

ACCESS TO FOOD



Access to Food

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This eSSays dossier has been conceptualized, organized and guest edited by Shambhu Ghatak. We are grateful to him for readily agreeing to undertake this and for persuading the many eminent and busy scholars to contribute to the dossier and for reviewing the essays.

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Editor's note

eSocialSciences was launched with the intention of bridging the knowledge gap in society so that the growing body of information and knowledge accumulating in the corridors of academia and elsewhere may become accessible to all.

This series of eSSays is an attempt to fill that gap and make social and economic research impacting policy available to enhance public debate in this time of change. We also hope that this will constitute useful reference to policy makers, journalists and 'aam aadmi' as well.

These dossiers are guest edited by eminent scholars working on the issue and include a range of informative and thought provoking contributions. We have tried to include data and infographics that may be useful and have compiled a reading list for each. We hope you will find them useful.

The dossier on Access to Food is guest edited by Shambhu Ghatak, Associate Fellow with the Inclusive Media for Change Project based at the Centre for the Study of Developing Societies (CSDS), Delhi. We are grateful to him for drawing together a number of informative and engaging essays from accomplished scholars in the field. We also thank the authors for accepting the commission readily and sending the essays in time.

Padma Prakash

Editor

Clear and Present Challenges before 21st Century Bharat

Shambhu Ghatak

Hunger continues to exist in India despite the commendable growth in foodgrain production. The numbers of malnourished, undernourished and stunted children in India form a substantial proportion of the world total. Increasingly land earlier under foodgrains is being diverted to other crops and uses. Agriculture is becoming unsustainable at many levels. There are many challenges to be faced in an endeavour to ensure equitable access to food for all.

During the launching ceremony of the Oxfam-IDS Sussex Bulletin entitled *Standing on the Threshold: Food Justice in India* at the Constitution Club on July 18, 2012, the then Minister of State (Independent Charge) in the Ministry of Consumer Affairs, Food and Public Distribution Prof. KV Thomas talked about the importance of Green Revolution in making India self-sufficient in foodgrain production. It is true that foodgrain production has increased by five folds from 50.8 million tonnes in 1950-51 to 257.4 million tonnes in 2011-12, as shown by the Economic Survey 2012-13. Yet the country is struggling hard to fight the scourge of hunger and malnutrition despite running programmes like the Integrated Child Development Services (ICDS) Scheme, Mid Day Meal Scheme (MDMS), and Public Distribution System (PDS) etc. There are many who doubt that India can improve food production without making its agriculture sustainable.

The United Nations has estimated that global population will rise by 2.3 billion or 34 per cent from the present time to reach 9.1 billion by 2050. Most of the increase in population will be contributed by the developing world, “with the greatest relative increase in the least developed countries (120 per cent)”. Due to acceleration in rural migration, a significant majority of the population will be living in urban areas (compared with about 50 per cent today), and they will be dependent on purchased instead of home-produced food. The FAO has estimated that agricultural production needs to be raised by 60 per cent globally (and nearly 77 per cent in developing countries) by 2050 so as to cope with a larger, more urban and wealthier population, and to enhance average food consumption to 3070 kcal per person per day. Since farmland area is expected to expand only slightly in the coming decade, additional production will need to come from increased productivity. The FAO has predicted that from the 2005-07 base-

periods to 2050 only 10 per cent of the global growth in crop production (21 per cent in developing countries) is expected to come from land expansion, while the remainder would be contributed by higher yields and increased cropping intensity. Arable land is projected to expand by 69 million hectares (less than 5 per cent), with an expansion of about 107 million hectares in developing countries being counterbalanced by a decline of 38 million hectares in developed countries. Productivity has to be improved to contain food prices in the presence of rising resource constraints (OECD-FAO, 2012). It is in this context that sustainable agriculture becomes important in the medium to long-run.

Hunger Ranking

The Global Hunger Index 2013 report *The Challenge of Hunger: Building Resilience to achieve Food and Nutrition Security* informs that India has improved its GHI score from 32.6 in 1990 to 21.3 in 2013, and presently ranks 63rd. India's 2012 GHI score was 22.9 (rank: 65). The country presently lags far behind many of its neighbours such as China (GHI: 5.5; Rank: 6), Sri Lanka (GHI: 15.6; Rank: 43), Nepal (GHI: 17.3; Rank: 49), Pakistan (GHI: 19.3; Rank: 57) and Bangladesh (GHI: 19.4; Rank: 58).

India's proportion of undernourished in the population declined from 26.9 per cent during 1990-1992 to 17.5 per cent during 2010-12. Its proportion of underweight children under five years declined from 59.5 per cent during 1988-1992 to 40.2 per cent during 2008-12. The proportion of children dying before the age of five declined from 11.4 per cent in 1990 to 6.1 per cent in 2011

Table 1: Data Underlying Calculation of GHI scores 1990, 1995, 2000, 2005 and 2013

Proportion of undernourished in the population (%)				
1990-92	1994-96	1999-2001	2004-06	2010-12
26.9	25.2	21.3	20.9	17.5
Prevalence of underweight in children under five years (%)				
1988-92	1993-97	1998-2002	2003-07	2008-12
59.5	45.9	44.4	43.5	40.2
Proportion of children dying before the age of five				
1990	1995	2000	2005	2011
11.4	10.1	8.8	7.5	6.1
Global Hunger Index score				
1990 (with data from 1988-92)	1995 (with data from 1993-97)	2000 (with data from 1998-02)	2005 (with data from 2003-07)	2013 (with data from 2008-12)
32.6	27.1	24.8	24.0	21.3

Source: Global Hunger Index 2013 report *The Challenge of Hunger: Building Resilience to achieve Food and Nutrition Security*

The GHI 2013 report finds that most of the countries with alarming GHI scores are in Africa south of the Sahara with the exception of India, Haiti, Timor-Leste and Yemen. As per the *Progress for Children: A Report Card on Adolescents* (UNICEF-2012), more than half of Indian girls aged 15–19 are anaemic. Nearly, 39 per cent of Indian adolescent girls are mildly anaemic, 15 per cent are moderately anaemic, and 2 per cent are severely anaemic. Nearly, 47 per cent of adolescent girls aged 15–19 in India are underweight, with a body mass index (BMI) of less than 18.5.

The 2013 UNICEF report *Improving Child Nutrition* points out that in 2011, the number of stunted children in India was 6.17 crore approximately, and its share in the world total of stunted children was 37.9 per cent. In Maharashtra, the wealthiest state in India, 39 per cent of children under age 2 were stunted in 2005–2006. However, by 2012, according to a statewide nutrition survey—Comprehensive Nutrition Survey in Maharashtra—the prevalence of stunting had dropped to 23 per cent.

The FAO report *The State of Food and Agriculture 2013-Food Systems for Better Nutrition* mentions a study by Headey (2011), which shows that agricultural productivity growth was associated with reductions in the prevalence of child malnutrition in most countries, including India, during the period of rapid adoption of Green Revolution technologies and up until the early 1990s. Since 1992, however, agricultural growth has not been associated with improved child nutrition in many Indian states. By using Deaton and Drèze (2009) and Headey (2011), the same FAO report states that various explanations have been offered for the persistence of high levels of undernutrition in India. These include economic inequality, gender inequality, poor hygiene, lack of access to clean water and other factors beyond the performance of the agriculture sector. However, the phenomenon of undernutrition remains largely unexplained and additional research is needed.

The newly released *Statistical Year Book, India 2014* while presenting India's MDG score card, tells that the country will completely fail to reach the Target 2 of the MDG-1 i.e. halving, between 1990 & 2015, the proportion of people who suffer from hunger. All the available data from National Family Health Survey-NFHS (various rounds) suggests that India is going slow in reducing malnutrition among children.

The 2012 *Global Hunger Index (GHI)* report and the *Nutrition Barometer report (2012)* previously had criticized the Indian Government for not monitoring the condition of malnutrition and hunger since the time the last National Family Health Survey-3 (NFHS-3) got published in 2005-06. However, Annual Health Survey (AHS) done under the aegis of Ministry of Health and Family Welfare in collaboration with the Registrar General of India (RGI) is in place of NFHS to cover all the districts in nine states of India so as to assess health and nutrition status of Indian population. The District Level Household and Facility Survey (DLHS) will be undertaken in rest of the states/ UTs, where AHS is not being done.

Combating Undernourishment

A new report by the National Academy of Agricultural Sciences (NAAS) reveals that despite the nutritional value of millets, otherwise known as coarse cereals (barring some varieties)¹, there has been a drastic reduction in the area under its cultivation from 36.34 million hectares in 1955-56 to 18.6 million hectares in 2011-12 thanks to the wrong agricultural and price policies adopted by the Government. Based on previous National Nutrition Monitoring Bureau (NNMB) surveys, the report entitled *Role of Millets in Nutritional Security of India* estimates that sharp reduction in the intake of iron and calcium since mid-1990s is due to the declining trends in the production and consumption of millets.

As per the NAAS report, an entire gamut of factors are responsible for decline in the area under cultivation of millets such as low remuneration as compared to other food crops, lack of input subsidies and price incentives, subsidized supply of fine cereals through Public Distribution System (PDS), and change in consumer preference (difficulty in processing, low shelf-life of flour and low social status attached to millets).

It is surprising that India, which will completely fail to reach the Target 2 of the MDG-1, has been unable to reap the benefits of millets, which are otherwise known as nutri-grains since they are rich in micronutrients like minerals and B-complex vitamins as well as health promoting phyto-chemicals. The NAAS report gives the nutritional value of various types of millet such as pearl millet (bajra), which has the highest content of macronutrients, and micronutrients such as iron, zinc, Mg, P, folic acid and riboflavin. The reader of this report is informed that finger millet (ragi) is an extraordinary source of calcium.

Responding to the urging of social activists, the National Food Security Bill has included millets in the basket of foodgrains to be given at subsidised rates so as to fight malnutrition among children and women from income poor background.

Sustainable Agriculture

Water Shortage: Since nearly 70 per cent of irrigation is dependent on groundwater, declining water level is a major impediment concerning agricultural production in the country. *The State of Indian Agriculture 2012-13* report, informs that a decline in water level is noticed mostly in northern, north western and eastern parts of India in the states of Uttar Pradesh, Rajasthan, Bihar, Jharkhand, West Bengal, Punjab and Haryana. Decline in water level has also been observed in parts of Tamil Nadu and Andhra Pradesh. Significant decline in water level of more than 2m is seen in parts of Rajasthan, Haryana, Punjab, and western Uttar Pradesh, western Andhra Pradesh and North West part of Tamil Nadu. Out of 5842 numbers of assessed administrative units (Blocks/ Taluks/ Mandals/ Districts), 802 units are Over-exploited, 169 units are Critical, 523 units are Semi-critical.

There are numerous studies that indicate over-exploitation of groundwater. A study by Shah (2009), mentioned in the report *Water in India: Situation and Prospects (2013)*, shows that every fourth cultivator household has a tubewell; and two out of the remaining three purchased irrigation services are supplied by tube well owners. The growing demand for water along with unreliable public supply schemes has led to an increasing dependence on groundwater sources whereby it is being extracted not only through the municipal water utilities but also by private owners through borewells and pumps. The Twelfth Five Year Plan (Volume 1) document, therefore, has suggested a participatory approach to sustainable management of groundwater based on a new programme of aquifer mapping.

Table 2: Source of Irrigation in India (in '000 hectares)

Year	Canals			Source of Irrigation				Net Irrigated Area
	Govt.	Private	Total	Tanks	Tube-wells	Other Wells	Other Sources	
2001-02	14993	209	15202	2196	23245	11952	4342	56936
2002-03	13867	206	14073	1811	25627	8728	3659	53897
2003-04	14251	206	14458	1916	26691	9694	4299	57058
2004-05	14553	214	14766	1734	25235	9956	7538	59230
2005-06	16490	227	16718	2083	26026	10045	5966	60838
2006-07(P)	16802	224	17027	2078	26942	10699	5999	62745
2007-08(P)	16531	217	16748	1973	28497	9865	6107	63190
2008-09(P)	16686	195	16881	1981	28367	10390	6020	63639
2009-10(P)	14789	188	14978	1587	28368	9993	7013	61939
2010-11(P)	15496	171	15667	2004	28550	10510	6871	63601

Note: P means Provisional

Source: Directorate of Economics & Statistics, Ministry of Agriculture

Based on data from the *Statistical Year Book 2014* (sourced actually from Directorate of Economics and Statistics, Ministry of Agriculture), it can be seen that 40.8 per cent of India's net irrigated area in 2001-02 was dependent on tubewells for irrigation, which increased to 44.9 per cent in 2010-11 (See Table 2).

The State of Indian Agriculture 2011-12 report provides a scary estimate that by 2050 about 22 per cent of the geographic area and 17 per cent of the population will be under absolute water scarcity in India. The per capita availability of water, which was about 1704 cubic metres in 2010, is projected to decline to 1235 cubic metres in 2050.

Soil Erosion and Land Degradation: It has been mentioned by the *State of Indian Agriculture 2011-12* report that about 120 million hectare land is degraded in India,

and about 5334 million tonnes of soil is lost annually through soil erosion. Out of 120 million hectare degraded area, water erosion accounts for 68 per cent, chemical degradation 21 per cent, wind erosion 10 per cent and the rest physical degradation. As per the State of Environment 2009 report, excessive soil erosion with consequent high rate of sedimentation in the reservoirs and decreased fertility has created serious environmental problems with disastrous economic consequences.

The State of Indian Agriculture 2012-13, by using estimates provided by Indian Council of Agricultural Research (2010), shows that out of the total geographical area of 328.73 million hectare, about 120.40 million hectare is affected by various kind of land degradation resulting in annual soil loss of about 5.3 billion tonnes through erosion. This includes water and wind erosion (94.87 million hectare), water logging (0.91 million hectare), soil alkalinity/ sodicity (3.71 million hectare), soil acidity (17.93 million hectare), soil salinity (2.73 million hectare) and mining and industrial waste (0.26 million hectare). Besides, water and wind erosions are widespread across the country. Nearly 5.3 billion tonnes of soil gets eroded every year. Of the soil so eroded, 29 per cent is permanently lost to sea, 10 per cent is deposited in reservoirs reducing their storage capacity and rest 61 per cent gets shifted from one place to another.

