

**THE ECONOMICS OF FOOD ENTITLEMENT: AN INDIAN
PERSPECTIVE**



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ABSTRACT

India has been a food insecure country since independence and continues to be so. What is worse is that with so-called “globalization” and uneven growth of urban areas in comparison to the rural areas, food has ceased to be a prime agenda for the government. But the truth still is that there are thousands of people dying everywhere in places like Kalahandi and Amlashol because of improper or, better to say, non-functioning of government machineries like the TPDS, food-for-work, MNREGA etc. while there is another section of people sipping colas and munching popcorns at a multiplex in the metropolitans. The worst sufferers are the women and children. In this paper we discuss about different aspects of food insecurity and make recommendations for improving the situation. More than advocating a second green revolution to solve India’s food problem, the need of the hour is to specify the course such a second green revolution is to take and direct it towards the most hunger stricken areas.

KEYWORDS: Food Entitlement, India, Inflation, PDS, Food policy

INTRODUCTION

Food security and the right to food have become urgent political and social issues in India at present. Rapid aggregate income growth over the past two decades

nutrition indicators have stagnated and per capita calorie consumption has actually declined, suggesting that the problem of hunger may have got worse rather than

the worst countries in the world in terms of hunger among the population, and the number of hungry people in India is reported by the UN have increased between the early 1990s and the mid-2000s. In this paper different aspects of the food insecurity situation in India are discussed.

First section of deals with the problem of food entitlement and the entitlement approach itself. The second section focuses on child and women nutrition in the light of intra-family distribution of food and various issues concerning it. The last section discusses the recent crisis of food inflation in India and the food policy.

THE FOOD ENTITLEMENT APPROACH

The entitlement approach to starvation and famines concentrates on the ability of people to command food through the legal means available in the society, including the use of production possibilities, trade opportunities, entitlements vis-à-vis the state, and other methods of acquiring food. A person starves either because s/he does not have the ability to command enough food, or because he cannot use this ability to avoid starvation. The entitlement approach concentrates on the former problem, ignoring the latter possibility. Furthermore it concentrates on those means of commanding food that are legitimized by the legal system in operation in that society. However it does not consider influences like illegal transfers (looting), and choice failures (owing to inflexible food habits) which might cause starvation.

The Problem of Food Entitlement in India:-

India at present is in the midst of a paradoxical situation where endemic mass-hunger coexisting with the mounting food grain stocks. The food grain stocks available

with the Food Corporation of India (FCI) stood at 69 million tonnes against an annual requirement of around 61 million tonnes for ensuring food security in 2013. Still, an estimated 237 million people are underfed according to United Nation. In spite of food production sufficiency, most rural populations/communities have had to deal with uncertainties of food security. Over one fifth of India's population suffers from chronic hunger. The uncertainties of the food insecure are linked to and compounded by their vulnerability from the uncertainty of sustenance / production, livelihoods, accessibility to health and education services etc.

REASONS FOR FOOD INSECURITY IN INDIA

Demand side issue:-

A reason for an increase in hunger is the demand deflation that accompanies a lowering of incomes. Shortfall in demand with respect to supply is a problem, where excess stock of food grains with FCI are as a result of excess procurement at artificially high prices and represent production over and above what people in India wish to consume. Engel's law explains this phenomena with the 'diversification of diet' argument that the proportion of income spent on essential goods falls as income rises, implying that peoples' consumption of high value foods, like meats, rises as per capita income rises. However the absorption of food always rises with increase in per capita income which has not happened in India.

Supply side issue:-

Supply side shocks such as drought and famines contribute to further enhance the existing problems with a failure of Public Distribution System (PDS) by causing more hunger and poverty that arise due to

shortage in production. Drèze and Sen argue that it is the mismanagement of food grain stock and flawed distribution policies and not necessarily a lower output of food grain that creates a problem of food insecurity during famines.

Targeted Public Distribution System:-

India's food security policy has a laudable objective to ensure availability of food grains to the common people at an affordable price and it has enabled the poor to have access to food where none existed.

Government introduced targeting in the PDS to lower the food subsidy for population above poverty line (APL), while keeping the level of support constant for below poverty line (BPL) households. Under this scheme, BPL households would face prices for essential commodities at half the economic cost borne by the FCI in procuring and distributing these essential items while APL household would face the full economic cost. The performance of TPDS is analyzed by the table below.

