

CHAPTER-15

PRICES AND FOOD SECURITY

PRICES

Consumer Price Index

Consumer Price Index (CPI) helps to measure the average percentage change in the prices paid by the consumers for a fixed basket of goods and services consumed by the consumers. It is a measure of inflationary trend. During 2004 (up to September), the Consumer Price Index (CPI) went up by 4 points (base: 1998-99=100), compared to the corresponding period in 2003. i.e. the index rose from 116 points in September 2003 to 120 points in September 2004 (Table 15.1). The corresponding increase in 2003 was just 2 points only, which shows that inflation in terms of consumer price index was slightly higher in the State during the period under review, compared to the previous year. This was mainly on account of the increase in the prices of certain essential commodities, viz, dhal, sugar, milk, potato, banana, chillies (green) and tubers.

15.2 When the indices of nineteen centres were subjected to review, Kollam and Kasaragod centres recorded the highest index (126 points

each) and Punalur continued to be at the lowest position (115 points). Indices of nine centres fell below the State average of 120 points. The year-on-year variation of indices over previous year for the various centres ranged from 1.8 to 7.7 per cent, with largest increase being at Kasaragod and the least at Punalur. Compared to the northern and southern regions of the State, percentage change in consumer price index was rather lower in the central region of the State. Since the movement of indices in the State is within a moderate range of 115 to 126 points, variations in the levels of inflation among centres are rather small.

15.3 The month-wise movements of Consumer Price Indices are shown in Appendix-15.1. The indices remained more or less subdued in the first quarter of 2004 and thereafter went up in the second and third quarters. The highest increase was recorded by Kannur with 9 points from 118 points in 2003 (sept) to 127 points in 2004 (sept) and the lowest by Thrissur with three points from 117 to 120 points during the same period.

Table 15.1
Annual Average Consumer Price Indices in selected Centres of Kerala:2002-2004*
(Base:1998-99=100)

Centres	Year					Percentage Change Over Previous Year		
	2002*	2002	2003*	2003	2004*	2003*	2003	2004*
1.Thiruvananthapuram	115	116	121	122	125	5.2	5.2	3.3
2. Kollam	116	117	122	123	126	15.2	5.1	3.3
3. Punalur	113	113	113	113	115	0.0	0.0	1.8
4.Pathanam thitta**	113	114	118	118	121	4.4	3.5	2.5
5. Alappuzha	113	113	115	115	119	1.8	1.8	3.5
6. Kottayam	114	115	116	117	120	1.8	1.7	3.4
7.Mundakayam	112	113	115	115	118	2.7	1.8	2.6
8. Munnar	115	115	114	114	117	-0.9	-0.9	2.6
9. Ernakulam	114	114	117	117	120	2.6	2.6	2.6
10.Chalakydy	113	113	115	116	119	1.8	2.7	3.5
11.Thrissur	114	114	115	116	119	0.9	1.8	3.5
12. Palakkad	112	113	116	116	119	3.6	2.7	2.6
13. Malappuram	113	114	117	118	121	3.5	3.5	3.4
14.Kozhikode	113	113	115	116	119	1.8	2.7	3.5
15. Meppady	115	115	113	114	117	-1.7	-0.9	3.5
16.Kannur	114	114	116	117	123	1.8	2.6	6.0
17.Kasaragod**	113	113	117	119	126	3.5	5.3	7.7
State Average	114	114	116	117	120	1.8	2.6	3.4

*January to Sept., ** New Centers, Source: Directorate of Economics and Statistics

Retail prices

15.4 The average retail prices of essential commodities from 2001 to 2004 are shown in Table 15.2. On reviewing the prices of eighteen essential commodities in 2004 (upto October, the latest month for which data are available), it was observed that the prices of as many as six items witnessed fall in their prices, ranging between 0.04 per cent and 23.08 per cent, compared to the corresponding period in 2003. This was reflected more in the prices of corriander and chillies(dry) under condiments & spices group and redgram under pulses group. When the price of corriander came down by 23.1 per cent, that of chillies (dry) and redgram came down by 22.30

per cent and 15.2 per cent respectively, compared to the price levels in the corresponding period of 2003. While potato and banana witnessed heavy spurt in their prices with increases of 29.5 per cent and 29.1 per cent respectively, blackgram, milk, sugar and onion (small) witnessed rather moderate increases of 10.2 per cent, 7.7 per cent, 13.2 per cent and 11.3 per cent respectively.

15.5 The month-wise movement of prices is given in Appendix-15.2. A significant point noted was that at the end of October 2004, prices of as many as 10 items- greengram, redgram, egg, coconut oil, refined oil, coriander, chillies (dry), onion (big), brinjal and cabbage-came down to a

