

CHAPTER 15

PRICES & FOOD SECURITY

PRICES

Consumer Price Index (CPI)

Consumer Price Index is designed to measure the changes over time in the general level of retail prices of goods and services consumed by a reference population. It is an indicator of inflationary trend. Consumer Price Index is an appropriate measuring rod to determine the impact of price rise on the cost of living of the common man. At present four CPIs covering different segments of population ie; Industrial Workers (IW), Urban Non-Manual Employees (UNME), Agricultural and Rural Labourers (AL/RL) are released at national level.

15.2 During 2008 (upto August) the Consumer Price Index of agricultural and industrial workers in Kerala went up by 12 points (base 1998-99=100), compared to the corresponding period of 2006 ie; the index rose from 136 points in August 2007 to 148 points in August 2008 (Table 15.1). The increase in 2007 was 4 points compared to 2006 which shows that inflation in terms of Consumer Price Index was higher in the State during 2008 compared to the previous year.

Table 15.1
Annual Average Consumer Price Indices of Agricultural and Industrial Workers in Selected Centres of Kerala - 2004 to 2008

(Base:1998-99=100)

Sl. No.	Centres	Year						% Variation over previous year			
		2004	2005	2006	2007*	2007	2008*	2005	2006	2007	2008*
1	Thiruvananthapuram	126	132	138	143	143	155	4.8	4.5	3.6	8.4
2	Kollam	126	130	138	141	142	156	3.2	6.2	2.9	10.6
3	Punalur	116	121	130	134	135	148	4.3	7.4	3.8	10.4
4	Pathanamthitta	121	125	133	141	140	156	3.3	6.4	5.3	10.6
5	Alappuzha	120	124	132	137	136	149	3.3	6.5	3.0	8.8
6	Kottayam	121	124	131	136	136	148	2.5	5.6	3.8	8.8
7	Mundakkayam	118	121	127	133	132	146	2.5	5.0	3.9	9.8
8	Munnar	118	121	125	129	128	141	2.5	3.3	2.4	9.3
9	Ernakulam	121	126	133	137	137	147	4.1	5.6	3.0	7.3
10	Chalakkudy	119	124	129	134	133	149	4.2	4.0	3.1	11.2
11	Thrissur	120	123	130	137	136	146	2.5	5.7	4.6	6.6
12	Palakkad	122	125	132	137	138	152	2.5	5.6	4.5	10.9
13	Malappuram	120	126	130	137	137	149	5.0	3.2	5.4	8.8
14	Kozhikode	117	123	129	133	132	145	5.1	4.9	2.3	9.0
15	Meppady	124	121	128	132	131	144	-2.4	5.8	2.3	9.1
16	Kannur	126	126	130	132	132	143	0	3.2	1.5	8.3
17	Kasaragod	121	130	133	136	135	145	7.4	2.3	1.5	6.6
	State Average	121	125	131	136	135	148	3.2	5.0	3.3	9.1

Source:- Directorate of Economics & Statistics

* upto August

15.3 When the indices during 2008 (upto August) of seventeen Centres were subjected to review, Kollam and Pathanamthitta recorded the highest index (156) followed by Thiruvananthapuram (155) and Palakkad (152). The lowest index of 141 was recorded at Munnar preceded by Kannur (143). The Indices of 8 Centres fall below the State average of 148 and that Punalur and Kottayam Centres stood with the same index of State average. The variation of indices of 2008 over previous year for various centres ranged from 6.6 percent to 11.2 percent. Percentage variation during 2008 (upto August) over previous year was highest in Chalakkudy (11.2%) followed by Palakkad (10.9%). The lowest variation was recorded at both Kasaragod and Thrissur (6.6%) preceded by Ernakulam (7.3%).

15.4 The month-wise movements of Consumer Price Indices are shown in Appendix 15.1. The movement of indices during 2008 is within the range of 135 to 162. The lowest Consumer Price Index of 135 was registered in Munnar in the beginning of 2008 and reached 146 at the end of August 2008. Both Thiruvananthapuram and Pathanamthitta recorded the highest index of 162 during August 2008.

Retail Prices

15.5 The average Retail Prices of essential commodities at the end of December from 2005 to 2008 (end of September) and its percentage variation over the previous years are given in Table 15.2. On analysing the prices of 18 essential commodities in 2008 (end of September), it was observed that the prices of Rice (O.M. Matta), Greengram, Blackgram and Dhall under Cereal group increased by 23.9, 26.8, 11.5 and 19.1 percent respectively over the corresponding period of previous year. Under other food items the prices of milk, egg and sugar showed an upward trend with an increase of 18.8, 12.2 and 38.7 per cent respectively. The prices of coconut oil and groundnut oil increased from Rs.53.43 and Rs.80.20 per kg. at the end of September 2007 to Rs.67.04 and Rs.89.43 per litre respectively at the end of September 2008. The price of coconut without husk also increased by 34.4 percent. A huge increase occurred in the price of coriander at the end of September 2008 ie; increased by 97.9 per cent over the corresponding period of the previous year. The prices of chillies and onion (small) also increased by 13.8 and 14.6 per cent respectively. Under Tubers the price of tapioca increased by 14.6 percent while that of potato declined by 5.5 per cent. The prices of banana also moved upwards by 39.5 per cent compared to the corresponding period of 2007.

Table 15.2
Month-end Average Retail Prices of Essential Commodities in Kerala 2005 to 2008.

