

IMPACT OF TWO RUPEE RICE SCHEME
ON BPL CARDHOLDERS

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CERTIFICATE

This is to certify that the dissertation "Impact of Two Rupee Rice Scheme on BPL cardholders" submitted in partial fulfillment of the requirement for BA Degree in Economics to the Mahatma Gandhi University, Kottayam, is a bone fide record of work done by the candidates under my supervision and guidance.

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DECLARATION

I here by declare that the dissertation titled, "Impact of Two Rupee Rice Scheme on BPL cardholders" submitted by me for the BA Degree in Economics is my original work.



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ABBREVIATIONS

AAY	: Antyodaya Anna Yojana
AOA	: Agreement on Agriculture
APL	: Above Poverty Line
ARD	: Authorized Retail Distribution
AWD	: Authorized Wholesale Distributors
BPL	: Below Poverty Line
CD	: Credit Deposit
EC	: Election Commission
FAO	: Food and Agriculture Organization
FPS	: Fair Price Shops
GDP	: Gross Domestic Product
ICDS	: Integrated Child Development Services
KWD	: Kerosene Wholesale Depot
MDG	: Millennium Development Goals
MDMS	: Mid-Day Meals Scheme
NGO	: Non-Governmental Organization
NNMB	: National Nutritional Monitoring Bureau
NREGS	: National Rural Employment Grantee Scheme
NSSO	: National Sample Survey Organization
OBC	: Other Backward Classes
PDS	: Public Distribution System
PRI	: Panchayati Raj Institution
SC	: Schedule Caste
SEZ	: Special Economic Zone
ST	: Schedule Tribe
TPDS	: Targeted Public Distribution System
WTO	: World Trade Organization



CHAPTER I
INTRODUCTION

INTRODUCTION

Kerala State has the privilege of having the best system of Public Distribution in the whole country. The system is evenly spread over the whole state without any distinction between urban or rural. This ensures equitable distribution of the food grains at a fairly low cost to all people especially to the weaker sections of the population. There is a very good net work of wholesale and retail outlets for the distribution of rationed articles under the Public Distribution System. In each Taluk, with every AWD and KWD, a set of ARDs are permanently linked. Under this system, the requirement of each AWD and KWD in the State is fixed and this facilitates the District Supply Officer who is the Departmental Head of the District to make allocation of the Rationed Articles to the Taluks in each district and the Taluk Supply Officer in turn to make allocation to the AWDs and KWDs in his Taluk. The State Average of Ration cards per Ration shop is 400. On the supply side, there are 14203 retail outlets at present, in the state.

The Central Norm of one Fair price shop for 2,000 populations have already been achieved in Kerala and normally no card holders here need to travel more than 2 Kilometer to reach his fair price shop even in the remotest area. However, new fair price shops are being opened mostly in tribal and hilly areas as and when found necessary reviewing the needs of the people of the locality and giving preference to Co-operative sector/women/unemployed rural youth/SC/ST. Also the department has a state wide monitoring mechanism to watch the availability and prices of various essential commodities so as to prevent food adulteration, hoarding the price hike etc. Timely actions were initiated whenever necessary to prevent such incidence.

The Civil Supplies Department discharges the important responsibilities of Public Distribution, enforcement of markets discipline and the promotion of consumer awareness and protection of their interest. In the 60s and 70s it won many accolades for the pioneering achievements in the implementation of Universal Rationing System. The Department of Civil Supplies functions under the Department of Food, Civil Supplies and Consumer Affairs of the Government of Kerala.

Activities of the Food and Civil Supplies Department attained tremendous achievement during the past three years. Public Distribution System was made more attractive. The ration cardholders deserted the ration shops during 2002 – 2005 due to the poor quality of ration articles. It was noticed that only two percent of card holders approached the ration shops at that time. Now it is increased to 55 to 60 percent. This is because of the quality of food grains distributed through Public Distribution System. It is the first time in the history of Kerala that the Government of Kerala has started supplying rice at Rs. 2 per KG to two lakhs of Below Poverty Line families.

The Civil Supplies department is mainly concerned with the implementation of schemes connected with distribution of Rice, Wheat, Sugar, and Kerosene. The state now follows Targeted Public Distribution System (TPDS). The stock of Public Distribution System items were allotted by the Central Government is lifted through AWDs and Distributed through ARDs; on the basis of family ration cards. The families are categorized as Below Poverty Line (BPL) and Above Poverty Line (APL).

Below Poverty Line card holders will get 35Kg. of Rice at Rs. 6.20 per month and the Sugar issue is limited only to Below Poverty Line card holders now except festival times. Sugar, Kerosene and Wheat will be issued at Above Poverty Line rates to all families under Below Poverty Line scheme. Poorest Below Poverty Line families may get the following benefits also.

ANNAPURNA.

The Scheme is intended for the benefit of senior citizens above the age of 65 and it is centrally sponsored scheme. The scheme was implemented in the state with effect from 14th February 2001 and 44579 senior citizens come under this coverage. They are eligible to draw 10 Kg Rice per month free of cost. Identification of persons is completed in all Panchayats. The allotment under this scheme for a month is 450 tonnes.

ANTHYODAYA ANNA YOJANA.

This is centrally sponsored scheme. The scheme is intended for the poorest of poor. BPL cardholders in the state are identified as the beneficiaries of the scheme. The beneficiary families are entitled for 25 Kg of Rice per month at a highly subsidised rate of Rs 2/- per Kg. The identification of such families is going on and is completed in almost all panchayats. The transportation and other incidental expenses of the implementation of the scheme are met by the State Government. Central Allotment for this scheme is 8047 metric tonnes of rice per month.

DISTRIBUTION TO SC/ST/OBC HOSTELS.

Distribution of Rationed articles to SC/ST and OBC hostels were also done by this department. Eligible hostel can apply for the scheme.

DISTRIBUTION TO APL FAMILIES.

Above Poverty Line families will get all the rationed articles except Sugar from the ARDs which were stopped by the Central Government since April 2001. But sugar will be issued to Above Poverty Line families also during Festival Seasons.

ENFORCEMENT OF VARIOUS ACTS AND RULES.

With a view to protect the interests of the consumers, various Control Orders were issued under the Essential Commodities Act and these Acts are administered by the Civil Supplies Department in the State to detect malpractices in the Civil Supplies front and to take remedial measures under the leadership of the Controller of Rationing (Enforcement). In order to control the price hike, hoarding etc. various measures have been implemented as follows:

1. Open Market Raid
2. Surprise Checks
3. Inspection in AWD, KWD and ARD

A public distribution shop also known as Fair Price Shop (FPS), parts of India's Public Distribution System established by Government of India is a kind of shop in India which is used to distribute rations at a subsidized price to the poor. As of date there are about 4.99 lakh Fair Price Shops (FPS) across India.

Locally these are known as "ration shop" and chiefly sell wheat, rice, kerosene and sugar at a price lower than the market price. However, other essential commodities may also be sold. For buying items from this shop one must have a ration card. These shops are operated throughout the country by joint assistance of central and state government. No doubt the items from these shops are much cheaper but are of poor quality. Ration shops are now present in most localities, villages' towns and cities. India has 478,000 shops constituting the largest distribution network in the world.

The introduction of rationing in India dates back to the 1940s Bengal famine. This rationing system was revived in the wake of acute food shortage during the early 1960s, prior to the Green Revolution.

Food availability is a necessary condition for food security. India is more or less self sufficient in cereals but deficit in pulses and oilseeds. Due to changes in consumption patterns, demand for fruits, vegetables, dairy, meat, poultry, and fisheries has been increasing. There is need to increase crop diversification and improve allied activities. It may be noted that the slowdown in agriculture growth could be attributed to structural factors on the supply side, such as public investment, credit, technology, land and water management, etc., rather than globalization and trade reforms. Access to food can be increased through employment due to growth in labour intensive sectors and/or through social protection programmes. The malnutrition problem is much broader than that of access to food.

The South Asian Enigma (levels of malnutrition in Asia are higher than in Africa) is well known. India's malnutrition level is almost the double of many countries in Africa. This problem needs a multi-disciplinary approach covering diet diversification including micronutrients, women's empowerment, education, health, safe drinking water, sanitation, and hygiene. India has government programmes such as TPDS including

AAY, nutrition programmes like mid-day meals and ICDS to improve food and nutrition security. NREGS and self employment programmes can also increase access to food and nutrition. Social protection programmes in India helped in improving incomes and providing protection from shocks for the population, particularly the poor. However, there are a number of gaps and inefficiencies in social protection programmes. Under National Food Security Law, the government wants to provide rice and wheat to the poorest of poor at Rs. 2 per kilogram. This approach is too narrow for the implementation of the Right to Food. The Right to Food campaign specifies several other things to be included, apart from universal PDS, under the Food Entitlements Act.