Table.15.2
Average Retail Prices of Essential Commodities 2000-2004

	Unit	Prices at the end of December (Rupees)						% change over previous year			
		2000	2001	2002	2003*	2003	2004*	2001	2002	2003	2004*
I	2	3	4	5	6	7	8	12	13		14
Cereals											
Rice (red) OM Matta	Kg	13.34	12.20	13.40	13.77	13.81	13.89	-8.55	9.84	3.06	0.87
Pulses											
2.Green Gram	kg	26.11	30.29	30.32	27.94	27.61	27.93	16.01	0.10	-8.94	-0.04
3.Black Gram (split w/o husk)	Kg	42.57	35.38	29.59	25.34	25	27.93	-16.89	-16.37	-15.51	10.22
4.Red gram	Kg	19.88	19.98	29.41	24.82	23.2	21.04	0.50	47.20	-21.12	-15.23
5.Dhall (Tur)	Kg	29.35	29.7	31.03	32.24	33.42	34.19	1.19	4.48	7.70	6.05
Other Food Items											
6.Milk (cow's)	Litr	12.93	12.96	13.04	13.02	14	14.02	0.23	0.62	7.36	7.68
7.Egg Hen's (Nadan)	Dozen	29.14	27.70	26.55	25.75	27.08	26.49	-4.94	-4.15	2.00	2.87
8.Sugar (OM)	Kg	15.19	15.17	13.31	14.59	14.04	16.51	-0.13	-12.26	5.48	13.16
oil & Oil Seeds											
9.Coconut Oil	Kg	35.04	46.23	60.53	71.49	70.86	70.27	31.93	30.93	17.07	-1.71
10.Ground Nut Oil	Kg	48.05	50.14	59.43	68.16	68.2	68.81	4.35	18.53	14.76	0.95
11.Refined Oil (post man)	Kg	61.34	60.32	76.06	90.31	90.38	86.61	-1.66	26.09	18.83	-4.10
12.Coconut (without husk)	100 nos	357.14	461.96	575.27	651.71	689.04	664.52	29.35	24.53	19.78	1.97
Spices & Condiments											
13.Corriander	Kg	36.68	39.3	37.64	41.98	38.5	32.29	7.14	-4.22	2.28	-23.08
14.Chillies dry	Kg	41.01	44.68	51.55	52.27	53.73	40.62	8.95	15.38	4.23	-22.29
15.Onion (small)	Kg	13.00	15.82	18.89	13.77	13.23	15.32	21.69	19.41	-29.96	11.26
Tubers											
16.Tapioca (raw)	Kg	5.68	4.79	5.96	5.74	5.62	5.76	-15.67	24.43	-5.70	0.35
17.Potato	Kg	8.91	12.84	10.28	8.86	9.67	11.47	44.11	-19.94	-5.93	29.46
Fruits & vegetables											
18.Banana	Kg	13.21	11.01	10.78	12.72	14.68	16.42	-16.65	-2.09	36.18	29.09
* October											
Source: Directorate of Economics & Statistics											

level lower than that at the end of October 2003. The prices of other commodities witnessed uptrend, though by erratic movements, within a moderate range.

Consumption Expenditure

15.6 Kerala, being a consumer State, the pattern of living expenditure is different from the other regions of the country. The survey of NSSO on household consumption expenditure reveals that the consumption pattern of Kerala has undergone considerable change over the last 30 years.

15.7 Table 15.3 gives the details of 1000 distribution of persons over 12 Monthly Per Capita Consumer Expenditure (MPCE) classes of rural sector, on the basis of NSS survey 58th round (2002). The rural population is more concentrated in lower levels of MPCE classes. The population having MPCE below Rs.615 accounted for 74.8 per cent. The inter-State variation is substantial in the distribution of MPCE. In Orissa, when 42.1 per cent of the population lies in the lowest expenditure class (000-3000), in Punjab it is just one per cent and in Kerala 2 per cent. In Punjab and Kerala, major size of population is skewed towards the higher expenditure classes of 615 –

950 and above. The percentages being 63.3 for Punjab and 63.1 for Kerala. The population having MPCE above Rs.950 is the highest in Kerala (30 per cent), followed by Punjab (13.6 per cent); the all India level being 7.1 per cent. In the case of average MPCE also, Kerala stands first with Rs.881, followed by Punjab (Rs.788) and Haryana (Rs.703). The all India average MPCE is Rs.531. Among the major 15 States, five States (Bihar, Madhya Pradesh, Orissa, Uttar Pradesh and West Bengal) are with average MPCE below Rs.500, seven States (Andhra Pradesh, Assam, Gujarat, Kerala, Maharashtra, Rajasthan, Tamil Nadu Haryana, Punjab) between Rs.500 and Rs.700 and three States (Haryana, Punjab and Kerala) above Rs.700.

15.8 Table 15.4 gives the corresponding details with regard to urban area. The average urban MPCE exceeds average rural MPCE by around 90 per cent at the all India level. The rural – urban disparity in MPCE is relatively small for Punjab (41 per cent), Kerala (44 per cent) and Rajasthan (45 per cent) but large in Orissa (123 per cent), West Bengal (116 per cent) and Maharashtra (114 per cent). Like in the case of rural sector, in urban sector also, MPCE is the

Table 15.3
1000 Distribution of persons in the Rural Sector over 12 MPCE
Year 2002 (58th round NSS)

Major States	Monthly Per Capita Expenditure Classes (Rs)								Avg. MPCE (Rs)
	(000-300)		(300-615)		(615-950)		>950		
	persons	%	persons	%	persons	%	persons	%	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1.Andhra Pradesh	112	11.2	590	59.0	210	21.0	87	8.7	575
2.Assam	54	5.4	681	68.1	246	24.6	19	1.9	532
3.Bihar	198	19.8	699	69.9	90	9.0	13	1.3	424
4.Gujarat	110	11.0	549	54.9	241	24.1	100	10.0	590
5.Haryana	33	3.3	440	44.0	339	33.9	198	19.8	703
6.Karnataka	116	11.6	676	67.6	154	15.4	53	5.3	513
7.Kerala	20	2.0	349	34.9	331	33.1	300	30.0	881
8.Madhya Pradesh	264	26.4	594	59.4	113	11.3	29	2.9	436
9.Maharashtra	116	11.6	605	60.5	218	21.8	61	6.1	545
10.Orissa	421	42.1	449	44.9	104	10.4	26	2.6	390
11.Punjab	10	1.0	357	35.7	397	39.7	236	23.6	788
12.Rajasthan	46	4.6	656	65.6	219	21.9	79	7.9	574
13.Tamil Nadu	131	13.1	590	59.0	186	18.6	93	9.3	542
14.Uttar Pradesh	166	16.6	649	64.9	141	14.1	44	4.4	486
15.West Bengal	120	12.0	693	69.3	151	15.1	36	3.6	493
All India	146	14.6	602	60.2	181	18.1	71	7.1	531

