

Securing Food for All

Is It Really Difficult to Afford?

PRAVEEN JHA, NILACHALA ACHARYA

Despite many valid recommendations put forward by relevant committees as well as by independent researchers, the public distribution system continues to suffer from several inherent and systemic flaws. Instead of addressing the problems encountered by the present system, policymakers are again attempting to resort to another version of targeted provisioning. By assessing important implications relating to various dimensions of the proposed National Food Security Bill 2011, this article focuses on the issues of financing for ensuring reasonable food security for all in the country.

Praveen Jha (praveenjha2005@gmail.com) is with the School of Social Sciences, Jawaharlal Nehru University, New Delhi and Nilachala Acharya (nilachala@cbgaindia.org) is a Research Consultant associated with the Centre for Budget and Governance Accountability, New Delhi.

Hunger in a world of food abundance is principally a result of negligence as it lies within mankind's capacity to put in place the policies, institutions, technologies and logistics both to prevent and eradicate hunger (FAO et al 2002: 1).

One can hardly quibble over the view that the presence of hunger on a substantial scale constitutes one of the most serious indictments of claims of economic development. In terms of mitigating hunger and securing food for its citizens, India has been consistently portraying one of the poorest records¹ and the country's performance in reducing the number of people afflicted by malnutrition and hunger remains pretty dismal even during the much-talked about period of rapid economic growth. If we look at some important indicators of food and nutrition security of India, there is little hope that the country would be free from the clutches of hunger and malnutrition in the near future.

Thus, given the scale of deprivation and galloping food prices in recent years, policymakers must address at least the most critical challenges on an urgent basis and eliminating hunger ought to be accorded the highest priority. As is well known, soon after the disastrous decade of the 1960s (in terms of foodgrains production and availability) the union government of India strengthened the existing public distribution system (PDS). Until 1992, the PDS was a general entitlement scheme for all households

without any specific target. However, soon after launching neo-liberal reforms in the early 1990s, the government introduced the targeted public distribution system (TPDS) in June 1997 (which is still in operation). The exclusion of deserving households, who ought to be covered under the subsidised grain distribution system, has been at the centre of policy and academic debates since then (Swa-minathan 2000; Patnaik 2008; Gupta 2011; Himanshu and Sen 2011, etc).

However, there are instances of some of the states having gone beyond the provisions made under the TPDS. These states have included other items like edible and cooking oils, sugar, pulses, etc, while also extending its coverage to other segments of population. For instance, Tamil Nadu has had a universal system for some time and has now started distributing foodgrains free of cost since June 2011. In Andhra Pradesh and Chhattisgarh, the systems are near universal. In Himachal Pradesh, there are separate central issue prices (CIPs) for below the poverty line (BPL) and above the poverty line (APL) population, though foodgrains entitlement for both categories is the same (Alamu 2011; Aggarwal 2011; Khera 2011).

The union government could take a cue from the experiences of these states and evolve a universal system of foodgrain distribution for the entire country. As is well acknowledged, despite many valid recommendations put forward by relevant committees as well as by independent researchers, the present PDS continues to suffer from several inherent and systemic flaws. Instead of addressing the problems encountered by the present PDS in the country, policymakers are again attempting to resort to another version of targeted provisioning. However,

Table 1: Analysis of Financial Provisions Made in the Proposed Food Security Legislation

