

# Impact of Household Income Fluctuations on Food Consumption with Special Reference to PDS Beneficiaries

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## ABSTRACT

*Food being the basic need of human being, developing the capacity to support the expenditure on food becomes the prime reason behind the economic activities of mankind. It would be interesting to observe whether this prime reason remains the priority of man or no. So the present study is conducted. Since food is the basic need, ensuring food security to people becomes the prime responsibility of Government. In India, to ensure food security Government has introduced Public Distribution System which forms the initial part of the study. Since the study focuses on PDS beneficiaries, the analysis of poverty is given in the next part of the study. Then study investigates into the impact of household income fluctuations on food consumption pattern through published data as well as the primary data. Finally comparative analysis is given between the secondary data and the primary data which forms the conclusion of the present study.*

*Keywords: Public Distribution System, Fair Price Shop, Poverty, Per Capita Income, Per Capita Consumption*

## INTRODUCTION

The history is witnessed to the fact that the human civilization developed on the river banks as it ensured the availability of resources required for cultivation activities. It guaranteed the satisfaction of food and water requirements of man. Being capable to satisfy the food needs of the family has always remained the major concern for man. There is a close link between the income and food expenditure. Since independence government has put many sincere efforts towards eradication of poverty and have gained remarkable success. But it is also a fact that it could not win over the absolute poverty yet. Satisfaction of hunger is the main concern for part of the population. Even after the 72 years of independence a part of population needs government support to ensure meal for survival. For such people government is running Targeted Public Distribution System (TPDS) with the wide range of Fair Price Shops (FPS). But to get this facility one needs to have a valid ration card. Under the scheme beneficiary is entitled to get specific quota of food grain and cooking fuel depending on the family size. The study revolves around the idea that whether the relationship between income and food expenditure always remains stable or it varies with fluctuations in income. If it varies then, whether it shows the positive correlation or not.

## LITERATURE REVIEW

**Miomir Jovanovic (2016) :** In his research study on Empirical Analysis Of Income Changes Impact On Food Consumption Expenditure investigates the effects of changes in income on the consumption of sample commodities. The study was conducted in Montenegro over the period nine years i.e. from 2005 to 2013. On one hand the study reveals the partial improvement in consumption of nutritious food such as vegetables, milk, cheese and egg in sample area but also mentions that there is a fall in intake of meat and fruits

**Ioannis Kostakis (2014):** The study 'The Determinants of Households' Food Consumption in Greece' is conducted by author to examine the factors determining the food expenditure of residents of Greece. The study reveals that the socio economic factors such as income, gender, age, marital status, place of residence and status of employment have remarkable influence on households' expenditures on food. The author also

found strong associations between demographic, socioeconomic parameters and consumer attitude in food expenditures experimentation

**OBJECTIVES**

- To analyse the changes in household food consumption decisions in the context of changing economic conditions
- To understand the role of the Public Distribution System (PDS) in shaping household food consumption decisions

**HYPOTHESIS**

H0: The trends in food expenditure and food consumption do not vary among households in spite of any positive or negative growth in Income.

H1: The trends in food expenditure and food consumption vary among households in spite of any positive or negative growth in Income.

**RESEARCH METHODOLOGY**

The present study is based on both, qualitative and quantitative techniques. The quantitative study of this research work involves collecting and analysing data. Qualitative study of the present research work would involve

**RESEARCH DESIGN****Primary Data**

Simple Random Sampling technique is utilised to collect primary data. For the purpose 50 respondents from the targeted area of Panvel was selected and a structured questionnaire was used. Parameters such as income, occupation, requirements of food grains etc. were used to derive information regarding socio economic status of the respondents, functioning of fair price shop at local level and its effect on life of poor people.

**Secondary data**

Secondary data source was also utilized for this study. The secondary sources of information includes reports of Government of India throwing light on Food security of the country, Research Studies, Books and Periodicals, Research papers published in leading research journals and magazines, Newspaper editorials and articles etc.

Thus the present research study is an outcome of Primary and Secondary information.

**SCOPE**

The research study is based on welfare economics. Among the various efforts taken by the government for upliftment of poor, the food security is one of the important steps. To ensure food security, government has designed the PDS. The study focused on the critical analysis of impact of household income fluctuations on food consumption with special reference to PDS beneficiaries. The study analysed the need and limitations of PDS and its role in shaping household food consumption decisions.

**LIMITATIONS**

- Primary data is collected on sample basis.
- The conclusion derived may change place and with passage of time as a result of economic progress, effective implementation of social security schemes and improvement in income level.