Source: NSSO

highest in Kerala (Rs.1267) and it is followed by Gujarat (Rs.1229) and Maharashtra (Rs.1164). While in rural sector the average MPCE exceeds Rs.700 only for two States, in urban sector, it exceeds Rs.700 for all the States except for Bihar where it is Rs.692. The average urban MPCE is more than RS.1200 only for two States- Kerala and Gujarat.

15.9 Table 15.5 given below shows the average consumer expenditure per person for a period of

30 days. While in 70's the average consumer expenditure per person for a period of 30 days in rural sector of Kerala was almost close to that of rural area of India, from 1980 onwards it began to exceed that of India and in 2002 it attained a level which exceeds that of India by 66 per cent. In urban area, till 70's the average consumer expenditure per person for a period of 30 days in Kerala was lower than that in India and from 1980 onwards the trend began to reverse as in rural area and in 2002 it attained a level that exceeds that of India by 25%.

Table 15.4
1000 Distribution of persons in the Urban Sector over 12 MPCE
Year 2002 (58th round NSS)

Major States (1)	Monthly Per Capita Expenditure(Rs)								
	(000-500)		(500-1120)		(1120-1925)		>1925		Avg. MPCE(Rs)
	persons	%	persons	%	persons	%	persons	%	persons
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1.AndhraPradesh	173	17.3	548	54.8	189	18.9	90	9.0	989
2.Assam	138	13.8	598	59.8	201	20.1	63	6.3	947
3.Bihar	455	45.5	423	42.3	89	8.9	33	3.3	692
4.Gujarat	55	5.5	551	55.1	241	24.1	153	15.3	1229
5.Haryana	40	4.0	619	61.9	239	23.9	102	10.2	1123
6.Karnataka	221	22.1	501	50.1	196	19.6	82	8.2	969
7.Kerala	169	16.9	428	42.8	269	26.9	134	13.4	1267
8.Madhya Pradesh	425	42.5	456	45.6	101	10.1	18	1.8	709
9.Maharashtra	144	14.4	500	50.0	231	23.1	125	12.5	1104
10.Orissa	318	31.8	448	44.8	175	17.5	58	5.8	869
11.Punjab	104	10.4	560	56.0	230	23.0	106	10.6	1110
12.Rajasthan	244	24.4	601	60.1	107	10.7	48	4.8	830
13.Tamil Nadu	160	16.0	534	53.4	196	19.6	110	11.0	1072
14.Uttar Pradesh	320	32.0	464	46.4	149	14.9	67	6.7	879
15.West Bengal	197	19.7	532	53.2	179	17.9	92	9.2	1066
All India	210	21.0	508	50.8	190	19.0	92	9.2	1012

Source: NSSO

Table 15.5
Average Consumer Expenditure Per Person for the period of 30 days

Year and Round of NSS	Rural		Urban	
	Kerala	India	Kerala	India
1970-71 25 th	36.12	35.31	47.63	52.85
1972-73 26 th	42.19	44.17	58.27	63.33
1977-78 32 nd	74.76	68.89	84.10	96.15
1983 38 th	145.44	112.31	179.81	165.80
1987-88 43 rd	211.47	158.10	266.22	249.93
1990-91 46 th	261.85	202.12	369.36	317.75
1993-94 50 th	390.40	281.60	493.50	457.70
1999-00 55 th	765.71	486.00	932.00	855.00
2000-01 56 th	841.31	494.91	1203.65	914.58
2002 58 th	881.00	530.74	1266.64	1011.94

Source:NSSO

15.10 Table 15.6 given below shows the percentage distribution of food and non food expenditure classification by various rounds of survey by NSSO. In the State, the share of food items in the total consumption expenditure was exceeding the non food items in rural area till the 55th round of Survey (1999-2000) and in the urban area till the 50th round of Survey (1993-94) and thereafter the trend reversed.i.e the share of food items in total expenditure began to fall below that of non-food items , both in rural and urban area.. A significant point noted is that as the income level increases, the share of income spent for food items declines.

