



**DEMAND NO. 13**

**FOOD AND CONSUMER PROTECTION**

**(COOPERATION, FOOD AND CONSUMER PROTECTION DEPARTMENT)**

**POLICY NOTE**

**2007 - 2008**

**E.V.VELU**

**MINISTER FOR FOOD AND COOPERATION**

**GOVERNMENT OF TAMIL NADU**

**2007**

**CHAPTER – I**  
**INTRODUCTION**

“ பகுத்துண்டு பல்லுயிர் ஒம்புதல் நூலோர்  
தொகுத்தவற்றுள் எல்லாம் தலை” (குறள் எண் 322)

**“Share the food and serve all lives,  
this is the law of all the laws” (kural 322)**

Thirukkural, the magnum opus of the great Tamil poet, Thiruvalluvar, speaks of social values and ranks providing food to the needy as the highest virtue. Similarly the proverb “***A timely offer of food shall be deemed to be a timely offer of life to the needy***”. is an everlasting one .

Food is a basic necessity. If there is no food, there is no life. The Food Department is engaged in the important task of providing food for the livelihood of the people.

The first order issued by this Government on the day of its inception was the scheme of distribution of 1 Kg. of rice at Rs.2/- which brought happiness on the faces of the poor and downtrodden. We share the happiness of the poor and downtrodden people who obtain their commodities from the 28,995 fair price shops in the State.

The scheme of public distribution system implemented in the state is unique in some ways. Even though the rice supply of the Central Government discriminates

between the families above the poverty line and those below the poverty Line, the Government of Tamil Nadu distributes essential commodities without any such distinction to all eligible families through a network of 28,995 fair price shops and 1,89,93,206 family cards. Since the price at which rice is supplied through the public distribution system in Tamil Nadu is the lowest in India, the price of open market rice is under control for the last ten months. The Government has proposed to procure and distribute essential commodities such as pulses, edible oil, rava and maida, at reasonable prices in the fair price shops in order to keep the open market prices under control. This scheme has been launched on the Tamil New Year's Day i.e. 14.4.2007 in Chennai city. This scheme will be extended to all the fair price shops of Tamil Nadu from the month of May in a phased manner. The scheme will be a boon to the poor, the downtrodden and middle class people .

The objective of the department of Food and Consumer Protection is to provide food security to the people through the public distribution system and the promotion of consumer welfare in the State. The public distribution system ensures food security to the people, especially the poor and the downtrodden by supplying rice, wheat and certain other essential commodities at subsidized prices through a network of fair price shops. Under the public distribution system, each family is provided a family card which is attached to the nearest fair price shop. The cardholder is entitled to purchase his requirement of essential commodities from this shop. The Government fixes the scale of supply of essential commodities to a family

depending on the number of persons in the family and on whether it resides in an urban or rural area. The objective of the Government is to ensure that each family is supplied the correct quantity of the essential commodities to which it is entitled at prices fixed by the Government. The commodities supplied should also be of acceptable quality. In order to achieve these objects, the public distribution system should be easily accessible, quality conscious and stocked with adequate quantities of the commodities.

Promotion of consumer welfare is the other thrust area in which the Department has been active over the last few years. The Government's objective is to create consumer awareness among the public and to protect the interest of the consumers by strengthening the machinery set up for the settlement of consumer disputes.

## Chapter – II

### PUBLIC DISTRIBUTION SYSTEM

The public distribution system in Tamil Nadu is unique since it is based on the choice of the people and covers all families. The State Government has adopted the universal public distribution system as against the targeted public distribution system advocated by the Government of India. Under the targeted public distribution system, the families living below the poverty line (BPL) are supplied essential commodities at much lower prices than the families above the poverty Line (APL ). But under the universal public distribution system followed by the Government of Tamil Nadu, no such distinction is made among the families and all families are supplied essential commodities at the same rates.

#### Commodities supplied

The essential commodities that are supplied under the public distribution system are rice, wheat, sugar and kerosene. The details of the commodities supplied under the public distribution system, their prices and the scale of supply are given in the table below:-

<b>Sl. No</b>	<b>Name of the commodity</b>	<b>Price per kg</b>	<b>Scale of supply</b>
1	<b>Rice</b>	From 3.6.2006 Rs.	4 Kgs per adult and 2 kgs

		2.00 per kg.	per child – Min. of 12 Kgs and maximum of 20 kgs per month / card. In Nilgiris District. Min. of 16 kgs and Max. 24 kgs .
2	<b>Sugar</b>	Rs. 13.50	Maximum of 2 kgs per card / month.
3	<b>Wheat</b>	Rs. 7.50	10 kgs per card / month in Chennai city and District H.Q.s and 5 kgs. in other areas
4	<b>Kerosene</b>	Price ranges from Rs. 8.40 to Rs.9.00 per litre	
		(In Litres)	
	Place	Without LPG connection	Single LPG connection
	Chennai city and District Headquarters	10	3
	Other Municipalities	6	3
	Township and Town panchayats	5	3

Village panchayats	3	3
Hilly Regions ( The Nilgiris district and Valparai region in Coimbatore District)		
Headquarters &Other Municipalities	15	3
Township and Town panchayats	10	3
Village panchayats	5 + 5	3

### **Family Cards**

Accessibility to the public distribution system is dependent on the possession of a family card and the distance to the fair price shop. This State has evolved a system of issuing family cards on option basis whereby all families, which prefer to draw rice under public distribution system have been issued with green colour cards and families, which want only sugar or do not want any commodity, have been issued with white colour cards. White colour cardholders with sugar option are eligible for an additional quantity of 3 Kgs of sugar per month . Issue of family cards to eligible families is a continuous process.