Another estimate by Directorate of Economics & Statistics, Ministry of Agriculture based on the latest Land Use Statistics data (2010-11) shows that the total arable land in the country is 182.0 million hectares. As per the information provided by the Indian Council of Agricultural Research (ICAR) around 104 million hectares arable land of the country is subjected to land degradation ².

The State of Environment 2009 report finds that in India soil pollution from heavy metals due to improper disposal of industrial effluents, along with excessive use of pesticides and mismanagement of domestic and municipal wastes, is a matter of concern. The *Twelfth Five Year Plan (Volume 1)* document has noted that subsidies given by the Centre and states actually led to excessive use of nitrogenous fertilizers and over-drawing of water, thus, affecting sustainability of soil and water ecosystem.

It has been alleged that due to the implementation of the Nutrient Based Subsidy (NBS) Policy on decontrolled Phosphatic & Potassic fertiliser with effect from April 1, 2010, there has been distortion in the application ratio of N:P:K, which is ideally 4:2:1. The *Twelfth Five Year Plan (Volume 2)* finds that the NBS roll-out was seriously flawed because urea was kept out of its ambit. Urea prices remain controlled with only a 10 per cent rise at the time of adoption of the NBS in 2010. However, in the meanwhile prices of decontrolled products doubled.

Many studies have found that farm soil in many Indian states is deficient in micro-nutrients like zinc, boron and sulphur apart from known macronutrients such as nitrogen and phosphorus (Wani et al, 2009).

Agricultural Land: Diversion and Availability

During the period 1950-51 to 2009-10, the percentage of land used for non agricultural purposes over reporting area has increased from 3.3 per cent to 8.6 per cent, (*State of Indian Agriculture 2012-13*). During the last decade (1999-2000 to 2009-10), area under non-agricultural uses has increased by 2.57 million hectare i.e. by 11 per cent. The states where proportion of land under non agricultural uses is higher than all India average (%) are West Bengal, Tamil Nadu, Bihar (including Jharkhand), Sikkim, Assam, Tripura, Goa, Andhra Pradesh, Kerala, UP, Haryana and UTs like Chandigarh, Delhi, Pudduchery, and Daman & Diu. The per capita availability of land has declined from 0.89 hectare in 1951 to 0.32 hectare in 2001, and is projected to further move down to 0.20 hectare in 2035. As far as agricultural land is concerned, per capita availability of land has declined from 0.5 hectare in 1951 to 0.18 hectare in 2001 and is likely to decline further. The average land holding size, which was about 1.33 hectare in 2000-01, has declined to 1.16 hectare during 2010-11.

According to the *Standing Committee Report on the Land Acquisition (Amendment) Bill 2007*, total cultivable land in India has decreased from 185.09 million hectare in 1980-81 to 182.57 million hectare in 2005-06, and total wasteland has decreased from 16.74 million hectare in 1980-81 to 13.16 million hectare in 2005-06.

Data from the *Statistical Year Book 2014* (sourced originally from Directorate of Economics and Statistics, Ministry of Agriculture) shows that India's permanent pastures and other grazing lands has declined from 10.53 million hectares in 2001-02 to 10.3 million hectares in 2010-11. Current fallow land has declined from 15.34 million hectares in 2001-02 to 14.27 million hectares in 2010-11 (See Table 3).

Table 3: Pattern for Land Utilization ('000 hectares)

Years	Classification of reported area										
	Reporting area for land utilization statistics (Col. 3 to 10)	Forests	Not available for cultivation	Permanent pastures & other grazing lands	Land under misc. tree crops & groves (not included in net sown area)	Culturable waste land	Fallow lands other than current fallows	Current Fallows	Net Sown Area	Total Cropped Area	Area sown more than once
2001-02	305127	69720	41328	10528	3442	13520	10513	15343	140734	188014	47280
2002-03	305357	69821	41636	10450	3431	13651	11966	22459	131943	173889	41947
2003-04	305566	69968	41982	10484	3381	13241	11313	14489	140708	189661	48953
2004-05	305587	69960	42229	10452	3362	13272	10878	14792	140642	191103	50461
2005-06	305447	69994	42323	10444	3391	13225	10696	14213	141162	192737	51575
2006-07(P)	305650	70025	42731	10418	3351	13274	10516	15512	139823	192381	52558
2007-08(P)	305667	69965	42901	10362	3400	13044	10333	14646	141016	195223	54207
2008-09(P)	305843	69978	43061	10344	3343	12735	10290	14192	141899	195314	53414
2009-10(P)	305834	69988	43323	10339	3214	12952	10833	16008	139177	188991	49814
2010-11(P)	305903	70006	43564	10301	3207	12657	10321	14267	141579	198969	57390

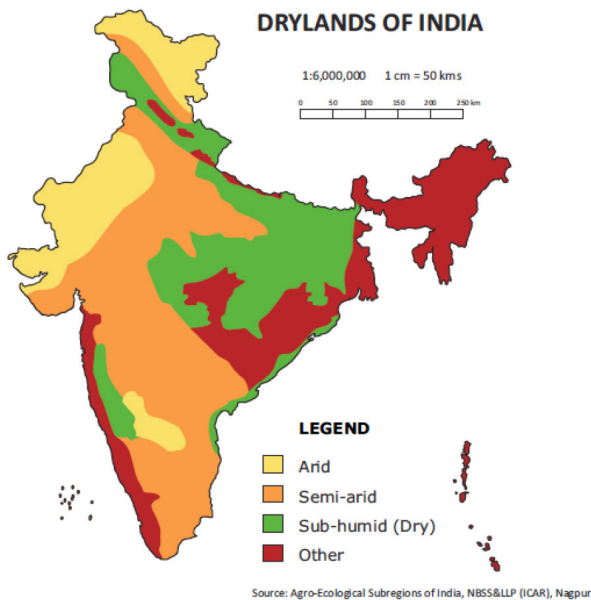
Note: P means Provisional

Source: Directorate of Economics & Statistics, Ministry of Agriculture

Dry Land Farming

Since the mainstay of majority of the rural population is agriculture and allied activities including livestock, according to some experts, the cure to reducing poverty lies in developing and promoting dry land farming. According to the report entitled *Elucidation of the 4th National Report submitted to UNCCD Secretariat, 2010*, by the Ministry of Environment and Forests, India has a total geographical area of 328.2 million hectare with dry lands covering 228.3 million hectare (i.e. 69.6 per cent) of the total land area. Rain fed agriculture supports 60 per cent of livestock population and supplies roughly 40 per cent of India's food demand of roughly 1.2 billion people. It plays a key role in ensuring food and livelihood security of the rural poor. It is often associated with high risk farming due to low and erratic rainfall. Droughts occur frequently in the areas affected by desertification. As per the *State of Indian Agriculture 2011-12*, majority of the drought prone areas lie in the arid (19.6 per cent), semi-arid (37 per cent) and sub-humid (21 per cent) areas of the country that comprise 77.6 per cent of its total land area of 329 million hectare

Figure 1: Dry Land Areas in India



Source: Elucidation of the 4th National Report submitted to UNCCD Secretariat, 2010

Since rain fed agriculture done in alluvial, black and red soils is susceptible to water erosion, there is a need for soil and water conservation measures. Leading agricultural

R&D institution—International Crops Research Institute for the Semi-Arid Tropics (ICRISAT) in partnership with Indian Council for Agricultural Research (ICAR) and various state universities is engaged in developing drought tolerant, pest resistant and climate change ready crops for dryland farming regions.

Table 4: Drought Tolerant Varieties of Field Crops

Variety	Traits	Zone
Cereal Varieties		
Rice Sahabhazi Dhan	Drought tolerance	Upland rice areas
Wheat VL 892 PBW 527 HI 1531, HI 1500, HI 8627 HD 2888	Medium Fertility and restricted irrigation condition Drought tolerance Drought tolerance Drought tolerance	Hills of Himachal Pradesh and Uttarakhand North west plains Central Zone Eastern India
Maize Pusa hybrid Makka 1 HM 4 Pusa hybrid Makka 5	Drought tolerance Drought tolerance Drought tolerance	Rajasthan, Gujarat, Madhya Pradesh Punjab, Haryana, Uttar Pradesh, Maharashtra, Tamil Nadu and Goa Whole of India
Sorghum CSH 19 R, CSV 18 CSH 15 R	Drought tolerance Drought tolerance	All Rabi Sorghum Area Maharashtra, Karnataka, Andhra Pradesh and Tamil Nadu
Pearl Millet HHB 67	Drought tolerance	All dry areas of Western Rajasthan and Gujarat
Barley RD 2660, K 603	Drought tolerance	North west plains region
Pulses		
Chickpea RSG 14, RSG 88 COI, ICCV 10 Vijay, Vikas	Drought tolerance Drought tolerance Drought tolerance	North west plain Zone Southern Zone Central Zone
Mothbean CZM 1, CZM 2, CZM 3	Drought tolerance	All India
Oilseeds		
Soyabean NRC-7, JS 71-05	Pod shattering and drought tolerance	All soyabean growing zones
Groundnut Ajeya, Girmal 1, TAG-24 G, TG 37 A, ICGS 1	Drought tolerance Drought tolerance	Central and South Zone Northern Plain

Commercial Crops		
Cotton LRA 5166 KC 3	Tolerance to drought Tolerance to drought	Central Zone South Zone
Sugarcane Co 94008 (Shyama) Co 98014 (Karan-1) CoLk 94184 (Birendra)	Tolerance to drought and salinity Tolerance to drought, water-logging Tolerance to drought, water-logging with good rationing	Peninsular Zone North West Zone North Central Zone
Variety/Hybrid		
Jute JBO 1 (Sudhangsu)	Drought tolerance	Tossa jute belt of West Bengal, Assam, Bihar and Odisha

Source: National Bureau of Soil Survey and Land Use Planning (ICAR) Nagpur, 2009

The Economic Survey 2012-13 reports that the Rainfed Area Development Programme (RADP) was launched by the Government as a pilot scheme under the Rashtriya Krishi Vikas Yojana (RKVY), focusing on small and marginal farmers and farming systems. It has adopted a holistic ‘end-to-end approach’ covering integrated farming, on-farm water management, storage, marketing, and value addition of farm produce in order to enhance farmers’ income in rainfed areas. During 2012-13, the RADP was implemented in 22 states and during the Twelfth Plan; it will be substantially upscaled as a programme component under the National Mission for Sustainable Agriculture (NMSA). NMSA is one of the eight Missions under National Action Plan on Climate Change (NAPCC), and seeks to transform Indian agriculture into a climate resilient production system through suitable adaptation and mitigation measures in domains of both crops and animal husbandry.

Efforts required in dryland areas include: improving in-situ moisture conservation through ground water recharge; adopting dryland farming approach-raised bed, ridge furrow, zero tillage, mulching; convergence with various watershed development programmes; diversification towards livestock, horticulture, silviculture, fodder production; integrating farming systems with livestock and fisheries etc.

Watershed Development as a Solution

The State of Indian Agriculture 2012-13 report informs that various Watershed Development Programmes (WDPs) are being implemented by the Ministry of Agriculture and Ministry of Rural Development for development of degraded lands. Some of these programmes are: National Watershed Development Project for Rainfed Areas (NWDPR), Soil Conservation in the Catchments of River Valley Project & Flood Prone River (RVP & FPR), Reclamation and Development of Alkali & Acid Soils

(RADAS), Watershed Development Project in Shifting Cultivation Areas (WDPSCA) and Integrated Watershed Management Programme (IWMP). It is informed that under these WDPs, since inception till the end of Eleventh Five Year Plan, an area of about 58 million hectare has been developed.

A World Resources Institute working paper written by Gray and Srinidhi (2013) finds that the early WDPs since the 1970s administered by the Ministry of Rural Development (MoRD), like the Drought Prone Areas Programme (DPAP), the Desert Development Programme (DDP), and the Integrated Wasteland Development Programme (IWDP), focused on technical interventions so as to promote soil and water conservation measures in drought-prone areas and on installing water-harvesting structures. Gray and Srinidhi (2013) show that watershed development positively impacts food security and water management.

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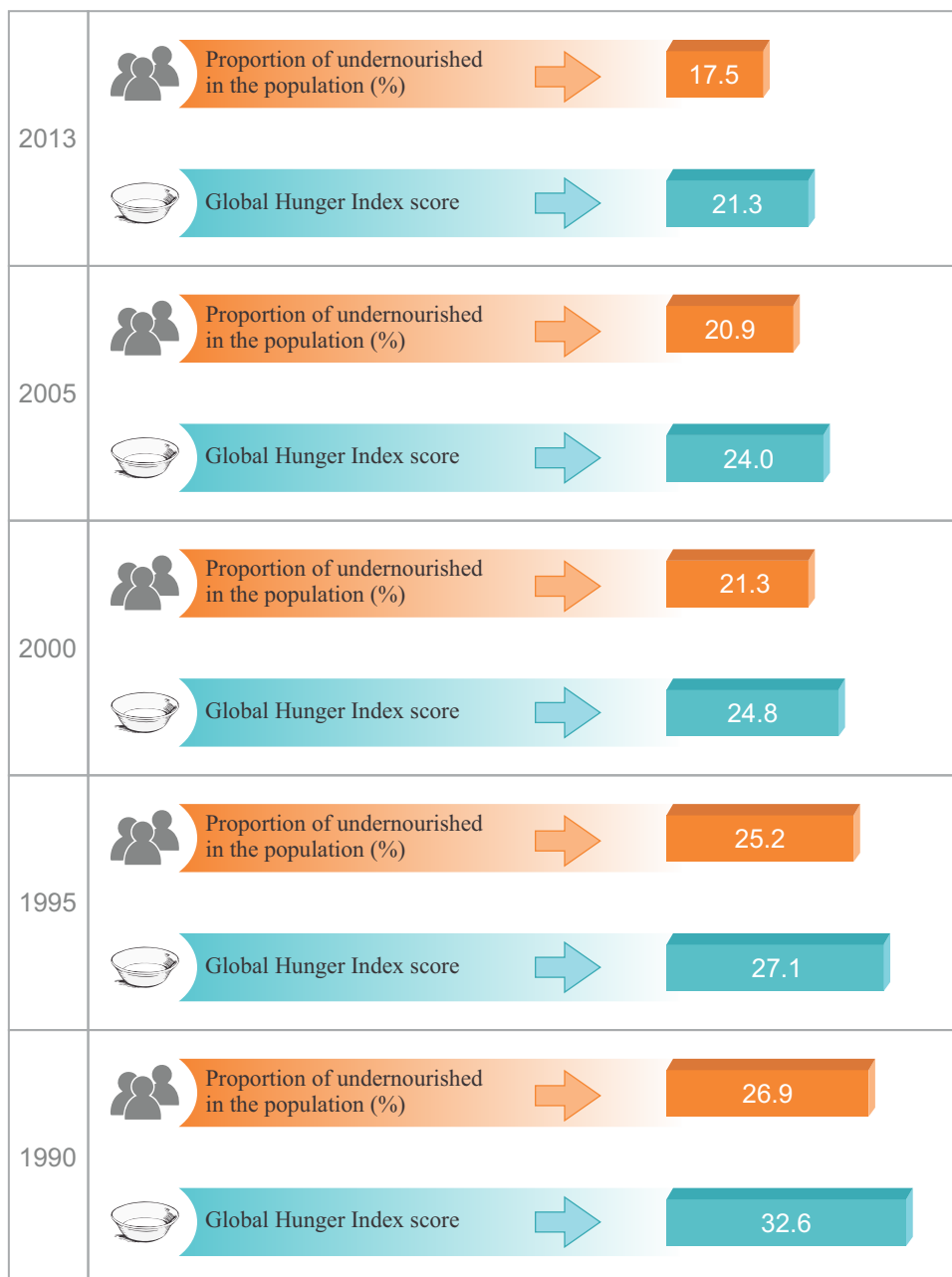
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Underfed Population in India and GHI Scores



Note: A lower GHI score implies better performance hence with a decrease in undernourished population.