Wholesale Price Index (WPI)

15.11 In the first quarter of 2004 (the latest period for which data are available), the wholesale price index of agricultural commodities

went up by 156 points compared to the corresponding period in 2003, witnessing an inflation of 5.9 per cent in terms of Wholesale Price Index (Table 15.7). Index of all commodities, but for the index of fruits & vegetables, maintained uptrend during the period under review. When the index of molasses went up by 521 points (29.4 per cent) and that of condiments and spices went up by 395 points (20.0 per cent), the index of fruits and vegetables came down by 107 points (2.8 per cent). Food crops and non-food crops recorded more or less same growth rate in their indices, with 6.0 per cent and 5.9 per cent respectively. One of the major reasons for the increase in prices of agricultural commodities was the hike in prices of crude oil and petroleum products in the international markets and their impacts in domestic markets. Crude oil price in international market

Table 15.6

Percentage Distribution of Food and Non food Expenditure Classification

Year & Round of NSS	Rural				Urban			
	Kerala		India		Kerala		India	
	Food	Non Food	Food	Non Food	Food	Non Food	Food	Non Food
1970-71 25 th	70.21	29.79	73.58	26.42	63.34	36.66	64.41	35.59
1972-73 26 th	70.42	29.58	72.81	27.19	64.85	35.15	64.49	35.51
1977-78 32 nd	60.75	39.25	64.35	35.65	60.61	39.39	59.98	40.02
1983 38 th	61.56	38.44	65.56	34.44	58.24	41.76	58.69	41.31
1987-88 43 rd	59.92	40.08	63.77	36.23	57.08	42.92	55.92	44.08
1990-91 46 th	63.29	36.71	65.97	34.03	49.66	50.34	55.63	44.37
1993-94 50 th	60.45	39.55	63.21	36.79	53.90	46.10	54.62	45.38
1999-00 55 th	53.70	46.30	59.47	40.53	49.03	50.97	48.07	51.93
2000-01 56 th	49.63	50.37	56.29	43.71	43.22	56.78	43.80	56.20
2002 58 th	50.23	49.77	55.07	44.93	40.25	59.75	42.47	57.53

Source: NSSO

Table- 15.7
Whole Price Index of Agricultural Commodities-2000-2004
(Base: 1952 - 53 = 100)

	Crops	Weight	Whole Price Index of Agricultural Commodities						% change over previous Year			
			2000	2001	2002	2003*	2003	2004*	2001	2002	2003	2004*
	1	2	4	5	6	7	8	9	10	11	12	13
A	Food Crops	63.5	2610	2232	2022	2580	2660	2734	-14.5	-9.4	31.5	6.0
	Rice	40.4	2330	2058	1585	2434	2504	2575	-11.7	-23.0	58.0	5.8
	Condiments & Spices	10.4	3161	2123	2448	1975	2298	2370	-32.8	15.3	-6.1	20.0
	Fruits & Vegetables	10.7	3293	3041	3281	3867	3743	3760	-7.7	7.9	14.1	-2.8
	Molasses	2.0	1763	1988	1891	1773	1899	2294	12.8	-4.9	0.4	29.4
B	Non-Food Crops	36.5	2068	1807	2375	2799	2899	2960	-12.6	31.4	22.1	5.8
	Oil Seeds	25.5	2331	1996	2823	3407	3551	3593	-14.4	41.4	25.8	5.5
	Plantation Crops	11.0	1461	1370	1337	1394	1392	1495	-6.3	-2.4	4.1	7.3
C	All Crops	100.0	2412	2077	2151	2660	2747	2816	-13.9	3.6	27.7	5.9

Source: Directorate of Economics & Statistics

*up to March

increased by 5.6 per cent per barrel in 2003-04. The occurrence of drought and decline in agriculture production were the other reasons for the rise in the price of agricultural commodities.

15.12 The month-wise movements of indices are shown in Appendix-15.3. Index of all the commodities generally witnessed erratic trend from month to month. When the index of food crops attained a peak level of 2798 points in the month of June, that of non food crops and all crops attained peak levels in November with 3346 pints and 2900 points respectively.

Parity Index

15.13 Parity Index reflects the price situation of the farming community in the State. It is a relative measure of prices received by farmers and prices paid by the farmers. In 2003 (data are available only upto 2003), the parity index went up by 8 points from 49 points in 2002 to 57 points in 2003, as against an increase of just one pint in 2002 from 48 points in 2001 to 49 points in 2002 (Table 15.8). The uptrend witnessed in 2002 and 2003 cannot be taken as an indication for the years to come, as it is evident from the table that the indices had been generally on downward trend over the years, barring slight increases witnessed in certain years. This implies that the price situation in the State has not been generally

favourable to the farming community over the years. During the period 1993-2003, when the prices received by farmers increased by an annual average growth rate of 6.1 per cent, the prices paid by farmers increased by an annual average growth rate of 8.9 per cent. During the same period, farm cultivation cost grew at a rate of 10.7 per cent and domestic expenditure grew at a rate of 7.3 per cent.

Wages

15.14 The average daily wage rates of skilled and unskilled workers in agricultural sector during the period from 1994-95 to 2003-04 are presented in Tables-15.9 and 15.10 respectively. In 2003-04, wages of carpenter and mason witnessed only marginal increases of 1.0 per cent and 0.9 per cent respectively in the place of increases of 4.20 per cent and 3.5 per cent respectively in 2002-03. Wages of paddy workers also showed similar trend as is evident from the Table. A noteworthy point is that the gap between wages of male paddy worker and female paddy worker is on the increase. The gap, which was 40.7 per cent in 1980-81 went up to 69.45 per cent in 1990-91 and then came down to 46.32 per cent in 2003-04, which is higher by 5.62 per cent compared to the level in 1980-81. The gap between the wages of male and female paddy workers needs to be looked into.