Poverty is a burning issue in front of Indian economy. According to the Tendulkar committee report 2004-05, 62 % of the Indian population is above poverty line but 38 % of population is BPL i.e. Below Poverty Line. In the year 2011-12, Tendulkar committee again came up with the revised report that, 78 % of the Indian population is above poverty line and 22 % of population is below the poverty line. On face the situation may look brighter but while analysing one will realise that out of 38 % of poor of 2004 25 % could come out of poverty but 13 % still remained in the poverty. But what is more worry some is that out of 62% of not poor population of 2004 only 53% could maintained their economic status and the remaining 9%

became poor. Thus making 22% of poverty in 2011-12. It means that out of total poor 40 % are newly poor. On one hand where government is putting efforts for eradication of poverty, this creation of new batch of poor makes the goal difficult to achieve. It also highlights the need for government support for ensuring food security of specially for those who are on boarder line.

Even the NITI AYOOG report of December 2016 on changes in PCI between 2004-05 to 2011-12, reveals that along with the economic development efforts of government only 55 % of the population could increase their income by 20% or more, where as 17 % of people just managed to maintain their economic status and 28 % of the Indians have actually lost their income by 20% or more. The report also throws light on changes in per capita food expenditure of BPL and non BPL households between 2004-05 and 2011-12. It shows that with the food expenditure by non BPL household is improved and BPL household's food expenditure remained constant with the food subsidy. It shows the significance of PDS for ensuring food security to distressed population. Even with the subsidised food the BPL population food expenditure is very less compared to non BPL population. Apart from the subsidy factor, the reason behind this could be the consumption of high protein but expensive food such as meat and dairy products etc. which are generally not much consumed by BPL population as they prefer to get required calories from low priced cereals and save money for other requirements of life.

The Primary data is also collected to investigate whether the relationship between income and food expenditure always remains stable or it varies with fluctuations in income. If it varies then, whether it shows the positive correlation or not. Before collecting the primary data, a draft questionnaire was developed which was pre-tested with a few PDS beneficiaries. In the pretesting, much attention was given to any new information in the draft questionnaire in order to reach the objectives of the study. The final questionnaire was semi-structured so that interviewees had a wide scope in answering questions, thus allowing any topics of interest to be elaborated upon.

The sampling unit of the study was PDS beneficiaries of Taluka Panvel District Raigad Maharashtra. Thus, fifty ration card holders were interviewed on the random selection basis. After collecting of data through questionnaire interviews, the information was further discussed and justified with the key informant i.e. the Fair Price Shop owner. People were told that the purpose of the study was to find out about their present food expenditure pattern and to identify the alternative opportunities for improving their standard of living.

### **PRIMARY DATA ANALYSIS**

The results obtained from the survey of the respondents and the inferences drawn are discussed in this section:

The majority of respondents 44.9% were from the age group 40-60 years, followed by the age group between 26-40 years 40.8 %. Also, just a small percentage of respondents 10.2 % were form youth and 4.1% were above 60 years. Among the total respondents 56.1 % were male and 44.9 % were female. It was also observed that 67.3 % respondents were local people where as 32.7 % of people were migrated from different parts of the country but mainly from UP.

During survey, it was found that majority of respondents i.e. 61.2 % were self-employed and only 38.8 % were engaged in jobs but of informal nature. As few as 20.4 % respondent have annual income above rupees one lakh and 79.6 % households are managing with annual income less than rupees one lakh. It is really painful to know that amongst them 36.7 % peoples' income is even below rupees fifty thousand. Considering the decadal gap 73.4 % of people achieved improvement in their earnings where as 10.2 % claimed for stable income during the period but 16.3 % experienced downfall in the income. With this variation in income 83.7 % of respondents experienced increase in food expenditure, 6.1% of respondents managed to keep it stable where as 10.2 % could not maintain their food budget due to fall in income.

More than half i.e. 56.3 % of people are spending almost half of their income on food, 31.3 % of people are spending more than half of their income on food where as 12.5 % of people are spending only 25 % or less on food consumption. The major component of their diet is cereals then comes vegetables and meat etc. but the consumption of dairy products is very less.

All the respondents unanimously revealed that the rate of growth of inflation is far higher than the improvements in income level making them more vulnerable to fight against hunger. Respondents expect improved PDS system with larger quantity and variety of better quality food supply. It enhances government's responsibility towards this distressed population for ensuring food security.

## **RECOMMENDATIONS**

Though the cereals consumption among BPL population is high, they are trying for more balanced diet with in the limited income at their disposal. For the purpose they are willing to reduce the consumption of cereals so that they can have other protein rich food. Government is expected to keep prices of such products under control so that it become affordable even to this class of population.

It is observed that the consumption of dairy product is very low among BPL population. Government is expected to provide subsidy for these products to ensure presence of dairy product in the BPL people's diet.

## **CONCLUSION**

Targeted PDS has really improved as it literary targeted majority of needy people. Now the government is expected to accelerate the economic development process so that people's income level will improve and the gap of food consumption expenditure between poor and not poor groups can be eradicated with the improved purchasing power and also better food quality.

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