PDS is primarily a social welfare and anti-poverty programme of the Government of India. Essential commodities like rice, wheat, sugar, kerosene and the like are supplied to the people under the PDS at subsidized prices. It has been one of the most important elements in India's safety net system for almost 50-years and also the most far reaching in terms of coverage as well as public expenditure on subsidies. PDS provides rationed amounts of basic food items (rice, wheat, sugar, edible oils) and other non-food products (kerosene, coal, standard cloth) at below market prices to consumers through a network of fair price shops disseminated over the country. The scale of the programme is evident from the fact that it handles 15 percent of the total availability of rice and wheat. With a network of more than 400,000 Fair Price Shops (FPS), the Public Distribution System (PDS) in India is perhaps the largest distribution machinery of its type in the world. The PDS is said to distribute commodities worth more than Rs 15,000 crore to about 16 crore families each year. The success of this huge network is dependent on its ability to translate a macro level self-sufficiency to micro level, by ensuring availability of food grains for poor households. The Public Distribution System is considered as the principal instrument in the hands of government for providing a safety net to the poor and the downtrodden. The system serves triple objectives namely protecting the poor, enhancing the nutritional status and generating a moderate influence on market prices. Thus, the main objectives of the PDS can be summarized as follows:

- Maintaining price stability.
- Raising the welfare of the poor (by providing access to basic foods at reasonable prices to the vulnerable population).
- Rationing during situations of scarcity, and
- Keeping a check on private trade.

A number of direct poverty alleviation programmes have made an impact - free mid-day meals to primary school children, institution of supplementary nutrition programmes for pregnant mothers and pre-school children from poorer households, granting of old-age pensions to rural workers in a number of occupations and the implementation of integrated rural development programmes.

The main lessons from Kerala's development experience in poverty alleviation:

The first lesson is the intervention by a strong state that has taken responsibility for poverty alleviation but which has created political space for the poor and opportunities for non-state public action. What Kerala demonstrates is the feasibility of poverty alleviation in the context of a political democracy that does not impose limitations on the freedom of political choice or public action of the people. The exercise of such political choice compelled the state to respond to the demands of the poorer sections that were no longer constrained by the social structure. Public action thus played a dual role in removing the fundamental social constraints and giving a political voice to the poor. Kerala has a long history and tradition dating back to the early 1900s in which a diverse variety of social movements have taken the form of empowerment through organization.

The second lesson relates to the role of economic growth in poverty alleviation. The trickle-down theory does not enjoy much empirical support in the Kerala context. Poverty alleviation was accelerated during periods of very slow economic growth between the mid-1970s and the late 1980s.

Kerala demonstrates that poverty alleviation can be achieved with or without economic growth if public action is focused on the problem.

The third lesson from the Kerala experience concerns the role of women. During the last 40 years women have caught up with men in terms of literacy, school enrolment, performance and retention rates. These education gains have a direct relationship with enhanced health status of both women and children.

Kerala Government introduced a new poverty alleviation programme through Food Security Bill which is known as Two Rupee Rice Scheme. The implementation of the Rice Scheme was announced by the Kerala Government on 25th February, 2011. The decision to provide rice at two per Kg to 40 lakh families was taken on 23rd February and an order was issued in this regard on 25th February. The state has already been supplying rice at Rs.2 per Kg to all Bellow Poverty Line families. The budget for 2011 -2012 had made this scheme applicable to all household irrespective of the Above Poverty Line/Below Poverty Line division. But the government had put certain riders, which included that BPL ration card holders whose monthly income was Rs. 25,000 or above were not eligible for the scheme on March 2011. The scheme is implemented through the State Civil Supplies Corporation Limited and there by the state government will provide subsidy to the SC/ST for implementing the scheme. The scheme will cover about 40 lakhs beneficiaries, entitled to Below Poverty Line at Rs. 2 per Kg. from February 25, 2011.

Rice will be distributed through Fair Price Shops and Public Distribution System. The Public Distribution System (PDS) is an Indian Food Security System established by the Government of India under the Ministry of Consumer Affairs, Food and Public Distribution managed jointly with state governments in India, it distributes subsidized food and non-food items to India's poor. Major commodities distributed include staple food farinas, such as wheat, rice, sugar, and kerosene, through a network of public distribution shops. Essential commodities like rice, wheat, sugar, iodized salt and kerosene are being distributed to the targeted card holders as per the eligibility and the rates fixed by government through the fair price shops. During crisis, essential commodities like Pulses, Onions, Edible Oils and Vegetables (Tomato and Potato) are also being supplied through the Fair Price Shops under market Intervention. The main objective of Fair Price Shop is providing commodities at reasonable price for the card holders.

Selling of rice at Rs. 2 per Kg to all ration card holders, which was later blocked by the Election Commission, became a major poll campaign issue in the state. Rice for Rs. 2 per Kg was hither to available only to the Below Poverty Line (BPL) category people and it was extended it to all ration card holders. The Election Commission blocked the implementation of the scheme on 7th March, saying it went against the model of the code of conduct that came into force when the Commission on March 1st announced the dates for the state assembly elections.

The scheme says that the card holders need only to fill up the forms and hand it over to the ration shops. They have also asked the ration wholesalers to lift the stocks and said money would be paid to them by the government at a later date. Now, they are politicising the issue by claiming that they have scuttled this, figures from the Food Corporation of India showing that the State Government has lifted only 5,836 tonnes of rice while the total available stock for the month is 36,056 tonnes. This clearly shows that the Left Government is interested in only publicity gimmicks.

Objectives.

1. To examine whether Two Rupee Rice scheme is successful or not.
2. To analyse the benefits to the BPL card holders.

Methodology.

1. Both Primary and Secondary Data was collected.

- Primary data collection.

Step 1: We went to Cochin Corporation to enquire where majority of BPL card holders reside. We found that Thoppumpady village has more number of BPL card holders.

Step 2: We visited Thoppumpady village office and got the information that Vaalumelchira Division 20 has the majority of BPL card holders residing in Thoppumpady.

Step 3: From Vaalumelchira we collected primary information randomly from 40 samples through questionnaire schedules. Thus our primary data collection used the technique of Random Sampling.

- Secondary data was collected from Magazines, Journals, News paper and web sites (www.fcamin.nic.in , www.wikipedia.com, www.kerala.gov.in).

2. Statistical tools used for analysis were Bar diagram, Pie charts, percentage and proportion.

Limitations.

- Non-availability of related article, journals etc, because this scheme was recently established.

CHAPTER II
REVIEW OF LITERATURE

REVIEW OF LITERATURE

The Left Front Government in Kerala is set to announce an ambitious programme where rice for all would be offered at Rs. 2 per Kg, according to State Finance Minister Thomas Issac. "It will cost (the government) around Rs. 30 crore a month and I am talking the gamble. I am doing this because some people appear to be wondering if Tamil Nadu can do this, why not Kerala," asked Issac, referring to the policy approved by the neighboring state, the minister said it is almost through and will come up in the cabinet meeting on Wednesday, April 06, 2011. "This programme will be available to all those who register their name with the civil supplies department to join the scheme. Then we will decide on what should be the ceiling limit for each card holder," Mr. Issac said¹

Mohan Dharia pointed out in the context of suggestion for the 12th Five Year Plan; Planning Commission believes that PDS must be strengthened. Network of PDS will be able to give remunerative price to the producer and also to distribute the essential articles and commodities to a common man at reasonable price.²

Finance Minister T.M. Thomas Issac said that Rice at Rs. 2 per Kg will be provided to 40 lakh families (In Kerala Budget 2011 - 2012).³

Kerala Chief Minister V.S. Achuthanandan said that "the Kerala High Court ruling setting aside the Election Commission (EC) order restraining it from extending the scheme to provide rice at Rs. 2 per Kg to fresh beneficiaries." The High Court had, earlier in the day, set aside the Election Commission order restraining the government from providing rice at Rs. 2 per Kg to fresh beneficiaries, holding it as "wholly arbitrary". The Election Commission decision to defer the implementation of the government decision was "unconnected" with purposes sought to be achieved by the Commission for securing a level-playing field for all political parties, a division bench ruled.⁴