Table-1: Public Distribution System - Procurement, Off-Take and Stocks

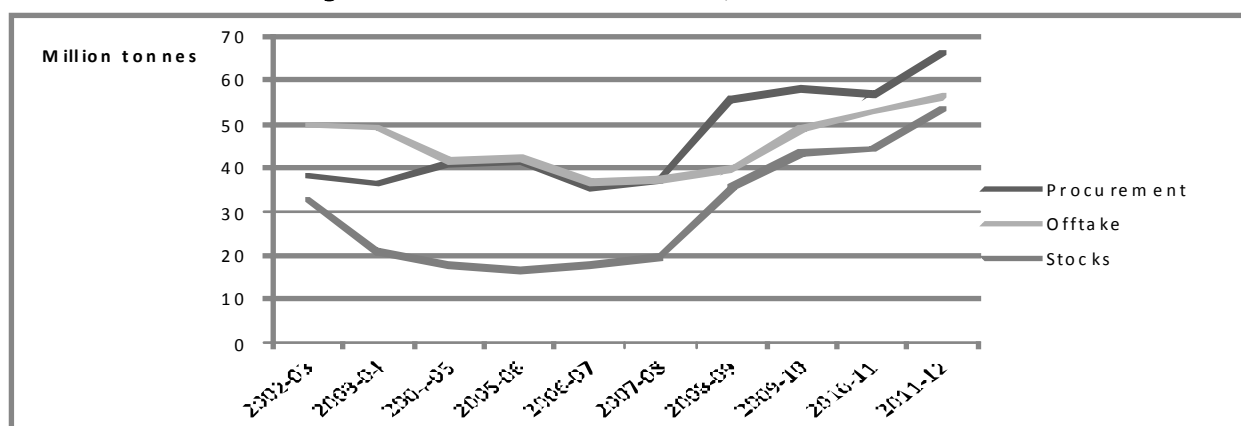
(Million tonnes)

Year	Procurement	Offtake	Stocks
2002-03	38.03	49.84	32.81
2003-04	36.58	49.33	20.65
2004-05	40.83	41.47	17.97
2005-06	41.48	42.25	16.62
2006-07	35.53	36.77	17.93
2007-08	37.42	37.43	19.75
2008-09	55.53	39.5	35.58
2009-10	57.98	48.86	43.36
2010-11	56.79	52.87	44.35
2011-12	66.35	56.28	53.44

Source: Ministry of Food, Consumer Affairs and Public Distribution, Government of India.

The table 1 suggests that the TPDS has fared moderately well and has been able to achieve somewhat food stability.

Figure 1: Trends in Procurement, Offtake and Stocks



Source: Compiled from Ministry of Food, Consumer Affairs and Public Distribution, Government of India.

The figure 1 shows that while the stocks have been low in some years, procurement and off-take has been fairly high. It also suggests that procurement and off take has been more or less rising while stocks, after showing signs of falling during the middle years of the decade has showed an upward trend in the recent years. However in recent times various studies have pointed towards the failure of the government to use the TPDS effectively in providing the minimum support for the food insecure vulnerable populations of rural and urban areas. According to Swaminathan (2002), the TPDS has failed in achieving its targets due to improper targeting meant that the genuinely needy people have often been excluded. Secondly, targeting has also adversely affected the viability of public distribution. Lastly, targeting has undermined one of the main function i.e. procuring from agriculturally rich grain surplus regions in country to distribute to areas prone to hunger and deficit in food production.