Source: Global Hunger Index 2013 report, The Challenges of Hunger: Building Resilience to achieve Food and Nutrition Security and Data based on NSSO 66th round.

Demanding a Comprehensive Food Security Legislation

Dipa Sinha

The Right to Food (RTF) campaign which has been mobilising and advocating on hunger, malnutrition and food related issues in the country for the last ten years has its origins in a Public Interest Litigation (PIL) filed in the Supreme Court in April 2001 by People's Union for Civil Liberties, Rajasthan. This Case is now one of the longest running mandamus in the world. The petition demanded that the country's gigantic food stocks should be used without delay to protect people from hunger and starvation. The RTF campaign played a key role in mobilising demand for a comprehensive legislation. While it succeeded in broadening the debate to some extent, the National Food Security Act is still only a limited response to the prevailing situation of food insecurity in the country. The experience of the RTF campaign can be seen as a case study of the role of civil society mobilisation in the legislative process. This essay briefly traces the way in which the campaign engaged with the process of legislation and its content. What will be the role such mobilisation would have in ensuring implementation of the Act and how it takes forward its unmet demands vis-a-vis the legislation?

The National Food Security Act (NFSA) was passed unanimously by both houses of the Indian Parliament in September 2013. This significant legislation was brought in after four years of debate among policy makers, in the media and the civil society. During this period, the Bill went through many changes and what finally came into being is very different from what the Government initially started with. Along with factors such as the context of high food price inflation, the perceived value of the NREGA in bringing the Congress party and UPA back into power, the central place given to cheap foodgrains through the PDS in a number of states and Assembly elections in 2008, the content of the Bill was also influenced by civil society action, especially by the Right to Food campaign. In this paper, we briefly trace the way in which the Bill was modified at various stages and the role played by the Right to Food campaign (RTFC).

“The Manifesto of the Congress Party for the General Elections in 2009 States”:

Along the lines of NREGA, we will enact a National Food Security Act: The Indian National Congress pledges to enact a Right to Food law that guarantees access to sufficient food for all people, particularly the most vulnerable sections of society.

The Indian National Congress pledges that every family living below the poverty line either in rural or urban areas will be entitled, by law, to 25 kgs of rice or wheat per month at Rs. 3 per kg. Subsidised community kitchens will be set up in all cities for homeless people and migrants with the support of the Central government.

It is this election promise that the UPA government tried to fulfil through the National Food Security Act (NFSA).

The Draft

The NFSA was also mentioned as one of the priority areas for the Government by the President in her inaugural speech in June 2009 (<http://pratibhapatil.nic.in/>). An Empowered Group of Ministers (EGoM) was formed for the purpose of drafting the Bill and seeing it through. The first draft put forward by the EGoM, for discussion in the Cabinet, was a minimalist one, which proposed an entitlement of 25 kgs of food grains at Rs. 3 per kg for all BPL households.

The draft was widely criticised. The Right to Food campaign argued that this was in violation of previous Supreme Court orders that every BPL household is entitled to 35 kgs per household per month. Further, it was pointed out that the entire system of targeting in PDS, based on the BPL criteria, was flawed resulting in large scale errors. Moreover, food security cannot be reduced to a single entitlement of a small amount of foodgrains to a targeted section of the population (See www.righttofoodindia.org for various versions of the NFSB and the RTFC's response to each.)

Internationally, the definition of food security now includes nutrition security. Further, food security is not just about food distribution but also about food production, availability, access and absorption. Therefore the RTFC demanded for a comprehensive food security legislation that built on a framework of the multiple legal entitlements guaranteed by the Supreme Court of India already in relation to the PDS, Antyodaya Anna Yojana (AAY) for vulnerable sections of society, supplementary nutrition for infants and young children under ICDS, maternity entitlements under NMBS and Janani Suraksha Yojana (JSY), school mid-day meals, old age pensions and addressing needs of the homeless and urban poor, street children, single women and infants under six months.

The Supreme Court case on the Right to Food, PUCL vs. Union of India is still ongoing and any legislation would be expected to be an improvement over what the Court had already directed through interim orders and not something less than that. Further the campaign also demanded that the Act must create an enabling environment for promoting food production by prioritising people's control over productive resources including land, forests and water and that no diversion of these resources must be allowed as large sections of the people of this country only survive on access to these natural resources.

National Advisory Council (NAC)’s Interventions

The task of redrafting of the food security bill was then given to the National Advisory Council (NAC) under the Chairpersonship of Sonia Gandhi. The NAC had played a critical role in the drafting of the NREGA and RTI; and was expected to do the same with the food security bill as well. The NAC conducted a number of consultations with different experts and government departments, including some members of the Right to Food campaign and made its recommendations regarding the Bill, which was then forwarded to the Food Ministry in 2011. The Food Ministry then fine-tuned the NAC recommendations and placed a NFSB in Parliament in December 2011. The Bill was then forwarded to the Standing Committee of Parliament for its report. Following the Standing Committee report a little over a year later (in January 2013), the Government made further changes to the NFSB, which was finally passed in September 2013.

The NAC widened the ambit of the Bill from the single entitlement framework to include a life cycle approach that looked at food security needs from birth to old age. However, the main attention even within the NAC was in relation to the PDS. The debates in the media were also largely restricted to discussions around the PDS. Even with regard to the PDS, it was seen that the government restricted its thinking within the framework of dividing the population into APL and BPL. Experience with a targeted PDS has shown that there are large-scale exclusion errors in the targeted system with the deserving poor being left out of the PDS net. Identification of the poor still remains a problem. So does the vulnerability of the huge proportion of people who are living at the margins, just above the poverty line. In the Indian context of very low incomes, widespread poverty and food insecurity, it was argued that universalisation is required for the PDS. Even the NAC in its initial recommendations stated that “time-bound universalisation of foodgrain entitlements across the country may be desirable.” However, the NAC in its final recommendations moved away from this vision, while proposing to divide the population into three groups – ‘priority’ (based on Tendulkar committee’s estimates); ‘general’ and the ‘excluded’ (top 10 per cent in rural areas and top 50 per cent in urban areas).

Based on Tendulkar estimates (plus accounting for 10 per cent transient poor), the NAC proposed to include 46 per cent of rural population and 28 per cent of urban population to get an entitlement of 35 kgs (7 kgs per head) per month at Rs. 3 per kg for rice, Rs. 2 per kg for wheat and Rs. 1 per kg for millets. This would result in about 9.8 crore households being included under this category. Further, the prices which they proposed were lower than the current prices for the BPL category. Finally, those in the ‘general’ category were guaranteed 20kgs per month as an entitlement at prices not more than 50 per cent of the MSP (which is close to current APL prices).

The Right to Food campaign was disappointed with the NAC recommendations and felt that this was a missed opportunity of providing a radical vision for food security in

the country. The central problem of identification of poor households remained in the NAC draft as well. It was felt that having a targeted PDS in legislation would make it even more difficult to fight the division of the population into categories of those below the poverty line and those above (even though the groups had been called 'general' and 'priority' the idea essentially remained the same).

It seemed as if the NAC's primary concerns were of unavailability of foodgrains and resources required for a universal PDS. In fact, an Expert Committee set up by the Prime Minister (Rangarajan Committee)¹ to examine the NAC proposals, had argued that even the NAC's framework was not feasible because of problems of procurement of foodgrains. They, therefore, suggested that the legal entitlement be restricted only to those below the poverty line, while foodgrains being made available to the rest based on availability.

In making this argument, it is assumed that procurement as a proportion of production cannot be raised beyond current levels. The RTFC showed that current procurement is only about 33 per cent of production and this can be increased by reforms in procurement such as encouraging decentralised procurement, timely payments, including millets in PDS and so on. Further, there is no reason to assume that agriculture production would remain stagnant. They proposed that while discussing the food security bill, issues related to production, procurement and distribution must be simultaneously dealt with. The food security bill can in fact be seen as an opportunity for the much needed reforms and investment in agriculture to take off².

The NAC version was, however, positive in terms of introducing the non-PDS entitlements. While the initial drafts of the Government of India did not mention child malnutrition at all, the NAC's did specify that maternal and child nutrition entitlements will be included in the Food Security Bill. While adolescent girls were left out, the NAC did argue for a universal ICDS with entitlements for pregnant and lactating women and children under six years of age. The NAC also included within the framework of the NFSB a destitute feeding programme, community kitchens in urban areas and entitlements for migrants. Here again, social security pensions for the aged, single women and disabled (for which national programmes already exist and these are also covered by Supreme Court orders) were not included within the NFSB framework.

Standing Committee of Parliament

Once the Bill was made based on the NAC recommendations, it was sent to the Parliamentary Standing Committee. The Bill, especially in relation to how it defined the PDS beneficiaries went through significant changes at this stage. The Standing Committee received thousands of responses from across the country rejecting the APL/BPL division. Around the same time, there was also significant debate across the country around the poverty line (triggered by an affidavit submitted by the Planning

Commission to the Supreme Court) resulting in more or less a consensus that poverty line based targeting was a failed policy. There were protests across the country, led by the RTFC, against the absurdly low poverty lines and its usage for targeting in welfare schemes. The Deputy Chairperson of the Planning Commission and the Minister for Rural Development did a joint press conference in response where they announced that the government favoured de-linking of food entitlement and other social programmes from the present poverty line. An influential letter to the Prime Minister by over 40 economists also appealed to the Government to move away from the poverty line based targeting.³ They proposed that instead of making a distinction between those above and below the poverty line, the PDS should provide uniform entitlements to all, except for a small excluded category. The RTFC continued to argue for a universal PDS. Eventually, the Standing Committee also recommended moving towards an approach of uniform entitlements and expanded coverage.

Based on the Standing Committee's recommendations⁴, this aspect of the Bill was modified. It is this modified version that was passed. The NFSA therefore has some positive aspects, which have enormous potential to transform the PDS, especially in poor states. The Act promises 5kg of foodgrain per month to 67 per cent of the country's population – 75 per cent in rural areas and 50 per cent in urban areas. By doing so, the PDS entitlements are delinked from the poverty line based division of the population into BPL and APL. The expanded coverage under the NFSA results in a doubling of coverage in many states. In states like Uttar Pradesh, Bihar, Jharkhand and Assam the coverage under this Act will be over 80 per cent in rural areas. Such wide coverage can automatically bring down exclusion errors. This has been the experience of other states such as Tamil Nadu, Andhra Pradesh and Chhattisgarh.

The Act, however, left it to the state governments to come up with the identification criteria. In the absence of universalisation or keeping people out based on self-selection, the best method would be to arrive at simple exclusion criteria such as keeping out those who are income tax payees, have regular jobs, own four-wheelers etc. This could help minimise exclusion errors to a large extent. However, since the Act remains silent on the identification criteria, there is a danger that state governments will not adopt the exclusion approach but will come up with some messy system of identification of beneficiaries under the Act (as is being seen in Rajasthan, Delhi, etc.).

The Act has taken welcome steps in relation to women's rights. Ration cards will be in name of the women of the family. Universal maternity entitlements will be provided to all pregnant and lactating women, to the tune of Rs. 6,000 over six months. This recognises women as workers and their right to wage compensation for maternity leave in order to exclusively breastfeed the child.

Right to Food Campaign

The Right to Food (RTF) campaign in India has been mobilising and advocating on hunger, malnutrition and food related issues in the country for the last ten years. The RTF campaign's foundation statement states that it is "an informal network of organisations and individuals committed to the realisation of the right to food in India". The RTF campaign has expanded into a wide network with members across the country representing different groups including agricultural workers' unions, women's rights groups, dalit rights groups, single women's networks, child rights organisations, those working with construction workers, migrant workers, and homeless populations and so on. These varied groups have come together in agreement with the campaign's belief that "everyone has a fundamental right to be free from hunger and that the primary responsibility for guaranteeing basic entitlements rests with the state".

The RTF campaign has its origins in a public interest litigation (PIL) filed in the Supreme Court in April 2001 by People's Union for Civil Liberties, Rajasthan. The petition demanded that the country's gigantic food stocks should be used without delay to protect people from hunger and starvation. Popularly known as the 'Right to Food case', this is now one of the longest running mandamus in the world. More than 50 orders have been passed including some very significant ones such as universalisation of school mid-day meals and the supplementary nutrition programme for children under six years, pregnant and lactating mothers and adolescent girls. While some of these orders were path-breaking in their content, it was soon realised that for them to actually translate into action on the ground required pressure from the people. Different groups began to mobilise around the Supreme Court orders and came together to form the Right to Food campaign. Very soon, the scope expanded beyond the Supreme Court case towards building a larger public campaign for the right to food.