Sl. No.	Commodities	Unit	Prices at the end of December (Rs)					% variation over previous year		
			2005	2006	2007*	2007	2008*	2006	2007	2008*
A	Cereals									
1	Rice (Red) OM Matta	Kg	13.50	14.03	15.46	17.67	19.16	3.9	25.9	23.9
2	Greengram	Kg	32.60	42.16	37.86	35.55	48.02	29.3	-15.7	26.8
3	Blackgram	Kg	34.60	55.38	45.34	43.91	50.54	60.1	-20.7	11.5
4	Redgram	Kg	21.60	29.6	32.68	34.04	32.09	37.0	15.0	-1.8
5	Dhall	Kg	33.00	34.61	42.13	46.02	50.16	4.9	33.0	19.1
B	Other Food Items									
6	Milk (Milma)	Lr	14.60	14.93	16.00	17.00	19.00	2.3	13.9	18.8
7	Egg (Hen's Nadan)	Dozen	29.60	30.07	34.72	36.96	38.95	1.6	22.9	12.2

8	Sugar (OM)	Kg	18.70	19.72	14.61	14.69	20.27	5.5	-25.5	38.7
C	Oil and Oil seeds									
9	Coconut Oil	Kg	63.80	56.27	53.43	57.88	67.04 (Lr.)	-11.8	2.9	-
10	Groundnut Oil	Kg	68.60	70.05	80.20	84.53	89.43 (Lr.)	2.1	20.7	-
11	Refined Oil	Kg	84.70	78.36	76.67	81.39	82.46 (Lr.)	-7.5	3.9	-
12	Coconut (without Husk)	100 Nos	625.8	557.13	521.70	550.63	701.40	-11.0	-1.2	34.4
D	Spices & Condiments									
13	Coriander	Kg	30.4	38.65	55.96	55.04	110.77	27.1	42.4	97.9
14	Chillies (dry)	Kg	36.90	63.20	62.61	56.89	71.25	71.3	-10.0	13.8
15	Onion (small)	Kg	13.80	16.31	16.18	29.27	18.54	18.2	79.5	14.6
E	Tubers									
16	Tapioca	Kg	6.20	6.73	7.46	7.51	8.55	8.5	11.6	14.6
17	Potato	Kg	12.70	13.43	15.03	16.09	14.20	5.7	19.8	-5.5
F	Fruits & Vegetables									
18	Banana	Kg	13.50	15.78	19.64	17.00	27.40	16.9	7.7	39.5

Source: Directorate of Economics & Statistics

* End of September.

15.6 The month-wise average retail prices of essential commodities is given in Appendix 15.2. The analysis during 2008 shows that the average retail prices of almost all the essential commodities showed an upward trend. The exception to this rule were redgram, potato, bitter gourd and snake gourd.

Consumption Expenditure

15.7 Monthly Per Capita Consumer Expenditure (MPCE) for a household is the total consumer expenditure over all items divided by its size and expressed on a per month (30 days) basis. A person's MPCE is that of the household to which he or she belongs. The report of 62nd round of Sample Survey on "Household Consumer Expenditure in India, 2005-06" carried out by National Sample Survey Organization (NSSO) relates to the period from July 2005 to June 2006.

15.8 According to the latest NSS Report No. 523 (62nd Round) of 'Household consumer expenditure in India, 2005-06', the all India average MPCE for rural sector is Rs.624.5. As per this report the average MPCE for rural sector in Kerala is Rs.1055.6. A state-wise comparison shows that Kerala had the highest MPCE of Rs.1055.6 followed by Punjab Rs.1009.8. In Bihar, Chattisgah, Jharkhand, Karnataka, Madyapradesh, Orisa, Thripura, Utter Pradesh and West Bengal the average MPCE is below the national average, the lowest being in Chattisgarh (Rs.429). The per 1000 number of persons in the higher expenditure class in rural sector (1155 and above) is the highest in Punjab (297) followed by Kerala (287). The per 1000 number of persons in the lowest expenditure class in rural sector (0-235) is highest in Orissa (109) followed by Chattisgarh (89) and Bihar (54), which in Kerala is 5 persons. The all India average of this section is 20. (Appendix 15.3).

15.9 The all India average MPCE for urban sector according to the NSS Report No. 523 of 'Household Consumer Expenditure in India 2005-06 is Rs.1170.6. According to the report, the average MPCE for urban sector of Kerala is Rs.1565.59. A state-wise analysis reveals that Himachal Pradesh had the highest MPCE of Rs.1686.04 followed by Kerala (Rs.1565.59), Delhi

(Rs.1557.91) and Punjab (Rs.1520.08). The average MPCE of urban sector is the lowest in Bihar (Rs.683.60) preceded by Manipur (Rs.803.30), Orissa (Rs.900.20), Uttar Pradesh (Rs.907.87) and Madhya Pradesh (Rs.982.41). Among the states, the per 1000 number of persons in the highest expenditure class in urban sector (Rs.2540 and more) is the highest in Kerala (144) followed by both Himachal Pradesh and Punjab (133), Delhi (117) and Assam (101). It is zero in Manipur and 12 in Bihar. The concentration of persons to the lowest expenditure class in urban sector (0-335) is highest in Bihar (124) followed by Orissa (64) and Haryana (51). It is zero in Assam, Delhi, Jammu and Kashmir, Manipur, Mizoram, Tripura and North-Eastern States, while in Kerala it is 10. The all India average of this class is 30. (Appendix 15.4).

