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## Impact of Price Rise on Poor Households – A Case Study of Chirakkadavu Grama Panchayath, Kottayam, Kerala

Anishkumar P T, M.A., B.Ed.

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### Abstract

Today, India is facing many problems – the problem of corruption, the problem of unemployment, the problem of illiteracy, the problem of population, so on and so forth. The problem of rising prices is one of the most important problems that Indian is facing now. This problem is two-fold to check the rising prices and, if possible, to bring the prices down.

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Impact of Price Rise on Poor Households – A Case Study of Chirakkadavu Grama Panchayath,  
Kottayam, Kerala

The prices of essential food items – Rice, cereals, vegetables, pulses, milk products - are astronomical as compared to the prices earlier in the last year. While it is felt by every household, the poorest sections are understandably the worst affected.

Here an attempt is made to analyse the impact of price rise on poor households taking the case of people in Chirakkadavu Grama Panchayath, Kottayam district, Kerala State, India

### **Introduction - Price Rise in Kerala**

The recent LPG cylinder price hike from Rs. 440 to Rs. 933 may be the biggest shock to the consumer, but the aggregate effect of the price hike on the common man's pocket is even higher.

The cost of living in the state has skyrocketed at an unprecedented pace, if one goes by the upward spiraling rates of essential commodities in the last 365 days. As a result of costs heading northwards, the average monthly budget has increased by an average of Rs. 3,000 to Rs. 5,000.

Most of the edible items, including rice, sugar, vegetables, fish and meat have witnessed an increase of more than 25 per cent. The price averages published by the State Department of Economics and Statistics, which monitors the daily prices of essential commodities, shows that one kilogram of 'matta' rice would cost Rs. 32 in the open market, whereas it was only Rs. 26 in 2011. The prices of only a few items like coconut, coconut oil and tapioca have showed a declining trend.

A Keralite's staple diet would cost between Rs. 25 and Rs. 32. Though not a very popular item, the price of *colocasia* jumped to more than double the rate and ladies' finger is dearer by 41.67 per cent. Milk, which had recorded an increase of Rs. 5 in September 2011, is all set for a hike of Rs. 5 from the present Rs. 27.57 per litre.

Though the price of tapioca suffered a fall, all varieties of fish, have become much dearer. Sardines at a price less than Rs. 80 per kilo will be a tough find and mackerels cost around Rs. 120 per kilo in the retail shops. The increase in the fishing expenses, including the rise in the price of diesel and the falling catch from the Thoothukkudi and Kanyakumari areas owing to the protest against the Kudankulam nuclear power plant, have all been contributing factors. The price of chicken has come down from Rs. 100 in 2011 to Rs. 85 in 2012, but the price of beef rose from Rs. 140 to Rs. 180 in 2012.

### **Main Objectives of the Study**

The objective of the survey was to understand the impact of price rise on the consumption patterns of the poor households, the effect on other household aspects, and the means households have resorted to survive the crisis.

### **Methodology**

The methodology is participatory research technique like direct observation, participant observation of the focus groups, discussion and semi-structured interview with key informants were used.

### **Income and Expenditure Trends**

**Table 1**

Income and expenditure	6 months ago	now
Income	3000	3000
Expenditure	2500	3600

From the above table it may be seen that there is no changes in the average monthly household income 6 months ago and now. But the average monthly household expenditure 6 months ago was 2500 it increased to 3600.

### **Average Monthly Food Expenditure**

**Table 2**

	6 months ago	now
Average monthly Food Expenses	2500	3800

As shows in the table, it can be seen that average monthly household food expenses rose marginally from 2500 to 3800.

### **Food as Percentage of Total Household Expenses**

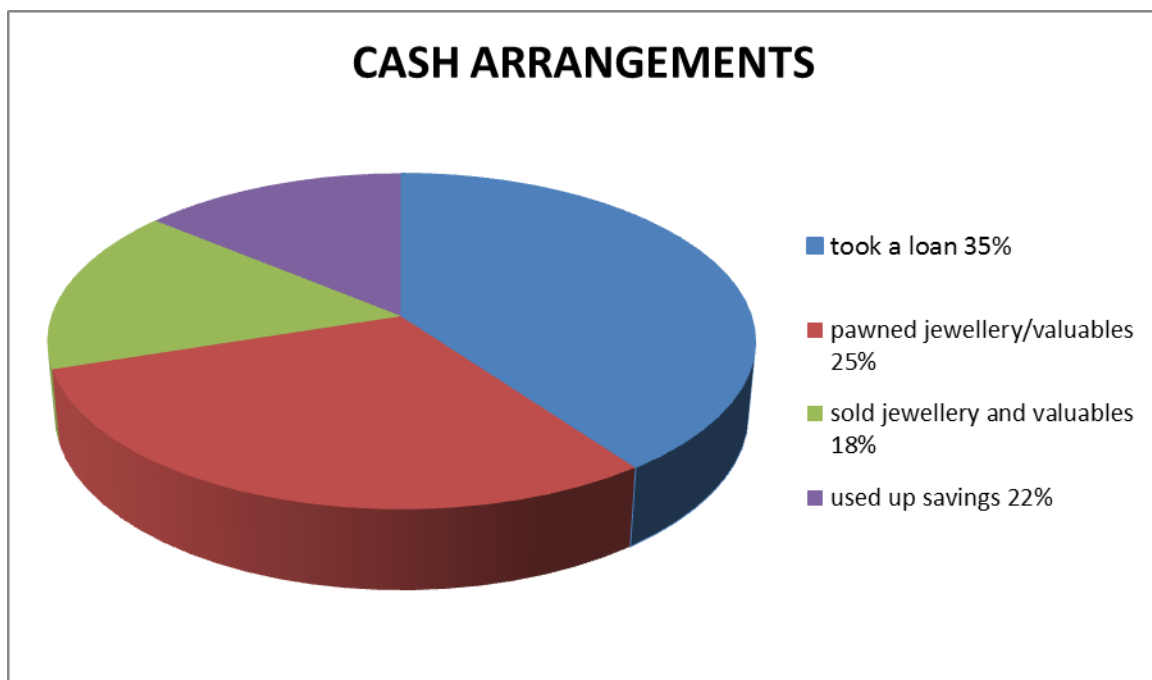
**Table 3**

Sl.No	6 months ago	now
1	50%	78%

From the above table it can be seen that food as a percentage of total household expenses increased from 50% six months ago to 78% now.

### **Impact on Other Household Aspects and Coping Strategies**

Because of the price rise many households have to make arrangements for cash by digging into their assets or by taking a loan .Over 40% of the surveyed households were forced to resort desperate measures of some sort. The measures these households have taken are displayed below.



### Suggestions

- 1) Government may supply more necessary items through public distribution system.
- 2) Government may provide more importance to the poor household for improving their standard of living.
- 3) Government should take a positive decision about transportation problems of remote area in Kerala.
- 4) Government may deliberately want to reduce the price level.
- 5) Government should reduce the price rise of cooking gas and other important daily use items.

### Conclusion

The price rise has clearly impacted the poor rural households, leaving the poorer among them in a state of helpless desperation. So, the authorities take in to consideration this as a big problem and want to take immediate steps to mitigate the problem.

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