In response to the announcement of its intent to pass a food security legislation, the RTF campaign also actively worked to bring pressure on the Government to introduce a Bill that was comprehensive in its approach. The Act that was finally passed, even though inadequate⁵, however was still seen to be a step forward in the struggle for right to food. While the Government and all political parties took a narrow view of food security reducing it to only distribution of subsidised foodgrains to the poor, the RTFC consistently argued that one must take a more comprehensive approach including issues of agricultural production, access to resources, livelihoods, minimum wages and so on. There was a vibrant discussion within the campaign on whether it is possible to have a single legislation, which addressed these broad structural issues or if the opportunity given by the promise of a food security act should tactically be utilised to gain as much as possible within the framework of entitlements through public programmes.

The Right to Food campaign then drafted its own version of the Act. The draft was called the 'Food Entitlements Act' and not 'Food Security Act' because it was believed

that food security was a broader concept as a right. The campaign's draft demanded a decentralised procurement mechanism, universal and expanded public distribution system including cereals, pulses, millets and oil, special provisions for vulnerable groups such as feeding programmes for children, social security pensions for the aged and disabled, portability of entitlements for migrants and so on. The draft also listed broad principles related to coercive land acquisition, protecting small and marginal farmers, a moratorium on genetically-modified crops, food production and availability and so on.

All along, the friction between this comprehensive approach and the minimalistic framework set by the government has remained. Even though the RTF campaign and allied civil society networks talked about linking production, procurement and distribution issues, the debate in the policy circles and media was largely restricted to whether the Public Distribution System (PDS) should be universal or not and what the extent of coverage should be. This was also an important debate needing serious engagement.

On the other hand, was the onslaught from the right wing media on the idea of the food security act saying that it would destroy the economy by being a burden on the fiscal deficit and distorting the food market. Many influential voices, even from within the government, were opposed to the PDS itself and proposed that it be dismantled and replaced by direct cash transfer. In this context, the campaign defended the PDS and its role, the need for state intervention on hunger and malnutrition.

During the four year period when the Bill was being debated, the RTFC organised a number of protests and demonstrations, met with Members of Parliament, linked up their arguments with research and evidence and approached the media to put forward their point of view. As a result of all this, it can be argued that the campaign to some extent managed to influence the Act. Although the final act is nowhere close to what the campaign had demanded, in comparison to the government's own initial drafts which did nothing but legislate the PDS in its current form, the NFSA includes an expanded PDS, delinks it from the poverty line, includes universal maternity entitlements, nutrition for children and the framework for grievance redressal. This expansion was possible because of multiple factors and actors, with the RTF campaign also playing a significant role.

This experience is a case study for the role of civil society mobilisation around a legislation, which needs to be further studied. What would also be of interest is to see what the role of such mobilisation can be in ensuring implementation of the Act and how it takes forward its unmet demands vis-a-vis the legislation.

¹ For a critique of the Rangarajan committee report see Jean Drèze (2011), 'A Notional Advisory Council?' The Hindu, Jan 10th 2011, <http://www.hindu.com/2011/01/10/stories/2011011051231100.htm>

² See draft bill of Right to Food campaign at www.righttofoodindia.org

³ Food Security Bill, The Economic Times, 12 March, 2012, http://articles.economictimes.indiatimes.com/2012-03-12/news/31153016_1_pds-households-framework

⁴ A critique of the Standing Committee's recommendations on the NFSB: Why the Parliament should reject the standing committee's recommendations on the Food Security Bill: RTFC, 24 January, 2013, <http://www.im4change.org/latest-news-updates/why-the-parliament-should-reject-the-standing-committees-recommendations-on-the-food-security-bill-rtfc-19099.html>

⁵ A Critique of the National Food Security Bill cleared by the Cabinet: Right to Food Campaign rejects the National Food Security Bill cleared by the Cabinet, 19 March, 2013, <http://www.im4change.org/latest-news-updates/right-to-food-campaign-rejects-the-national-food-security-bill-cleared-by-the-cabinet-20034.html>

Policy Issues Concerning Food Security: Taking Note of the Small Producers

Roshan Kishore

While there is a need to increase food production particularly that of cereals, any strategy which seeks to do so by displacing farmers and promoting big capital dominated/corporate owned farming without creating ample employment opportunities elsewhere, is only going to worsen the food security scenario. To be able to pursue a farm policy in the interest of small farmers the state must play an active role and provide support, instead of diluting its intervention in agricultural markets and allowing private speculative/monopolistic interests to take over.

The passing of the National Food Security Act (NFSA) by the UPA II government and the stand-off between India and advanced countries on the issue of food security in the recently held WTO Ministerial Conference in Bali has brought our food security policy into much limelight. Even before all this, the issue of increasing (and often rotting) food stocks in government storages and continuance of distressing levels of hunger in the country has lent an uncomfortable piquancy to this issue. NFSA's intent to cover nearly two-thirds of the country's population under a subsidised food programme, which is expected to expand the number of people under food security net, and India's defense of its food security policy space against international pressure in Bali seem to indicate that food security figures high on the policy making agenda in the country.

As per the Food and Agriculture Organization's (FAO)¹ definition "Food security exists when all people, at all times, have physical and economic access to sufficient, safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life".² It goes without saying that in today's world a complex dialectic of issues are involved in pursuit of such a goal. The following discussion would try to examine how coherent is India's food security policy vis-à-vis some of the key factors, which determine food security.

Centrality of Cereals in Food Security

The Right to Food Campaign has criticised the NFSA for only trying to provide food grain security instead of nutrition security³. However, the present discussion shall confine itself to discussing the issues around cereals for the reasons described below.

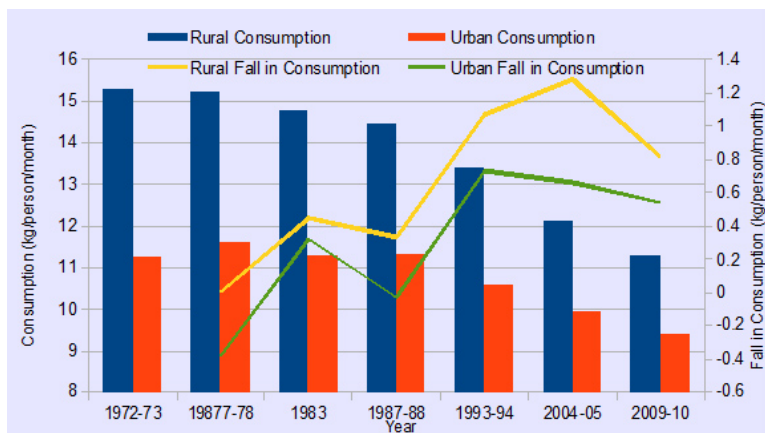
The National Sample Survey Organization (NSSO) data shows that per capita cereal consumption has been falling at an increasing rate in the period after economic reforms, as shown in Figure 1. Given the fact that cereals still provide for more than 50 per cent of calorie contribution in both rural and urban areas⁴, this should have been seen as an alarming sign in terms of food security. However, the dominant view in policy circles has been to attribute this acceleration in falling consumption to increase in income levels of the population and factors such as declining calorie needs.⁵ Since, income data is not available for the Indian economy, the claim of increasing incomes triggering a decline in cereal consumption, deserves some scrutiny.

Two points are in order vis-à-vis such claims. Firstly, claims of falling poverty during the reform period are based on a faulty method where the original practice of poverty line expenditure enabling the fulfillment of Required Daily Allowance (RDA) of calorie norms has been abandoned, thus making poverty figures not only gross underestimates but also non-comparable in time as well as across states (Patnaik).⁶ A direct calculation by the same author on the basis of fixed calorie norms shows worsening poverty during the last two large sample rounds of the NSSO in 2004-05 and 2009-10 (Patnaik....).⁷ These findings pose serious questions on the claims of increase in income levels leading to decline in cereal consumption.

Secondly, it must be kept in mind that there are two parts of cereal demand in an economy: direct and indirect demand. While the former represents cereal consumption in staple forms like cooked rice, chapati, etc., the latter includes consumption of cereals that go into the production of feed for meat products and other such indirect usage. It is the sum of these two which constitutes the total demand for cereals in an economy. Graph 1 from Yotopoulos⁸ shows the relation between cereal demand and income levels. As income levels raise direct demand for cereals first increases and then decreases, whereas indirect demand keeps on increasing. The total demand for cereals, which is a sum of the two components, increases with increasing income levels.

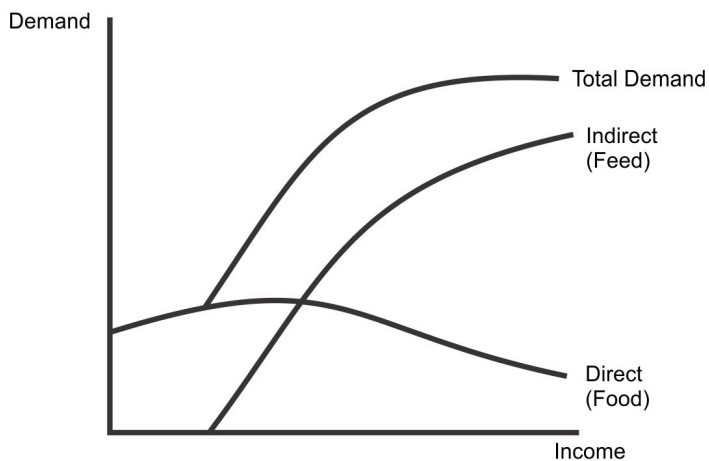
The arguments presented above take us to the question of macro level trends in cereal consumption and production in India.

Figure 1: Trends in Cereal Consumption in India



Source: Calculated from various NSSO Reports

Graph 1: Demand for Cereals, total, direct and indirect according to income



Cereal Production and Availability

The achievement of 3.6 per cent rate of growth in agricultural sector during the 11th Five Year Plan (FYP) and food grain production crossing 250 million tonnes recently has generated a lot of enthusiasm about the state of Indian agriculture. It is indeed true that India is one of the biggest producers of both rice and wheat in the world. There has also been an increase in cereal exports from India during the reform period, which has been celebrated as a success story. However, what matters from the point of view

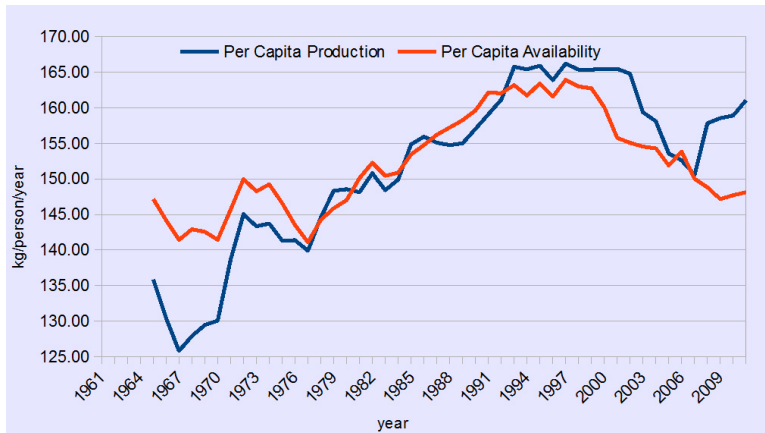
of food security are not total but per capita production and availability levels in a given economy. Availability (production+net imports-addition to stocks) is important because it gives an idea about the aggregate demand (direct+indirect) for cereals, thus making per capita availability a rough measure of per capita consumption.

A look at Figure 2, which gives per capita production and availability trends for cereals in India, reveals a picture, which is starkly different from the buoyant scenario being painted on the basis of increasing production levels. It can be seen that both per capita production and availability of cereals show a declining trend since the beginning of the reform period in the country. Although, there has been an improvement in the per capita production figures during the 11th FYP period, per capita availability has continued its downward trend.

It is to be noted that per capita availability of cereals has been less than per capita production consistently during the reform period, even though per capita production itself has been falling. What it means is that the demand for cereals fell faster than its production, which has enabled increasing exports and accumulation of stocks. When these trends are read together with the arguments given in the previous section, it is clear that accumulation of stocks and increase in cereal exports point towards demand deflation led decline in per capita availability rather than a glut of cereal production in the country. The Planning Commission has added a note of caution on the complacency about current trends in food production in the 12th FYP document. It says

Another important and related issue is the likely future demand for food. The Twelfth Plan Working Group on Crop Husbandry, Demand and Supply Projections, Agricultural Inputs and Agricultural Statistics has made projections for food grains and other food items by the terminal year of the Twelfth Plan, that is, 2016–17 ... which would suggest that present levels of cereals production already exceed likely demand at the end of the Twelfth Plan. These projections are based on actual past patterns of observed demand and the fact that cereals consumption per capita has declined since at least mid-1990s. However, it is also the case that India has very high levels of malnutrition and, although there are many reasons for this, deficiencies in calorie intake remain one of the most important. With cereals supplying over 50 per cent of total calorie intake even now, falling cereals consumption is the main reason why per capita calorie intake has not increased despite rising incomes. It is not just that the share of cereals in total food expenditure is falling; even poor people are reducing the share of income spent on all foods in order to meet other non-food needs. In such a situation, where there is a disjunction between such a basic element of human development as nutrition and other demands in an increasingly consumerist society, there is need to ensure that minimum nutrition requirements are actually met(GoI..., Volume II, chapter 12, p 17).⁹

Figure 2: Per Capita Production and Availability (5 year moving average) of Cereals in India



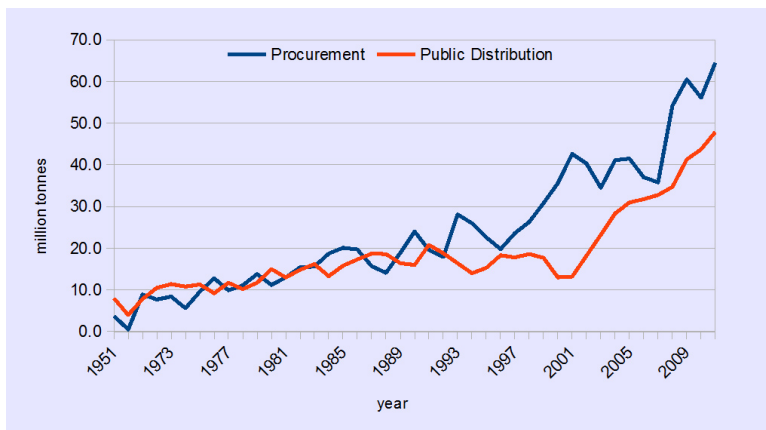
Source: Table 1.16, Statistical Appendix, Economic Survey¹⁰

The foregoing discussion has shown that declining cereal consumption is a result of demand deflation owing to lack of purchasing power rather than an increase in income levels.¹¹ Unless efforts are taken to guarantee access of food grains to those who do not have the economic wherewithal for fulfilling their nutritional requirements, food security would remain an elusive goal. This brings the question of government intervention into focus.