The details of family cards in circulation in Tamil Nadu as on 31.3.2007 are as follows:-

Sl.No	Type of Card	Commodities Eligible	No of Cards
1	Green Cards (Rice Cards)	All Commodities	1,78,69,509
2	White Cards (Sugar Cards)	Sugar	10,31,523
3	Kakhi Cards (Police Cards Kerosene only )	Kerosene	40,246
4	None Cards	No Commodities	51,928
<b>Total</b>			<b>1,89,93,206</b>

Taking into consideration the difficulties faced by families not having the cards, the Government on 8.8.2006 directed to issue new family cards to those eligible families who apply for the same, after due verification and enquiry. Based on these orders, issue of new family cards is under progress. So far 14,90,945 applications have been received and out of this 2,19,050 family cards have been printed and distributed to the public.

### **Elimination of bogus cards**

The validity period of family cards issued on the basis of the 1997 census expired on 31.12.2003. In order to extend the validity period for the years 2004 and

2005, inner sheets were added in the family cards. During the year 2005, new family cards were issued without conducting spot verification. As a result, a large number of bogus family cards came into circulation. So, Government issued instructions to identify the fair price shop having maximum number of cards in a Municipality and in a village in all the 234 Legislative Assembly segments and conduct a 100% verification. Accordingly the above exercise started from 19.6.2006 in all districts and as a result, it was detected that 5% of the cards (20,420) in the urban areas and 4% of the cards (13,023) in the rural areas, were bogus. It was ordered to stop supply of ration commodities to cards considered as bogus. If any genuine family card has been wrongly assessed, the card holder could renew his family card on producing the relevant document of authority to the Taluk Supply Office. Further, the Government have also announced an award of Rs.200/- to those who provide vital information about the possession of a bogus card by any person. The Government have also ordered to display the details of all card holders in the fair price shop to which the cards are attached so as to provide transparency and to eliminate bogus cards.

As a part of the exercise to eliminate bogus family cards in circulation seminars were conducted on 06.11.2006, 07.11.2006 and 04.12.2006 at Chennai, Coimbatore and Madurai respectively in which the staff employed in the public distribution system, personnel from NGOs and representatives of the public participated. On the basis of the deliberations, the Government is examining various proposals to eliminate the bogus family cards in circulation.

## **Fair Price Shops**

The unique feature of the public distribution system in Tamil Nadu is that the fair price shops are run only by the Cooperatives, the Tamil Nadu Civil supplies Corporation and the self-help groups. Private traders are not allowed to run fair price shops.

The aim of Government is to open fair price shops in places having easy access to the public. The District Collectors have been empowered to open fair price shops as per the guidelines prescribed. The Government have issued orders to the effect that a shop in an urban area should serve a maximum of 1000 cards and minimum of 800 cards and in rural areas the maximum card strength should be 800 and the minimum should be 500. The fair price shops are located in such a way that no card holder is required to walk more than 2 kms for getting essential commodities. If difficulties are experienced even after this, the Collectors have been instructed to open part-time fair price shops as per the guidelines to benefit the public.

However, in order to improve the quality of service to the public, norms for opening part time shops have been relaxed and even in habitations with 150 families, fair price shops have been opened if the existing fair price shop is 1 1/2 km

away from the habitation. As per these relaxations ordered, upto 31.3.2007, 318 number of part time shops have been opened.

The details of fair price shops functioning in Tamil Nadu as on 31.03.2007 are as follows:-

<b>Sl.No</b>	<b>Agency</b>	<b>Full-Time</b>	<b>Part-Time</b>	<b>Total</b>
1	Tamil Nadu Civil Supplies Corporation	1092	65	1157
2	Cooperatives (Under R.C.S)	21599	5418	27017
3	Other Co-operatives (Fisheries,Plantation etc)	141	14	155
4	Women fair price shops(including self help groups)	548	82	630
5	Mobile fair price shops run by Co-operatives	36	0	36
<b>Total</b>		<b>23416</b>	<b>5579</b>	<b>28995</b>

### **Ensuring availability of essential commodities**

The Tamil Nadu Civil Supplies Corporation (TNCSC) acts as the wholesaler in respect of rice and wheat. It takes delivery of these commodities from the Food Corporation of India and makes them available at the operational godowns from where the Cooperatives take delivery and move them to the fair price shops. The

Tamil Nadu Civil Supplies Corporation procures rice and wheat from the Food Corporation of India and sugar from the sugar mills as per the allotments made by the Government of India. The Cooperative Societies take delivery of Kerosene from the storage points of the wholesale dealers and transport them in barrels to the fair price shops. In some cases the wholesale dealers transport the kerosene in tankers and fill up the barrels kept in the fair price shops.

