

Food Price Rise and Consumption Behaviour: A Comparative Study of APL and BPL in Fort Kochi

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Abstract

Inflation is a widespread economic challenge caused by imbalances in supply and demand, rising incomes, production costs, or taxes, leading to consistent price rises and reduced purchasing power. Fixed-income groups are particularly vulnerable, as inflation erodes their living standards. Global food prices have escalated due to structural and cyclical reasons, disproportionately affecting poor and vulnerable populations. In Kerala, BPL households allocate over half their income to food, and daily wage earners struggle as incomes don't keep pace with inflation. Furthermore, the study evaluates the role of ration shops in mitigating the effects of food inflation by offering affordable food supplies. It assesses the effectiveness of these outlets in supporting APL and BPL households, particularly during periods of high inflation, and identifies areas for improvement in the public distribution system. This study focuses on Fort Kochi, examining how food inflation impacts APL and BPL households. It explores their coping mechanisms and socio-economic effects, aiming to provide insights into addressing food inflation challenges. By addressing these issues, the research contributes to a deeper understanding of the socio-economic challenges caused by food inflation in urban areas. The findings will assist policymakers in developing targeted strategies to support vulnerable households, ensuring food security and economic resilience in the face of inflationary pressures.

Keywords: Food Inflation, Above Poverty Line, Below Poverty Line, Consumption, Consumer Price Index

1. Introduction

Food inflation poses significant challenges to households by increasing the cost of essential commodities, which affects their consumption choices and financial stability. The rising cost of food in Kerala is driven by multiple factors. Growing urbanization, population increase, and dietary shifts toward higher-cost processed and protein-rich foods have contributed on the demand side, while supply-side challenges include reduced agricultural productivity, land conversion for non-agricultural uses, and inadequate investment in agricultural infrastructure and technology. Climate change and irregular rainfall patterns have further exacerbated these issues. This paper is crucial in understanding the varying effects of food inflation on APL and

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BPL households, particularly in terms of how much of their income is spent on food during periods of rising prices. It provides insights into the differences in consumption patterns between these two socio-economic groups, highlighting the disparities in their ability to adapt to inflationary pressures.

This study analyzes the impact of food inflation on the consumption patterns of APL and BPL households in Fort Kochi, an urban area in Kerala. While previous research has extensively examined the causes of food inflation and its broader economic implications, it has not sufficiently addressed the micro-level effects on specific urban communities. The unique socio-economic disparities between APL and BPL households, particularly in terms of their spending patterns and coping strategies during periods of inflation, remain underexplored. Furthermore, the role of ration shops in alleviating the effects of food inflation for these households has not been thoroughly analyzed. Existing studies do not evaluate the effectiveness of these outlets in supporting vulnerable groups or ensuring food security in urban settings like Fort Kochi. By focusing on these gaps, this study aims to provide a localized understanding of food inflation's impact and to assess how households adapt to rising prices, offering insights that can guide policymakers in developing targeted interventions.

2. Significance of the Study

The study examines the impact of food inflation on the consumption patterns of Above Poverty Line (APL) and Below Poverty Line (BPL) households in Fort Kochi, an urban area in Kerala. Food inflation poses significant challenges to households by increasing the cost of essential commodities, which affects their consumption choices and financial stability. The research is crucial in understanding the varying effects of food inflation on APL and BPL households, particularly in terms of how much of their income is spent on food during periods of rising prices. It provides insights into the differences in consumption patterns between these two socio-economic groups, highlighting the disparities in their ability to adapt to inflationary pressures.

Furthermore, the study evaluates the role of ration shops in mitigating the effects of food inflation by offering affordable food supplies. It assesses the effectiveness of these outlets in supporting APL and BPL households, particularly during periods of high inflation, and identifies areas for improvement in the public distribution system. By addressing these issues, the research contributes to a deeper understanding of the socio-economic challenges caused by food inflation in urban areas. The findings will assist policymakers in developing targeted strategies to support vulnerable households, ensuring food security and economic resilience in the face of inflationary pressures.

3. Objectives

The present study focuses its attention on impact of food price hike on households in an urban area, especially its impact on APL and BPL category. The following are the specific objectives of the present study:

- To identify the challenges faced by households in urban areas, particularly in Fort Kochi, due to food inflation.

- To analyze the extent to which food inflation influences the consumption patterns of APL and BPL households.
- To examine the proportion of household income spent on food by APL and BPL households during food inflation.
- To evaluate the role of ration shops in providing affordable food and their effectiveness in supporting APL and BPL households during periods of food inflation.