Food and Civil Supplies Minister C.Divakaran said that "the rice at Rs. 2 a Kg under the extended scheme would become available from the ration shops in a day or two." Addressing a press conference, the Minister said that Six to ten kilograms of rice would be available to Above Poverty Line (APL) card holders at Rs. 2 per Kg (subject to

conditions) at subsidized rate. The dues to the ration shop dealers for providing the rice lifted at Rs. 8.90 a Kg by them would be paid in two weeks. Government would directly pay the subsidy to the Food Corporation of India before lifting of the stocks.⁵

The Government of Kerala stated that “a scheme for proper distribution of rice at subsidized rate at Rs. 2.00 per Kg. to the Below Poverty Line card holders for poverty elimination among the down trodden category through Public Distribution System. The success of this innovative scheme depends upon the effective implementation of it. As it is, this scheme is being manipulated by a section of people who do not actually belong to Below Poverty Line category, who have illegally converted themselves in order to avail the benefits of Below Poverty Line. Thus the genuine beneficiaries are depriving of their benefits keeping them in the same poverty levels.”⁶

End Notes

1. www.hindu.com
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3. www.hubpages.com
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CHAPTER III
IMPORTANCE OF TWO
RUPEES RICE SCHEME

IMPORTANCE OF TWO RUPEE RICE SCHEME

Ensuring food security ought to be an issue of great importance for a country like India where more than one-third of the population is estimated to be absolutely poor and one-half of all children malnourished in one way or another. There have been many emerging issues in the context of food security in India in the last two decades. These are: (i) economic liberalization in the 1990s and its impact on agriculture and food security; (ii) establishment of WTO: particularly the Agreement on Agriculture (AoA) under it; (iii) challenges of climate change; crisis of the three Fs, viz., food prices, fuel prices, and financial crisis; (iv) the phenomenon of hunger amidst plenty, i.e., accumulation of stocks in the early years of this decade and in 2008-09 along with high levels of poverty; (v) introduction of targeting in the Public Distribution System (PDS) for the first time in the 1990s; (vi) 'Right to Food' campaign for improving food security in the country and the Supreme Court Orders on mid-day meal schemes; (vii) proposal for National Food Security Law (Right to Food); and (viii) monitorable targets under the Tenth and Eleventh Five Year Plans similar to the Millennium Development Goals (MDGs) on poverty and women and child nutrition. These developments in the last two decades have provided both opportunities and challenges for food and nutrition security of the country.

It is, by now, well known that the question of food security has a number of dimensions that extend beyond the production, availability, and demand for food. There has been a paradigmatic shift in the concept of food security, from food availability and stability to household food insecurity, and from assessment of input measures like energy intake to output indicators such as anthropometric measures and clinical signs of malnutrition.

According to Food and Agriculture Organization (FAO), food security exists when all people, at all times, have physical and economic access to sufficient, safe, and nutritious food to meet their dietary needs and food preferences for an active and healthy life. Food security has three components, viz., availability, access, and absorption (nutrition). The three are interconnected. Many studies have shown that improvement in

nutrition is important, even for increase in productivity of workers. Thus, food security has intrinsic (for its own sake) as well as instrumental (for increasing productivity) value.

Policies for Improving Availability of Cereals and Non-Cereal Food.

Since we do not have separate macro policies on food, we discuss here the policies for the entire agriculture sector. As mentioned above, food related agricultural activities constitute the bulk of the output in agriculture. There are basically six factors which need to be focused upon in the short and medium term. These are : (i) infrastructure; (ii) land and water management; (iii) research and extension; (iv) inputs including credit; (v) marketing including price policy; and (vi) diversification and development of the rural non-farm sector. Institutions have to be developed with regard to all these aspects.

One major reform needed in the agriculture sector relates to reduction in subsidies and increase in investments. Agricultural subsidies are fiscally unsustainable and encourage misuse of resources, leading to environmentally malignant developments. There exists a trade-off between subsidies and investments. Public investment declined from 3.4 per cent of agricultural GDP in the early 1980s to 1.9 per cent in 2001-03. At the same time subsidies increased from 2.9 per cent to 7.4 per cent of agricultural GDP. Increase in public and private investment is crucial for enhancing agricultural growth. Several studies have shown that public investment in rural infrastructure, like roads, irrigation, etc is more important than other factors. Fortunately, gross capital formation in agriculture has increased from 12 per cent of agricultural GDP in 2004-05 to 14.2 per cent of agricultural GDP in 2007-08. Public sector investment has increased significantly during this period. However, we need 16 percent of agricultural GDP as investment in order to achieve 4 per cent growth in agriculture.

The decline in growth of productivity is attributed, among other things, to deterioration in soil quality and water shortages, including ground water depletion. Therefore, land and water management should be given the first priority. Both investment and efficiency in use of water are needed. Land issues are becoming important. Investment in irrigation, watershed development, and water conservation by the

community are needed by way of water management. In order to improve soil quality, the government's nutrient based subsidy is a move in the right direction. Fertilizer subsidies will be restructured in such a way to reduce the consumption of nitrogen (N) and encourage phosphoric (P) and potassic (K) fertilizers.

As the National Commission on Farmers mentions, there is a knowledge gap in the existing technology. Therefore, extension becomes crucial for improving agricultural productivity. In view of the high variability in agro-climatic conditions, particularly in unfavorable areas, research has to become more concentrated on closing the technical gap by providing adequate credit facilities. It is true that there have been some improvements in the flow of farm credit in recent years. However, four distributional aspects of agricultural credit are important. These are: (i) not much improvement in the share of small and marginal farmers; (ii) decline in credit-deposit (CD) ratios of rural and semi-urban branches; (iii) increase in the share of indirect credit in total agricultural credit; and (iv) significant regional inequalities in credit.

The most important problem for farmers is output price fluctuations. There is a big gap between producer prices and consumer prices. For example, sometimes farmers get 50 paise per kilogram of tomatoes, while the consumers pay Rs.15 in urban areas. In order to protect farmers from national and international price volatility, a price stabilization fund is needed. There are different models for marketing collectively by the small and marginal farmers. These are: (i) self-help group model; (ii) co-operative model; (iii) small producer co-operatives; and (iv) contract farming.

Diversification of land into non-agricultural purposes and non-food crops may also threaten food security. However, if yields are increased on land growing food grains and food crops, some land can be safely diverted into non-food crops.

Performance in Access to Food And Nutrition.

At the individual level, food security means that all members of the society have access to the food they need, either from their own production, from the market or from the government's transfer mechanism. In order to achieve food security it is also

important that the poor have sufficient means to purchase food. Poor people cannot afford to purchase the food they need at market prices, and therefore, social protection programmes are needed. Adequate purchasing power for the poor to buy food can be ensured in two ways. One is to have an employment intensive pattern of growth which can provide remunerative work to the poor and enhance their power to purchase food. Another way is to increase income and subsidize food through social protection programmes like PDS and employment programmes.

Even if there is availability as well as access to food, there is no guarantee of adequate absorption or nutrition, especially since nutrition depends on many other factors such as the condition of pregnant women, breast feeding and 13 factors of health, hygiene, drinking water, sanitation, etc. In this section we look at the performance of both access to food and nutritional indicators.

Food availability is a necessary condition for food security. India is more or less self sufficient in cereals but deficit in pulses and oilseeds. Due to changes in consumption patterns, demand for fruits, vegetables, dairy, meat, poultry, and fisheries has been increasing. There is need to increase crop diversification and improve allied activities. It may be noted that the slowdown in agriculture growth could be attributed to structural factors on the supply side, such as public investment, credit, technology, land and water management, etc. rather than globalization and trade reforms. Access to food can be increased through employment due to growth in labour intensive sectors and/or through social protection programmes. The malnutrition problem is much broader than that of access to food. The South Asian Enigma (levels of malnutrition in Asia are higher than in Africa) is well known. India has malnutrition levels almost the levels double those of many countries in Africa. This problem needs a multi-disciplinary approach covering diet diversification including micronutrients, women's empowerment, education, health, safe drinking water, sanitation, and hygiene. India has government programmes such as TPDS including AAY, nutrition programmes like mid-day meals, and ICDS to improve food and nutrition security. NREGS and self employment programmes can also increase access to food and nutrition. Social protection programmes in India helped in improving incomes and providing protection from shocks for the population, particularly the poor. However, there are a number of gaps and inefficiencies in social protection programmes.

Under National Food Security Law, the government wants to provide rice and wheat to the poorest of poor at Rs. 3 per kilogram. This is a too narrow approach to implement the Right to Food. The Right to Food campaign specifies several other things to be included, apart from universal PDS, under the Food Entitlements Act.

Hunger.