The Cooperatives play a prominent role in the distribution of essential commodities through an extensive network of 27017 shops run by 5060 Cooperative Societies comprising of 86 lead Societies, 4540 link Societies and 434 self lifting Societies. The Cooperative Banks provide the necessary credit to the Societies for taking delivery of commodities from the Tamil Nadu Civil Supplies Corporation. In case the lead Society is financially weak, the Tamil Nadu Civil Supplies Corporation permits delivery on credit basis in order to ensure that the essential commodities are moved to the fair price shops in time. The Government have cleared all the dues to the societies that incur losses in running unviable fair price shops by sanctioning them a subsidy of Rs. 97/- crores.

The essential commodities required for each shop is allotted by the officials of the Department of Civil Supplies and these commodities are moved accordingly. The movement of the commodities to the fair price shops and the availability of sufficient stocks in the shops is supervised by the District Collectors, officials of the

Civil Supplies Department and Revenue Department. Thus availability of essential commodities in the public distribution system is ensured.

### CHAPTER – III

#### SUPPLY OF RICE UNDER THE PUBLIC DISTRIBUTION SYSTEM AND THE INTRODUCTION OF RICE AT RS.2/- PER KG SCHEME

The scheme of supply of rice at Rs.2/- per Kg. is under implementation in the State from 03.06.2006. From the inception of the scheme, the scheme has enjoyed overwhelming support of the people. There are 1,78,69,509 family card holders eligible to get rice at this subsidised rate as on 31.3.2007.

This heavily subsidized rate is much lower than the price at which the Government of India supplies rice to the poorest of the poor families under the Antyodaya Anna Yojana Scheme. Supply of rice at such a low price in the State will go a long way in eliminating hunger by enabling highest levels of affordability and utilization by the poor. This assures food security to the poor and the needy. During the start of the scheme, the off-take of rice was high. The off-take of rice during May 2006 was 2.75 lakh tonnes and it increased to 3.08 lakh tonnes during the month of June 2006. Thereafter, the monthly off-take of rice has varied from 2.75 lakh tonnes to 2.85 lakh tonnes. The particulars of rice distributed under public distribution system are as follows:

( in MTS)

<b>Month</b>	<b>Quantity</b>
April'06	2,72,428
May'06	2,68,578
June'06	3,08,077

July'06	2,85,232
August'06	2,80,754
September'06	2,80,674
October'06	2,79,175
November'06	2,79,057
December'06	2,78,821
January'07	2,74,530
February'07	2,75,285
March'07	2,76,399

Even though the scheme is running smoothly, occasionally complaints are received. In order to ensure that only good quality rice is supplied in the fair price shops, the Government of Tamil Nadu requested Government of India to allot rice to the state only from Andhra Pradesh . The Central Government also consented to move rice only from Andhra Pradesh and this has ensured the supply of good quality rice to the public through the fair price shops. The Tamil Nadu Civil Supplies Corporation has been instructed to replace the rice sold in fair price shops if it is found to be of poor quality.

### **Antyodaya Anna Yojana**

Antyodaya Anna Yojana (AAY) is one of the important schemes of the Government of India. The scheme has been implemented in this State from 01.11.2001 in urban areas and from 01.12.2001 in rural areas. The beneficiaries under the scheme have been identified and their family cards have been stamped as Antyodaya Anna Yojana cards. Under this scheme 18,39,869 families are benefited. Each Antyodaya Anna Yojana beneficiary is supplied with 35 kg of rice per month. Under the Rs.2/- per kg scheme implemented by the State Government from

03.06.2006, all Antyodaya Anna Yojana beneficiaries are also supplied rice at Rs.2/-per kg.

There have been complaints regarding the selection of beneficiaries under the Antyodaya Anna Yojana scheme. Since only the poorest of the poor are eligible to draw rice under the scheme, orders have been issued to delete the ineligible families enrolled under the scheme. So far, 24731 ineligible persons have been identified and deleted from the list of beneficiaries.

### **Procurement of Rice**

Under the targeted public distribution system, the Government of India issues rice at Rs. 830/- per quintal for the APL families and at Rs 565/- per quintal for the BPL families. Besides, for the families covered under the Antyodaya Anna Yojana scheme, the allotment is made at Rs 300/- per quintal.

The Government of India allots 1.70 lakh MTs of rice for BPL category and Antyodaya Anna Yojana scheme per month. A further allotment of 3 lakh MTs. of rice is made for APL families.

At present, sufficient stock of rice is available for distribution to those who have opted for rice in the public distribution system.