Table 15.3
Trends in Average Consumer Expenditure per person for a period of 30 days
in various NSS Rounds

Year & Round of NSS		Rural			Urban		
		Kerala	India	% variation over all - India	Kerala	India	% variation over all - India
1		2	3	4	5	6	7
	1970-71 (25 th)	36.12	35.31	2.3	47.63	52.85	(-)9.9
	1972-73 (26 th)	42.19	44.17	(-)4.4	58.27	63.33	(-)8
	1977-78 (32 nd)	74.76	68.89	8.5	84.10	96.15	(-)12.5
	1983-84 (38 th)	145.44	112.31	29.5	179.81	165.80	8.4
	1987-88 (43 rd)	211.47	158.10	33.8	266.81	249.93	6.8
	1990-91 (46 th)	261.85	202.12	29.5	369.36	317.75	16.2
	1993-94 (50 th)	390.40	281.60	38.6	493.50	457.70	7.8
	1999-00 (55 th)	765.71	486.00	57.5	932.00	855.00	9.0
	2000-01 (56 th)	841.31	494.91	70.0	1203.65	914.58	31.6
	2002-03 (58 th)	881.00	530.74	66.0	1266.64	1011.94	25.2
	2003 January to December (59 th)	981.00	554.0	77.0	1300.0	1022.00	27.2
January - June 2004 60 th round	Schedule Type - I	990.22	564.70	75.3	1371.51	1060.16	29.4
	Schedule Type- II	1058.64	616.57	71.7	1403.89	1149.52	22.1
	2004-05 (61st)	1013.15	558.78	81.3	1290.89	1052.36	22.7
	2005-06 (62nd)	1055.61	624.53	69.0	1565.59	1170.60	33.7

Source: N.S.S.O

Box 15.1
Level of Consumption in 2005-06

?? In 2005-06, nearly 19% of the Indian rural population belonged to households with monthly per capita consumer expenditure (MPCE) less than Rs.365, that is, spending less than Rs.12 per person per day on consumption, at 2005-06 prices.

?? In urban India, where expenditure levels were higher, 22% of the population belonged to households with monthly per capita expenditure less than Rs.580 (about Rs.19 per person per day).

Source : NSSO 62nd round.

5.10 The average consumer expenditure per person for a period of 30 days in various NSS rounds is given in Table 15.3. The average consumer expenditure in Kerala and all India were very close during the early 70's. However from the late 70's the average consumer expenditure of Kerala gradually surpassed the all India level both in urban and rural sectors. Rate of change in the rural sector was more pronounced than in the urban sector. The percentage variation of consumer expenditure in Kerala over all India in the urban sector stood at 8.4 percent in 1983-84, while it was 29.5 per cent in the rural sector. This rising trend continued in all the following Rounds and reached a peak level of 81.3 per cent in the rural sector during 2004-05 (61st Round) and 33.7 per cent in urban sector during 2005-06 (62nd Round).

Table 15.4
Trends in percentage distribution of Food and Non-food Expenditure classification in various NSS Rounds

Year & Round of NSS	Rural				Urban				
	Kerala		India		Kerala		India		
	Food	Nonfood	Food	Nonfood	Food	Nonfood	Food	Nonfood	
1	2	3	4	5	6	7	8	9	
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	36.65	60.61	39.39	59.98	40.02	
1983-84 (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	
2002-03 (58 th)	50.23	49.77	55.07	44.93	40.25	59.75	42.47	57.53	
2003 (January to December) (59 th)	44.92	55.08	53.88	46.12	38.36	61.64	41.98	58.02	
January - June 2004 60 th round	Sch. (Type I)	46.54	53.46	53.94	46.06	40.76	59.24	41.64	58.36
	Sch. (TypeII)	50.23	49.77	57.96	42.04	40.92	59.08	46.00	54.00
2004-05 (61 st)	44.97	55.03	55.05	44.95	39.97	60.03	42.51	57.49	
2005-06 (62 nd)	43.95	56.05	53.34	46.66	37.38	62.62	39.96	60.04	

Source: N.S.S.O.

15.11 An analysis of the percentage distribution of food and non-food items in various NSS rounds reveals that the share of food items to the total expenditure shows a declining trend in the past several Rounds. The share of expenditure on food items exceeded non-food items in the rural sector of Kerala till 55th Round. After that in all other Rounds excepting the 58th Round, non-food items has shown a higher share. At All India level, share of expenditure on food items exceeded non-food items in all Rounds in the rural sector. In the urban sector of Kerala, the share of non-food items exceeded food items much earlier than in the rural sector ie; from 46th Round. At the All India level, from the 55th round onwards the expenditure of non-food items exceeded that on food items. Table 15.4 presents the percentage distribution of expenditure on food and non-food items in various NSS Rounds.

15.12 As per the latest NSS Round (62nd Round) the expenditure on food items in the rural sector of Kerala was 43.95 per cent as against the All India figure of 53.34 per cent. In the rural sector, the expenditure on non food items stood at 56.05 per cent in Kerala and 46.66 per cent in India. This shows that the rural Kerala spends more on non food items than on food items. In the urban sector, the expenditure on food items in Kerala was 37.38 per cent and on non food items 62.62 per cent against the All India expenditure of 39.96 per cent and 60.04 per cent respectively. Both Kerala and India spends more on non-food items than on food items in the urban sector.

Box 15.2

Pattern of Consumption in 2005-06

- ?? Out of every rupee spent in 2005-06 by the average rural Indian on consumption, 53 paise was spent on food. Of this, 17 paise was spent on cereals and cereal substitutes, 8 paise on milk and milk products, 6 paise on vegetables, 5 paise on sugar, salt and spices, and 4 paise on beverages, refreshments and processed food and purchased meals.
- ?? Out of every rupee spent in 2005-06 by the average urban Indian on consumption, 40 paise was spent on food. Of this, 9 paise was spent on cereals and cereal substitutes, 7 paise on milk and milk products, 6 paise on beverages, refreshments and processed food, and 4 paise on vegetables.