4. Literature Review

Globally, food inflation has risen sharply in recent years, particularly during crises like the COVID-19 pandemic, Russia-Ukraine war and the recent war in West Asia, particularly the conflict involving Iran, has triggered a surge in Global food prices and food security. According to the food and Agriculture Organization (FAO), global food prices increased by 2.4 percent in March 2026, primarily driven by supply chain disruptions, higher energy costs, climate change, and geopolitical tensions. Vulnerable populations in developing countries bear the brunt of these price hikes, as over 60 percent of their income is typically spent on food.

The Consumer Price Index (CPI), which measures the changes in the price level of a basket of consumer goods services, is the key indicator used to track inflation in India. Food items constitute a significant weight in the CPI—nearly 39 percent in the CPI-Combined index—making food inflation a major driver of overall inflation. Thus, any fluctuation in food prices directly influences the CPI, reflecting the economic pressure on consumers, especially Government measures, such as expanding the Public Distribution System (PDS) and implementing minimum support prices for key crops, have been effective in mitigating food inflation to some extent. For example, the PDS provided subsidized grains to 800 million people under the National Food Security Act (NFSA) during the COVID-19 pandemic. Despite these interventions, food inflation remains a critical issue, highlighting the need for structural reforms in agriculture, enhanced supply chain efficiency, and climate-resilient farming practices to stabilize food prices and ensure affordability.

Kerala faces unique challenges in managing food inflation, which has averaged 9.9 percent annually over the past decade, often exceeding the national average of 5.68 percent due to the state's reliance on imported food items and reduced local agricultural productivity. Kerala's well-established Public Distribution System (PDS) has played a critical role in mitigating the impact of food inflation, providing subsidized food grains to over 90 percent of BPL households. During the COVID-19 pandemic, the state's proactive measures, such as distributing free ration kits, helped stabilize food access and prices. However, declining agricultural productivity, inadequate infrastructure investment, and climate variability continue to challenge the state's ability to achieve long-term price stability. Addressing these issues will require a combination of policy reforms, enhanced agricultural investments, and sustainable practices to ensure food security and economic resilience.

5. Methodology

Food inflation, in India increased from 2.13 percent in January 2026 to 3.47 percent in February 2026, poses a significant challenge for low-income groups, forcing them to spend a disproportionate share of their income on food. The study examines how these households

adapt their consumption patterns and evaluates the effectiveness of ration shops in providing affordable essential goods to mitigate the effects of inflation. This study examines the impact of rising food prices on APL and BPL households in Fort Kochi, using both primary and secondary data. Secondary data is gathered from a variety of sources, including research papers, articles, books, and online materials that discuss food inflation and its socio-economic consequences.

Primary data is collected through a survey among 50 households, with 25 APL and 25 BPL households selected using stratified random sampling to ensure balanced representation. The survey is administered to the head of the household or a female member, using a structured questionnaire. This questionnaire covers topics such as the impact of food inflation on consumption patterns, coping strategies, and the role of ration shops. The food items surveyed were categorized into five groups: Grains, pulses, vegetables, fruits, and animal products (eggs, meat, and fish). The data collected will be analyzed using descriptive statistics to compare the effects of food price inflation on APL and BPL households, including their coping mechanisms and reliance on ration shops. Ethical standards, such as informed consent and confidentiality, were followed throughout the research process.

6. Results and Discussion

Kerala faces unique challenges in managing food inflation, which has averaged 7.8 percent annually over the past decade, often exceeding the national average due to the state's reliance on imported food items and reduced local agricultural productivity. The cost of essentials such as rice and vegetables has seen sharp increases, with prices rising by over 4.6 percent during the periods like 2024-2025. Households below the poverty line (BPL), which allocate over 60 percent of their income to food, are disproportionately affected, forcing them to cut back on essential consumption.

The collected data shows that most APL and BPL households have 3-4 members, with a smaller share having larger families. BPL households rely more on daily wage jobs (56%), while APL households depend more on salaried jobs (48%) and self-employment (32%). This indicates greater financial insecurity among BPL households due to unstable income sources.

Table 1: Main sources of Income

Income Sources	APL	Percentage	BPL	Percentage
Salaried Job	12	48	9	36
Daily Wage	5	20	14	56
Self-employment	8	32	2	8

Source: Primary data

Hike in food prices resulted a significant reduction in the consumption of essential food items among APL and BPL households. As seen in the table, 84 percent of BPL households reduced the consumption of pulses, while 64 percent of APL households reduced the consumption of

pulses and vegetables, while 68 percent cut down on cereals. Fruits (56%) and meat (60%) were also affected, with some completely stopping their consumption. Compared to APL households, BPL families made more drastic dietary changes, reflecting their higher vulnerability to food inflation.