India has made significant progress in reducing the problem of hunger. An estimate of hunger (two square meals a day) is based on self-perception from NSS data. Which shows the proportion of households suffering from hunger which declined from 17.3 per cent in 1983 to 2.5 per cent in 2004-05. This percentage is the highest (11.1 per cent) in West Bengal followed by Orissa (5.9 per cent) and Assam (5 per cent) in 2004-05. But there are problems with this indicator as it is too subjective. One of the major achievements of India in terms of food is avoidance of famines since Independence. The last famine in India was the Bengal Famine of 1943. However, chronic poverty is still high in the country. This is because of lack of economic access (purchasing power) to food.

Food Insecurity at the Household Level: Poverty Ratio

The expenditure on food (calorie intake) with some allowance for non-food expenditure is generally used as a basis for determining the poverty line. Thus, the incidence of poverty in a region may give some indication of the extent to which food is accessible to households.

The official estimates show that the poverty ratio declined from 55 percent in the early 1970s to 28 percent in 2004-05. Although there has been progress in this regard still more than 300 million are below poverty line. Apart from other factors, increase in inequality seems to have slowed down the rate of reduction of poverty in the post-reform period. However, changes in two sub-periods of post reform period are interesting. The extent of decline of poverty in the second period (1999- 2005) seems to be higher than that in the first period (1993-2000) of the post- reform period. This result is surprising, given that the second period witnessed the lowest growth in agriculture. Factors such as

low relative food prices, higher growth in employment, particularly in the non-farm sector, might have been responsible for a higher rate of reduction in poverty during the 1999-2005 period. This needs to be further investigated. However, there are three unambiguous conclusions. Those are: (i) there is no evidence of higher rate of decline in poverty in the post-reform period compared to the pre-reform period in spite of higher overall growth; (ii) inequality increased significantly in the post reform period as compared to the pre-reform period; (iii) poverty is getting concentrated among some regions and some groups (SCs, STs, etc).

Issues and Policies on Access to Food and Nutrition.

Access to food at the household level and nutrition are inter-related. As mentioned above, access to food depends on increase in purchasing power due to increase in employment and social protection programmes. On the other hand, factors determining the levels of malnutrition are far more varied than those of access to food. In this section we discuss the issues and policies that improve access to food and nutrition.

Food Grain Management.

“A large public distribution system, supplemented by arrangements for moderating prices in the open market and concerted efforts for achieving self - sufficiency in food grains, coupled with measures for maximizing procurement from surplus areas have become the twin objectives of food policy in modern India, ever since the Bengal famine of 1943. These objectives have held sway over the last 55 years, though with changes in emphasis and varying degrees of rigidity, from total control to total decontrol, depending upon the prevailing situation and assessment at each point of time”. Currently, the food security system and price policy, basically consist of three instruments: procurement prices/minimum support prices, buffer stocks, and the public distribution system (PDS).

Poverty is the state of one who lacks a certain amount of material possessions or money. Absolute poverty or destitution refers to the situation where one who lacks the basic human needs, which commonly includes clean and fresh water, nutrition, health

care, education, clothing and shelter. About 1.7 billion people are estimated to live in absolute poverty today. Relative poverty refers to the lack in usual or socially acceptable level of resources or income as compared with others within a society or country. For most of history, poverty had been mostly accepted as inevitable as traditional modes of production were insufficient to give an entire population a comfortable standard of living. After the industrial revolution, mass production in factories made wealth increasingly more inexpensive and accessible. More importance should be given to the modernization of agriculture, such as use of fertilizers, in order to provide enough yield to feed the population. People who practice asceticism intentionally live in poverty.

Income Growth and Poverty

Low income growth is one of the reasons for low access to food and malnutrition. With increase in income and employment access to food can be improved. As mentioned above, the cross-section data across countries showed that the percentage decline in malnutrition is roughly half the rate at which GNP per capita grows. Thus, economic growth alone cannot reduce malnutrition. For example, in India, GDP growth was 6 to 7 percent per annum during 1992-93 to 2005-06 and 9 percent in the last four years. However, child malnutrition declined from 52 percent to 46 percent at the rate of 0.5 percentage point per annum. In fact, the percent of underweight children in India declined only one percentage point from 47 percent in 1998-99 to 46 percent in 2005-06 in spite of high economic growth. This dissociation between GDP growth and changes in the status of malnutrition is due to a distribution problem, as the wealth created is unequally shared.

Income poverty is another reason for lower access to food and malnutrition. Access to food can be improved with reduction in income poverty, but studies have shown that malnutrition exists even after eradication of poverty. For example, income poverty in India is 26 percent while child malnutrition is 46 percent. The data for India and South Asia shows that malnutrition levels are surprisingly high even in rich income quintiles. Thus, reduction in malnutrition is going to be a bigger challenge than income growth and reduction in poverty.

Rural Non-Farm Sector.

Poverty cannot be eradicated, with 55 percent workers in the agricultural sector. There is thus need to promote the rural non-farm sector. India currently produces about 50 million tones of fruits and 90 million tones of vegetables. Only 2 percent of these fruits and vegetables are processed, as against 23 percent in China, 78 percent in Philippines, 83 percent in Malaysia. Half the people engaged in agriculture are still illiterate and only 5 percent have completed higher secondary education. Even in 2004-05, around 60 percent of rural male workers and 85 percent of rural female workers were either illiterate or had been educated only up to the primary level. In other words, education and skills are constraints in this context. India can learn from China with regard to rural transformation. China has experienced a structural transformation in the last three decades. The State's role has been decisive in building up the physical and social infrastructure (including land reforms). India should learn from China with regard to reforms in agricultural growth, rural non-farm employment, public investment, and human development. The impact of growth on poverty reduction is quite significant (Rao: 2007). China started with agricultural reforms. High agricultural growth and diversification towards rural non-farm sector in China are important factors responsible for rural poverty reduction (poverty is only 3 percent). This was partly due to agricultural productivity.

Micro nutrient deficiencies.

Goiter due to iodine deficiency, blindness due to Vitamin A deficiency, dry and wet beriberi and pellagra were the major public health problems in pre independent India. Sustained dietary changes resulted in the elimination of beriberi and pellagra. However, there has not been any decline in the prevalence of anemia due to iron and folic acid deficiency, while the decline in Vitamin A deficiency and iodine deficiency disorders has been very slow. Diet surveys have shown that the intake of Vitamin A is significantly lower than the recommended dietary allowance in young children, adolescent girls and pregnant women. In these vulnerable sub-groups, multiple nutritional problems co-exist including inadequate intake of both energy as well as micronutrients other than Vitamin A.

Nutrition Status Assessment of Children and Women.

We now examine performance based on nutrition status or the outcomes using the anthropometric evidence. The National Nutritional Monitoring Bureau (NNMB) provides the nutritional status of rural households in nine sample states. Children aged 1-5 years are classified into different nutritional grades based on weight for age. The NNMB data shows that the proportion of underweight children declined from 77 percent in 1975-79 to 55 percent in 2004-05.

Health.

Similarly, public health services are poor in India. Health sector performance shows that there are basically six problems: (i) low levels of health indicators; (ii) slow progress in these indicators; (iii) significant regional, social, and gender disparities; (iv) poor quality delivery systems in health and; (v) privatization of health services.

Low standards of health, hygiene, sanitation, and safe drinking water play important roles here, since sick children are not able to absorb essential nutrients.

Access to Public Distribution System.

Public distribution system (PDS) is one of the instruments for ensuring household level food security. Here we will confine the discussion to access of households to PDS and discuss the issues and reforms required in PDS in the next section. National Sample Survey Organization (NSSO) has been collecting information on purchases of rice, wheat, sugar, and kerosene from fair price shops. These data's have been analyzed to examine utilization of PDS.

Agriculture.

Apart from providing better availability of food, agricultural growth and equity can increase access to food and nutrition. Some studies have shown that there is no connection between agricultural growth and malnutrition. Here again the dissociation is

due to low growth in states where malnutrition is high. For example, high agricultural growth in the eastern and central regions can reduce overall malnutrition to some extent. Involvement of women in raising home gardens, incorporating nutrition elements in crop production, etc. can reduce malnutrition.