Sl No 1	Provisional Heads of Expenditure 2	Norms Defined 3	Amount Required 4	Whose Responsibility 5	Remarks 6
1	Cost for carrying buffer stock	The annual estimated carrying cost of a stock of five million tonnes of foodgrains at 2011-12 (cost prices)	Rs 2,061 crore	Union government (already borne by the union government as part of TPDS)	
2	Food subsidy	Per person, per month entitlement of foodgrains as per priority and general category household. The amount of food subsidy may vary depending upon the economic cost (EC), central issue prices (CIP), number of beneficiaries to be covered and quantity to be allocated and/or lifted, etc	Rs 79,800 crore	Union government (recurring in nature)	Clearly the legislation aims at targeted provisioning instead of universal PDS
3	Nutritional support to pregnant and lactating women and children below the age of 14	Pregnant and lactating women and children below the age of 14 under Integrated Child Development Services (ICDS) and Mid-Day Meal (MDM) schemes	At present (budgeted for 2012-13) allocations under ICDS is Rs 15,850 crore and for MDM is Rs 13,500 crore	Both union and state governments on a sharing basis. ICDS was a central sector scheme up to 2008-09, but from the financial year 2009-10, funding responsibility of ICDS has been shared between union and state governments. The MDM is a centrally-sponsored scheme, where states have to provide the matching grants	The United Progressive Alliance (UPA)-I had promised universalisation of ICDS in the Eleventh Plan, but it is yet to materialise
4	Maternity benefit (cash) to every pregnant and lactating woman	At present (coverage would be 2.25 crore pregnant and lactating women with a minimum of Rs 1,000 per month for six months)	Rs 13,500 crore (Rs 1,000 × 6 months × 2.25 crore beneficiaries), proposed expenditure to be incurred	To be shared between union and state governments	
5	Supply of meals, free of cost or at affordable prices	To destitute and homeless persons, emergency and disaster affected persons and persons living in starvation	As per the scheme to be prescribed by the union government; yet to be specified	To be shared between union and state governments	Identification of the relevant categories will be a huge challenge
6	Identification of persons, households, groups or communities, living in starvation or conditions akin to starvation	List of such individuals, households, communities, groups has to be prepared by the states		Cost for identifying such individuals, households, groups and communities to be borne by the state governments	Serious problems of identification of such beneficiaries. Error of exclusion is likely to be on the higher side
7	Food security allowance	In case of non-supply of the entitled quantities of foodgrains or meal to entitled persons		Entirely by the state governments	
8	Identification of "priority" and "general" category households	As per the guidelines (to be issued by the central government), list to be prepared after conducting the survey	One time for a particular period; yet to be specified	To be shared between union and state governments	
9	Display of surveyed household (HH) list in the public domain	Cost of displaying the list	One time for a particular period; yet to be specified	Entirely by the state governments	There is no clarity, what would be the mode of displaying all these information for the use of public
10	Setting up of internal grievance redressal mechanism	May be call centres, help lines, nodal officers, etc	Yet to be specified	By the respective governments	
11	District grievance redressal office	District grievance redressal officer with a full-fledged office for each district	Recurring in nature; yet to be specified	Entirely by the state governments	
12	Constitution of State Food Commission	A full-time commission	Recurring in nature; yet to be specified	Entirely by the state governments	
13	Constitution of National Food Commission	A full-time commission	Recurring in nature; yet to be specified	Entirely by the union government	
14	Creation of storage capacity	No clear mention of units to be constructed and/or upgraded	One-time (capital) expenditure; yet to be specified	Entirely by the union government	
15	Transportation, storage and handling of foodgrains	Transportation cost from designated central storage point to the point of delivering foodgrains, management of fair price shops, and cost of storage (if required).	Recurring expenditure; yet to be specified	State governments	
16	Construction of storage capacity	Creation of storage capacities to distribute foodgrains under TPDS and other welfare schemes at the state, district or at the local level to ensure timely distribution of foodgrains	One-time expenditure; yet to be specified	Entirely by the state governments	
17	Cost for implementing legislation	Cost for strengthening local authorities, if required, to implement such legislation	Yet to be specified	Entirely by the state governments	
18	Provision of social audit	If arises, by an independent agency and/or individuals	Yet to be specified	Entirely by the union government	
19	Setting up of vigilance committees	At various levels	Recurring in nature; yet to be specified	Entirely by the state governments	

Source: Compiled by the authors from basic information provided in NFSB (2011), Gol (2011).

in this note we focus on the issues of financing for ensuring a reasonable food security for all in the country while assessing important implications relating to various dimensions of the financial memorandum of the proposed National Food Security Bill (NFSB)² 2011.