### **Procurement of Paddy**

The Tamilnadu Civil Supplies Corporation procures paddy from the farmers at prices fixed by the Government . This procurement is done on behalf of the Food Cooperation of India and therefore it is called the decentralised procurement system. The State Government has signed a Memorandum of Understanding with the

Government of India whereby the Tamil Nadu Civil Supplies Corporation acts as the agent of Food Corporation of India. During the Khariff Marketing Season 2006-07 Government of India has enhanced an amount of Rs.10/- per quintal for procurement of paddy as compared to the previous year. The rates fixed for procurement of paddy is as follows:

Paddy Variety	Year	
	2005-06	2006-07
Grade 'A"	600	610
Common	570	580

In addition to the Minimum Support Price fixed by Government of India, an incentive of Rs.40/- per quintal is given to farmers for procurement of paddy. The Government of India have issued orders for the payment of this incentive upto 31.3.2007 only . The Hon'ble Chief Minister has addressed the Government of India to extend the incentive scheme upto 30.9.2007. In order to ensure that the farmers continue to get the benefit, the State Government has issued orders to pay the incentive of Rs.40/- per quintal to the farmers for the paddy procured from them..

The paddy procured from the farmers is hulled and the resultant rice is allotted for supply under the public distribution system. During the samba season in 2006 – 2007, Tamil Nadu Civil Supplies Corporation has procured 14,93,643 MTs of paddy upto 31.3.2007.

## **Food Subsidy**

The price of rice supplied in the public distribution system in Tamil Nadu is much lower than the issue price of rice fixed by the Government of India. Therefore, the State Government sanctions subsidy to the Tamil Nadu Civil Supplies Corporation. The details of provisions made towards subsidy from 2003- 04 are given below:-

(Rupees in Crores)

YEAR	AMOUNT
2003-2004	800
2004-2005	1035
2005-2006	1200
2006-2007	1950
2007-2008	1950 (Budget Estimate)

As the issue price of the rice distributed under public distribution system has been reduced and the quantity of rice distributed has increased, a provision of Rs. 1950 crores has been made in the Budget Estimate for 2007– 2008 also to meet the increased commitment towards food subsidy.

## **CHAPTER-IV**

### **SUPPLY OF WHEAT, SUGAR AND KEROSENE UNDER THE PUBLIC DISTRIBUTION SYSTEM**

Apart from rice, the fair price shops sell wheat, sugar and kerosene to the family cardholders under the public distribution system.

#### **Wheat**

A monthly average requirement of 6000 MTs of wheat is normally required for supply to card holders under the public distribution system. Upto May 2006 the monthly allotment of wheat by Government of India had been maintained at 10000 MTs . However the Government of India reduced the allotment in June, 2006 to 3783 MTs. Since this reduced allotment is not adequate to meet the requirements, the matter was taken up with the Government of India and a request was made for additional allotment of wheat. Based on the request made by the State Government, the Government of India have made an additional allotment of 37750 tonnes from August 2006 to March 2007. This quantity of wheat has been distributed to the fair price shops based on their card strength and off-take. Further, the Government of India have allotted a quantity of 15,000 tonnes for February and March 2007 under open market sale at the rate of Rs.986.06 per quintal. The Government are considering a scheme to convert this wheat into wheat products for sale through fair price shops. Further the off-take of wheat has been increasing, and therefore

the Government of India have been requested to increase the monthly allotment to 10,000 tonnes.

## **Sugar**

The Government of India allots levy sugar on a monthly basis specifying the quantities to be released by each sugar mill in Tamil Nadu and Pondicherry. The levy sugar is delivered to the Tamil Nadu Civil Supplies Corporation at the rate of Rs14.35 per Kg. Under the public distribution system, the maximum quantity supplied is 2 kgs. of sugar per family. The actual entitlement is calculated at 500 gms per individual. Sugar is sold at Rs.13.50 per kg in the public distribution system.

Families who have opted to buy sugar in lieu of rice, are provided an additional quantity of 3 Kgs of sugar per month. The number of families who have opted for sugar as on 31.03.2007 was 10,31,523.

As per the above scale of supply and the number of cards in circulation, the requirement of sugar at present is 36,810 tonnes per month. The Government of India made monthly allotments of levy sugar at the rate of 10,830 tonnes upto July 2005. Thereafter there was a decline in the monthly allotment and from November 2005, an allotment of 7607.1 MTs only has been made for the families below the poverty line. However, the State Government have decided to continue the supply of sugar to all cardholders. The requirement of sugar over and above levy quota is met by Tamil Nadu Civil Supplies Corporation through open market purchases from Tamilnadu Cooperative Sugar Federation. The Government of India's reduction in

allotment of levy sugar and increased consumption of sugar in the public distribution have led to an increase in the State's subsidy burden. At present, the Government are spending an amount of Rs.180/- crores per year as subsidy on sugar.