Source : NSSO 62nd round.

Wholesale Price Index

15.13 The Wholesale Price Index (WPI) is the most popular measure of inflation in the country. The Wholesale Price Index of agricultural commodities in Kerala in 2008 (upto May) went up by 541 points compared to the corresponding period of 2007 registering an increase of 17.8 per cent (Table 15.5). The highest price hike was recorded for Molasses (32.6%) followed by rice (27.2%) and condiments and spices (15.9%). The price of food crops increased by 20.4 per cent while for non-food crops 12.9 per cent. The least price hike was recorded for fruits and vegetables (5.8%).

Table 15.5
Wholesale Price Index of Agricultural Commodities in Kerala - 2005-08.

Base: 1952-53=100

Sl. No.	Crops	Weight	Year					% Variation over previous year		
			2005	2006	2007	2007*	2008*	2006	2007	2008*
A	Food Crops	635	2802	2960	3190	3121	3759	5.6	7.8	20.4
a)	Rice	636	2614	2748	2915	2847	3622	5.1	6.1	27.2
b)	Condiments & Spices	163	2748	2954	3209	3032	3514	7.5	8.9	15.9
c)	Fruits & Vegetables	169	3522	3763	4381	4398	4655	6.8	16.4	5.8
d)	Molasses	32	3005	2792	2293	2279	3022	-7.1	-17.9	32.6
B	Non-food Crops	365	3036	2893	2879	2893	3265	-4.7	-0.5	12.9
a)	Oil & Oil Seeds	695	3617	3273	3201	3209	3655	-9.5	-2.2	13.9
b)	Plantation Crops	302	1693	2015	2133	2164	2317	19.0	5.9	7.1
C	All Crops	1000	2887	2932	3077	3038	3579	1.6	5.0	17.8

Source: Directorate of Economics & Statistics.

* upto May

15.14 The month-wise wholesale price index of agricultural commodities in Kerala is given in Appendix 15.5. While analyzing the prices of commodities it can be seen that price of rice showed a continuous increase from July 2007. The price of condiments and spices also increased considerably during the period under review. Regarding other items, fluctuations are discernable for certain months. All items showed an increasing trend during 2008.

Parity Index

15.15 Parity index is a relative measure as to the gains or loss to farmers as a consequence of the price fluctuations in the economy. It is constructed to assess how the states consumer price situation affects the farming community. It depends on the prices paid and received by farmers. The index is a function of cost of farm cultivation, domestic expenditure and market rate of farm products.

15.16 The prices paid by farmers increased considerably year after year. Where as the prices received by them for their products are found to be less than what they pay (Table 15.6). In 2008 (upto February) the index of prices received by farmers over the corresponding period of the previous year increased by 184 points and the prices paid by farmers increased by 297 points signifies that the price situation is unfavourable to the farming community. The farm cultivation cost increased by 584 points during 2008 compared to the previous year. The ratio of prices received and prices paid by farmers were well below 100 over the last several years reflecting the continuance of adverse terms of trade to the farming community.

Table 15.6
Index of Parity-Prices Received and Prices paid by Farmers from 1998-2008.

Base: 1952-53=100

Year	Prices received by farmers (Rs)	Growth Rate	Farm Cultivation Cost (Rs)	Growth Rate	Domestic Expenditure (Rs)	Growth Rate	Prices Paid by Farmers (Rs)	Growth rate	Parity index Col.2 to 8
1	2	3	4	5	6	7	8	9	10
1998	2447	-1.57	4895	7.09	2107	6.47	3212	6.82	76
1999	2907	18.80	5556	13.50	2246	6.60	3532	9.96	82
2000	2492	-14.28	6173	11.11	2384	6.14	3836	8.61	66
2001	1927	-22.67	6584	6.66	2489	4.40	4048	5.53	48
2002	1999	3.74	6684	1.52	2542	2.13	4122	1.83	49
2003	2454	22.76	7056	5.57	2615	2.87	4295	4.20	57
2004	2651	8.03	7360	4.31	2705	3.44	4459	3.82	59
2005	2440	-7.96	7703	4.66	2795	3.3	4640	4.1	53
2006	2474	1.39	8309	7.87	2947	5.44	4947	6.62	50
2007(P)	2737		8873		3046		5199		53
2007	2746	11.0	9135	9.9	3061	3.9	5288	6.9	52
2008(P)	2921	6.7	9457	6.6	3190	4.7	5496	5.7	53

Source: Directorate of Economics & Statistics

P-Provisional and upto February 2008.

Wages

15.17 The average daily wage rates of skilled and unskilled workers in agricultural sector from 1997-98 to 2007-08 are given in Tables 15.7 & 15.8. The daily wage rates of carpenter in the Agricultural sector increased by Rs.20.42 (9.02 percent) in 2007-08 over 2006-07 while that of Mason increased by Rs.20.25 (8.94 percent).

Table 15.7
Average Daily-wage Rates of Skilled Workers in the Agricultural Sector
(Rs)

Year	Average Daily Wage Rates		% Change Over Previous Year	
	Carpenter	Mason	Carpenter	Mason
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	1.02	0.9
2004-05	199.23	194.08	3.82	3.2
2005-06	207.88	206.25	4.34	6.27
2006-07	226.33	226.50	8.88	9.82
2007-08*	246.75	246.75	9.02	8.94

Source: Directorate of Economics & Statistics

* Upto February 2008.