Climate Change: One of the emerging issues in food security is climate change and its impact on agriculture. India has reasons to be concerned about climate change. The vast majority of India's population depends on climate-sensitive sectors like agriculture, forestry, and fishery for their livelihood. The adverse impact of climate change in the form of declining rainfall and rising temperatures, and thus, increased severity of drought and flooding, is bound to threaten food security and livelihoods in the economy. The National Action Plan on Climate Change provides a direction for changes at the national level in policy, planning, and public-private partnerships, and lays out a global vision for modifying longer time trends for sustainable development. Successful adaptation coupled with mitigation holds the key to food security and livelihoods for the 21st century and beyond in India. To conclude, there are many policy challenges being faced by Indian agriculture. Both price and non-price factors are important. The differences between the Green Revolution period and the 'Second Green Revolution' are the following:

(i) Globalization challenges, volatility in prices; (ii) shrinking farm size; (iii) dry land farming challenges; and (iv) Environmental stress. The six deficits in agriculture are:

(i) Investment, credit, and infrastructure deficit; (ii) research and extension (technology) deficit; (iii) market deficit; (iv) Diversification deficit; (v) institutions deficit; and (vi) Education/skill deficit. Deficiencies in agriculture and rural infrastructure are the biggest problem for agricultural development. Small farmers can respond positively only in the presence of adequate infrastructure.

There is thus a need for massive increase in outlays for agricultural and rural infrastructure by simultaneously improving the delivery systems. The government is thinking of a big boost to education in the Eleventh Plan. Another such big push is needed for the agriculture sector as well.

Public Distribution System (PDS) and Nutrition Programmes.

PDS and nutrition programmes can help in improving food security of households and nutrition. The Public Distribution System (PDS) is one of the instruments for improving food security at the household level in India. The Public Distribution System ensures availability of essential commodities like rice, wheat, edible oils, and kerosene to the consumers through a network of outlets or fair price shops. These commodities are supplied at below market prices to consumers. With a network of more than 28,462,000 fair price shops (FPS) distributing commodities worth more than Rs. 300 billion annually to about 160 million families, the PDS in India is perhaps the largest distribution network of its kind in the world. The PDS evolved as an important instrument of government policy for management of scarcity and for distribution of food grains at affordable prices. Supplemental in nature, the scheme is not intended to make available the entire requirements of food grains of the households.

The Targeted Public Distribution System (TPDS) was introduced in 1997 and under this scheme special cards were issued to families Below Poverty Line (BPL) and food grains were distributed at a lower price for these families compared to those above the poverty line (known as APL families). The entire population was divided into three categories –Below Poverty Line (BPL), Above Poverty Line (APL) and AAY – Antyodaya Anna Yojana (destitute). The BPL populations are provided 35 kg of food grains per month at subsidized price. AAY, the destitute households (Part of BPL households) are provided a monthly provision of 35 kg of food grains at specially subsidized rates (Rs. 2 per kg for wheat and Rs. 3 for rice). About 25 million (38 percent of BPL) people have been covered under AAY. Central government allocates food grains to different states of India based on poverty ratios. According to the central government there are around 65 million poor households in the country. States in turn distribute food grains based on the BPL list. Targeting is done by states based on 13 non-income indicators to select BPL population. If we add together the households on the states' BPL lists, there are 100 million poor households. There is competitive populism to include more households in the BPL list.

Mid-Day Meal Scheme.

The mid-day meal scheme (MDMS) has been revised and universalized at the primary level from 1 September 2004. Recently, the MDMS has been extended to Upper Primary School from 1 October 2007. MDMS was supposed to cover about 18 crore children by 2008–09. There are problems with MDMS with regard to financial allocations and the quality of the scheme. The Sixth Report of the Commissioner appointed by the Supreme Court also points out inadequate infrastructure for mid-day meals. Of the sixteen states that sent data to the Commissioner in this regard, thirteen stated that less than 45 per cent schools have a separate kitchen. The 11th Five Year Plan has given the following action points for improving the performance of MDMS:

(i) MDM to be managed by the local community and PRIs/NGOs, and not contractor-driven; civic quality and safety to be prime considerations; (ii) sensitize teachers and others involved in nutrition, hygiene, cleanliness, and safety norms to rectify observed deficiencies; (iii) involve nutrition experts in planning low cost nutrition menu and for periodic testing of samples of prepared food; (iv) promote locally grown nutritionally rich food items through kitchen gardens in school, etc.; (v) revive the School Health Programme; disseminate and replicate best practices adopted by states; (vi) provide drinking facilities in all schools on an urgent basis; (vii) display status regarding supplies, funds, norms, weekly menu, and coverage in schools to ensure transparency; (viii) Central assistance to cooking cost should be based on the actual number of beneficiary children and not on enrolment; (ix) Promote social audit; (x) Online monitoring.

Food Security.

Food Security refers to the availability of food and one's access to it. A household is considered food-secure when its occupants do not live in hunger or fear of starvation. According to the World Resources Institute, global per capita food production has been increasing substantially for the past several decades. In 2006, MSNBC reported that globally, the number of people who are overweight has surpassed the numbers who are undernourished – the world had more than one billion people who were overweight, and an estimated 800 million who were undernourished. According to a 2004 article from the BBC, China, the world's most populous country, is suffering from an obesity epidemic. In

India, the second- most populous country in the world, 30 million people have been added to the ranks of the hungry since the mid-1990s and 46% of children are underweight.

To reduce poverty and to ensure food security Government of Kerala introduced a new poverty alleviation programme which is known as “Two Rupee Rice Scheme” to BPL card holders and APL card holders (in Certain Condition).

The implementation of the Rice Scheme was announced by the Kerala Government on February 25, 2011. The decision to provide rice at two per Kg. to 40 lakh families was taken on February 23. The scheme is implemented through the State Civil Supplies Corporation Limited and there by the state government will provide subsidy to the SC/ST for implementing the scheme. Rice under the scheme is distributed through Fair Price Shops (FPS) and Public Distribution system (PDS).

RIGHT TO FOOD AND NATIONAL FOOD SECURITY ACT.

The Presidential address to Parliament in 2009 indicates that implementation of the National Food Security Act will provide a statutory basis for a framework which assures food security for all. According to this proposed law, every family below the poverty line in rural as well as urban areas will be entitled by law, to 25 kilograms of rice or wheat per month at Rs. 3 per kilogram. It is felt that the statutory guarantee to food with fixed entitlements to the poor would be an important step in the direction of ensuring food and nutritional security of the country. Although the ongoing ‘targeted public distribution system’ (TPDS) is supposed to provide subsidized food grains to the BPL population, the legislative measure may lead to better accountability by making the PDS system more responsive in reaching out to the targeted population. Since the announcement of the proposed food security law, several people have raised a number of policy level and operational issues that need to be addressed while extending food guarantee to the citizens through a statutory mandate.

Need for Comprehensive Food Entitlement Act.

The proposed national food security law is too narrow. The Right to Food campaign demands a comprehensive 'Food Entitlements Act' that goes beyond the narrow promise of supplying food grains to BPL population.

In this context the two rupee rice scheme plays a crucial role in ensuring that the People who are classified as poor will be getting at least two meals per day.

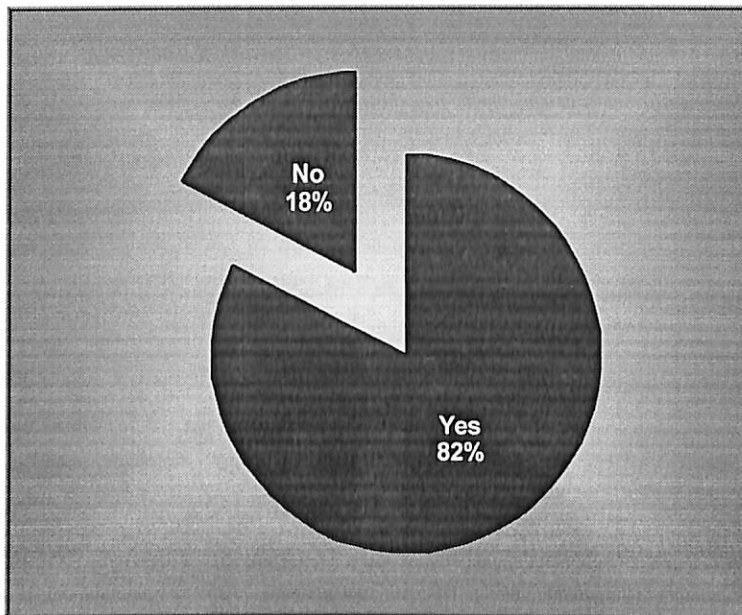
CHAPTER IV
ANALYSIS AND
INTERPRETATION

ANALYSIS AND INTERPRETATION

Table4.1 Regular availability of the rice scheme in FPS.