Table-15.8
Index of Prices Received and Prices Paid by Farmers
1993-2003 (Base:1952-53=100)

Year	Prices received by Farmers	Farm Cultivation Cost	Domestic Expenditure	Price paid by farmers	Parity as col. 2 to5
1	2	3	4	5	6
1993	1496	2579	1303	1834	82
1994	1582	2891	1464	2057	77
1995	1802	3312	1641	2331	77
1996	2079	3928	1810	2666	78
1997	2486	4571	1979	3007	83
1998	2447	4895	2107	3212	76
1999	2907	5556	2246	3532	82
2000	2492	6173	2384	3836	66
2001	1927	6584	2489	4048	48
2002	1999	6684	2542	4122	49
2003	2454	7056	2615	4295	57

Source: Department of Economics and Statistics Wages

Table 15.9
Average Daily Wage Rates of Skilled Workers in Agricultural Sector
1994-95 to 2003-0

Year	Average Daily Wage Rates		Percentage changes over Previous year	
	Carpenter	Mason	Carpenter	Mason
1994-95	87.44	87.04	14.32	13.62
1995-96	107.20	105.96	22.60	21.74
1996-97	128.54	127.81	19.91	20.62
1997-98	145.94	144.04	13.54	12.70
1998-99	155.42	154.80	6.50	7.47
1999-00	165.35	164.70	6.39	6.40
2000-01	176.15	173.85	6.53	5.56
2001-02	182.42	180.06	3.56	3.57
2002-03	190.07	186.30	4.20	3.5
2003-04	192.00	188.00	1.0	0.9

Source: Department of Economics and Statistics

Table 15.10
Average Daily Wage Rates of Unskilled Workers in the Agricultural Sector
1994-95 to 2003-04

Year	Average Daily Wage rates of paddy field workers		% change over previous year	
	Male	Female	Male	Female
1994-95	63.53	41.92	17.08	18.12
1995-96	77.17	51.17	21.47	22.10
1996-97	92.18	60.52	19.45	18.27
1997-98	103.72	69.35	12.52	14.59
1998-99	111.76	71.42	7.75	2.98
1999-00	118.90	78.80	6.39	10.33
2000-01	123.15	82.38	3.57	4.54
2001-02	127.21	88.75	3.30	7.73
2002-03	144.90	99.73	13.9	12.4
2003-04	148.72	101.64	2.6	1.9

Source: Department of Economics and Statistics

15.15 Tables-15.11 and 15.12 represent the average daily wage of skilled and unskilled workers in construction sector in the State. In 2003-04, the wage of carpenter in rural area increased by Rs.3 and in urban area by Rs.6. The same for mason, it was Rs 2 in rural area and Rs.3 in urban area. The wage of unskilled workers during this period remained unchanged in rural area where as in urban area the wages witnessed a uniform increase of Rs 2 for both male and female workers.

FOOD SECURITY

Public Distribution System (PDS)

15.16 Public Distribution System (PDS) is the

key element of the food security system in India particularly for the poor. It is an instrument for ensuring availability of certain essential commodities at affordable prices. The Government, through the Food Corporation of India (FCI) procures and stocks foodgrains which are released every month for distribution through the Public Distribution System network across the country. Foodgrains, mainly rice and wheat, sugar and kerosene are distributed to the public through a network of PDS outlets.

15.17 The Public Distribution System was a general entitlement scheme to all consumers without any targeting, for the ground that the

Table – 15.11
Average Daily Wage Rates of Skilled Workers in the Construction Sector
1992-93 to 2003-04

(Rupees)

Year	Carpenter		Mason	
	Rural	Urban	Rural	Urban
1992-93	68.89	70.92	68.07	70.23
1993-94	73.57	76.50	72.75	75.98
1994-95	87.03	91.47	86.49	90.55
1995-96	109.45	113.85	107.59	112.83
1996-97	129.57	134.87	129.20	134.07
1997-98	147.00	150.00	146	149
1998-99	158.09	159.17	156.71	157.88
1999-00	171.09	172.21	168.77	171.94
2000-01	182	184	181	183
2001-02	185	187	184	186
2002-03*	189	190	188	190
2003-04*	192	196	190	193

* Provisional

Source: Department of Economics and Statistics

Table 15.12
Average Daily Wage Rates of Unskilled Workers in the
Construction Sector 1992-93 to 2003-04

(Rupees)

Year	Men		Women	
	Rural	Urban	Rural	Urban
1992-93	46.34	48.66	37.23	39.38
1993-94	50.36	52.58	40.89	42.80
1994-95	60.08	63.63	49.94	52.00
1995-96	76.59	79.15	62.80	65.34
1994-95	88.47	90.76	73.73	75.76
1997-98	101	104	85.00	87.00
1998-99	111.18	112.43	93.44	94.06
1999-00	125.45	126.54	102.59	105.27
2000-01	130	133	108	111
2001-02	135	136	111	114
2002-03*	137	141	112	114
2003-04*	137	143	112	116

* Provisional

Source: Department of Economics and Statistics

system failed to translate the macro level self sufficiency in foodgrains achieved by the country into household level food security for the poor, the Government of India decided to introduce Targetted Public Distribution System w.e.f 1st June 1997 in which allocation of foodgrains out of the central pool was made to the states at two sets of prices, a highly subsidized price for the poor and near open market price for others.

15.18 The shift in policy in the allocation and pricing of foodgrains, announced by the Central Government constitutes a major departure with regard to food security policy in the country. On the one hand, it has sought to restrict the coverage of the subsidized Public Distribution System to the poor. On the other, it has increased the price

of the foodgrains. One of the hard hit states of this policy shift is the foodgrains deficit state of Kerala. In the process, its Public Distribution System, assiduously built up over a long period of time and hailed as a model one, is now facing survival problems.