15.18 In 2007-08, the daily wage rates of male unskilled workers in Agricultural Sector showed an increase of Rs.12.20 (6.82 percent) over 2006-07. At the same time for the female workers it was Rs.9.38 (7.57 percent).

Table 15.8
Average Daily-Wage Rates of Unskilled Workers in the Agricultural Sector
(Rs)

Year	Average Daily Wage Rates of Paddy Field Workers			
	Male	% Growth over previous year	Female	% Growth over previous year
1995-96	77.17	-	51.17	-
1996-97	92.18	19.5	60.52	18
1997-98	103.72	12.5	69.35	14.6
1998-99	111.76	7.8	71.42	3
1999-00	118.90	6.4	78.80	10
2000-01	123.15	3.6	82.38	4.5
2001-02	127.21	3	88.75	7.7
2002-03	144.90	13.9	99.73	12.4
2003-04	148.72	2.6	101.64	1.9
2004-05	165.58	11	115.75	13.9
2005-06	166.39	0.49	108.19	(-) 6.53
2006-07	179.01	7.58	123.96	14.58
2007-08*	191.21	6.82	133.34	7.57

Source: Directorate of Economics & Statistics

* Upto February 2008.

FOOD SECURITY

Public Distribution System (PDS)

15.19 The existing Public Distribution System in the State came in to existence with effect from 1-7-1966 with the implementation of Kerala Rationing Order 1966. The relevance and importance of Public Distribution System in the State, where there is more than 75% deficit in food grains, has got specific significance. In Kerala the coverage of ration population is nearly hundred per cent.

15.20 The prime objective of Public Distribution System is to ensure the availability of certain essential commodities for consumption at subsidized price fixed by the government to the people particularly the poor. It also helps to ensure availability of essential commodities in the market at reasonable prices as well as to prevent unfair trade practices like hoarding undue profiteering and black marketing.

15.21 The Public Distribution System in the State caters to the needs of 70,32,702 ration cardholders (as on 31.10.2008) by making available rationed articles at subsidized price through a network of 337 authorised wholesale dealers and 14229 authorised retail dealers. Table 15.9 describes the position of P.D.S in Kerala from 2003-04 to 2007-08.

Table 15.9
Public Distribution System in Kerala – A profile (2003-04-2007-08)
(Nos.)

Sl. No	Items	Unit	2003-04	2004-05	2005-06	2006-07	2007-08
1	2	3	4	5	6	7	8
1	a) Ration cards for families	No.	6446957	6611298	6777075	6986017	7025638
	b) Ration Permits for institutions	No.	15878	15215	14187	14101	13330
2	FCI Sub Depots	No.	22	22	21	20	20
3	Wholesale Shops a) Co-operative Sector	NO.	38	37	35	34	36
	b) Others	No.	269	288	298	302	302
4	Ration shops a) Co-operative Sector	No.	697	634	595	509	472
	b)Others		13441	13513	13600	13702	13776
5	Sugar (Allotted)	MT	36759	55690	62586	56050	57236
6	Kerosene (Allotted)	KL	288156	284998	277960	277966	277988

Source: Directorate of Civil Supplies

Public Distribution System in Kerala- Salient features.

15.22 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 17-1966 with the implementation of Kerala Rationing Order 1966. The Targeted Public Distribution System in the State has been implemented with effect from 1.6.1997 as decided by Government of India. Accordingly families under Above Poverty Line (APL) and Below Poverty Line (BPL) categories have been identified and distinctive ration cards under each category have been issued and food grains are distributed to the families at different prices.

15.23 Out of the 70,32,702 card holders in the State, 49,52,006 families are under Above Poverty Line (APL) 14,90,106 families are under Below Poverty Line (BPL) and 5,90,590 families are under Anthyodaya Annayojana Scheme (AAY) scheme. Food grains are allotted by the Government of India for distribution to Above Poverty Line (APL) and AAY cardholders at the rate of 35 Kg and for Below Poverty Line (BPL) cardholders at the rate of 25 Kg per month. District-wise distribution of rice and wheat to BPL and APL families during 2008 is given in Appendix 15.6 Retail prices of commodities issued through ration shops during October 2008 are shown in Table 15.10.

Table 15.10
Retail Price of Commodities issued
through Ration Shops – 2008

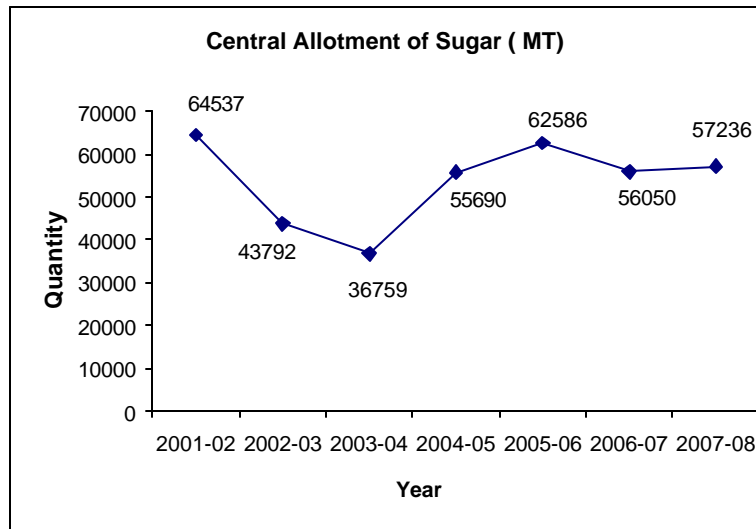
Sl.No.	Items	Price as on April 2007 (Rs. per Kg)
1	Rice – APL BPL	8.90 3.00
2	AAY	3.00
3	Annapoorna rice	Free of cost
4	Wheat – APL BPL	6.70 3.00
5	Sugar - BPL	13.50
6	Kerosene/Litre	9.30 to 9.70