Table 2: Impact of food price hike on consumption of APL Households

Food Items	Impacts						Total
	Reduce Consumption		Stop Consumption		No Change in Consumption		
	APL	BPL	APL	BPL	APL	BPL	
Pulses	16(64)	21(84)	2(8)	0(0)	7(28)	4(16)	25
Cereals	17(68)	19(76)	1(4)	0(0)	7(28)	6(24)	25
Vegetables	16(64)	20(80)	1(4)	0(0)	8(32)	5(20)	25
Fruits	14(56)	17(68)	6(24)	4(16)	5(20)	4(16)	25
Egg, meat and Fish	15(60)	15(60)	4(16)	2(8)	6(24)	8(32)	25

Source: Primary data

The below table represents the factors leading to reduced or stopped consumption among APL and BPL households. The primary reason cited by both groups is high prices, with 76 percent of APL households and 84 percent of BPL households reporting it as the main factor. Lower household income affects BPL households (16%) more than APL households (8%). Limited market availability is a factor for APL households (8%) but not for BPL households.

Table 3: Reasons for Reducing or stopping Consumption

Reason	APL	Percentage	BPL	Percentage
High Prices	19	76	21	84
Lower Household Income	2	8	4	16
Limited Availability in Markets	2	8	0	0
Other Reasons	2	8	0	0

Source: Primary data

Food inflation has changed the dietary habits among APL and BPL households. The data reveals that 17 APL households and 16 BPL households reported changes in their dietary habits

due to inflation, while 8 APL and 9 BPL households did not experience any changes. This indicates that inflation has significantly influenced food consumption patterns for both groups, with a slightly higher impact on APL households.

Table 4: Change in Dietary Habits due to Inflation (APL and BPL)

Change in Dietary Habits	APL	BPL
Yes	17	16
NO	8	9

The bar diagram (figure 1) illustrates the income spent on food by APL and BPL households. The majority of households, both APL (36%) and BPL (36%), spend between 50-60 percent of their income on food. However, a significant portion of BPL households (24%) spends 70-80 percent, whereas only 12 percent of APL households fall into this category. This indicates that BPL households allocate a larger proportion of their income to food, reflecting greater financial strain due to food inflation.

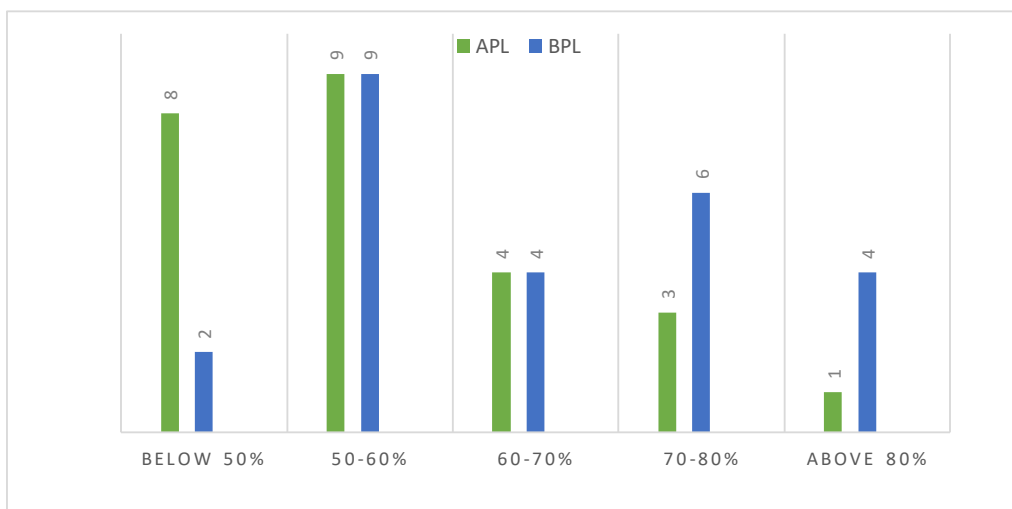


Figure 1: Income Share on Food by APL and BPL Households

The below table shows the major contributors to food expenditure. Vegetables account for the highest share of food expenses for both APL (41.67%) and BPL (39.34%) households, followed by grains, which constitute 31.25 percent of APL and 31.15 percent of BPL expenditures. Protein-rich foods make up a smaller portion of total food expenses, reflecting possible cutbacks on costly nutritious items due to rising food prices. These findings suggest that inflation has forced households, especially those in the BPL category, to prioritize stable foods over protein-rich diets.