Financial Memorandum

In this section we examine the proposed food security legislation from the point of view of its financial implications. The NFSB 2011, in its financial memorandum, talks about the items for which financial requirements are to be borne by various levels of governments. However, there is considerable ambiguity as regards the quantum of resources required for implementing the proposed legislation as should be clear from the following discussion. The memorandum itself states that it is very difficult to arrive at a concrete estimation of the costs required for implementing the proposed legislation;³ however, there are a couple of estimates⁴ available in the public domain as to how much resources would be required for implementing NFSB.

Table 1 (p 20) is an attempt to spell out the key financial provisions for implementing NFSB 2011. We have attempted to categorise all possible heads of expenditures, norms defined for such expenditures, amounts explicitly given in the financial memorandum, as well as the amounts estimated in the NFSB 2011.

The information compiled in Table 1 is based on NFSB 2011 and we have highlighted those interventions for which NFSB indicates some specific magnitude of budgetary provision. In addition to the budgetary requirements explicitly mentioned in NFSB, we have also included in Table 1 the allocations for MDMS and ICDS made in the union budget 2012-13. These together come to a figure of Rs 1,23,148 crore (per annum). For quite a few provisions of the proposed bill, the financial implications have not been spelt out and thus it is clear that an assessment of the total amount of budgetary resources that might be required for implementing all the provisions of NFSB 2011 is yet to be done by the government. We may also reiterate here that NFSB 2011 is being visualised as a targeted

system and for implementing several aspects of the bill, the cost has to be borne by the states.

Expenditure Requirements

The most critical constraint often highlighted by policymakers towards universalising PDS is lack of budgetary resources. However, in our view this is something certainly not beyond the means of the government. Given the fact that the union government has made several commitments towards ensuring food and nutrition to all its citizens from time to time, it must rise to the challenge. In any case, it is only appropriate that with reference to the most basic needs any responsible government must not shy away from generating and provisioning necessary resources. This section focuses on expenditure requirements for universalising the distribution of rice and/or wheat and millets under a given set of assumptions. However, before we do that, it would be useful to look at the budgetary trends relating to food subsidy in the union budgets.

Although there has been a significant improvement in budgetary allocations in absolute terms towards the food subsidy bill over the years, the share of the same in the total union government expenditure as well as in the country's gross domestic product (GDP) is on a decline.

The quantum of food subsidy in India's GDP has been less than 1%, which clearly needs to be scaled up if food security has to be expanded further. This share was 0.8% in 2004-05, which declined marginally to 0.89% in 2009-10, and dropped significantly to 0.74% in the current budget (2012-13 BE). Similarly, the share of food subsidy in the total budget has been hovering around 5% since 2004-05.

The present provision of food subsidy in the union budgets is based on allocation of foodgrains to different sections of the population, i e, Antyodaya Anna Yojana (AAY), BPL and APL. CIP of per quintal of wheat for AAY, BPL and APL is Rs 200, Rs 415 and Rs 610, respectively. Similarly, CIP of per quintal of rice for AAY, BPL and APL is pegged at Rs 300, Rs 565 and Rs 830 (for Grade A), respectively. Further, the present provision of food subsidy has been made on the basis of the economic costs (EC) of per quintal of wheat and rice, i e, Rs 1,580.6 and Rs 2,068.9, respectively.

To put in place the universal PDS for the provisioning of rice and/or wheat and millets, we undertake a simple exercise in the following to arrive at an estimation of food subsidy in the union budgets. Our exercise is based on the following assumptions:

- Total number of households at present is 24 crore (approximate);

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• Provision of distribution of rice or wheat under PDS to all households at 35 kg per month per household;

• Provision of distribution of millets under PDS to all households at 5 kg per month per household;

EC of wheat and rice will not increase from their present levels of Rs 1,580.6 and Rs 2,068.9 per quintal of wheat and rice, respectively; further we assume price of millets as Rs 1,500 per quintal;

• Distribution of rice and wheat is in the ratio of 2:1.

Based on these above assumptions, the total amount of cereals needed for distribution through PDS would be around 115.2 million tonnes (i.e., 67.2, 33.6 and 14.4 million tonnes, respectively for rice, wheat and millets), and the total amount of subsidy per annum would be Rs 1,85,418 crore (at current prices). The food subsidy bill stood at Rs 75,000 crore as per 2012-13 BE and thus an additional outlay of Rs 1,10,418 crore would be needed (Table 2).