Source: Directorate of Civil Supplies

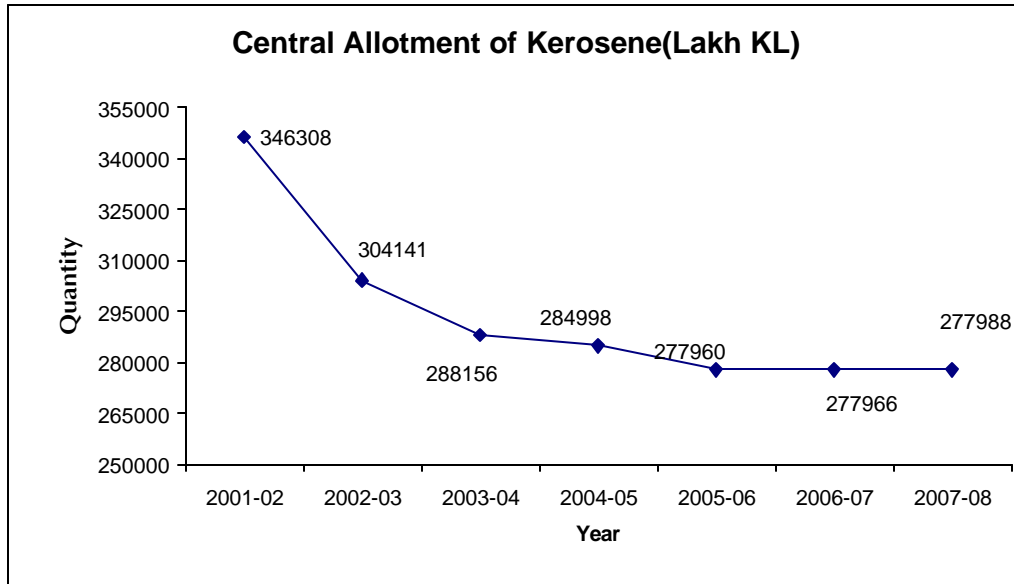
Central Allotment of Sugar and Kerosene

15.24 Central allotment of Sugar is restricted to BPL cardholders alone from February 2001 onwards. Thus central allotment sharply declined from 147517 MT in 2001 to 57236 MT in 2007-08. The central allocation of kerosene to the state also reduced year after year. Allotment of Kerosene to state was 346308 Kilo Litres in 2001-02 and it came down to 277988 Kilo Litres in 2007-08. Fig.15.1 and Fig.15.2 shows the trend in allocation of sugar and kerosene from central pool from 2001-02 to 2007-08. Monthly distribution of sugar and kerosene from 2004-08 is given in Appendix 15.7.

Fig.15.1



Source: Directorate of Civil Supplies.

Fig. 15.2

Source: Civil Supplies Department.

Special Schemes

i. Antyodaya Anna Yojana Scheme (AAY)

15.25 This scheme which was implemented in Kerala since Feb. 2001 provides 35 kgs of food grains per month @ Rs. 3 per Kg to the poorest of the poor families. Even though the Central Government have fixed the target of beneficiaries in the state initially at 2,38,200, as part of tribal welfare measures, all the eligible tribal families have been included under the scheme. During 2003 as per GO. (RT) No.,2853/01/LSGD dt. 13.9.01. The Government of India has decided to enhance the number of beneficiaries to 357400. As part of further expansion of the scheme the target further enhanced to 595800 (114400 during 2nd phase and 124000 during 3rd phase expansion). The Government of India is allotting 20855 MT of rice per month at the cost of Rs. 3/Kg and the State Government is meeting the expenses towards transportation and handling charges due to the dealers.

ii. Annapoorna Scheme (ANP)

15.26 Under this scheme 10 Kg of rice is distributed per month to destitute individuals of and above the age of 65 years free of cost. The Government of India has fixed the target as 44980 individuals, being 20% of persons who are eligible for national old age pension but not getting the pension. The scheme has been implemented in the state with effect from 14.02.2001. From 2002-03 onwards the scheme has been transferred to the state. The amount incurred over and above for the year 2000-01 is provided by the Govt. of India as Additional Central Assistance. The district wise distribution of food grains under AAY and ANP schemes during 2007-08 is given in Table 15.11.

Table 15.11
District wise Distribution of Food grains under AAY and ANP Schemes 2007-08 (MT)

Sl. No.	Name of District	AAY Scheme			ANP Scheme		
		Lifting	% of off take against allotment	Off-take	Lifting	% of off take against allotment	Off-take
1	2	3	4	5	6	7	8
1	TVM	28257	96.14	27168	485	83.1	403
2	Kollam	22546	95.59	21552	352	75.18	265
3	PTA	11002	97.38	10714	364	73.39	267
4	Alappuzha	19264	95.43	18384	220	78.93	174
5	Kottayam	15238	96.71	14737	336	80.51	271
6	Idukki	12259	98.25	12044	184	87.84	162
7	Ernakulam	16992	95.74	16268	488	77.5	378
8	Thrissur	24881	97.99	24381	252	80.97	204
9	Palakkad	20054	96.63	19378	440	79.38	349
10	Malappuram	22950	98.41	22584	508	79.39	403
11	Kozhikode	17990	96.39	17341	424	73.73	313
12	Wayanad	14754	99.52	14683	525	73.09	384
13	Kannur	15211	96.88	14737	398	76.77	306
14	Kasargod	8862	95.07	8425	424	66.51	282
	TOTAL	250260	96.86	242396	5400	77.02	4159