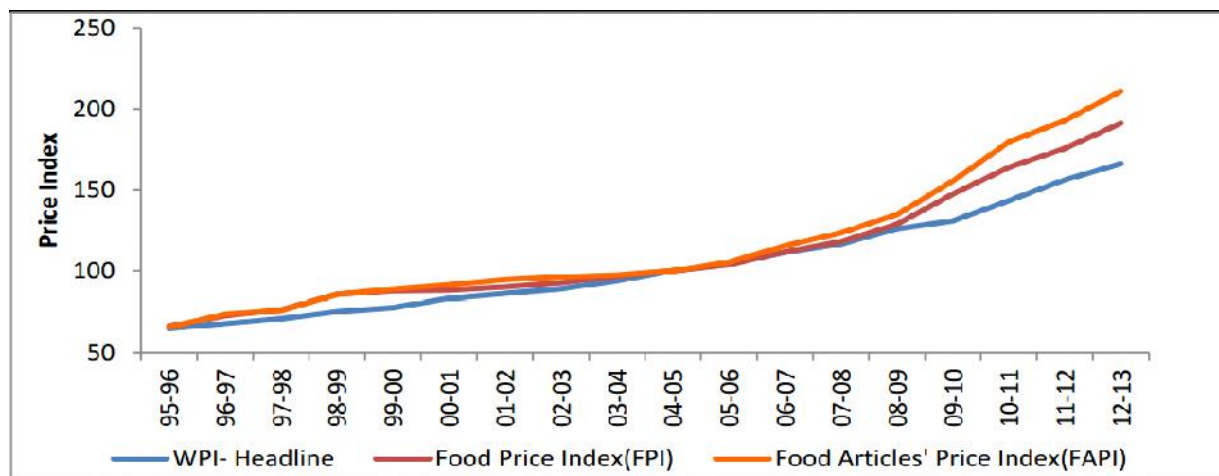
FOOD INFLATION & FOOD POLICY IN INDIA

While food prices in India rose in line with global trends, they did not follow the trend downwards. In contrast, foodgrains' prices in India increased even more sharply from mid-2009 onwards. In fact, the fiscal year 2009-10 has been a time of food inflationary concerns. The weekly food price inflation on a year-on-year calculation reached a maximum of 19.95 per cent for the week ending December 5, 2009. The

skewedness of inflation that has been observed—some sectors are facing huge inflation, some no inflation and some deflation—is rather rare in the country's history. For instance, in 1973-74 food inflation was 22.7 per cent and non-food 36.4 per cent, in 1980-81 food inflation was 11.4 per cent and non-food 11.9 per cent, in 1986-87 food inflation was 10.2 per cent and non-food 11.4 per cent, in 1991-92 food inflation was 20.2 per cent and non-food 18.0 per cent, and there are several other years where the pattern was the same. The current inflation is of a different kind. It stands out for its lopsidedness across sectors. In 2009-10 (April-November), food inflation was 12.6 per cent and non-food inflation minus 0.4 per cent. Since 1971, this kind of inflationary phenomena, where food inflation is above 10 per cent and non-food inflation is negative, has happened only twice before—in 1992-93 and 1996-97. The phenomena of having food inflation of over 10 per cent, negative non-food inflation and fuel, power, light and lubricant (FPL&L) inflation less than 10 per cent never occurred.

For purposes of computing the food index, the components of food articles in the primary articles group and manufactured food products in the manufactured products group are clubbed. The overall weight of the composite food index in the WPI is 25.43 per cent, which comprises primary food articles with a weight of 15.40 per cent and manufactured food products with a weight of 10.03 per cent (after adjusting for oil cakes, weight = 1.42% and cattle feed, weight = 0.01%).

Figure 5: WPI and Food inflation in India from 1995 to 2012 (with base 2004-05:100)



Source: *Taming food inflation in India*, CACP, 2013

Major Causes:-

Firstly, the primary cause of the food-price inflation during last five years has been the severe drought of 2009, which caused a downturn in food production in the third quarter of 2009-10 and the expectation of the resultant price rise itself fed further into the inflation. Government reacted carefully by easing up imports of relevant foodgrains and sugar and also releasing wheat and rice from the stocks held by the FCI into the market. Interestingly, this problem has led to some rethinking of the strategy of foodgrains' procurement and release. Secondly, the structural reason for the food price rise seems to be the rising gap between per capita incomes, the resultant rise in demand for food products and the stagnant or declining per capita availability of these commodities. With rising incomes, the better-off have been successful in chasing prices to meet their demand, forcing the prices to rise and driving the poor to make do with lower consumption. Thirdly, there are some other factors further worsening the situation including, poor extension services, overuse of groundwater, and incentives for unsuitable cropping patterns have caused degeneration of soil quality and reduced the

productivity of land and other inputs. Women farmers, who constitute a large (and growing) proportion of those tilling the land, have been deprived of many of the rights of cultivators, ranging from land titles to access to institutional credit, knowledge and inputs, and this too has affected the productivity and viability of cultivation. In addition to production, poor distribution, growing concentration in the market and inadequate public involvement, have all been crucial in allowing food prices to rise in this appalling manner.