15.19 Kerala has a long history of public distribution system dating back to the beginning of second world war. Universal and Statutory rationing was introduced on 24.10.1965. At present the state has also switched over to the National pattern i.e. Targeted Public Distribution System from 1.6 1997. Accordingly families under Above Poverty Line (APL) and Below Poverty Line (BPL) categories have been identified, distinctive ration cards under each category issued and food grains are distributed to the families at different prices. In Kerala, even though the Government of India have approved 15.54 lakh families (i.e 25.43% of the state's BPL population as on 1-3-2000) under BPL category, the State Government has identified the number of BPL families as 20.22 lakh including AAY (i.e 42% of the population). The subsidized rice is distributed to this additional 4.65 lakh families by meeting the subsidy portion from the State exchequer.

15.20 Before the introduction of Targetted Public Distribution system by the Central Government, on an average 155000 tonnes rice and 35000

tonnes wheat were sold through the ration shops in Kerala every month. But with the introduction of APL-BPL system through TPDS, the number of real beneficiaries declined and the monthly offtake has come down to almost one-third of the earlier times.

15.21 In Kerala, the coverage of ration cards is nearly hundred percent. Now ration cards are issued to all families including those who do not have house numbers. The total number of ration cards in the state has increased from 62.68 lakh as on 1st April 2003 to 64.59 lakh as on 1st April 2004. At the same time the number of ration permits for institutions has come down from 16183 in 2003 to 15900 in 2004. There are 14139 PDS outlets in 2004. This include 694 shops in Co-operative Sector. Table 15.13 gives the details of Public Distribution System in Kerala.

15.22 Out of the total 6496211 ration card holders (as on 30th September 2004) in the state, 4473898 families are under APL and 1664813 families are under BPL category and 357500 families are under AAY scheme. Food grains are allotted by the Government of India for distribution to all cardholders at the rate of 35 Kg. per month irrespective of the category. Accordingly 113420 MT of rice and 37325 MT of wheat for distribution to APL families, 31406 MT of rice and 10468 MT of wheat to BPL families and 12510 MT of rice

Table 15.13
Public Distribution System in Kerala – A profile (2000-2004)

Items	Unit	2000	2001	2002	2003	2004
Ration cards and permits as on 1 st April						
a) Ration cards for families	No	6262074	6344119	6383322	6268411	6459235
b) Ration Permits for institutions	No	17528	17127	16769	16183	15900
No of FCI Sub Depots as on 1 st April	No	23	22	23	23	22
No of Wholesale Shops as on 1 st April						
a) Co-operative Sector	No	42	39	35	41	38
b) Others	No	303	305	286	270	260
TOTAL (a+b)		345	344	321	311	298
No of ration shops as on April						
a) Co-operative Sector	No	966	953	953	828	694
b) Others		13266	13217	13217	13246	13445
TOTAL (a+b)		14232	14170	14170	14074	14139
Sugar	MT	152437	72766	45465	34270	36881*
Kerosene Oil	KL	361610	359437	314663	292175	207630*

to September 2004

Source: Directorate of Civil Supplies

to AAY families are allotted monthly by the Government of India.

15.23 Retail prices of commodities issued through ration shops during 2004 are shown in Table 15.14 and details of retail price of ration commodities from 1997 to 2003 are given in Appendix 15.4

15.24 After introduction of TPDS, it is seen that APL families are not buyers from PDS shops for foodgrains. This is evident from the Table 15.15 and 15.16.

Distribution of Rice & Wheat

15.25 Distribution of rice and wheat through Public Distribution System in Kerala reveals a declining trend since 2000. Whereas in 1999 the off take of rice through Public Distribution System was 13.58 lakh tonnes and wheat 2.71 lakh tonnes. It declined to 4.39 lakh tonnes of rice and 1.75 lakh tonnes of wheat in September 2004 (Table 15.17). Considerable reduction of Central subsidy on foodgrains under APL category from April 2000, higher price for APL rice and wheat, lack of desired quality of foodgrains, restriction of levy sugar to BPL cardholders are the reasons for the low off-take of foodgrains under

Table 15.14
Retail Price of Commodities issued through ration shops

Items	Price on April 2004 (Rs. per Kg)
Rice - APL	8.90
BPL	6.20
Antyodaya Annayojana Scheme	3.00
Wheat APL	6.70
BPL	4.70
Sugar-BPL	13.50
Kerosene/Litre	9.50 to 9.70
Annapoorna rice	Free of cost

