from the Government although he has to spend Re.1.00 per bag for transport out of

of his margin/profit of Rs. 1.34. As such he shows very little interest in doing business transaction. Accounts are seldom kept properly and Government inspecting staffs visited rarely. He has maintained 80 Family Identity Cards.

Case Study No. 6. This is a Cooperative Store within the campus of Assam Agricultural College, Borbhetta, the distance being 4.8 K. M. from the Supply point. The shop caters for the need of the employees of the Assam Agricultural College. This is functioning as Cooperative Store for more than 4 years, but has received recognition as Fair Price Shop from July, 1964. Since then they are able to lift their monthly quota of rice, i.e. 30 quintals and dispose the entire stock regularly. Accounts are maintained properly and audited the accounts by interval auditors at regular intervals.

A. II. Jorhat Sub-division (Rural).

Case Study No. 7. This is situated in the rural areas of Jorhat sub-division at a distance of only 3.2 K. M. from the Jorhat Town. Though it is situated in the rural area yet it serves mainly the non-cultivable section of the people. The shop is recognised as Fair Price Shop from September, 1964. This is under direct supervision of the Food Committee. Permitted quantum of stocks are lifted and disposed regularly.

Case Study No. 8. This is at a distance of 5.6 K. M. from the Supply Godown and the transporting cost is Rs. 1.25 per bag. This Fair Price Shop mainly serves the low income group of cultivating people of the area. It has maintained neither family cards nor any accounts.

Case Study No. 9. This is a Marketing Society of Semoluguri Mouza at a distance of 40 K.M. from the Supply point. This marketing Society is serving the entire Mouza consisting of about 10 thousand cultivating people. The Fair Price articles supplied by Government are generally not lifted during the harvesting periods, but during the lean months the Fair Price articles for the entire mouza are lifted by this Marketing Society and distributed to the consumers through Panchayat.

Usually the Fair Price articles are distributed among flood effected people. Accounts are maintained properly and audited by the internal auditors of Cooperative Department at a regular interval.

B. Gauhati Sub-division (Urban).

Case Study No. 1: This shop is situated at the heart of Gauhati Town having 323 family identity cards. Rations are issued to non-card-holders also at the direction of the Supply Department. His average drawal of Rice is 35 quintals per month. The shop keeper has not drawn his quota of atta regularly though the system of distribution is on 50:50 basis. It indicates that there is some relaxation in the distribution system. The cost of transport from Supply Point varies from 50 to 75 paise per bag.

Case Study No. 2. This is also situated at the Municipality area of Gauhati Town having 174 family identity registered cards through which rations are issued. Although he has drawn the quota of rice almost regularly, yet he seems to be very irregular in drawing the quota of atta. During the harvesting period the shop keeper did not lift the quota of rice and atta timely due to his inability to dispose them off. He has to bear 0.50 paise as transport cost per bag from the Supply point to his shop.

Case Study No. 3. This Fair Price Shop is situated in the Gauhati Town. He has 300 family identity cards through which rations are supplied to the consumers. The shop-keeper has also drawn their quantum of rice regularly in the year 1963, but it reveals from the data supplied by him that since the month of April 1964 there is some irregularity in lifting the quota of rice. It appears that he has drawn atta at regular intervals upto October, 1963, after which he has not drawn atta at all. This is because of the fact that the rice is issued by the Government through approved dealer to the consumers and there is no demand for atta from the

consumers. The transport cost per bag from the Supply point to his shop is from 0.37 to 0.50 paise.

Case Study No. 4. This is situated in the Town area at a distance of 4 K. M. from the Supply Godown. He has to spend 0.25 paise per bag as transport charges from the Supply point to his shop. A small quantity of rice per month has been lifted from the Supply Department and distributed it through 158 family identity cards.

Case Study No. 5. The shop has stopped functioning since 1964 . Hence no record could be obtained from this Shop.

