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Impediments to food security

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Economic growth has raised incomes but not food security, because the higher food output has also come at higher cost. Foodgrains will have to be produced at affordable prices, with growth too playing its part in bolstering food intake.



The 'right to food' clause implies assured supply of grain to the poor at a price within their reach.

The Green Revolution of the 1970s was a response to the need to build up food production capacity, so that enough basic food would be at hand to prevent droughts from turning into famines. It did not seem possible for the country to procure food from the international market — hence the thrust.

The efforts paid off as India augmented food production to meet the basic requirements. Agriculture also experienced growth, especially in certain States which emerged as the foodgrain basket for the country. The success of the strategy also brought to life a whole range of institutions at the Centre and in the States, that now govern the course of agriculture.

The success is also reflected in the recent tolerance of a long period of high food price inflation. If the foodgrain supplies through PDS had not been effective, the tolerance would have been far less.

PRICING OF FOODGRAINS

A lot of the discussion on agriculture remains centred on foodgrains. Will this system of production and distribution also drive the growth of agriculture in the coming years?

The current approach to food security means that, again foodgrain production will remain the core of agricultural policy, with diversification and value-addition playing a supplementary role.

Diversification and value-addition may have to happen in regions that are not the major suppliers and contributors to the food security system. There are indeed programmes on the supply side which aim to improve food production. But it is the distribution that has attracted much attention in the recent months.

The Public Distribution System (PDS) for foodgrains, including its procurement dimension, has a significant impact on India's production system. Although procurement and distribution are closely related, in practice, they can diverge significantly.

For instance, the PDS often purchases a lot more grain than it requires to meet its mandated demand. The approach, however, has meant that foodgrain is produced at much higher price than the poor consumer can be expected to bear.

The 'right to food' arguments, to be incorporated in the proposed Food Security Bill, implies assured supply of grain to the poor at a price within their reach. It may fall short of the demand for universal coverage at the individual level, rather than households, and achieve wider coverage than just foodgrains. The current levels of entitlement for the BPL families, at 35 kg per month, are not lower than those reportedly mentioned in the proposed Bill.

COST OF PRODUCTION

What would change, then, essentially is the price at which grains are available to the poor. The price at which the grain would be sold to the poor will be the crucial change from the current scenario. The fact that government procures more grain than necessary to meet its current levels of PDS demand suggests that larger supplies through the PDS to meet the increased needs of the poor are feasible. Leaving aside the issues relating to targeting the supplies to the poor or the system of delivery, the main obstacle to moving in this direction is the quantum of subsidies. The subsidy on foodgrain operations of the government, an inevitable outcome of the gap between the cost of supply and retail price, has increased to levels that threaten the viability of the system. The key to sustaining food security to the poor is through a regime in which food is produced at an affordable price.

If the distribution requirements under the new food security system do not imply a

significant increase in the quantum of food distributed through PDS, what are the implications for food production?

The medium-term prospects for demand for foodgrains are affected not only by demand for direct consumption of grain as food but also for exports and feed for livestock.

The issue of bio-fuels, another important source of demand for grains, is likely to remain in the background for a while. However, these factors are not affected by efforts to achieve food security.

ROLE OF ECONOMIC GROWTH

The argument that overall economic growth would drive income, and higher income will ensure food security has not worked so far, also because the higher food output has also come at a higher cost. Food security for the poor would have to make food available at an affordable price.

Neither overall economic growth nor agriculture has delivered such food security at both micro and macro levels on a sustainable basis. Given that the domestic and international prices of basic foodgrains may be converging, agriculture can deliver food security only through higher overall economic growth.

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