Yes	No
82%	18%

Source: Primary Data

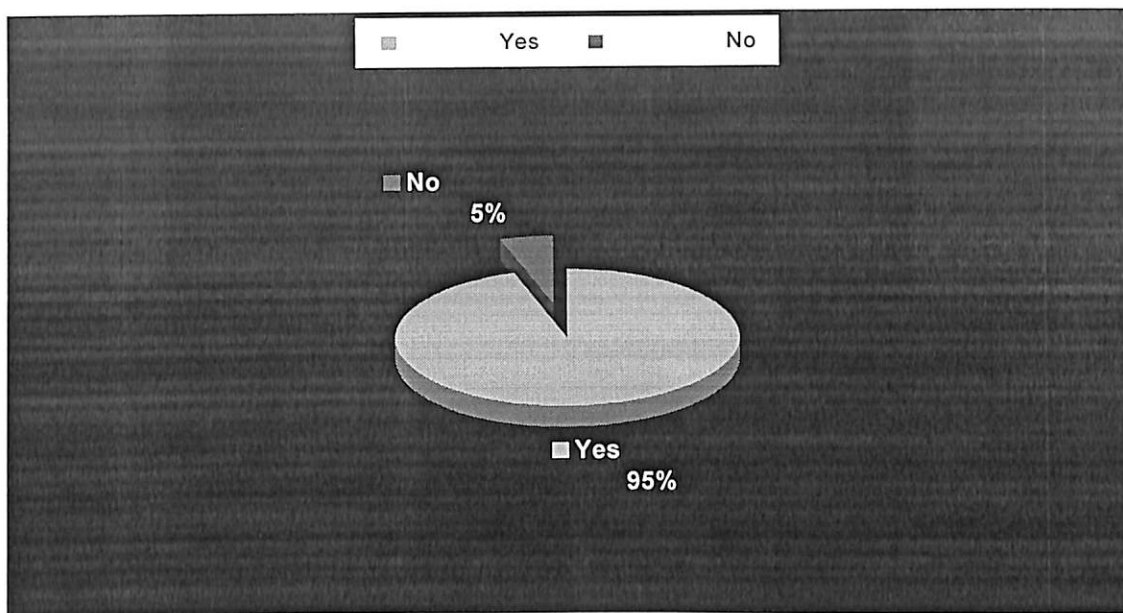


- This graph states that 82 percent of the respondents were of the opinion that there was regular availability of the rice through the Two Rupee Rice scheme in Fair Price Shops and rest of the 18 percent of the respondents have a negative opinion about the availability of rice.

Table 4.2 Regular consumption through fair price shops.

Yes	No
95%	5%

Source: Primary Data

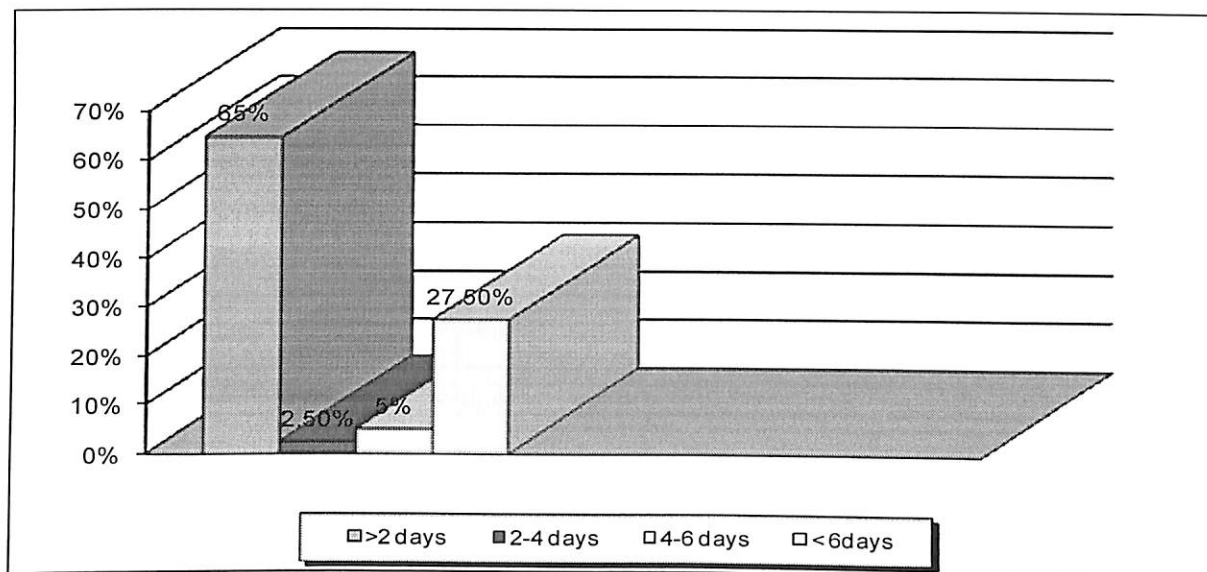


- According to the survey taken, we came to a conclusion that 95 percent of the card holders were regular consumer of the rice through fair price shops & and rest 5 percent are not regular consumers.

Table 4.3 Time lag in supply of rice.

<2 days	2-4 days	4-6 days	> 6days
65%	2.5%	5%	27.5%

Source: Primary Data

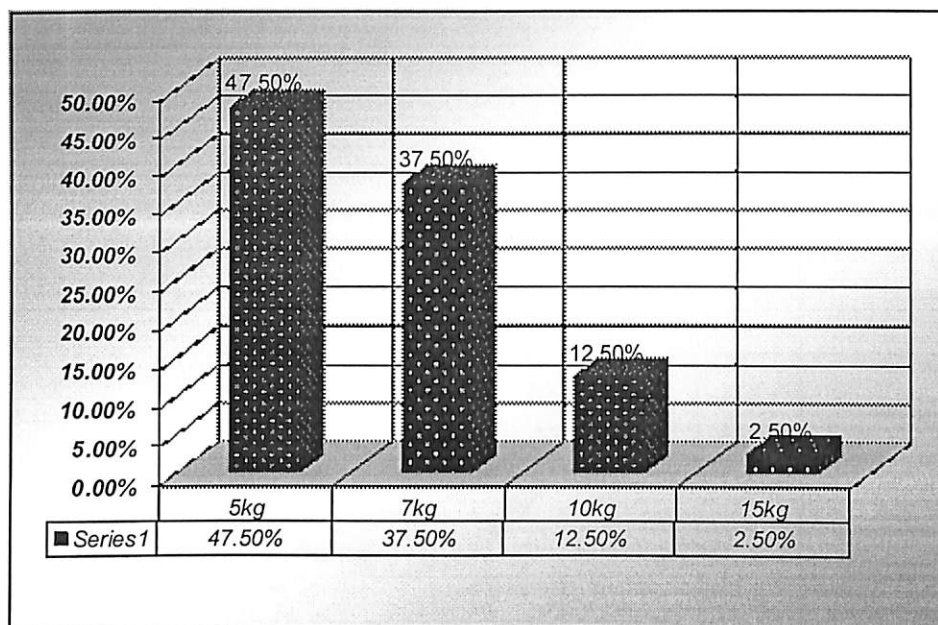


- From the study it was clear that 65 percent of the respondents have the opinion that there is a time lag less than two days in the availability of rice scheme at their respective ration shops and 27.5 percent of them were of the opinion that there is a time lag of more than 6 days as they face some problem in the availability of rice. And very few have the opinion that the time lag is between 2-4 days & 4-6 days.

Table 4.4 Quantity of rice available.

5kg	7kg	10kg	15kg
47.5%	37.5%	12.5%	2.5%

Source: Primary Data

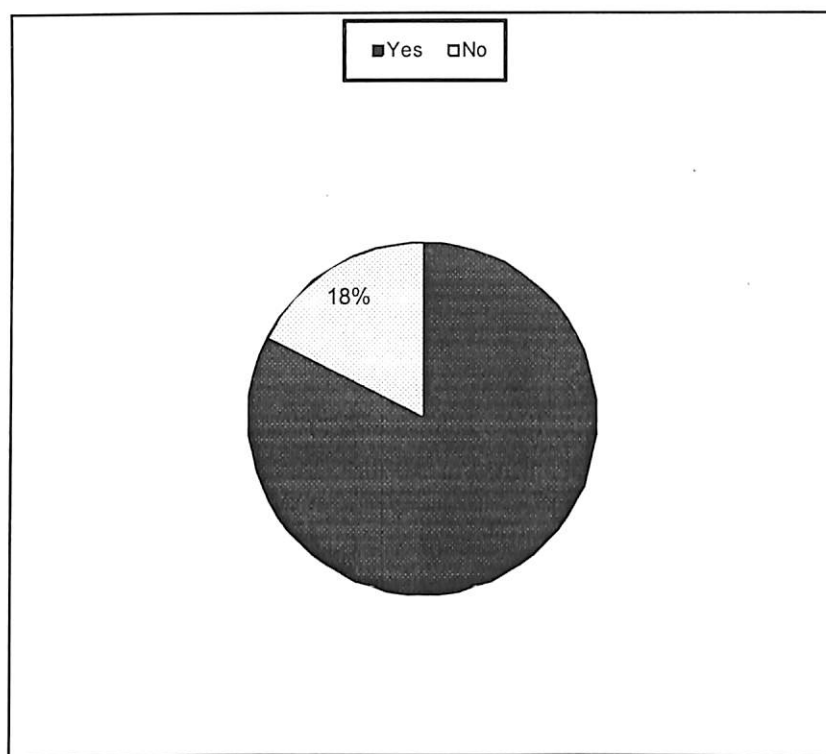


- 47.5percent of the respondents get 5 of rice through this particular scheme. 37.5 percent gets 7kg 12.5 percent gets 10 kg & 2.5 percent of the people get 15 kg die to special consideration of their family situation.