POLICY RECOMMENDATIONS

In the short term, greater amount of food products can be made available in the market by reducing post-harvest losses and waste. This will be achieved by allowing the entry of private retailers who will modernise the supply chain for meeting their procurement requirements. Thus, while it may sound paradoxical, the second green revolution can start outside the agriculture sector by modernising the supply chains including logistics, warehousing and handling. But far more needs to happen. Private retailers who procure directly from

the farmers offer them up to 30% higher farm gate prices and also in some cases help with the supply of new seeds and irrigation technologies, etc. Thus, the government will do well to encourage the entry of modern retail, both domestic and foreign, if it wants to modernise agriculture, raise yields and make greater supplies available in the markets. This will also cut the layers of intermediaries who currently appropriate a very large and disproportionate share of value addition and discourage private investment in agriculture.

There is a need to shift from the existing expensive, inefficient and corruption ridden institutional arrangements to those that will ensure cheap delivery of requisite quality grains in a transparent manner and are self-targeting.

To start with, all restrictions on food grains regarding inter-state movement, stocking, exports and institutional credit and trade financing should be renounced. Free trade will help make-up the difference between production and consumption needs, reduce supply variability, increase efficiency in resource-use and permit production in regions more suited to it.

Futures market and free trade:-

The present system marked by input subsidies and high MSP should be phased out. To avoid wide fluctuations in prices and prevent distress selling by small farmers, futures market can be encouraged. Improved communication systems through the use of information technology may help farmers get a better deal for their produce. Crop insurance schemes can be promoted with government meeting a major part of the insurance premium to protect the farmers against natural calamities.

Modified food-for-work scheme/direct subsidies:-

With rationalization of input subsidies and MSP, the Central Government will be left with sufficient funds, which may be given as grants to each State depending on the number of poor. The State government will in turn distribute the grants to the village bodies, which can decide on the list of essential infrastructure, work the village needs and allow every needy villager to contribute through his labour and get paid in food coupons and cash.

Community grain storage banks

Enhancing agriculture productivity:-

The government, through investments in vital agriculture infrastructure, credit linkages and encouraging the use of latest techniques, can motivate each district/block to achieve local self-sufficiency in food grain production. However, instead of concentrating only on rice or wheat, the food crop with a potential in other areas must be encouraged. Creation of necessary infrastructure like irrigation facilities will also simulate private investments in agriculture.

The focus on accelerated food grains production on a sustainable basis and free trade in grains would help create massive employment and reduce the incidence of poverty in rural areas. This will lead to faster economic growth and give purchasing power to the people. Thus, India can achieve food security in the real sense and in a realistic timeframe.

The absolute entitlement of the male household head, affected by the class position of the household, is probably the most important influence upon hunger within the family. Policies recommended for reducing nutritional discrimination against women and children are:

Food behaviour is thought to be amenable to change by ideas and knowledge; hence nutrition education aimed at mothers is advocated. Extraction of the mother and child or the child alone from the household for the administration of gender neutral or positively discriminating nutritional therapy, like mother and child health schemes. Free, decentralized and locationally dispersed health care appears to reduce gender inequalities in medical treatment. If nutritional therapy is successful, both absolute intake and relative shares within households can be supplemented from outside.

Increase the economic status of women via subsidized support: special credit, nurseries for working women, vocational training, even reform of the gender division of labour and gender differentials in wage rates extending to the organization of women into trade-unions and cooperatives to claim land and property rights.

Administer a general income supplement and an increase in aggregate household food supply through the PDS. In Karnataka, a well administered PDS led to re-orientation of the food allocative priorities of households in times of scarcity.

CONCLUSION

The paper demonstrates that India is becoming food insecure country since the last decade.. What is worse is that with so-called "globalization" and uneven growth of urban areas in comparison to the rural areas, food has ceased to be a prime agenda for the government. But the truth still is that there are thousands of people dying in places like Kalahandi and Amlashol because of improper or, better to say, non-functioning of government machineries like

the TPDS, food-for-work, MGNREGA etc. while there is another section of people in society , sipping colas and munching popcorns at a multiplex in the metropolitans.

Thus more than advocating a second green revolution to solve India's food problem the need of the hour is to specify the course such a green revolution is to take and direct it towards the most hunger stricken areas.

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