## **KEROSENE**

Under the public distribution system, those who have no LPG connection are supplied with Kerosene at the rate of 10 litres in Chennai and district head quarters, 6 litres in Municipalities, 5 litres in town panchayats and 3 litres in Panchayats. Families that have one cylinder of LPG are supplied 3 litres of kerosene and those who possess 2 gas cylinders, do not get any kerosene. The requirement of kerosene as per these norms is 76,000 KLs per month. However, the Government of India allots only a quantity of 59,852 KLs per month. This quantity is supplied to eligible families who had family cards in 2004. Kerosene is not supplied to about 39.38 lakh families who have been issued with family cards, subsequently. An additional quantity of 17,000 KLs of kerosene is required for supply to these families. The Government have announced that they will be also supplied the kerosene after getting the quota enhanced from the Government of India. The State Government has made repeated requests to the Government of India to increase the monthly allotment to Tamil Nadu from 59,852 KLs to 76,000 KLs.

Considering the request, the Government of India made a special allotment of 12,000 KLs on 30.6.2006. One litre of additional quantity of kerosene was issued to

all cardholders during August and November 2006. In December 2006, two additional litres of kerosene was issued to all card holders in urban areas and during March 2007 one additional litre of kerosene was ordered to be supplied to all card holders.

The Government is incurring an expenditure of Rs.40/- crores as subsidy per year for supply of kerosene under public distribution system. As public distribution system kerosene was exempted from VAT, there has been no change in the retail selling price.

### **Kerosene bunks**

A scheme for the establishment of kerosene bunks similar to petrol bunks is being implemented in the State in order to ensure proper supply of kerosene to the card holders. A kerosene bunk serves a maximum of 12,000 family cards within a radius of 2 kms. There are 309 kerosene bunks functioning in the State. Supply of kerosene to card holders is being done on a staggered basis in all kerosene bunks and fair price shops with more than 2000 ration cards for the benefit of the public. As a result, waiting time at kerosene bunks and fair price shops has been reduced.

In order to improve the quality of service to the public all the 36 kerosene bunks run by Tamil Nadu Civil Supplies Corporation have been computerized.

The Quantity of commodities supplied during last year (2006 – 07) are as follows:-

**(All in Mts) ( in KLs)**

Month	Wheat	Sugar	Kerosene
April'2006	6296	29753	53639
May'2006	6059	29744	55086
June'2006	6042	30845	57958
July'2006	4781	30605	55247
August'2006	3791	30484	55019
September'2006	3453	30132	54525
October'2006	12783	30164	54529
November'2006	8783	29142	55361
December'2006	8783	29105	55161
January'2007	10033	28601	54931
February'2007	10033	27428	53578
March'2007	9211	26997	54658

## CHAPTER-V

### REGULATING THE PUBLIC DISTRIBUTION SYSTEM AND PRICE CONTROL

Severe action is being taken against those who indulge in malpractices in the supply of essential commodities under the public distribution system. Those who commit such horrendous acts deprive the poor of their entitlement and stringent action will be taken against them under the Goondas Act since such acts belie the faith and trust imposed by the Government in the public distribution system. The details of essential commodities seized by various Departments from 1.5.2006 to 31.3.2007 are given below:

S.No.	Commodities	Quantity
1	Rice	118343 Qtls
2	Kerosene	465742 litres
3	Petrol	23378 litres
4	Diesel	75876 litres
5	LPG	22501 Nos

Under the Prevention of Black Marketing and Maintenance of Supplies of Essential Commodities Act, 1980, 63 persons were detained during 1.6.2006 to 31.12.2006, For the period from 1.1.2007 to 31.3.2007, 24 persons have been detained. Further, under the Goondas Act, 5 persons were detained in the year 2006.

A reward of Rs.500/- will be given to those who provide timely and correct information on diversion and smuggling of essential commodities meant for supply under public distribution system. The information may be provided to the office of the

Food Minister, Food Secretary, Commissioner of Civil Supplies and Consumer Protection, Chairman and Managing Director, Tamil Nadu Civil Supplies Corporation, the Registrar of Cooperative Societies, District Collectors and the Superintendents of Police. The telephone numbers of these officers have been published in the newspapers. The details of the informants kept secret. The District Collectors are provided with a secret fund for this purpose.

In order to realize the full benefits of computerisation, it is proposed to implement an e-governance project by networking the Civil Supplies Department, the Tamil Nadu Civil Supplies Corporation and the Co-operatives. A project report has been prepared for the purpose and the proposal to computerize the public distribution system at a cost of Rs.298.86 crores has been forwarded to Government of India for consideration under the National e-governance Action Plan.

The flying squads will be made more effective to curb smuggling of rice and essential commodities meant for supply in public distribution system. They have been sanctioned 24 jeeps for the purpose. Advisory Committees on public distribution system have been constituted at district and revenue division level in which people's representatives and representatives of voluntary consumer organizations are members. These Committees meet at least once in a month and serve as a grievance redressal and monitoring forum.

Competent and Appellate Authorities have been notified under the Right to Information Act to provide all information sought by the public on public distribution system.