Case Study No. 6. This is situated at a distance of 5.6 K. M. from the Supply Godown and the transport charge is 0.75 paise per bag from the Supply point. It reveals from the data supplied by the shopkeeper that he had drawn rice and atta at regular intervals from June, 1963 to January, 1964. Since then there seems to be some irregularity with two gaps in the month of April, 1964 and June 1964 after which he again continued to lift his quota regularly. He has maintained 253 registered family Identity cards.

Case Study No. 7. This Fair Price Shop is at Kamakhya Hills, the distance being 4.8 K. M. from the Supply Godown. The transport cost is Rs. 2.00 per bag. The Fair Price Shop owner uses to lift his quota of rice regularly except during the period from January, 1964 to June, 1964. He maintains 307 registered family identity cards.

Case Study No. 8. This is situated in the Town area at a distance of 3.2. K.M. from the Supply Godown. The cost of transport charges from the Supply point to his shop is 0.50 per bag. The shopkeeper uses to draw 20 quintals of rice in two fortnight in every month and dispose these articles to the consumers without any cards. He has not drawn atta at all.

Case Study No. 9. This shop is situated in the midst of Narengi Military campus at a distance of 19.2 K.M. from the

Supply Godown. The cost of transport charge is 1.50 paise per bag. The shop -keeper had been drawing his entire 70 quintals of rice per month during the year 1963 and 60 quintals of rice in 1964. He supplied rice to 522 Civilian card holders working in the military campus under the direction and supervision of military department. The shopkeeper reports that it has been not possible for him to meet the entire demand of the consumers with this limited stock as there is no ration shop within a radius of 8.5 K.M.

Case Study No. 10. This shop has stopped functioning since 19 . No record could be obtained from this shop.

Case Study No. 11. This shop is situated in the Gauhati University campus at a distance of 8.5 K. M. from the Supply Godown. The cost of transport charge is 1.25 per bag. The rations are issued without any cards. The shopkeeper had been drawing 35 quintals of rice and 20 quintals of atta from November, 1962 to April 1963 and 30 quintals of rice and 15 quintals of atta from May 1963 to September, 1963. The data for the remaining periods could not be procured as the records were in the Supply Department. According to him he did not get the required quantity of Fair Price articles from the Supply Department to meet the demand.

Case Study No. 12. This shop has been started in the month of August, 1964 with 270 family identity cards through which rations are issued. It is at a distance of 7.2 K. M. from the Supply Godown and the transport cost of Fair Price articles is 0.81 paise per bag. During the period from August, 1964 to December, 1964 he used to draw 45 quintals of rice per month for distribution to the consumers.

Case Study No. 13 and 14: These two shops are situated in Pandu Railway Head Quarter at a distance of 8.5 K.M. from the Supply Godown. In the shop No. 13 rations are

distributed through 214 cards while in the No. 14 it is through 340 card holders. In both the shops accounts are not properly kept and they could not furnish the detailed accounts to our investigator.

Case Study No. 15. This is situated at a distance of 16 K.M. from the Supply Godown. The transport cost is Rs 2.00 per bag from the Supply point. This is a new Fair Price Shop started only in January, 1964. As this shop serves mainly the labour population whose number ^{increased} in the month of September to May they have a greater demand of rice during that period. The Supply Inspector seldom visits the Fair Price Shop and the accounts are not maintained properly.

Case Study No. 16. This Fair Price Shop was started only in the month of October, 1964 at a distance of 9'6 K.M. from the Supply Godown. He uses to draw a meagre quantity of rice for distribution to the consumers. His transport cost is Re. 1'25 per bag.