Government Intervention and Food Grain Management Policy

The Public Distribution System (PDS) is run by providing subsidized food grain to people out of the stock procured by the Government from farmers at Minimum Support Prices (MSP). Food Corporation of India (FCI) is the nodal government agency for procurement and distribution of food grains. The PDS was made into a targeted scheme in 1997, when a difference in issue prices of food grains was introduced on the basis of Below Poverty Line (BPL) and Above Poverty Line (APL) cards. Later an additional category of Antyodaya Anna Yojana (AAY) was added for the extremely poor. The period after shift from universal to targeted PDS has seen a large decline in the off-take from PDS and, hence, an increasing gap between the two, which led to accumulation of large amount of food stocks. Figure 3 shows these trends.

Figure 3: Procurement and Public Distribution of Cereals



Source: Table 1.17, Statistical Appendix, Economic Survey

It is generally perceived that the government has been acquiring much more food grains than it requires. Arguments have also been made that increase in MSP in the past few years has exacerbated this trend. In an economy where the government does not have to run a food security programme, its procurement should be limited to maintaining buffer stock levels for dealing with food shortages during emergency situations. In case of India, the gap between procurement and public distribution has been inferred as evidence of excess procurement by the government. However a different picture emerges from the facts given in a Performance Audit of the FCI¹² done by the Comptroller and Auditor General (CAG) in 2013. It makes two important points:

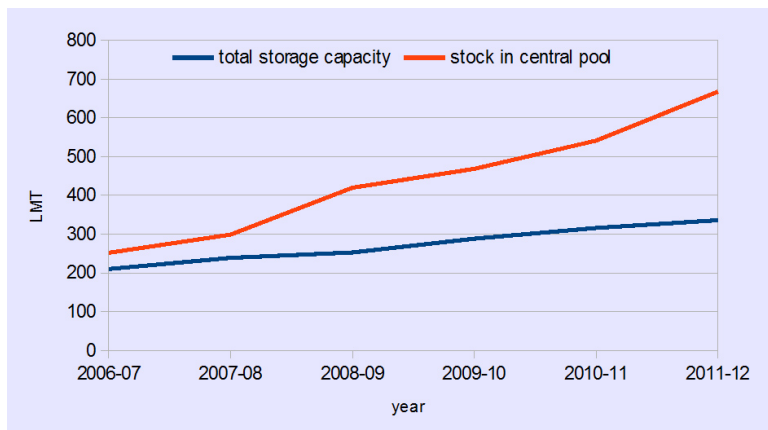
- During 2006-07 to 2011-12, the average procurement of 514 LMT by various agencies for the central pool was lower than the average allocation of 593 LMT made by the GoI for TPDS; Other Welfare Schemes (OWS), etc.
- In the last three years, 2009-10, 2010-11 and 2011-12, the gap between allocation and procurement was 46, 118 and 75 LMT, respectively. This shows that current procurement levels would not be enough to meet the allocations required in the future, should the NFSA come into effect. In the past, the situation has remained under control because lifting against the sanctioned off-take has been much lower: the figures being 80 per cent and 77 per cent in 2009-10 and 2010-11 respectively. The Food Ministry has claimed that existing levels of procurement are adequate given the gap between allocation and off-take.

The sum total of state-wise quota of food grains fixed in the NFSA is 54.92 million tonnes (2740GI.p65 - E_29_2013_429.pdf) which is much more than the average procurement in the last five years ending in 2011. Thus, it appears that if the NFSA indeed brings the

targeted two-third population under its coverage, providing for food grains can become a serious problem. Clearly, like the false sense of over-production on the basis of demand deflation, notion of over-procurement also rests on lower than sanctioned off take from the PDS. It is important to note here that because of the NFSA not adopting a universal approach, it would continue to remain susceptible to wrong exclusion, which marked the TPDS. In such case, there would be no shortages but dilution of NFSA's main objective of providing food security to poor people would take place.

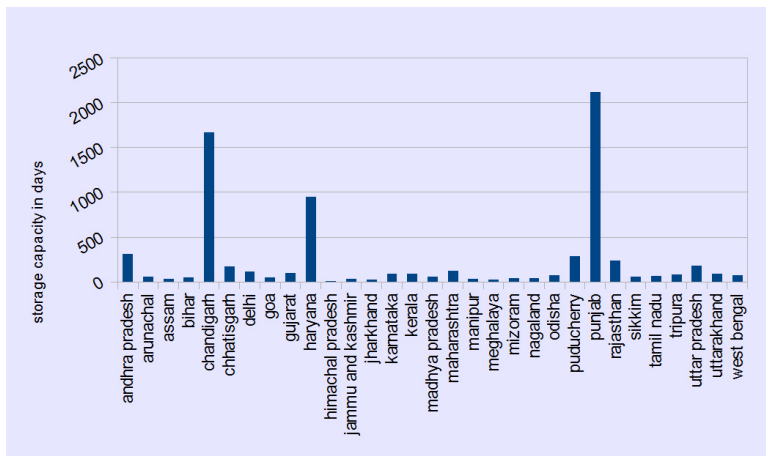
Even if the government wanted to increase its procurement, it would face a serious infrastructural bottleneck in terms of shortage of storage facilities. Figure 4 shows the growing gap between stocks and storage capacity using data provided by the CAG Audit. Not only is there a lack of storage capacity, it is also concentrated in a handful of states as shown in Figure 5. Having failed to create additional storage capacity through the Private Entrepreneur Guarantee (PEG) scheme, the Government has rightly decided to construct additional storage space by using the MGNREGA¹³, which would hopefully help prevent wastage of food stocks and also allow expansion of procurement activities from the currently regionally skewed patterns.

Figure 4: Storage Capacity and Stocks in Central Pool



Source: Figure 3.1 CAG Audit¹⁴

Figure 5: State-wise Position of Storage Capacity (in days) vis-à-vis the Requisite 120 Days for Operational Stock as on March 2012



Source: Figure 3.3, CAG Audit¹⁵

However, as was seen during the recent WTO Ministerial, the policy space for undertaking procurement activities faces an additional constraint of WTO restrictions on providing domestic support.

Implications of WTO Commitments

As per the Agreement on Agriculture (AoA) under the WTO, procurement of food stocks for food security purposes at administered prices is considered to be under the Amber Box category, which is subject to a limit of 10 per cent of value of production in the case of developing countries. The actual method of calculation of domestic support in case of procurement involves multiplying the difference between prices at which procurement is made (MSP in India’s case) and fixed External Reference Price (ERP) of 1986-88 period defined in Paragraph 9, Annex 3 of the AoA with the total quantity procured. Given the increase in food grain prices and cost of cultivation, MSPs have had to be increased in the recent period, which has in turn led to an increase in the effective support arising out of procurement. It was for this reason that the G 33 group of developing countries wanted suitable amendments in Annex 2 of the AoA, which was one of the major items for discussion in Bali. However, in keeping with the fundamental asymmetries between the advanced and third world countries, what has emerged out of Bali is an acceptance of a “Peace Clause” for 4 years as an “interim solution” with a lot of restrictions being attached to the original G 33 proposal.¹⁶ This is despite the fact that the present subsidy regime in the AoA allows developed countries especially the USA to spend large amounts on its food security programme in violation of AoA requirements and the fixing of ERP

to 1986-88 period was subject to review in the original agreement.¹⁷ While India would struggle to furnish the information required in the “Peace Clause”, arguments have been made to change India’s food security programme to suit WTO requirements by many commentators.¹⁸ Even before the debate on G 33 proposal started, similar proposals calling for dilution of procurement and providing direct cash transfers instead of food grains have been made by various academics including those having key positions in policy-making establishment.¹⁹ Two fundamental questions need to be posed vis-à-vis such arguments.

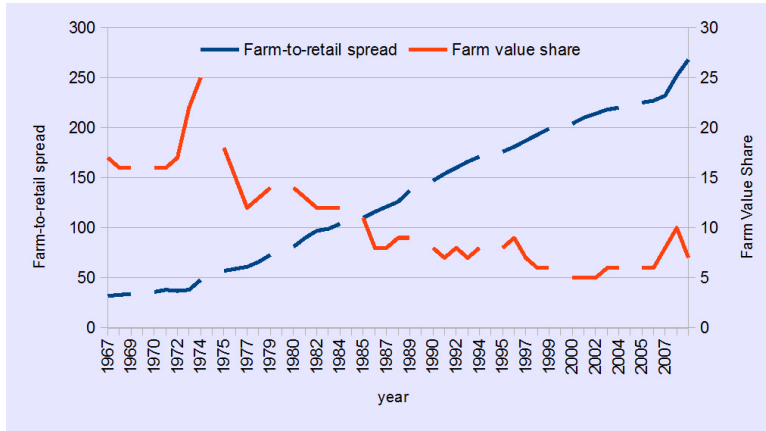
First is the issue of running an effective food programme based on direct cash transfers? Firstly, financial inclusion through banking is yet to be achieved, and UID based system of cash transfers would lead to further exclusion and confusion. Notwithstanding this, given the increased volatility and inflationary situation in food prices, a nominal cash transfer based programme would always be vulnerable to corrosion in its ability to provide the requisite amount of food grains. In case of an indexed cash transfer programme, however, another set of considerations need to be taken into account. It is correct to assume that those who benefit from the NFSA would add to the demand for cereals, given the enhancement in their purchasing power through direct cash transfers by the government. Such a large increase in demand is likely to add to existing demand in the market. In a scenario where the government does not procure grains, it is likely to lead to an inflationary spiral by speculation and other means as those indulging in such acts would be assured of fixed and price inelastic demand, because the beneficiaries are entitled to price indexed cash transfers from the government. This could lead to an increase in government expenditure, which would add to the profits of private traders in food grains. Additionally, given the Fiscal Responsibility and Budgetary Management Act, which sets an upper limit on the fiscal deficit, such an increase in expenditure *ceteris paribus* would necessitate a reduction of expenditure on other sectors, which, experience suggests, are more likely to comprise spending on key social-sector and rural development.

Another issue of importance is the agrarian sector, which is dominated by small and medium farmers²⁰ whose economic power is much less compared to that of large private buyers. A discontinuation of MSP based procurement by the Government is bound to remove any pressure whatsoever on the private buyers to offer remunerative prices to small farmers who are hard pressed to sell their produce immediately after harvesting to pay for input costs. Contrary to the claims of big retail/private sector leading to increased income for farmers, empirical evidence points to the opposite. The US, where the private sector has a big role in the food grain market has seen an increasing farm-retail price spread for most commodities as shown in Figure 6.

This would lead to a further deterioration in the agrarian crisis by adding to its unviability. Unlike the US where farmers overcome the difference between costs of cultivation and

market prices through direct income support, it is simply impossible to provide any such support in India given the sheer magnitude of population dependent on agriculture. Given the bleak scenario of creation of decent employment outside agriculture in the country, any further deterioration in farm incomes is only going to add to food insecurity and distress in the economy.

Figure 6: Price Spreads and Farm Value shares for cereal and bakery products in US (percent)



Source: USDA Data²¹

Conclusion

The agrarian crisis during the reform period accompanied with ‘jobless growth’ has led us to a situation where demand for cereals has fallen at an increasing rate compared to fall in per capita production. This has prevented a precipitation of a major food shortage in the economy. Unless the problem is addressed, the crisis cannot be overcome. While there is a need to increase food production particularly that of cereals, any strategy which seeks to do so by displacing farmers and promoting big capital dominated/corporate owned farming without creating ample employment opportunities elsewhere, is only going to worsen the food security scenario.

To be able to pursue a farm policy in the interest of small farmers the state must play an active role and provide all support, instead of diluting its intervention in agricultural markets and allowing private speculative/monopolistic interests to take over. Any fetters to such a strategy from regulations in WTO, which is unabashedly biased in favour of corporate controlled agriculture and big corporations dealing in agricultural inputs and outputs, must be countered by building effective and principled alliances with other developing countries which face similar challenges.

Unfortunately, the present thinking on this issue leaves a lot of ground to be covered.

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¹ An intergovernmental organization, FAO has 194 Member Nations, two associate members and one member organization, the European Union.

² “Trade Reforms and Food Security.”

³ Why the Parliament should reject the standing committee’s recommendations on the Food Security Bill: RTFC, <http://www.im4change.org/latest-news-updates/why-the-parliament-should-reject-the-standing-committees-recommendations-on-the-food-security-bill-rtfc-19099.html>

⁴ As per NSSO Report Number 540 (66th Round in 2009-10) calorie and protein contribution of cereals is more than 60 and 50 per cent in rural and urban areas, respectively.

⁵ For example, see Section 3.13.4 p 46-47 NSSO Report Number 538 on Level and Pattern of Consumer Expenditure (66th Round in 2009-10).

⁶ Patnaik, “Neoliberalism and Rural Poverty in India.”

⁷ Patnaik. “Poverty Trends in India 2004-05 to 2009-10.”

⁸ Yotopoulos, “Middle-Income Classes and Food Crises.”

⁹ Chapter 12, page 17, Volume II “Twelfth Five Year (2012-17), Planning Commission, Yojana Bhawan, Government of India.”

¹⁰ The Union Budget and the Economic Survey. Also, The Population estimates used for getting per capita figures have been calculated by first calculating the rate of growth of population in each decade by using census figures and then interpolated for each year. The annual population figure used in the Economic Survey seems to be inappropriate. For example during 1991 to 1995 the increase in population each year (1991 to 1992 and soon) is 19.1, 16.1, 16.1, 16 and 22.1 million, respectively. There is no basis for such fluctuations in annual population growth

¹¹ Rise in wages (after the implementation of MGNREGA) and expenditure levels is often posed as a counter argument to this claim. However, the trends in per capita availability of cereals do not show any evidence of increasing cereal consumption. The arguments which seek to justify a voluntary reduction of cereal demand have been critically discussed in Basu and Das, “Poverty-Hunger Divergence in India.”