Table 4.5 Quality of rice supplied.

Yes	No
82%	18%

Source: Primary Data

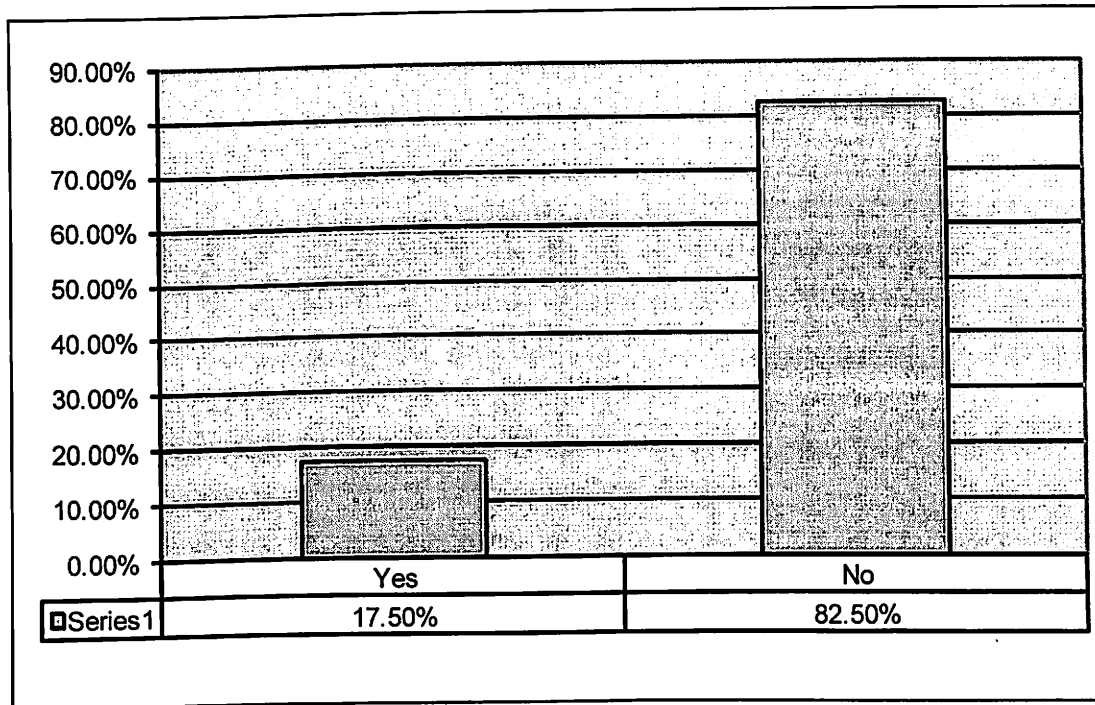


- 82 percent of the respondents support the fact that they find a significant difference in the quality of rice supplied & the rest 18 percent of people doesn't find any difference in quality.

Table 4.6 Consumer's satisfaction with the Quantity of rice supplied through FPS.

Yes	No
17.5%	82.5%

Source: Primary Data

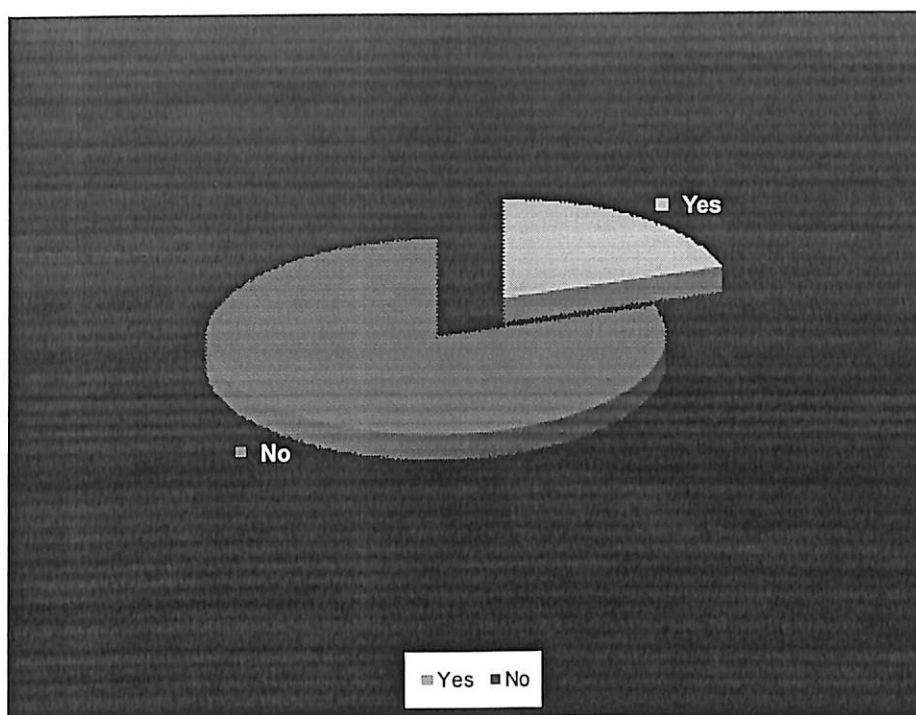


- 82.5 percent of the respondents say that they are not at all satisfied with the quantity of rice issued to them from the fair price shops under the scheme of 2rupee rice for BPL card holders. 17.5 percent of people are satisfied.

Table 4.7 Consumer's satisfaction with the Quality of rice supplied through FPS.

Yes	No
20%	80%

Source: Primary Data

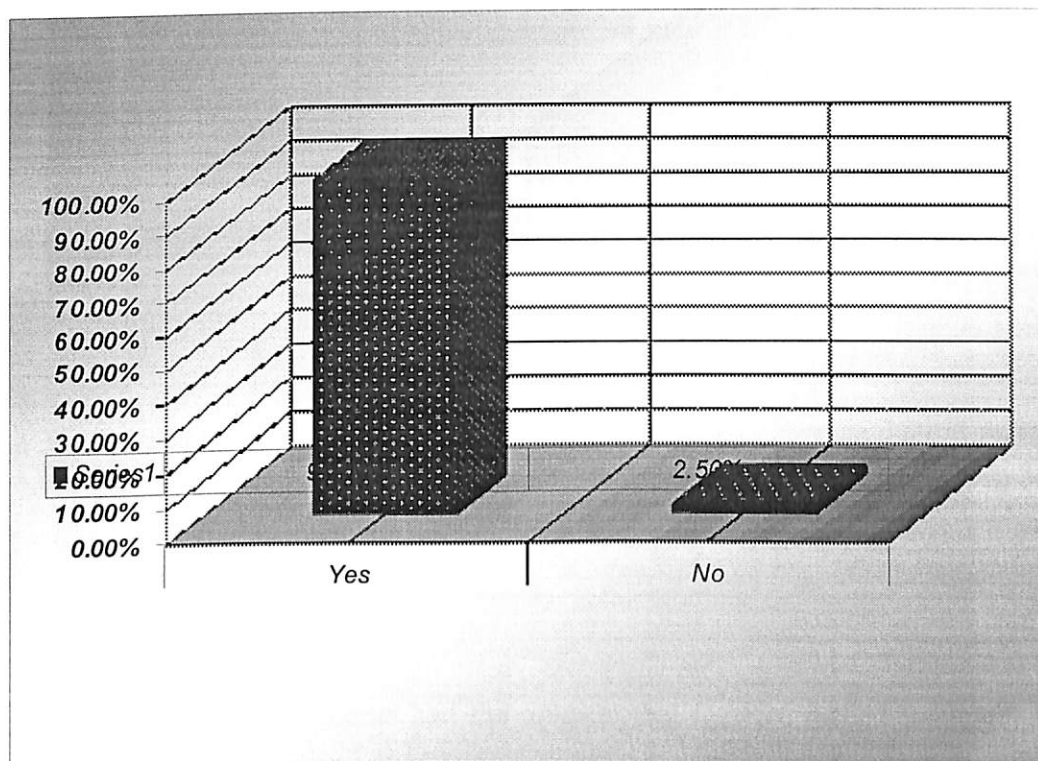


- 20 percent of the respondents had agreed that they are satisfied with the quality of rice supplied through FPS & the rest 80 percent have the opinion that they are not at all satisfied with the quality of rice under the scheme.