The above estimate suggests that an additional amount of Rs 1,10,418 crore is required over and above the existing

food subsidy bill of the union government to universalise the distribution of rice, wheat and millets (as per the norms mentioned).

The frequently asked question is: where would the government get the additional resources to finance the food subsidy bill? Of course, there is no one simple and agreed answer to this question, but our claim is that it is certainly not beyond the means of the union government. One can get into a detailed discussion of possible means to augment resources (for instance, through wealth tax, expansion of the coverage of services for taxation, better tax compliance mechanisms, etc); however, even if one ignores such possibilities of resource mobilisation, it is quite clear that a degree of rationalisation in the total quantum of revenue forgone through exemptions made by the union government can help a great deal in expanding the coverage of PDS. As mentioned above, this estimate takes into account only distribution of rice and/or wheat and millets to all. Ideally, in addition to cereals, other essential items such as pulses, edible and cooking oils,

sugar, etc, should also be included in the ambit of PDS, which would add further to resource requirements.

Concluding Observations

The NFSB, which was tabled in Parliament last year, has been referred to the Standing Committee and is expected to be presented this winter session of Parliament for the final approval. Earlier, the expert committee headed by C Rangarajan to examine the proposal of the National Advisory Council (NAC) for the expansion of the coverage of PDS had gone against the same citing three major reasons: (a) insufficient foodgrains or supply constraint; (b) leakages in the system; and (c) lack of adequate resources to finance the food subsidy bill. We have already discussed the issue of adequacy of resources in the foregoing and the other two presumed constraints towards expansion of PDS also do not seem convincing. There are instances that states are further slashing CIP of rice/wheat amounting to either full universalisation or near universalisation of entitlements with a common CIP for all categories of households. There is considerable merit in the argument that a "common issue price" for all categories of households, could reduce leakages or misappropriation of foodgrains to a substantial scale.

As regards other possible concerns contributing to leakages and corruption, steps need to be taken to make it corruption-free, efficient and accountable through provision of better infrastructure, fixing accountability on key functionaries and introducing systemic reforms to ensure that the financial and institutional constraints with regard to effective implementation of PDS are addressed. There are several recommendations by various panels and researchers on how PDS can be revamped and redesigned. These include: opening up of new outlets (fair price shops (FPS)) with service provided at least in the morning and evening hours so that people can fetch foodgrains, computerisation of records, stringent enforcement and establishment of the grievance redressal mechanism, decentralised procurement and distribution system, making availability of locally demanded foodgrains, inclusion of millets and other

Table 2: Required Amount of Foodgrains and Food Subsidy (Per annum in the union budget)

S/No	Description	Units	Amount
A	Total amount of foodgrains to be required (I+II+III)	Million tonnes	115.2
I	Amount of rice required to be distributed (per annum) at 23.33 kg per month per household	Million tonnes	67.2
II	Amount of wheat required to be distributed (per annum) at 11.67 kg per month per household	Million tonnes	33.6
III	Amount of millets required to be distributed (per annum) at 5 kg per month per household	Million tonnes	14.4
B	Central issue prices (CIPs)		
IV	Proposed CIP for rice per tonne (Rs 3 per kg x 1,000 kg)	In Rs	3,000
V	Total amount to be recovered for the distribution of rice (per annum) (I x IV)	In Rs crore	20,160
VI	Proposed CIP for wheat per tonne (Rs 2 per kg x 1,000 kg)	In Rs	2,000
VII	Total amount to be recovered through CIP for the distribution of wheat (per annum) (II x VI)	In Rs crore	6,720
VIII	Proposed CIP for millets per tonne (Rs 1 per kg x 1,000 kg)	In Rs	1,000
IX	Total amount to be recovered through CIP for the distribution of millets (per annum) (III x VIII)	In Rs crore	1,440
C	Total amount which would be recovered through CIP (V+VII+IX)	In Rs crore	28,320
D	Economic costs (EC)		
X	EC per tonne of rice (Rs 2,069 x 10)	In Rs	20,690
XI	Total EC for the distribution of proposed amount of rice	In Rs crore	1,39,030
XII	EC per tonne of wheat (Rs 1,581 x 10)	In Rs	15,810
XIII	Total EC for the distribution of proposed amount of wheat	In Rs crore	53,108
XIV	EC per ton of millets (Rs 1,500 x 10)	In Rs	15,000
XV	Total EC for the distribution of proposed amount of millets	In Rs crore	21,600
E	Total EC for the distribution of rice, wheat and millets (XI+XIII+XV)		2,13,738
F	Amount of food subsidy to be required per annum (e-c)	In Rs crore	1,85,418
G	Present budgetary provision as food subsidy (2012-13, BE)	In Rs crore	75,000
H	Food subsidy required for the coming budgets over and above the existing provision (H=F-G)	In Rs crore	1,10,418