¹² “Report No-7 of 2013.” http://saiindia.gov.in/english/home/Our_Products/Audit_Report/Government_Wise/union_audit/recent_reports/union_performance/2013/Civil/Report_7/Report_7.html

¹³ “To Check PDS Leakage, States Allowed to Build Godowns - The Hindu.”

¹⁴ “Report No-7 of 2013.”

¹⁵ Ibid.

¹⁶ “Right to Food Wins ‘Defensive Battle’ in World Trade Organization Deal.”

¹⁷ Dhar and Kishore, “Prospects of the Bali Ministerial.”

¹⁸ “India Should Stand Its Ground at Bali - Livemint.”

¹⁹ For example see Parikh, “Right to Food and Foodgrain Policy.” and Basu, “India’s Foodgrain Policy.”

²⁰ Definition of various types of farmers based on size of land: Marginal holdings (of size 1 hectare or less), small holdings (size 1 to 2 hectares), semi-medium holdings (2 to 4 hectares), medium holdings (4 to 10 hectares), large holdings (over 10 hectares)

²¹ “USDA Economic Research Service - Price Spreads from Farm to Consumer.”

Relevance of Land Reforms for Ensuring Access to Food

Arindam Banerjee

The period of economic reforms has witnessed an increase in the incidence of under-nutrition. In developing country like India, where a majority of the rural population continue to depend on land and agriculture for livelihood in the backdrop of no meaningful structural transformation over the years, the basic linkages between 'access to land' and 'access to food' cannot be ignored.

Hunger and under-nutrition continue to remain veritable challenges in India, even 65 years after Independence. Among the 120 countries where hunger-incidence was tracked by the Global Hunger Index, 2013 report, 42 countries reported 'low' levels of hunger and were not ranked. Of the remaining 78 countries with 'moderate' and more serious situations of hunger, India ranked 63 and remains classified as having an 'alarming situation of hunger'. The level of nutritional deprivation in the country is not only unacceptable but also has been rising in the recent decades. The 2009-10 National Sample Survey consumption data reveals that 75.5 per cent and 73 per cent of the population in rural and urban areas, respectively, are unable to attain a calorie-intake of 2200/2100 Kcal (for rural/urban) per capita per day (Patnaik, 2013).

The other glaring trend in this regard is the increase calorie-deprivation witnessed particularly since 1993-94. Since the early 1990s, there has been a sharp rise in the proportion of people living below the above-mentioned calorie norms in both rural and urban India. In rural areas, there was some minor increase in this regard even prior to 1993-94 (56.4 per cent in 1973-74 to 58.5 per cent in 1993-94) but one could witness a disconcerting intensification of under-nutrition in the period of economic reforms (58.5 in 1993-94 to 75.5 per cent in 2009-10). In urban India, there is actually a reversal of trends. The small decline in the proportion of people living below the threshold calorie intake observed in the two decades till 1993-94 (60 per cent in 1973-74 to 57 per cent in 1993-94) has now been substituted by a significant rise in calorie-deprivation; rising from 57 per cent in 1993-94 to 73 per cent in 2009-10 (ibid, Table 5).

It is, therefore, evident that the period of economic reforms has witnessed an increase in the incidence of under-nutrition. The Global Food Crisis after 2006 leading to shocks in food prices has also catapulted 'hunger and food insecurity' back into the

mainstream policy discourse within the country. The Right to Food campaign and the recent enactment of the National Food Security Act, though yet to be implemented, are symptomatic of this development. On the other hand, we find the emergence of an agrarian crisis in the country since the late 1990s, the causes and impact of which continue to persist. The distribution of agricultural land has also worsened in the backdrop of this agrarian crisis. The increasing trends in landlessness and intensified civil society activism around the land issue have also brought land reforms within the larger social discourse. However, 'land reforms' is yet to attain a higher priority within the policy agenda. The formation of the National Land Reform Council in 2008 did not proceed much beyond the announcement. The recent 10 point agreement between the Union Government and the Ekta Parishad renews promises in this regard.

In a developing country like India, where a majority of the rural population continue to depend on land and agriculture for livelihood in the backdrop of no meaningful structural transformation over the years, the basic linkages between 'access to land' and 'access to food' cannot be ignored. To understand why such linkages are often not given due recognition policy-making by the government, one needs to examine how the issue of hunger is addressed theoretically by conventional economists and policy-makers. This article delves into the causes behind all-pervasive food-insecurity that exists in India, and engages with the debates around this issue. Based on this engagement, the question of land reforms is located within the possible policy options that can potentially improve access to food for majority of the population.

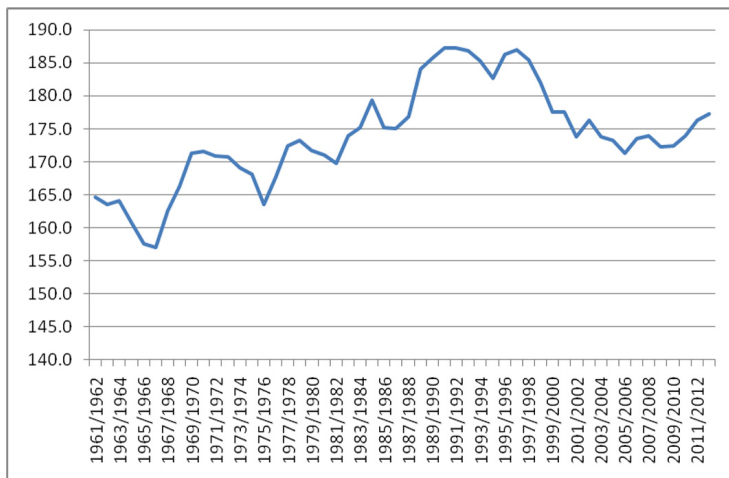
Rising Hunger in India: Myth or Reality?

Though the National Food Security Act has been passed under popular pressure from different sections of the society, most prominently the Right to Food campaign, the approach adopted by the Government on food policy has been one, which clearly does not appreciate the various dimensions of hunger. As a result, the Government and its' various advisory bodies, primarily the Planning Commission, have argued against the universalisation of the Public Distribution System (PDS), which was transformed into a targeted version back in 1998.

Apart from performing poorly in the health front by exhibiting high proportion of under-weight children vis-à-vis other countries and higher incidence of anaemia among children and women, the most compelling evidence of rising food deprivation in the country is the declining trend of per capita food consumption. The fall in the average calorie-intake per capita per day has been existing since a long period of time. Figure 1 plots the three-year moving averages of the per-capita food consumption (in kg/year) since 1961-62, and clearly indicates the distinct increase in the variable since the food shortages of the mid-1960s. This increasing trend gets arrested in the early 1990s, and thereafter one sees a significant decline in annual foodgrains consumption per person

in the country. Much of the gains that were made in terms of ‘access to food’ during the 1980s have been tapered off during the period of economic liberalisation.

Figure 1: Per Capita Foodgrains consumption (3-year moving averages in Kg/year)



Source: Computed by the author based on USDA Foreign Agriculture Service database

A major debate lies in the domain of interpreting the declining trend of per-capita foodgrains consumption. Many of the government documents like the *Economic Survey* or Plan Documents have presented an alternative interpretation of this new development. It has been argued officially that the falling cereal consumption represents a diversification of diets among the population. This is, therefore, seen as a positive development that has occurred with rising incomes in the period of liberalisation. With rising incomes (for which the evidence is sizeable increases in the per-capita Gross Domestic Product), people shift to consumption of more animal-based products, (including meat, milk etc.), and reduce their consumption of cereals. This trend is actually interpreted as an improvement of diet of the population rather than being a cause for concern.

The above hypothesis adhered to officially is erroneous and undermines the dimension of intensification of hunger in the country. Firstly, the Engel’s Law on which Government’s proposition is based, talks about a declining share of cereals in total food expenditure with rise in incomes. Beyond a certain threshold income, additional food expenditures are directed towards animal products, and hence the share of cereals decline. From this, logically there is no case of an absolute decline in the cereal consumption levels even with diet diversification; at best per-capita cereal consumption reaches a certain maximum and is non-increasing thereafter.

Secondly and most importantly, by Engel’s Law, it is only the direct intake of foodgrains,

which reaches some level of stagnation due to the onset of diversification of diets within the population after a certain threshold income. On the other hand, the rising volumes of animal-based products like meat or dairy products, that is consumed also embodies foodgrains that are originally used as feed for the livestock. As there is loss of energy when foodgrains as feed gets converted into animal protein, a comparatively greater volume of foodgrain is required to be fed to animals in order to produce the energy-equivalent livestock products that can compensate for the reduced volume of direct foodgrain consumption. What this essentially means is that consumption of animal-based protein actually increases indirect consumption of foodgrains than what would have been necessary had cereals been consumed directly. A net result of this is that voluntary diet diversification towards non-foodgrains due to improved incomes actually implies a higher total (*direct plus indirect*) consumption of foodgrains, and not less as is commonly portrayed.

That is why high income countries like the US and Western European countries have a much higher (and not lower) per-capita consumption of foodgrains annually (in the range of 700 kgs in the Western European countries and 900 kgs in the US) vis-à-vis many of the middle and low income countries. The diversification in diets that these countries have experienced has led to a situation where a major portion of their national foodgrain demand comes from the livestock industry. It is true that the commercialisation of livestock production in India is significantly lower as compared to high-income countries, since some livestock survive by foraging, and fish consumption forms a significant part of the animal product consumption basket in the country. Even with the consideration of these facts, there is still no case why with rising incomes and diet diversification, the total demand for foodgrains in the economy should fall; with such diversification of diets, it must exhibit an increase though the latter may be much less to what the Western countries experienced.

Table 1: Trends in Macro-nutrient Intakes in India: 1983-2009-10 (per capita per day)

Years	Rural			Urban		
	Calories (in Kcal)	Proteins (in gms)	Fat (in gms)	Calories (in Kcal)	Proteins (in gms)	Fat (in gms)
1983	2221	62	27	2089	57	37
1993-94	2153	60.2	31.4	2071	57.2	42
2004-05	2047	57	35.5	2020	57	47.3
2009-10	2020	55	38.3	1946	53.5	47.9

Source: Patnaik, 2013, based on NSS data

The data published by the National Sample Survey reports on nutritional intakes in India for various years refutes the argument of diet diversification in a more comprehensive

fashion (Table 1). In both rural and urban areas, the average calorie intakes per person per day have declined substantially. In rural areas, the decline has been occurring since 1983 while in urban India, the major decline happened after 1993-94. However, one could see that protein intakes have also declined significantly in both rural and urban areas, negating the diet diversification thesis. The intake of fat has improved during the last three decades in both rural and urban India in the range of 10-12 grams per person per day.

The existing trend in intake of macro-nutrients points towards severe increase in under-nutrition. To argue that this modest increase in fat consumption has compensated both for the massive declines in calorie intakes and also for the reduced protein intake and, thus, there remains no real cause of concern, is stretching the proposition too far.

Both Figure 1 and Table 1 exhibit the phenomenon of income deflation that large sections of the population are witnessing in India. Even in a situation, where income increases for all classes of the population, the lower-income groups are disadvantaged if the income growth is highly unequal in nature. Significantly higher rates of income growth experienced by the topmost classes (top 15- 20 per cent of the population) will help them to corner larger shares of the total foodgrain consumption (as *direct* or *indirect* consumption) via higher prices for food. This is accentuated by the deepening of agrarian crisis, which keeps agricultural incomes low for those who are dependent on land.

The agrarian crisis has pushed the rural population into an informal economy located in both rural and urban areas, where wages and earnings are the least protected from inflation. A certain pattern of growth experienced by India during the economic reforms period, where a few capital- or knowledge-intensive sectors grow at a faster pace as compared to the labour-intensive sectors (including agriculture), is ideal for deflation in real incomes for a large section of the population.

So even in a situation where the total demand for grains in per-capita terms is declining, we witness episodes of high food inflation in the country. The high demand from the rich and upper-middle classes pull the food prices enough to adversely affect the real incomes (and their real demand for food) of the rest of the population. The inter-class competition for foodgrains is something that has been largely ignored in the official explanations.

Non-recognition of this income deflation process can lead to adoption of wrong national food policies. In the last 15 years, there have been two distinct episodes of accumulated food stocks. After the introduction of the Targeted PDS in 1998, the foodgrain stocks started rising, reaching a high of 63 million tonnes in July, 2002.¹ Accumulation of foodgrain stock was recognized as a symptom of over-production and the government resorted to export of grains to reduce its stock. It failed to recognize the problem of accumulation of foodgrain stock arising out of lack of purchasing power of the

population. However, given that accumulation actually occurred in the backdrop of dwindling per-capita food production (187.3 kg in 1998-99 to 161.2 kg in 2002-03, the latter also a drought year)², points to the fact that demand for foodgrains must have reduced at a faster rate leading to overflowing of stock at FCI godowns.

History was repeated after 2008. This time round food stocks had reached an even higher level of almost 81 million tonnes by July 2012. Since 2008-09, the per-capita foodgrains production has improved (from 188.3 kg in 2008-09 to 196.5 kg in 2012-03) by roughly 8 kg—certainly not a massive increase that can lead food stocks to a level, which is more than thrice the July buffer norms of 26.9 million tonnes. The government based on the excess production theory, continued to opine that exports are a better mechanism for disposing these stocks rather than increasing the coverage of the PDS, which can address the issue of pervading hunger among the population.

The repeated accumulation of massive foodgrain stocks in government godowns during a time when foodgrain production has either declined, remained stagnant or increased modestly actually reveals the lack of purchasing power within large sections of the population, which further causes decline in their nutritional standards. In order to meaningfully tackle this challenge, one needs a comprehensive policy that can address the agrarian crisis and improve the real income of the toiling masses at faster rates such that they are not crowded out from food consumption. This is also where the question of land and access to land assume importance within the policy framework.

Land Reforms and the Challenge of Hunger

Access to cultivable agricultural lands, primarily food lands, can substantially shield poor households from high food prices at the open markets, to an extent which depends inversely on the share of food output sold in the market for acquiring other basic commodities for survival. For ‘net buyers of food’ that characterises an overwhelming majority of Indian farmers, the high food prices reduce their real incomes in proportion to their dependence on the markets.

Secondly, secured access to land also enhances the livelihood opportunities of the small-scale farmers³. The latter has a higher opportunity of adopting production decisions that diversify their risks in terms of volatile crop output prices. The rights of ownership or legal rights of tenancy for a longer term allow rural households to undertake investments and improvements on the land, thereby causing higher yields and better disposable incomes. A well protected access to land also improves access to groundwater, which is crucial for cultivation, and the lack of which creates significant vulnerabilities for production.