### **Staffing and infrastructure**

Since the workload of the Department has increased substantially owing to the increase in the number of cards and fair price shops over the last several years, it is necessary to equip the Civil Supplies Department to handle these increased responsibilities better.

Action is being taken to fill up the 129 vacancies in the office of the Commissioner of Civil Supplies and the subordinates offices in Chennai city. The Government have also sanctioned 14 vehicles to the District Supply Officers. Mobile phones have been provided to the Commissioner of Civil Supplies, District Supply Officers/Deputy Commissioners so that they can take up the enforcement work more effectively.

To effectively monitor the implementation of the public distribution system and to prevent smuggling of rice and other essential commodities, vehicles have been provided to all Special (Flying squad ) Tahsildars.

## **Control of Prices**

In the past few months there has been a steep increase in the prices of essential commodities such as wheat and wheat products, pulses, cooking oil etc., because of low production and online trading in these commodities. As the production of these essential commodities is not sufficient to meet the demands of the people in Tamil Nadu, these commodities have to be procured from other States and distributed. With a view to control the rise in prices of essential commodities and to ensure that the public do not suffer due to the rise in prices of these essential commodities, the Government have decided to procure toor dhal, urad dhal, palm oil, maida and rava and distribute them through public distribution system outlets temporarily. The distribution of these items commenced on Tamil New Year day (14.4.2007) in Chennai city and it shall be extended to the districts in the month of May 2007. The Central Government have made a special allotment of 15000 tonnes of wheat to Tamil Nadu for distribution in Open Market Sales Scheme. In order to control the price rise in open market it has been proposed to convert this wheat into wheat products and distribute them through fair price shops, cooperative wholesale stores and Tamil Nadu Civil Supplies Corporation outlets.

## **Chapter - VI**

### **SCHEME OF SUPPLY OF FREE LPG CONNECTION WITH STOVE**

During the Independence day celebrations, held on 15.8.2006, the Hon'ble Chief Minister announced that poor families will be provided with a free gas connection and a stove. Based on this announcement, orders were issued to provide LPG connections with stove to 3 lakh beneficiaries during 2006-2007. The Tamil Nadu Civil Supplies Corporation has been authorized by the Government to purchase 3 lakh double burner gas stoves and rubber tubes of ISI standard for the scheme.

The scheme was inaugurated at Chennai by the Chief Minister on 14.1.2007 and in the first phase 34,500 families were given the benefit. The second phase of the scheme was inaugurated by the Chief Minister on 17.3.2007 at Chennavaram in Vandavasi Taluk of Thiruvannamalai District. Upto 31.3.2007, 2,15,285 connections and stoves have been distributed. As targetted by the Government, 3 lakh gas connections with stoves are under distribution. The distribution is in progress. The Government have sanctioned Rs. 60 crores for the implementation of the scheme in 2006 -07. During the current year, a provision of Rs.100 crores has been made in the state budget for distribution of 5 lakhs gas connections and stoves.

## Chapter – VII

### **TAMIL NADU CIVIL SUPPLIES CORPORATION LIMITED**

The Tamil Nadu Civil Supplies Corporation was incorporated on 24<sup>th</sup> April 1972 under the Companies Act, 1956. Later, in 1975 it was converted as a State owned public sector undertaking. The main functions of the Corporation are procurement of essential commodities, storage, movement of stocks to godowns and transporting the stocks to fair price shops. It also procures and distributes pulses and other commodities required for the various welfare schemes of the Government.

The Chairman and the Board of Directors of this Corporation are appointed by the Government of Tamil Nadu. For administrative convenience and decentralisation, the Corporation has 31 Regions headed by Senior Regional Managers / Regional Managers in the cadre of District Revenue Officers / Deputy Collectors. There are 8563 regular employees on the rolls of the Corporation.

Under decentralised procurement, paddy is procured from the farmers at the rates fixed by the Government through direct purchase centres. The paddy so procured is hulled by 23 modern rice mills owned by the Corporation and by private hulling agents and distributed through public distribution system reckoning it as allotment from the central pool.

Rice and other commodities to the various welfare schemes implemented by the Government viz., Puratchi Thalaivar M.G.R. Noon Meal Programme, old age pensioners schemes, Integrated Child Development scheme, SC/ST students hostels are supplied by the Tamil Nadu Civil Supplies Corporation every month. The Tamil Nadu Civil Supplies Corporation also procures and distributes essential commodities required by the personnel of Police, Fire Service, Prisons and Forest Departments under the public distribution system.

Besides, the Corporation is running retail shops, and kerosene bunkers for public distribution system. Petrol / Diesel bunkers and gas units are run in Cuddalore, Vellore and Thanjavur Districts.

The Corporation also purchases and sells non-rationed commodities at reasonable prices to the public through its 'Amudham Departmental Stores'. It also moves rice from the godowns of Food Corporation of India for issue under the Government of India's schemes of Sampurna Gramin Yojana, Annapoorna and Antyodaya Anna Yojana.

Further, this Corporation procures and supplies gas stoves and rubber tubes under the scheme of free supply of gas connection and stove.