Table 5: Major Contributors to Food Expenditure

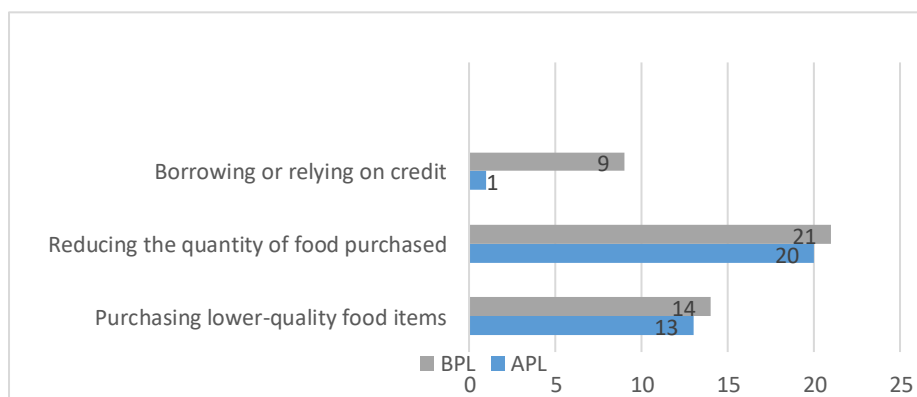
Food category	APL	Percentage	BPL	Percentage

Vegetables	20	41.67	24	39.34
Grains	15	31.25	19	31.15
Protein-rich foods (e.g., meat, eggs)	7	14.58	9	14.75
Fruits	4	8.33	7	11.48
Processed foods (e.g., packaged snacks)	2	4.17	2	3.28

Source: Primary data

The bar diagram (Figure 2) shows the coping strategies adopted by APL and BPL households during rising food prices. The most common strategy for both groups is reducing the quantity of food purchased, with 84 percent of BPL and 80 percent of APL households following this approach. Purchasing lower-quality food is another key strategy, affecting 56 percent of BPL and 52 percent of APL households. A notable difference is observed in borrowing or relying on credit, where 36 percent of BPL households resort to this compared to only 4 percent of APL households. This indicates that BPL households face greater financial distress and are more dependent on credit for food.

Figure 2: Coping Strategies adopted by APL and BPL Households during food price hike



Source: Primary data

Table 6: Rising Reliance on Ration Shops among APL and BPL Households

Increased Dependence on Ration Shops	APL	BPL
Yes	16(64)	17(68)
NO	9(36)	8(32)

Source: Primary data

The table illustrates the rising reliance on ration shops among APL and BPL households. The data shows that 64 percent of APL households and 68 percent of BPL households reported

increased dependence on ration shops, indicating that food inflation has driven both groups to seek subsidized food supplies. However, a significant proportion, 36 percent of APL and 32 percent of BPL households, reported no increase in their reliance on ration shops, suggesting that some households either have alternative sources of food or do not find ration shops sufficient. This highlights the critical role of ration shops in ensuring food security, particularly for economically vulnerable groups.

Table 7: Challenges faced with Ration Shops

Issues	APL	Percent	BPL	Percent
Low-quality food item	21	39.62	22	37.93
Items not always available	11	20.75	13	22.41
Insufficient quantity	10	18.87	10	17.24
Long waiting time	6	11.32	7	12.07
Corruption or mismanagement	5	9.43	6	10.34

Source: Primary data

The above table represents the challenges faced by APL and BPL households at ration shops. The most common issue reported by both groups is the low quality of food items, affecting around 39.62 percent of APL and 37.93 percent of BPL respondents. Other major concerns include the unavailability of items, cited by 20.75 percent of APL and 22.41 percent of BPL households, and insufficient quantity, which affects nearly 19 percent of both groups. Long waiting times and corruption or mismanagement were also reported, though by a smaller percentage. These findings highlight the persistent inefficiencies in the ration distribution system, impacting both APL and BPL households.

7. Conclusion

The study highlights the severe impact of food inflation on APL and BPL households in Fort Kochi, with BPL families being disproportionately affected due to their higher dependence on food expenditures. Rising prices have forced households to reduce consumption, switch to lower-quality food, and increase reliance on ration shops, which often face supply and quality issues. The growing financial strain has widened socio-economic disparities, making food security a critical concern.

Addressing these challenges requires a multi-faceted approach, including strengthening the public distribution system, improving agricultural productivity, enhancing financial support programs, and ensuring better market regulation. Effective policy interventions can help to mitigate the effects of inflation, stabilize food prices, and protect vulnerable households from economic distress. Ensuring food security and affordability is essential for fostering economic resilience and social well-being in Fort Kochi.

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