However, mere access to land is not a guarantee for investments in agriculture in a country like ours where majority of the farmers are petty commodity producers. This has to be accompanied by State policies, which are favourable and enabling for small

farmers in terms of input and credit access, output marketing facilities and extension services. The institutional changes that accompanied the introduction of High Yielding Varieties during the seventies and 1980s are equally important for growth in agriculture. Nutritional data reveals that faster growth in agriculture in the 1980s did not necessarily imply attainments of better nutritional standards for the masses due to the uneven distribution of benefits, again determined significantly by the unequal ownership of land. Despite the skewed nature of the Green Revolution, nutritional standards did not deteriorate fast as is witnessed during the period of economic reforms since the 1990s. Thirdly, late developing countries like India did not witness capitalist transformation of the labour force like in advanced developed countries, where a negligible minority of the population remains dependent on agriculture for livelihood and bulk of the workforce is employed in formal industries and services. In that context, limited diversification of livelihood between agriculture and non-agriculture that occurs is severely constrained by the lack of access to land assets in rural areas. Households, who are entirely landless has a much lesser bargaining power in the non-agricultural sectors, whether in rural or urban areas, in terms of their working conditions, wages and earnings, or migration decisions. For a strategy of livelihood diversification to be successful in terms of better incomes and standards of living in the context where alternative employments available are largely located in an unregulated informal sector, the ownership of land assets, particularly agricultural land, becomes a crucial determining factor.

The incidence of landlessness and inequality in land ownership is unacceptably high accordingly to the National Sample Survey findings for 2003-04, the latest all-India land data available from household surveys. The percentage of landless households in rural areas is reported to be higher than 40 per cent while the Gini coefficient of land holdings on a scale of 0 to 1 is 0.76, signifying high inequality within those who have some access to agricultural land (Rawal, 2008). The issue of land reforms and its implication for food and income security in contemporary times, particularly after economic reforms, is required to be located within the context of agrarian crisis, which rural India is facing.

Table 2: Percentage Distribution of Owned Area by Household Groups: 1961-62 – 2002-03

Household Group	1961-62	1971-72	1981-82	1991-92	2002-03
Bottom 60per cent	10.8	10.8	10.5	11.0	8.3
Middle 30per cent	37.7	38.2	38.5	38.0	36.5
Top 10per cent	51.5	51.0	51.0	51.0	55.2

Source: Nair and Banerjee, 2012

A longer view of the distribution of operational area in India since Independence reveals a remarkable increase in concentration of agricultural land in the economic reforms period. The substantial land reforms undertaken in a few states ensured that the

overall distribution of land remained largely unchanged (compensating for increases in concentration in other states) after Independence, with some gains for the lowest strata of rural households. This has been reversed with the share of land increasing sizeably for the top 10 per cent of rural households between 1991-02 and 2002-03 (see Table 2). The crisis of profitability and income that has gripped Indian agriculture since the 1990s has caused an unprecedented increase in the concentration of farmland holdings. Approximately 40 per cent of rural households are landless and 60 per cent of the remaining having access to 8.3 per cent of total land. This implies that roughly the bottom three-quarters of the rural population have access to less than 10 per cent of the most important productive assets in rural areas, namely farmlands. This exclusion from access to land is crucial in comprehending why the bottom three-quarters of the rural population is also vulnerable in terms of nutritional intakes in the country currently. This crisis is further intensified and spilled over to the urban areas through seasonal and non-seasonal migration of a section of rural poor into towns and cities in search of employment, primarily again in the informal sector, where wage and work regulations are weak. The informal sector in India has thrived and expanded successfully due to the availability of large pools of footloose labour, who are willing to sell their labour, often under extra-economic coercion and constraints, for near-subsistence or less-than-subsistence wages.

The level of inequality in terms of land distribution and the extent of exclusion from the ownership of productive assets in rural areas make a strong case for land reforms, which benefits the bottom 75 to 80 per cent of the rural population. The linkages discussed above between access to land and accruing decent incomes and household-level food security can operate only in the event of radical land reforms. The Indian countryside has witnessed since Independence that mere technological change in agricultural production, without substantial redistribution of land and other productive assets, does not allow betterment of incomes and improvement in living standards for majority of the rural population. This renders land reforms as crucial for increasing the purchasing power of rural households and reducing their current levels of food-deprivation.

The Indian State also needs to rethink its strategy of withdrawal from the agricultural sector in terms of credit, extension or crop marketing. These neo-liberal economic strategies along with the exposure of Indian farmers to world competition through the route of trade liberalisation have caused a long-drawn stagnation in the agricultural sector and deepened agrarian crisis in the rural areas. To use land reforms as a meaningful tool for fighting hunger at the current conjuncture, the government is needed to adopt policies, which supports small-scale agriculture. Without the policies of expanding State support to small farmers, land reform measures will be rendered ineffective due to the continuing crises of income and profitability in agricultural production.

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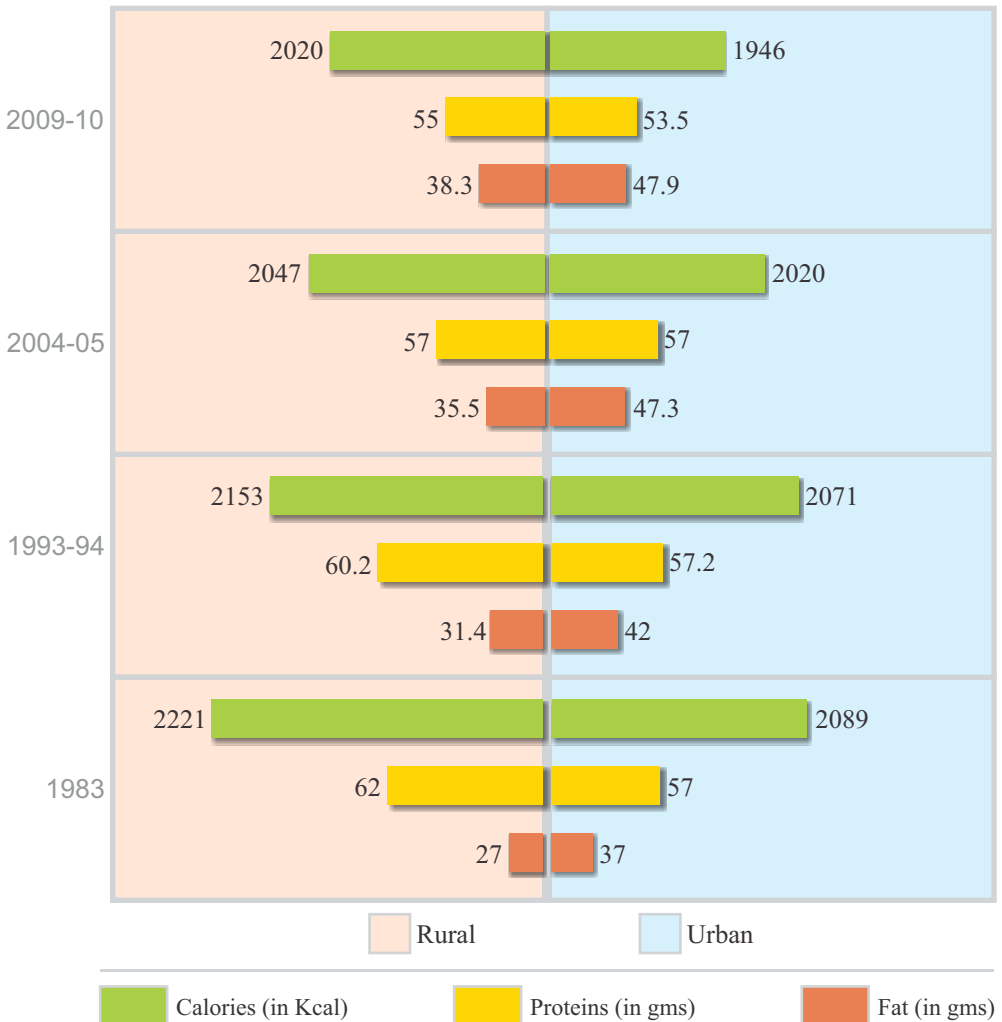
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³ Definition of various types of farmers based on size of land: Marginal holdings (of size 1 hectare or less), small holdings (size 1 to 2 hectares), semi-medium holdings (2 to 4 hectares), medium holdings (4 to 10 hectares), large holdings (over 10 hectares)

Trends in Macro-nutrients in India: 1983-2009-10 (per capita/day)



Source: Patnaik Utsa 2013, based on NSSO data

Will Government Spending on Food Security Spike ‘Twin Deficits’?

Surajit Das

It is being argued that the food security bill will give rise to an increase in the fiscal deficit as proportion to Gross Domestic Product (GDP), which is already near 8 per cent. This increase in fiscal deficit, in turn, may widen the current account deficit (i.e. import minus export of goods and services less the remittances) of balance of payments, and cause the rupee to fall further. This argument is not only farfetched but also misleading and erroneous.

The historic food security act finally saw the light of the day in September last year. Incidentally, US dollar has also become more expensive vis-à-vis the Indian rupee since its value rose from Rs.45.58 per US\$ in 2010-11 to Rs.47.92 per US\$ in 2011-12 and further to Rs.54.41 per US\$ on an average during 2012-13.

Monthly and daily data of RBI suggest that the exchange rate will not be less than Rs.60 per US\$ in 2013-14. A 33 per cent depreciation of currency within three years is huge and undoubtedly alarming. It is being argued widely in the media that the food security bill (or ‘fiscal profligacy’ in general) would necessarily give rise to an increase in the fiscal deficit as proportion to Gross Domestic Product (GDP), which is already near 8 per cent (taking Central and State governments together). It is also being argued that this increase in fiscal deficit, in turn, may widen the current account deficit (i.e. import minus export of goods and services less the remittances) of balance of payments, (which reached historic peak of more than 5 per cent of GDP during 2012-13) and cause the Rupee to fall further down. However, none of the above-mentioned causal linkages are necessary. In fact, larger government expenditure is needed today to revive the growth rate, which has become lower than 5 per cent in the recent past (according to revised estimate, 4.5 per cent in 2012-13 and 4.9 per cent in 2013-14 by advanced estimate). Let us try to elucidate the argument step by step.

Firstly, even if the aggregate government expenditure rises because of implementation of National Food Security legislation, as the nominal GDP is also rising (growth in GDP at constant prices plus the inflation), it is not necessary that the government expenditure would go up as a proportion to GDP. The expenditure to GDP ratio would go up if and only if all the other expenditures taken together, apart from the additional expenditures

due to food security expenses, grow at the same growth rate in which the GDP at current prices is growing. For example, if the indirect subsidies to the big industries in terms of tax concessions come down as proportion to GDP¹, the additional expenditures in social sector can easily be accommodated, given any expenditure-GDP ratio.

Secondly, even if we assume that the expenditure-GDP ratio would rise, the fiscal deficit to GDP ratio would still not rise unless the revenue-GDP ratio of the government either remains constant or comes down. But there is no reason to believe that the revenue of the government cannot go up as proportion of GDP. In fact, in India, including Central and all the State governments, we have one of the lowest tax-GDP ratio (of 16 per cent of GDP for Central and all the State governments taken together) in the entire World². According to the IMF data, we stand 163rd out of 189 countries for which data is provided in World Economic Outlook database of 2013. Given any revenue buoyancy greater than one, in a growing economy like ours, the tax-GDP ratio must rise.

Thirdly, even if we assume that after all our tax efforts and strengthening of tax administration and widening the information network and collection of non-tax revenues etc., the fiscal deficit still rises as proportion to GDP due to rise in expenditure, it is not necessary that the current account deficit in balance of payment has to go up as proportion to GDP. The national income identity tells us that the fiscal deficit must always be identically equal to the current account deficit plus the excess of saving over private investment. The current account deficit would necessarily go up with an increase in fiscal deficit only if we assume that the saving-investment gap cannot rise more than or equal to the rise in the fiscal deficit. But there is no reason to believe why it can't. Even if, for the sake of argument, we believe that the saving-investment gap rises less than the rise in fiscal deficit, the current account deficit as a proportion to GDP would rise if and only if the current account deficit rises at a higher rate than the nominal GDP. Most importantly, if the government spends more than it taxes, i.e. if it incurs a fiscal deficit, the disposable income of people rises simply because people would earn relatively more income in aggregate and they have to pay less tax. The moment the government spends some money, it becomes somebody's income in terms of either wages or salaries or other factor incomes. This enhanced disposable income (i.e. net income after tax), in aggregate, can either be saved or be spent either on domestically produced goods or on imported goods.

It is unrealistic to assume that the entire additional income would only create extra demand for importable and would not be saved or be spent on domestically produced goods at all. The enhanced purchasing power of people would also raise the aggregate demand for domestically produced goods and services in the economy, which, in turn, would cause aggregate output to grow using unemployed labourers and utilised capacity in demand constrained situations. This enhances the income and purchasing power further and the process continues for several rounds. The total effect on aggregate

income for per unit change in government expenditure is known as the ‘government expenditure multiplier’ in the literature of Economics. What is more, as part of the additional income would be taxed, this increment in aggregate income raises the tax revenue of government, too. Therefore, it is not necessarily follow that any increase in social sector expenditure will worsen the current account balance as proportion to GDP. If 75 per cent of rural poor and 50 per cent of urban poor get basic foodgrains at cheaper rate, their real purchasing power would go up, given their income and level of consumption. By the way, we are talking about the people whose incomes are really low; they are not expected to save too much; neither would they demand a lot of imported commodities nor would they be taxed heavily. A large proportion of their income will be spent on consumption of domestically produced goods and services. If they demand more domestically produced commodities other than foodgrains, then domestic production of those commodities would also increase.