### **Procurement of Paddy**

The present paddy marketing season 2006 – 2007 commenced from 01.10.2006. During this season the Government of India have fixed the minimum support price to paddy as follows:-

Paddy Common	Rs.580/- per quintal
Paddy Grade A	Rs.610/- per quintal

An incentive of Rs.40/- per quintal is given to the farmers. During the year 2006 – 2007, 1200 direct purchase centres have been opened and 14,93,643 M.Ts of paddy has been procured upto 31.3.2007.

### **Modern Rice Mills**

The Corporation has 23 modern rice mills. The average hulling capacity of these mills is 35,000 M.Ts per month. During 2005-2006, these modern rice mills hulled 2,51,716 M.Ts of paddy. Steps have been taken to improve the hulling capacity of these mills and upto March 2007, a quantity of 2,95,407 tonnes of paddy has been hulled.

Cylindrical furnaces have been erected and commissioned in the modern rice mills at Adavathur, Pattukottai, Kadachanendal, Sundarakottai, Ammanpettai, Erukkur-I and Erukkur- II, Tirunageswaram, Sitharkadu and Manamadurai. to improve the performance of the modern rice mills and to minimize pollution,

### **Godowns:**

There are 253 godowns run by the Tamil Nadu Civil Supplies Corporation. Out of these, 169 godowns are owned by Tamil Nadu Civil Supplies Corporation. In

order to provide additional storage facility, godowns at Valparai, Peraiyur and Bhavani are being upgraded at a cost of Rs. 90/- lakhs

**Financial Status**

The present authorised capital of the Corporation is Rs.35 crores. Of this, the paid up capital is Rs.33.39 crores. During 2006-07, the Government sanctioned Rs.1950/- crores as subsidy, Rs.500/- crores as Ways and Means advance and Rs.400/- crores as Special Ways and Means advance to the Tamil Nadu Civil Supplies Corporation.

## **Chapter – VIII**

### **TAMIL NADU WAREHOUSING CORPORATION LIMITED**

The TamilNadu Warehousing Corporation was established in the year 1957 under the Agricultural Produce (Development and Warehousing) Corporations Act,1956. In 1962, this Act was replaced as Warehousing Corporation Act. The Corporation commenced functioning with effect from 2.5.1958. It has its headquarters at Chennai and 7 Regional Offices at Kanchipuram, Cuddalore, Coimbatore, Salem, Tiruchy, Dindigul and Tirunelveli. The main activity of the Corporation is to provide scientific storage facilities to farmers and the trading community so as to avoid storage losses.

#### **Functions**

1. The Corporation is operating 63 warehouses in the State;
2. With a view to reduce wastages, the Corporation constructs its own storage godowns at specified places after conducting a detailed market survey;
3. The Corporation provides negotiable warehouse receipts to benefit farmers and traders who may secure credit facilities from banks on the basis of such receipts.
4. It provides handling and transport facilities through contractors to meet the requirements of the stock depositors; and
5. The Corporation provides pest control services;

**Organisational set up:**

The general administration and management of the affairs of the Corporation vests with the Board of Directors.

The Board acts on business principles having regard to public interest and is guided by the State Government and Central Warehousing Corporation.

**Storage capacity and its utilization:**

The Corporation provides storage facilities to various Government Departments, Government Undertakings, traders and farmers on rental basis at 63 places in the State . The total constructed capacity of the Corporation is 6,32,203 M.Ts and the rented capacity is 36,000 M.Ts. In the last year, the percentage of utilization of godown space was 74%.

**New / Additional godowns construction:**

In the current year, works on construction of three additional storage godowns. at Dharmapuri(6250 M.Ts.), at Palladam (3,400 M.Ts) ,and at Avinashi(2000 M.Ts).are inprogress.

**Finance:**

The authorised share capital of the Corporation is Rs. 800 lakhs. The present paid up capital is Rs. 761 lakhs. The Government of Tamil Nadu and the Central Warehousing Corporation are the two equal share holders. The Corporation

continuously earned profits. In the year 2006-07 the gross profit is expected to reach Rs 450 /- lakhs.

## **Chapter – IX**

### **CONSUMER PROTECTION**

#### **Consumer Awareness**

The State Government has initiated various schemes to promote awareness on consumer rights among the public. There are voluntary consumer organisations involved in spreading consumer awareness throughout the State. The Government provides assistance to voluntary consumer organisations (VCOs), NSS Co-ordinators in various Universities and District Collectors for implementation of schemes to promote consumer awareness among common people. The Government organises a State level seminar and exhibition in one of the Districts on the World Consumer Day. This seminar and exhibition are open to general public and are aimed at creating consumer awareness. Every year the National Consumer Day is celebrated in each District on 24<sup>th</sup> December.

A quarterly magazine “Tamil Nadu Nugarvor Kavasam” containing valuable news for consumers is published by the Civil Supplies and Consumer Protection Department. This magazine is distributed free of cost to all voluntary consumer organisations, consumer clubs, Government and public sector offices, public libraries and Government offices. A multi-media campaign has been launched to carry messages regarding consumer awareness to the general public through television, All India Radio, newspapers and hoardings.