Source: Authors' calculation.

items under PDS, and, allowances in lieu of the loss of wage (Swaminathan 2000; Swaminathan and Mishra 2001; Ghosh 2010, 2011; Gupta 2011 among others).

Considering the magnitude of food insecurity and hunger in the country, the provision of food subsidy in the current budget, as well as Rs 79,800 crore proposed in the draft food security legislation, appear quite inadequate. Further, dividing households into “priority” and “general” category and not “universalising the distribution of grains” seems to be a step backwards. There is little sense in continuing with the questionable systems of targeting, albeit under a different name, instead of taking the bull by the horns.

NOTES

- 1 To quote Ananya Mukharjee, “If the malnourished in India formed a country, it would be the world’s fifth largest – almost the size of Indonesia. According to Food and Agriculture Organisation (FAO), 237.7 million Indians are currently, undernourished (up from 224.6 million in 2008)”, *The Hindu*, 1 February 2012, available at: <http://www.thehindu.com/today-paper/tp-opinion/article2848954.ece>, viewed on 15 February 2012.
- 2 A draft NFSB was prepared by the Department of Food and Public Distribution, Government of India and was approved by the cabinet in its meeting held on 18 December 2011, for introduction in Parliament. Subsequently, it was introduced in Lok Sabha on 22 December 2011. Further, the National Advisory Council has

reportedly been engaged in modification of the above-said draft and there are other initiatives which have sought to improve it. However, it appears that different versions emanating within policy establishments do not really differ from each other. Hence, our focus here is on NFSB, 2011, and its financial memorandum.

- 3 “Apart from the estimates given above, the expenditure which will be involved in implementing the proposed legislation will also include expenditure to be met out of budgets of other ministries or departments in order to operationalise the provisions of the proposed legislation, besides strengthening of the organisational structure for proper implementation. It is not practicable to make an estimate of such recurring and non-recurring expenditure at this stage”, p 35 of the NFSB 2011.
- 4 For instance, the chairperson of the Commission of Agricultural Costs and Prices (CACP) has argued that the NFSB will cost an additional Rs 6,00,000 crore in the next three years (Himanshu 2012) meaning additional Rs 2,00,000 per annum (average). Another estimate claims that the “...food subsidies will increase to about roughly Rs 90,250 crore in the first year of implementation” itself (Vijayaraghavan 2012).

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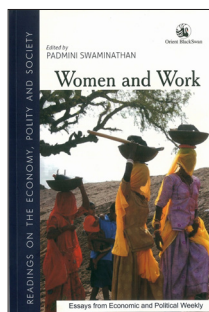
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Women and Work

Edited by

PADMINI SWAMINATHAN



The notion of ‘work and employment’ for women is complex. In India, fewer women participate in employment compared to men. While economic factors determine men’s participation in employment, women’s participation depends on diverse reasons and is often rooted in a complex interplay of economic, cultural, social and personal factors.

The introduction talks of the oppression faced by wage-earning women due to patriarchal norms and capitalist relations of production, while demonstrating how policies and programmes based on national income accounts and labour force surveys seriously disadvantage women.

This volume analyses the concept of ‘work’, the economic contribution of women, and the consequences of gendering of work, while focusing on women engaged in varied work in different parts of India, living and working in dismal conditions, and earning paltry incomes.

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