Source: Directorate of Civil Supplies

Table 15.15
District-wise Food grain Distribution under PDS – 2003

Name of District	BPL Scheme						APL Scheme					
	Wheat			Rice			Wheat			Rice		
	Lifting	As % of Allocation	Off-take	Lifting	As % of Allocation	Off-take	Lifting	As % of Allocation	Off-take	Lifting	As % of Allocation	Off-take
2	3	4	5	6	7	8	9	10	11	12	13	14
TVM	No Wheat is allotted under BPL Scheme			26463	53.35	27544	15660	38.81	17442	462	0.19	313
Kollam		Do		11349	21.90	10730	11317	31.29	11189	94	0.11	120
PTA		Do		7200	31.17	6762	2837	15.77	2800	80	0.05	34
Alappuzha		Do		24461	60.84	28175	7250	31.43	9202	51	0.25	228
Kottayam		Do		31353	86.67	31926	6802	38.23	10092	28	0.11	95
Idukki		Do		13938	59.26	14251	4842	39.53	6641	27	0.09	45
Eranakulam		Do		23239	61.23	23362	22365	52.17	21724	70	0.07	102
Trissur		Do		48764	84.68	50281	16284	38.83	16214	235	0.21	247
Palakkad		Do		32354	86.87	33323	7689	19.31	6813	1642	0.11	132
Malappuram		Do		50647	88.76	51778	12175	28.98	12834	20	0.19	219
Kozhikode		Do		42345	92.93	45593	14848	48.73	17717	210	0.30	344
Wayanad		Do		9244	83.13	10274	993	11.28	1055	1161	3.65	1096
Kannur		Do		40794	99.98	40644	14635	43.97	14140	530	0.44	398
Kasargod		Do		19385	94.92	20556	1636	11.32	1684	305	0.76	319
TOTAL				381535	72.19	395201	139332	35.05	149548	491436	0.28	3692

Source: Directorate of Civil Supplies

Table:15.16
Foodgrain Distribution under PDS for the year 2004 (upto September)
 (Qty in MT)

Month	BPL Scheme						APL Scheme					
	Wheat			Rice			Wheat			Rice		
	Lifting	As % of Allocation	Off-take	Lifting	As % of Allocation	Off-take	Lifting	As % of allocation	Off-take	Lifting	As % of Allocation	Off take
1	2	3	4	5	6	7	8	9	10	11	12	13
Jan-04	9116	85.85	6042	31443	98.71	32684	7321	19.61	9557	323	.28	384
Feb-04	8113	76.41	8292	29200	91.67	30510	5683	15.23	5755	575	.51	337
Mar-04	10018	95.7	9832	30586	97.39	32003	5517	14.78	5253	493	.43	503
Apr-04	9140	87.31	9684	31406	100	32185	6975	18.69	4994	1022	.9	1051
May-04	10468	100	11144	31406	100	34432	8266	22.15	6998	1897	1.67	2041
June-04	10468	100	10723	31406	100	30790	14257	38.2	10942	8421	7.42	6910
July-04	10468	100	11207	31406	100	31924	12231	32.77	12625	10842	9.56	10045
Aug-04	10468	100	11213	31406	100	34556	16935	45.37	14656	21334	18.81	9094
Sep-04	10468	100	10512	31406	100	30673	15108	40.48	15742	3298	2.91	4988

Source: Directorate of Civil Supplies

Table- 15.17
Quantity of Rice and Wheat distributed through Public Distribution system in Kerala
 (In lakh tonnes)

Year	Rice	Wheat
1998	16.39	4.58
1999	13.58	2.71
2000	6.56	0.64
2001	4.61	0.78
2002	4.23	1.40
2003	5.07	1.50
2004(9/04)	4.38	1.75

Source: Directorate of Civil Supplies

TPDS.Distribution of Rice and Wheat through PDS during the last seven years is detailed in the Appendices 15.5 & 15.6

Central Allotment of Sugar and Kerosene

15.26 Central allotment of Sugar was restricted to BPL card holders alone from February 2001 onwards. The central allocation of kerosene to the state was also reduced year by year. The allotment of Kerosene to the state was 314661 Kilo Litres in 2002 and it came down to 292175 Kilo Litres in 2003 and again to 207630 Kilo Litres in October 2004.

Food Security

15.27 According to a study by Prof . K.P.Kannan of CDS entitled "Food Security in a Regional Perspective", the important component of the Social Security Programme in Kerala is Food Security. There are 3 major components to the food security system in Kerala. One is the Public Distribution System. The needs of the poor are taken into account in this system by giving a higher level of subsidy. Apart from food, the system also meets almost the entire requirement of Kerosene which is a basic need for cooking and/or lighting in poorer households. The second is the supplementary nutrition programme

targetted on children, one on pre-school children with some health care elements and the other noon meal for school going children up to 12 years of age. The third is the old age and other disability pensions for the poor. This could be treated as food security as they are targeted only on the poor. CDS study has attempted an estimation of the coverage of these food security schemes for 1991 and it is presented in Table-15.18. It is interesting to note that the major programmes such as PDS, supplementary nutrition and pension for agricultural workers cover more than the estimated poor below the poverty line. In fact, 92 percent of the population are covered under PDS, 44 percent of pre-school children are covered under the supplementary nutrition programme, 70 percent of the children between

5 & 12 years are covered by the free noon meal scheme and more than the main agricultural labourers above 60 years are covered by the oldage pension scheme.

15.28 Even then the PDS is able to cover only two thirds of the requirements of rice of the poorer households, the calories provided for children cover only one-fourth of their daily requirements and the real value of old age and other pensions has steadily declined over the years as to hardly cover one meal a day.