Table 4.8 Difference between price of rice in open market and fair price shops.

Yes	No
97.50%	2.50%

Source: Primary Data

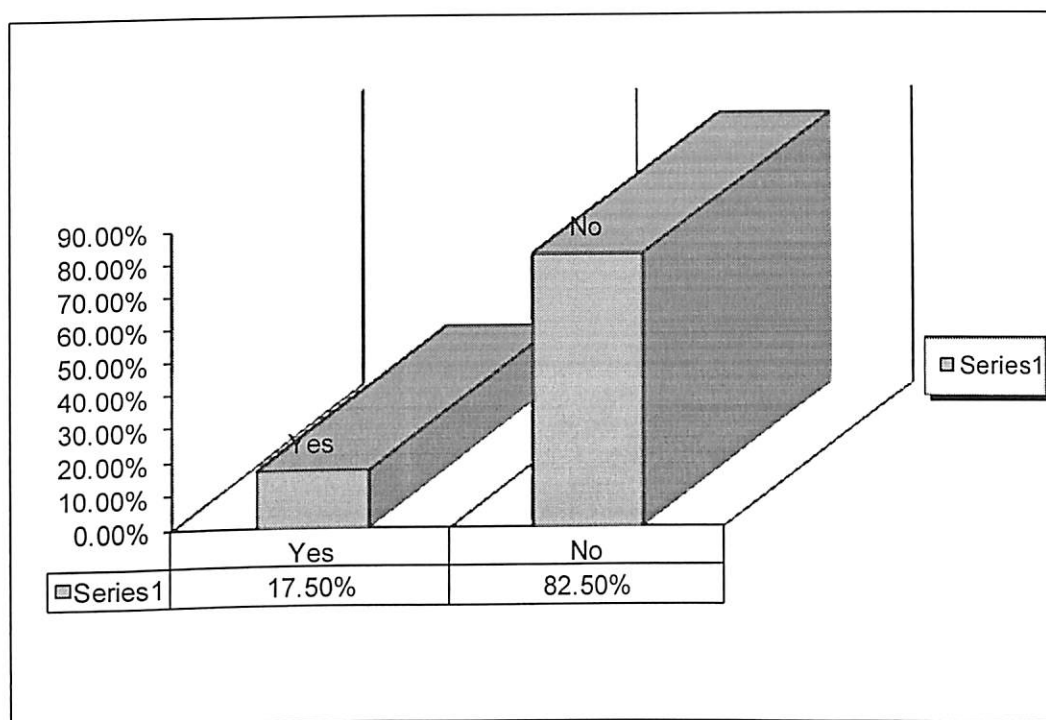


- 97.5 percent of the respondents have the opinion that there's a great difference between the price of rice that they get through the FPS and open market. Only 2.5 percent of the people opinion that they find a price difference.

Table 4.9 Sufficiency of available of rice.

Yes	No
17.50%	82.50%

Source: Primary Data



- 82.5 percent of the respondents had the opinion that the rice issued to them under the scheme was not at all sufficient for their family as there are more than 4 members in their family & the rest 17.5 percent of the respondents were of the opinion that they were satisfied with the quantity issued as there were only 2-3 members in the family.

CHAPTER V

SUMMARY, FINDINGS,
RECOMMENDATIONS AND
CONCLUSION

SUMMARY, FINDINGS, RECOMMENDATIONS AND CONCLUSION.

SUMMARY

- The implementation of two rupee rice scheme was announced by the Kerala government on February 25, 2011.
- The state has already been supplying rice at Rs.2/kg to all BPL families.
- The budget for 2011-2012 had made this scheme applicable to APL families. But government had put certain riders, which included the ration card holders whose monthly income was Rs.25, 000 or above were not eligible for the scheme on March 2011.
- The scheme is implemented through the “State Civil Supplies Corporation Limited”.
- The government of Kerala envisages a scheme for proper distribution of rice at subsidized rate Rs.2/kg to BPL cardholders for poverty elimination among the down trodden category through Public Distribution System (PDS).
- Rice under the scheme is distributed through Fair Price Shops (FPS) and Public Distribution system (PDS).
- PDS is an Indian food security system which established by the Government of India under Ministry of Consumer Affairs.PDS distributes subsidized food and non-food items.
- FPS is providing commodities at reasonable price for cardholders.

FINDINGS

- 82 Percent of the respondents were of the opinion that there was regular availability of the Rice scheme in Fair Price Shops.
- 95 Percent of the card holders were regular consumer of the rice through fair price shops.
- 65 Percent of the respondents have the opinion that there is a time lag less than two days in the availability of rice scheme at their ration shops.
- 47.5 Percent of the respondents had an opinion that a total of 5 kg is available through this particular scheme.

- 47.5 Percent of the respondents had an opinion that a total of 5 kg is available through this particular scheme.
- 82 Percent of the respondents support the fact that they find a significant difference in the quality of rice supplied. They says that the ration shops supplies poor quality rice.
- 82.5 Percent of the respondents says that they are not at all satisfied with the quantity of rice issued to them from the fair price shops under the scheme of 2 rupees rice for BPL card holders. Because of large members at home.
- 80 Percent of the respondents are not at all satisfied with the quality of rice under the scheme.
- 97.50 Percent of the respondents have the opinion that there's a great difference between the price of rice that they get through the FPS and open market. Rice from Fair Shop is cheaper than open market.
- 82.5 Percent of the respondents had the opinion that the rice issued to them under the scheme was not at all sufficient for their family as there are more than 4 members in their family.
- The budget for 2011-12 had made this scheme applicable to all household irrespective of the above Poverty Line/Below Poverty Line division. But the government had put certain riders, which included that BPL ration card holders whose monthly income was Rs. 25,000 or above were not eligible for the scheme on March 2011.

RECOMMENDATIONS

- Government should improve the quality of rice.
- Government should increase quantity of rice given.

CONCLUSION

After analyzing the two objectives, it became evident that:

The first objective whether the two rupees rice scheme is successful or not was found to be unsuccessful because of the poor quality and insufficient quantity of the rice.

The second objective examined the benefits to BPL cardholders and found that there are not much benefits trickling down through this scheme.

APPENDIX

QUESTIONNAIRE

1. Name:
2. AGE:
3. SEX: Male Female
4. Marital Status: Married Unmarried
 Widower Widowed
5. Composition of Family:
 2 3 4 5 and above
6. Address:
7. Phone No:
8. Educational Qualification:
 Primary Education Post Graduation
 SSLC No formal Education +1/+2
9. Occupation:
10. Mode of Income:
 Daily Wage Weekly Monthly
11. Monthly Salary:
 Below 500 500-1000 1000-1500 Above 1500
12. Are you a regular consumer of food items supplied through FPS?
 Yes No
13. Tick the following here that you regularly purchase from ration:
 Wheat Rice Sugar None

14. Whether there is regular availability of the rice scheme in FPS?

- Yes No

15. If No, specify the time lag in supply of rice:

- Less than 2 days 2-4 days 4-6 days More than 6 days

16. How much quantity of rice do you get?

- 5Kg 7Kg 10Kg 15Kg

17. Whether there exist any significant difference between the quality of rice from ration shop and other retail shop?

- Yes No

18. If Yes, what is the difference:

19. Are you satisfied with the quantity of rice (2 Rupee Rice Scheme) supplied through FPS?

- Yes No

20. If No, specify the reason:

21. Are you satisfied with the quality of rice supplied through FPS?

- Yes No

22. If No, what is the reason:

23. For what age group is this scheme intended to benefit?

- Above 35 Above 45 Above 55 Above 65

24. Dose there exist any difference between ration price and open market price?

- Yes No

25. If Yes, specify the difference:

26. Whether is your ration shop located?

- Within the locality Outside locality

27. Is the quantity of rice issued by the FPS sufficient for your family?

- Yes No

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