CHAPTER III

Concluding Remarks and Suggestions

1. Findings.

1.1. The data available for the State as a whole and case studies of some Fair Price Shops of two important Centres viz. Gauhati and Jorhat Sub-divisions of Assam, give a fair insight into the working of the Fair Price Shops of Assam. It is given out that fair price shops are expected to serve the vulnerable sections of the population of the State. But in actual practice, it is found that only a small section of the urban population of the State are partially benefitted through Fair Price Shops. The coverage is very small especially in case of rural areas. According to the present practice, the facilities of Fair Price Shops are extended only to the low income groups of population whose family income is less than Rs. 250/- a month. This limitation excludes a large number of families belonging to lower middle class group of the State. They should also be covered by the Fair Price Shops. Many Fair Price Shops, it was found out, sell food grains to all types of consumers, irrespective of whether the purchasers are identity card holders or not. This is done to increase the volume^{of} transaction in the shop to enable these shops to run the business at concessional scale. What is done in practice, can be regularised by extending the coverage of the Fair Price Shops legally.

1.2. The Government seems to have suffered from lack of firm policy of distribution of foodgrains in the State. Earlier, they tried to influence the open market prices through Fair Price Shops. When this policy did not succeed the Government began distribution of foodgrains through some approved dealers, laying down and enforcing certain rules for effective distribution to the needy customers.

1.3. The policy of distributing the rice and atta on 50:50 basis in Urban areas and 75:25 basis in rural and Hills does not encourage customers to draw their quota from Fair Price shops even though rice was not easily available in the open market. If the consumers do not know what to do with their wheat products, they would naturally be reluctant to purchase rice even at lower prices on condition of taking certain quantity of wheat products compulsorily .

1.4. From a study of the movement of rice and paddy prices during the last two or three years it seems that there is no correlation between the prices of paddy and rice. Though the prices of paddy has remained almost static through-out the periods concerned, the Government has raised the prices of rice (common variety) from Rs. 54.21 in November, 1962 to Rs. 57.06 in March 63, Rs. 65.98 in March 1964, and Rs. 68.56 in April 1964 per quintal. It is not clear, why the price of rice is increased from time to time while the price of paddy was fixed under State Trading of paddy Rules. There should have been some logical correlation between the prices of paddy and rice. As some of the traders could purchase paddy at the fixed price from the growers, sometimes retail prices of rice in the open market was even lower than the Government fixed "fair" prices. For this reason the dealers of Fair Price Shops are in disadvantageous position in such periods.

1.5. It seems that the system of distribution of foodgrains through Fair Price Shops at 'cheaper' rate has failed to influence the open market either in wholesale or in retail level. Because only a small section of the population can procure their rice from the Fair Price Shops, the major section of the population depend upon the open market. Moreover the quality of rice supplied through the Fair Price Shops are said to be of inferior quality. So, the consumers are generally attracted to the open market shops where good

quality of rice are available even if the price is slightly higher than that of the Fair Price Shops.

1.6. There was a general complaint among the Fair Price Shop-keepers about the quality of rice supplied. The Fair Price Shops are supplied with the common coarse variety known locally as Sali. It was pointed out that the customers were, sometimes, reluctant to draw the quota as it was unfit for human consumption.

1.7. The most important and valid complaint among all the dealers is the small margin allowed to Fair Price Shops. The margin allowed is Rs. 1.34 per quintal inclusive of transport charges. Of course, beyond 2 miles they are entitled to take 8 paise per quintal as transport charges which is also said to be inadequate. This margin of profit is really unreasonable. Honest and sincere shopkeepers are, therefore, reluctant to become Fair Price Shop-owners.

1.8. The success of Fair Price Shops depends mainly on the assurance in respect of quantity and quality of food-grains as well fair distribution. But it has been noticed in the case studies that none of these requirements are fully met.

1.8. The procedure of obtaining stocks was dilatory and complicated. It is reported that generally it takes 2 or 3 days to obtain the supplies by depositing money in the State Treasury. The traders are found to be annoyed with the business of depositing the money in the Treasury. It is said that a business man cannot spend his valuable time in such complicated ways of procuring rice from Supply Department, where the margin of profit is so low. So, there should be some easy method of procuring rice from the Supply Department by the traders.

1.9. The common complaint of the dealers of Fair Price Shops was to keep elaborate accounts for each controlled items. Most of them are uneducated small traders and the