The Government of India have launched a scheme called "Jagruti Shivar Yojana" to create awareness among the consumers in rural areas. Debates, Oratory, Essay Writing, Painting, Quiz etc., are part of such awareness camps.

It is proposed to conduct Seminars by Civil Supplies and Consumer Protection Department with a view to identifying problems faced by consumers in specific sectors and in coordination with concerned Departments.

### **Consumer clubs:**

The Government has also decided to impart consumer education to the school children by involving them in various consumer welfare and protection activities by setting up "*Consumer Clubs*" in educational institutions. The objective of this scheme is to educate children about rights of consumers as provided in Consumer Protection Act, 1986 and to mobilize youngsters by instilling in them knowledge of consumer protection related issues. Consumer Clubs have been set up in 500 schools in the State. A book titled "Hand Book for Consumer Clubs" was published by Civil Supplies and Consumer Protection Department and supplied to every Consumer Club free of cost.

### **Website for consumer protection**

A website is being created for providing information to consumers. The website would be managed by the Consumer Protection Department in

collaboration with National Informatics Centre. This website would also host online discussion groups as well as enable online grievance redressal. This will be done in collaboration with *CORE* and Consumer Coordination Council setup by the Government of India.

### **Tamil Nadu State Consumer Welfare Fund:**

The Government of Tamil Nadu has set up the Tamil Nadu State Consumer Welfare Fund and released Rs.50 Lakhs as State's share towards seed money. The Central Government shall contribute an equal amount to the Fund. The Government have formulated the Tamil Nadu State Consumer Welfare Fund Rules which provide the guidelines for taking up various schemes on consumer protection under the Fund.

### **Awards for consumer organisations**

Every year, three voluntary consumer organisations are selected for their contribution to the consumer movement and are being honoured with awards by the Government. Likewise, awards are also given to three of the best District Consumer Protection Councils.

### **State and District Consumer Protection Councils**

The Government has constituted the State Consumer Protection Council under the chairmanship of Minister for Food, for protecting and promoting the interests of consumers. The Government has also constituted District Consumer

Protection Council in all the Districts in the State under the chairmanship of District Collectors. In Chennai, Commissioner of Civil Supplies and Consumer Protection is the Chairman. It is proposed to train all District Supply Officers and Deputy Commissioners (Chennai city) in matters relating to consumer welfare as they have been additionally designated as District Consumer Protection Officers.

**State Consumer Disputes Redressal Commission and District Consumer Disputes Redressal Fora**

Under the Consumer Protection Act, 1986 the following quasi-judicial machinery has been set up at the District and State levels, in Tamil Nadu. Consumer disputes are disposed of in a speedy and simple manner through these fora.

**Tamil Nadu State Consumer Disputes Redressal Commission**

Every State's capital has a Consumer Disputes Redressal Commission. Any consumer can file a complaint before the State Commission, provided the compensation sought for is more than Rs.20 lakhs but less than Rs.1 crore. The State Commission is headed by a retired High Court Judge. It has two other members, one a male and the other a lady. The State Commission is the Appellate authority and revisional authority for all the District Fora in the State .

The details of cases filed and disposed off by the State Commission, during the year 2007 are furnished below:-

	Appeal petition	Original petitions
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Month	Pending at the beginning of the month	No. of cases filed during the month	No. of cases disposed during the month	Balance at the end of the month	Pending at the beginning of the month	No. of cases filed during the month	No. of cases disposed	Balance at the end of the month
Jan '07	2232	170	49	2353	385	1	3	383
Feb'07	2353	51	59	2345	383	7	6	384
Mar'07	2345	50	68	2327	384	5	8	381

### **District Consumer Disputes Redressal Fora**

The quasi-judicial District Consumer Disputes Redressal Fora are functioning in thirty districts in this State . A consumer can file complaints before the District Forum in his/her district, provided the cost of goods or compensation sought for does not exceed Rs.20 lakhs. Each District Forum consists of a President and two members, one male and another lady. When this Government took charge on May 2006,out of 60 posts in District Disputes Redressal Fora, 52 posts of Members were kept vacant for months together. Efforts have been made to gear up the functioning of these Fora by filling up 49 posts. It is hoped that the measures taken by the Government will promote consumer welfare in the State.

The details of cases filed and disposed by the District Fora during the year 2007 are furnished below:-

<b>Month</b>	<b>Pending at the beginning of the month</b>	<b>No. of cases filed</b>	<b>Total</b>	<b>Cases disposed</b>	<b>No. of cases pending</b>
Jan'07	7228	336	7564	306	7258
Feb'07	7258	315	7573	339	7234
Mar'07	7234	331	7565	375	7190

Further the Government is taking action to provide necessary buildings and other infrastructure facilities to these Fora.

**E.V.VELU**  
**MINISTER FOR FOOD AND COOPERATION**