Source: Directorate of Civil Supplies.

iii Sampoorna Gramin Rozgar Yojana (SGRY)

15.27 The Prime Minister in his Independence Day Speech, on 15.5.2001 announced the introduction of a Universal Food for Work Programme to be called "Sampoorna Gramin Rozgar Yojana" in all the States/UTs for organizing various employment generation programmes. Under the Scheme, 50 lakh tones of foodgrains is to be allotted to the States/UTa free of cost by Ministry of Rural Development. Ministry of Rural Development reimburse the cost of foodgrains at economic cost prevailing at the time to Food Corporation of India (FCI). The Ministry of Rural Development, which is the nodal Central Ministry for the Programme Launched the scheme on 25.9.2001. The Ministry of Rural Development has been authorized, to communicate to FCI directly the allocations made to various State Governments under the scheme.

Allocation/offtake of food grains under the scheme during 2001-02 to 2007-08 is given in Table 15.12.

Table 15.12

Allocation/Offtake of Rice and Wheat under SGRY from 2001-02 TO 2007-08
(Figures in lakh tones)

Year	Rice		Wheat		Total allocation	Total offtake
	Allocation	Offtake	Allocation	Offtake		
1	2	3	4	5	6	7
2001-02	23.64	11.69	11.14	5.64	34.78	17.33
2002-03	28.01	21.15	13.90	18.87	41.99	40.02
2003-04	73.55	63.49	39.35	42.73	112.9	106.22
2004-05	32.64	30.27	16.99	19.73	49.63	50.00
2005-06	24.81	24.21	12.58	15.71	37.39	39.92
2006-07	12.04	11.66	4.89	4.77	16.93	16.43
2007-08	4.61	3.96	4.86	1.37	9.47	5.33

Source: Ministry of Consumer Affairs

Mid-day Meal Programme

15.28 The Mid-day Meal Programme aimed at providing nutritional support to primary school-going children class I to V, was introduced in 1995 by the Ministry of Human Resources Development. Under this scheme, every child is entitled for 3 kg wheat or rice per month for 10 months a year where food grains are distributed in raw form and at the rate of about 100 gms per child per day where cooked meal is being served with a minimum content of 300 calories and 8-12 gms of protein each day of school for 200 days.

15.29 The Supply of Commodities to schools for Noon – Meal scheme in Kerala is entrusted to SUPPLY CO. The required quantity of rice has been taken from FCI and the pulses from their own stock. The cost of food grains is met by Education Department. During 2007-08 the Corporation supplied 235546 Qtls of rice and 117108 Qtls of pulses to 11480 schools and about 26.83 lakh children got the benefit of the scheme. Details of mid –day Meal Programme in the state during the last five years are given in the Table 15.13

Table 15.13
Mid – day Meal Programme – 2003-04 to 2007-08

Sl.No.	Year	Schools (Nos.)	Children benefited (Lakhs)	Supply of food grains (Quintal)	
				Rice	Pulses
1	2	3	4	5	6
1	2003-04	11480	26.46	243700	98241
2	2004-05	11480	26.97	205582	96507
3	2005-06	11480	27.45	219683	105503
4	2006-07	11480	26.83	227994	1102857
5	2007-08	11480	26.83	235546	117108

Source: Civil Supplies Corporation

Issue of ration cards to families without house number.

15.30 With the objective of bringing all the families under TPDS and to ensure food security, it has been decided to issue ration cards to all families residing without house number on the

strength of residential certificates issued by the concerned member of local bodies. Accordingly, ration cards are issued to eligible families. The process of renewal of ration card is going on.

Kerala State Civil Supplies Corporation

15.31 The Kerala State Civil Supplies Corporation was set up in the state in 1974 with the mission of “food security for Kerala.” and acts as a second line of PDS in the State by distributing essential commodities at reduced prices through a network of 2874 outlets spread all over the State.

Details of Outlets under the SUPPLY CO. from 2003-04 to 2007-08 is given in Table 15.14

Table 15.14
Outlets under Civil Supplies Corporation - 2003-04 to 2007-08

Sl.No	Name of Outlets	2003-04	2004-05	2005-06	2006-07	2007-08
1	2	4	5	6	7	8
1	Maveli Store	834	866	869	874	865
2	Labham /Sabari Super Market	102	158	208	225	253
3	Supply co Super Market	10	10	10	11	9
4	Medical Stores	38	43	49	53	72
5	Petrol Bunk	10	10	10	11	11
6	LPG Outlet	4	4	3	3	3
7	ARD Sabari Stores	Nil	Nil	1240	1636	1659
8	Peoples Bazar	Nil	Nil	Nil	Nil	2
Total		998	1091	1154	2813	2874

Source: Civil Supplies Corporation

The main activities of the Corporation are:

- ?? Distribution of essential items like rice, sugar, pulses & spices to consumers at the prices fixed by the Govt. Prices of essential items distributed by Supplyco is in an average 30% less than the open market rates.
- ?? Retailing of FMCG items at price less than the open market price. The customers will get a price benefit of 3% -7% less than the open market price.
- ?? Retailing of medicine by opening medical stores. The discount allowed to the customers for medicine is 10% -25%.
- ?? Act as nodal agency for the paddy procurement scheme of the Government and distribution of custom milled rice to the Ration retail dealers for issuing it to the cardholders. (A quantity of 251271 MT has been procured for the year 2007-08). MSP (Maximum Support Price) of Paddy Procured was increased to Rs.8.50 during September 2006 and Rs.9/- during September 2007 and Rs.10/- during February 2008. This is the maximum price issued for paddy procurement in national level.
- ?? Arranging process of wheat and distribution of fortified Atta through the Ration shops for the Government.