In the presence of large scale unemployment and unutilised capacity, there is no reason to believe that there would be only price adjustment and no quantity adjustment on the supply side or there would be no increase in output. The industries, which produce those non-food items, would generate additional incomes in terms of wages, rents, profits and other factor payments, which again would be either consumed or saved (or taxed or imported). The government expenditure multiplier (as mentioned above) starts functioning and the multiplier is much stronger in this case because the marginal propensity to consume (i.e. extra consumption out of per rupee of enhanced income) is very high for the poorer masses. Obviously, part of the consumption expenditure might be on imported commodities and some industries might use some imported inputs in their process of production. Now, if the exchange rate deteriorates, these imported products become costlier (e.g. oil) – this may have (cost push) inflationary implications. But, there is no reason to believe that the entire additional demand would necessarily be leaked out by import surplus and expansionary fiscal policy would be completely ineffective in raising domestic level of activity in non-full employment and non-full capacity situation.

There is another effect of the exchange rate depreciation – from the point of view of the foreign investors; the expected rate of return reduces in real terms. Even if the expected rate of capital gains on a share be 19.37 per cent in 3 months in Indian share market and if the exchange rate becomes Rs.66.25 per USD from Rs.55.5 within that period (as has happened during June, July & August, 2013), then the rate of return in terms of USD would be 0. However, as the exchange rate depreciates, by the same logic, exports become more rewarding because by exporting 1 dollar worth of commodities in the international market, the exporters will earn more money in terms of domestic currency. It is worth mentioning here that import is considered to be dependent on the national income of the importing country. In real terms, the GDP of India is growing at

a much faster rate than GDP of our main export destinations, particularly following the financial crisis. Since, the growth rate of our export is dependent on (along with other factors) their economies' growth rates, the trade deficit is likely to be widened. Plus, the unprecedented rise in international oil prices caused yawning of the current account deficit of large oil importing countries like ours. If the net capital inflow is not sufficiently large to cover the current account deficit, the exchange rate would start depreciating. The Central Bank can and should manage the exchange rate depreciation temporarily by releasing more dollars from its foreign currency reserves to match the excess demand for dollar. But this process cannot go on forever. Now, if the rupee starts falling very sharply, India becomes less attractive as destination for foreign investment. As a result, the net capital inflow comes down and the domestic currency depreciates more sharply. This is a vicious cycle.

There are two ways to handle the situation. One is by putting more restrictions on imports (other than oil or essential inputs) and by promoting exports in new destinations i.e. by reducing the trade deficit along with Central Bank intervention in exchange rate management. The other is by having more openness and faster reforms (as pointed out by former finance minister Chidambaram) or by desperately attracting more foreign capital at any cost – even at the cost of inviting FDI in multi-brand retail, in national defence, in insurance and pension even in financing the fiscal deficit. “What we need now, according to the minister, “is not less reforms but more reforms; not more restrictions but less restrictions; not a closed economy but a more open economy” (*The Hindu*, August 28, 2013. Parliament Speech, August 27, 2013). The first option goes against the philosophy of so-called ‘globalisation-liberalisation’ and hence, for not so obvious reasons, our government is banking only upon the second option and making the economy more dependent on the mercy of international finance capital.

The crisis in trade account has not been caused by the high fiscal deficit of the Central and State governments. It has happened because of many other reasons like crisis in the developed World (as mentioned above - disparities in growth rates), hike in international price of oil, huge import of Gold for investment purposes and so on. In fact, the reverse causality seems to be more prominent – i.e. large trade deficit is depressing GDP growth (because of leakage of aggregate demand through huge import surplus) and as a result of that the government revenue collection would suffer and fiscal deficit is likely to go up as proportion to GDP even if the expenditure-GDP ratio does not rise at all. Moreover, if the government tries to reduce government expenditure in order to bring down the fiscal deficit on the face of demand deficiency caused by high current account deficit, the growth rate would come down further and unemployment situation could get aggravated.

The economy is not characterised by excess demand but rather by a deficiency of aggregate demand; it is not excess demand that is the cause of the yawning current account deficit but rather it is the yawning current account deficit that is the cause of a deficiency of aggregate demand; it is not excessive government expenditure that is

creating excess demand pressures in the economy but rather it is the largeness of the government expenditure that has till now acted as a counterweight to the deficiency of aggregate demand; it is not so much an improvement in the current account deficit that a curtailment in government expenditure will bring about but rather a further reduction in the growth rate of the economy through an even greater slump in aggregate demand (with only a marginal fall, if at all, in the current account deficit). (Patnaik 2013, PD).

Obviously, finance capital favours smaller government intervention and opposes expansionary fiscal policy and Central Bank intervention in exchange rate market etc. Our government is also committed to improve the credit rating of India as a preferred destination of international finance capital in order to balance the widening current account gap by larger and larger foreign capital inflows. In this context, if 70 per cent of our poor vulnerable population gets some cereals at cheaper rates due to the National Food Security legislation, accusing that for larger depreciation of currency is grossly unfair and hence, disturbing.

Even if it is 'vote security bill' (as pointed out by the Opposition in Parliament) rather than a Food Security Bill, given the dynamics of our democracy, I support it (apart from some minor technical points) in the interest of 70 per cent of our population. The so called 'populist' policy measure does not necessarily mean 'bad Economics'. In fact, in my view, the ongoing fiscal conservatism resulted from fundamentalism of 'sound finance' in the interest of finance capital and big businesses (forgetting the interest of common people) are rather bad Economics. The investor's confidence, anyway, depends on the policy measures, which favours them by giving guarantee for more profit in the name of creating 'congenial environment for businesses'. Therefore, any attempt of holding the required government expenditure for implementation of National Food Security Act (or, for that matter, larger expenditure on health or education or any other social sector expenditure, which directly or indirectly enhances the purchasing power of common people) as necessarily responsible for the so called 'twin deficit' followed by currency depreciation and inflation, is, in my opinion, not only farfetched but also misleading and erroneous argument.

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Brief Glossary

Above Poverty Line (APL) - Those who are not Below Poverty Line. It means this section of people are not deprived of their basic human needs, which commonly includes food, water, sanitation, clothing, shelter, health care and education.

Agrarian Crisis - Agrarian crisis is a result of the excessive dependence of a large section of the population on agriculture in India. A decline in the trend growth rate of production as well as productivity for almost all crops due to lack of credit supply and neglect of agriculture in plan resource allocation, witnessed farmers' suicides. The larger agrarian crisis is much more widespread and just not only confined to regions witnessing farmers' suicides.

Antyodaya Anna Yojana (AAY) - It is a Central Government sponsored scheme for the 'poorest of the poor' families, providing them 35 kilos of rice and wheat a month at Rs.3 & Rs.2 per kg., respectively.

Balance Of Payments - The total of all the money coming into a country from abroad (income) less all of the money going out of the country (expenditure) during the same period.

Below Poverty Line (BPL) - This is a benchmark and poverty threshold used by the Government of India to identify individuals and households in need of government assistance and aid. It is determined using various parameters which vary from state to state and within states. The present criteria are based on a survey conducted in 2002. Those who are identified as being below the poverty line are given BPL ration cards.

CAG - Comptroller and Auditor General of India is an authority, established by the Constitution of India under Chapter V, who audits all receipts and expenditure of the Government of India and the state governments, including those of bodies and authorities substantially financed by the government.

Coarse Cereals - Coarse grains generally refers to cereal grains other than wheat and rice - in the OECD countries, those used primarily for animal feed or brewing.

Cost Push Inflation - Inflation caused by rising costs of production.

Cropping Intensity - It is the number of crops growing a year multiplied by 100.

Depreciation - Depreciation is a reduction in the value of capital goods over time due to their use in production.

Empowered Group of Ministers (EGoM) - A group of Ministers formed from within the Cabinet to work on specific issues.

Engel's Law - Economic theory that the proportion of income spent on food decreases as income increases, other factors remaining constant. This law does not suggest that money spent on food falls with increase in income, but instead that the percentage of income spent on food rises slower than the percentage increase in income.

ERP - External Reference Price is defined as the practice of comparing product prices across countries and the product is sold at a price just below its main competing brand.

Exchange Rate - The rate, or price, at which one country's currency is exchanged for the currency of another country.

FAO - Food and Agricultural Organization is an agency of the United Nations that leads international efforts to defeat hunger and malnutrition.

FCI - Food Corporation of India was established in order to fulfill objectives of the Food Policy, effective price support operations for safeguarding the interests of the farmers and distribution of foodgrains throughout the country for public distribution system.

FDI - Foreign Direct Investment means investing directly in production in another country, either by buying a company there or establishing new operations of an existing business.

Fiscal Conservatism - Fiscal conservatism is a politico-economic philosophy with regards towards fiscal policy and the advocating of fiscal responsibility.

Fiscal Deficit - The gap between the government's expenditures and its revenues from sources other than additional borrowing is called Fiscal Deficit.

Food Security - Food Security means that all people at all times have physical & economic access to adequate amounts of nutritious, safe, and appropriate foods.

Global Food Crisis - The dramatically increased in world food prices created a global crisis and causing a political and economic instability and social unrest in both poor and developed nations.

GHI - The Global Hunger Index (GHI) is a tool designed to comprehensively measure and track hunger globally and by region and country.

Green Revolution - The introduction of high-yielding varieties of seeds and the increased use of chemical fertilizers and irrigation are known collectively as the Green Revolution.

GDP - Gross Domestic Product is total value, expressed in rupees, of all final goods and services produced in the economy in a year.

Integrated Child Development Services Scheme (ICDS) - ICDS Scheme, launched on 2nd October 1975, represents one of the world's largest and most unique programmes for early childhood development. ICDS is the India's response to the challenge of providing pre-school education on one hand and breaking the vicious cycle of malnutrition, morbidity, reduced learning capacity and mortality, on the other.

Irrigation - The artificial application of water to land to assist in the production of crops.

Janani Suraksha Yojana (JSY) - A monetary incentive to encourage women to have institutional deliveries.

Land Degradation - Deterioration in the quality of land, its topsoil, caused usually by excessive or inappropriate exploitation.

Land Reforms - Land Reforms measures designed to effect a more equitable distribution of agricultural land especially by governmental action.

Liberalization - A policy of promoting liberal economics by limiting the role of government to the things it can do to help the market economy work efficiently. This can include privatisation and deregulation.

Malnutrition - Malnutrition means lack of adequate nutrition resulting from insufficient food, unbalanced diet or defective assimilation.

Mid Day Meal Scheme - The Mid-Day Meal is the world's largest school feeding programme reaching out to about 12 crore children in over 12.65 lakh schools/EGS centres across India.

MSP - Minimum Support Price may be either a subsidy or a price control, both with the intended effect of keeping the market price of a good higher than the competitive equilibrium level.

National Academy of Agricultural Sciences (NAAS) - NAAS, established in 1990, is among the youngest of the Science Academies of India, focuses on the broad field of agricultural sciences including crop husbandry, animal husbandry, fisheries, agro-forestry and interface between agriculture and agro-industry.

National Family Health Survey - The National Family Health Survey (NFHS) is a large-scale, multi-round survey conducted in a representative sample of households throughout India. It provides state and national information for India on fertility, infant and child mortality, the practice of family planning, maternal and child health, reproductive health, nutrition, anaemia, utilization and quality of health and family planning services.

National Food Security Act (NFSA) - An Act to provide for food and nutritional security in human life cycle approach, by ensuring access to adequate quantity of quality food at affordable prices to people to live a life with dignity and for matters connected therewith or incidental thereto.

National Food Security Bill (NFSB) - It is the proposed legislation or draft before it was passed by the Parliament. This bill was passed for attending Food security, which means availability of sufficient foodgrains to meet the domestic demand as well as access, at the individual level, to adequate quantities of food at affordable prices.

National Nutrition Monitoring Bureau (NNMB) - It was established in 1972 with the main objective to collect data on dietary intakes and nutritional status of the population in each of the States on a continuous basis.

National Rural Employment Guarantee Act (NREGA) - The NREGA, later amended to Mahatma Gandhi National Rural Employment Guarantee Act, is an Act through which the Government guarantees 100 days of work a year at minimum wages for any adult who demands it in rural areas across the country.

National Sample Survey Organisation (NSSO) - It is a unique organisational setup to carry out surveys on socio-economic, demographic, agricultural and industrial subjects for collecting data from households and from enterprises located in villages and in the towns.

Nutrition Security - A person is considered nutrition secure when she or he has a nutritionally adequate diet and the food consumed is biologically utilized such that adequate performance is maintained in growth, resisting or recovering from disease, pregnancy, lactation and physical work.

OWS - Other Welfare Schemes are organized public or private social services for the assistance of disadvantaged groups.

PEG - Government implemented the Private Entrepreneurs Guarantee (PEG) Scheme to augment the covered storage capacity through private entrepreneurs, Central Warehousing Corporation (CWC) and State Warehousing Corporations (SWCs).

People's Union for Civil Liberties (PUCL) - It is an organisation working on civil liberties and human rights issues.

Per Capita Food Consumption - It is the sum of the total consumption of food divided by the population of the country. It is the per head food consumption.

Public Distribution System (PDS) - The Public Distribution System (PDS), introduced by the Government of India, evolved as a system of management of scarcity and for distribution of food grains at affordable prices.

Public Interest Litigation (PIL) - It is litigation for the protection of the public interest. In Indian law, Article 32 of the Indian Constitution contains a tool, which directly joins the public with judiciary. A PIL may be introduced in a court of law by the court itself (suomotu), rather than the aggrieved party or another third party. For the exercise of the court's jurisdiction,

it is not necessary for the victim of the violation of his or her rights to personally approach the court. In a PIL, the right to file suit is given to a member of the public, which may include a non-governmental organization (NGO), an institution or an individual.

Purchasing Power - Money or credit available to spend on consumption of goods and services. It is the financial ability to buy products and services.

Right to Food Campaign (RTFC) - It is a network of organisations and individuals working towards the realisation of universal right to food.

Right to Information Act (RTI) - This law was passed by the Parliament on 15th June 2005 and came fully into force on 13 October 2005. Under the provisions of the Act, any citizen may request information from a “public authority” (a body of Government or “instrumentality of State”), which is required to reply expeditiously or within thirty days. The Act also requires every public authority to computerise their records for wide dissemination and to proactively publish certain categories of information so that the citizens need minimum recourse to request for information formally.

Saving-Investment Gap - The gap between the total (private and public) savings and the total (private and public) investment made in the economy in a particular year.

Soil Erosion - Washing away of soil by the flow of water.

United Progressive Alliance (UPA) - It is a coalition of political parties formed under the leadership of the Indian National Congress, after the elections of 2004.

WTO - World Trade Organization is the only international organization dealing with the global rules of trade between nations. Its main function is to ensure that trade flows as smoothly, predictably and freely as possible.

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