15.29 The Common Minimum Programme of the Government of India talks about strengthening the Public Distribution System, particularly in the

Table 15.18
Selected Food Security Cover for the Poor in Kerala

(Nos. in 000s)

Total Population			Estimated Poor	Beneficiaries	(5) as % of (4)	(5) as % of (3)
1	2	3	4	5	6	7
Male	Female	Total	Public Distribution			
14289	14810	29099	9602	26696	278	92
Children (0-4)			Supplementary Nutrition			
Boys	Girls	Total	911	1201	132	44
1410	1349	2759				
Children (5-12)			Free Noon Meals			
Boys	Girls	Total	1142	2410	211	70
1760	1701	3461				
Old aged (60+)			Old age Pensions			
Male	Female	Total	845	505.3	60	20
1689	1371	2560				
Widows			Widows Pension			
Male	Female	Total	474	129.3	27	9
137	1298	1435				
Total Agricultural labourers (60+) Main Workers (Total cultivators + AL 60+ Main Workers)			Pension for Agricultural Labourers			
Male	Female	Total	87 (151)	344.3	396 (228)	233 (96)
108 (298)	40 (55)	148 (353)				
Divorced/Deserted/Widowed			Pension			
Male	Female	Total	537	51.76	10	3
167	1461	1628				
Physically Disabled			Pension			
Male	Female	Total	48	8.35	17	6
NA	NA	145				

poorest and backward blocks of the country and also about involving women's and ex-servicemen's co-operatives in the management of the PDS. Special schemes to make the food grains available to the destitutes and infirm are proposed to be launched. Besides, grain banks are mooted in chronically food scarce areas. The details of what is proposed to be done are not clear.

Special Schemes

(1) Antyodaya Anna Yojana Scheme (AAY)

15.30 Antyodaya Anna Yojana, launched in December 2000 in the country, aimed at providing wheat and rice at nominal prices (Rs. 2 per kg for wheat and Rs. 3 per kg for rice) to the poorest of the poor households. To begin with, this scheme was meant to cover about one crore such families, out of an estimated 6.52 crore BPL households all over the country. It was subsequently expanded in 2003 to cover an additional 50 lakh families.

15.31 This scheme which was implemented in Kerala since Feb. 2001, provides 35 kgs of foodgrains to the poorest of the poor families per month @ Rs.3 per kg. Eventhough the Central Government have fixed the target of beneficiaries in the state initially as 2,38,200, later Government of India have fixed the target as 471400 during August 2004 as part of further expansion of the scheme. The Government of India is allotting rice under the scheme @ Rs. 3000 per MT and the State Government is meeting the expenses towards transportation and handing charges due to the dealer. The expenditure on this account comes to around seven crore per year.

(2) Annapoorna Scheme

15.32 As per the Scheme 44980 destitutes above the age of 65 years who are not receiving National old age pension are eligible for 10 kgs of rice per month free of cost. The scheme has been implemented in the state with effect from 14.2.01. As decided by the State Government, all tribals who are unable to work have also been included under the scheme. For implementing the scheme, the amount is provided by Government of India as Additional Central Assistance.

Kerala State Civil Supplies Corporation

15.33 The Kerala State Civil Supplies Corporation's main objective is to engage, promote,

improve, develop, counsel and finance production, purchase, storage, processing, movement, transport, distribution and sale of food grains, foodstuffs and any other commodity which the Government may consider as essential. The mission of the Corporation is "food security for Kerala"

15.34 The Corporation has a credit facility of Rs. 15 crore from a consortium of four commercial banks and a food credit limit of Rs. 5 crore sanctioned to the State Government. The turnover of the Corporation in 1974-75 was Rs. 6 crore and it went upto Rs.630 crore during 1999-2000. The turnover for 2001-02 and 2002-03 was Rs. 409 crore and Rs. 382 crore respectively. The decline in the turn over is mainly due to the heavy drop in sales of PDS items. The turn over for 2003-04 is Rs. 450 crore.

15.35 The Corporation acts as a second line of PDS in the State by distributing essential commodities through maveli Stores/labham markets at subsidized prices. In addition to this the Corporation has established some profit making ventures like tea, super market which sell luxury items, medical stores, petrol bunks, LPG outlets etc. In maveli medical stores the selling price is less by 10% to 30% than that of market price. At present Corporation has 851 maveli stores, 138 labham markets, 20 mobile maveli stores, 10 super markets, 38 medical stores,. 10 petrol bunks, 4 LPG outlets and 1 kerosene depot. In addition to the above the Corporation is the wholesale distributor of levy sugar for the entire State and also Corporation is running 10 sub-depots for PDS items in 7 districts.

15.36 Another major activity of the Corporation is the organisation of fairs and markets in all parts of the State during the festival seasons so as to control price levels. During 2003-04 the Corporation had organised 5 onam fairs, 10 district fairs and 86 onam markets in the District and Taluk Headquarters through which a variety of provisions, consumer goods and vegetable were sold and the total turn over was Rs.4.66 crore. The Corporation is operating a hotel at Sannidhanam during sabarimala season.

15.37 The Supply of Commodities to schools for

noon – meal scheme is another important activity. During 2003-04 the Corporation supplied 595318.98 Qtls of rice and 98237.63 Qtls of pulses to 10061 schools and 21.16 lakh children got benefit of the scheme.

15.38 The Corporation has an authorised share capital of Rs. 15 crore of which Rs. 8.56 crore is paid up. Government of Kerala have advanced an amount of Rs.131.82 crore as loan and Rs. 319.77 crore as grant to Corporation upto 31st March 2004.

Mid – day Meal Programme

15.39 Nutrition requisites are provided through mid – day meal programme in Kerala. The Education Department has been implementing the programme in Government and private aided primary schools from 1984. While Government of India provide 100 gm of rice per pupil, State Government provide 60 gm rice and 30 gm pulse items per pupil. During the year 2003-04, about 21.67 lakh children in the primary section (Std. I to VII) are benefited through this scheme in the state as against 23.56 Lakh children during 2002-2003.