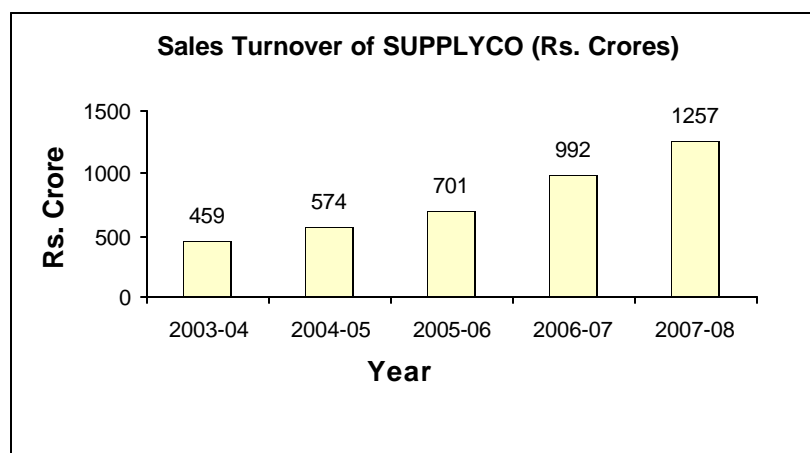
- ?? Supplyco is also a dealer of petroleum products like kerosene, Petrol, diesel and LPG.
- ?? Retailing of own branded products named “Sabari”. Curry powders, coconut oil, tea, coffee and spices are marketed under this brand name with agmark quality.
- ?? Bulk sale of items to institutions.
- ?? Issue of essential items, sabari branded products and other FMCG items to the ARD sabari stores, Xtra shoppes (the retail chains opened in the petrol bunk), and Theera maithry super markets opened by the TEAP.
- ?? Act as nodal agency to implement the programme of the Government of India to start microbiology lab and food processing unit.
- ?? Conducting special markets for price control especially in festival seasons.
- ?? Direct procurement of pulses from other states like Rajasthan, Gujarat, Karnataka etc.

15.32 During 2007-08 Supplyco introduced a strategy of AQPBL ie, Availability (of all essential commodities), Quality (As per specification), Prices (lowest in the market), Behavior (polite) and Location (reachable to everyone) have ensured tremendous public confidence. The sales turn over of the Corporation increased to 1257 crore during 2007-08 from Rs. 992 crores in the previous year. Progress in turn over from 2003-04 to 2007-08 is depicted in Fig.15.3

The main achievements of Supplyco during 2007-08 is highlighted in the Box 15.3

Box 15.3
Main Achievements of Supplyco During 2007-08

- ?? For the first time in the history, Supplyco earned an operational profit of around Rs. 7.95 crores
- ?? Increase in sales turn over.
- ?? Opened 34 Maveli/Super Markets, 18 Medical stores and 5 Regional whole sale medical divisions .
- ?? Distributed free Onam kits to BPL cardholders and scheduled Tribes of Wayanad District and distributed five lakh free kits containing essential items to the fever affected persons.
- ?? Introduced a scientific inventory, financial and purchase management system and segmental accounting for the first time in the history of the Corporation.
- ?? Introduced a system of replacing goods if a customer has any complaint in respect of quality of items purchased.
- ?? Ensured availability of all items in outlets through better indenting and inventory management.
- ?? Converted supermarkets with sales above 25 lakhs per month to People’s Bazaars to enable the customers to fetch their life’s essentials under one roof.
- ?? When open market price of rice increased during November 2007 Supplyco started distribution of boiled rice @ 14 per Kg and Raw rice @ Rs.13.50 per Kg. The scheme is till continuing.

Fig. 15.3

Source: SUPPLYCO

Table 15.15
Profit & loss account of Supplyco
During the year 2003-04 to 2007-08

(Rs. Crores)

Particulars	2003-04	2004-05	2005-06	2006-07	2007-08
INCOME					
Sales/ Government Grant for Market Intervention	488.9	604.6	701.06	992.43	1256.90
Other Income	10.9	12.9	6.95	7.82	11.22
Increase/(Decrease) in Stock-in-trade	-4.3	11.9	2.7	12.85	5.25
Total	495.5	629.4	710.71	1013.1	1273.37
EXPENDITURE					
Materials Consumed	16.4	22.3	94.67	145.89	225.60
Purchase of Trading Goods	428.8	540.5	560.72	774.07	901.15
Manufacturing & Other Expenses	54.4	66.5	90.83	107.72	131.80
Interest & Bank Charges	68.8	72.5	1.77	2.14	3.5
Depreciation	1.2	1.5	2.12	3.12	3.36
Total	569.9	703.3	750.11	1032.94	1265.41

Source: SUPPLYCO.

15.33 Table 15.15 Reveals the profit and loss account of the corporation from 2003-04 to 2007-08 . While the income accrued from various sources increased from Rs. 495.5 crores in 2003-04 to Rs. 1273.37 crores in 2007-08, the expenditure also increased from Rs. 569.9 crores to Rs. 1265.41 crores. For the first time since its inception, the Corporation earned a profit of Rs. 7.96 crores during 2007-08.