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Crime of food surpluses

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IT HAS taken reports of starvation deaths for Parliament to wake up to the fact that there is a food crisis in the country. And it took a petition from the People's Union for Civil Liberties for the Supreme Court to realise that there must be something wrong when hundreds of millions of Indians go to bed hungry while 62 million tonnes of cereals are sitting in Government warehouses. The Court has, fortunately, already effectively acknowledged that the Constitutional right to livelihood includes the right to food as well.

The Government, however, need not wait to be rapped on its knuckles since what should be done is apparent to everyone except itself.

Food stocks, more than twice the buffer norm of 24 million tonnes for July, have focussed attention on "surpluses". The immediate question is how to channel this to those who need the food but do not have the resources to buy adequate amounts. But there is also the long-term issue of how to feed Government stocks into programmes for the poor.

Considering the urgency of the immediate problem there is only one solution - a "free" distribution of a substantial amount of grain to the malnourished, combined with a large-scale food-for-work programme. The most important argument in favour of such a solution is a moral one. No society can call itself civilised if malnutrition regularly afflicts (according to the Government's own statistics) 230 million people while Government agencies are hard put to find storage space for grain. It is only a secondary argument that it is expensive to maintain stocks and that space must be found for the cereals that will be procured from this year's harvests. There is no alternative to free distribution. Large-scale exports are ruled out because Government policy has priced Indian rice and wheat out of the world market and unfair WTO rules prohibit India from giving export subsidies. And tinkering with the prices for the peculiarly termed "above/below the poverty line" (APL/BPL) consumers will not now have an immediate impact on offtake. It should be remembered that the longer the grain stays in the godowns, the more likely it will eventually become unfit for human consumption. Here are some statistics presented in Parliament recently: about a quarter of grain stored by central agencies is one to two years old and 11 per cent more than two years old and some cereals are of more than five years vintage.

The mindset of the "second generation reformers" will generate many arguments against free distribution. The first will be that this will perpetuate the culture of subsidies. Yes, it does except that in the absence of such a give-away the Government will have to cope with overflowing warehouses. It will then find itself spending more on prolonged holding costs and on grain that will have to be dumped in the sea because it has rotted and become unfit for any form of consumption. That would be the highest level of

governmental criminality. The second argument will be that an unloading of "free" grain will affect market prices and therefore farmers. But if in the first instance a free distribution of, say, 5 million tonnes over the next 12 months is planned and this is concentrated in areas which have a large number of poor or which this year are afflicted by a drought - parts of Orissa, Chattisgarh, Jharkhand, Rajasthan, Bihar, Karnataka and Andhra Pradesh - it is difficult to see how the surplus-producing farmers of Punjab and Haryana will end up facing lower prices for their crops. In any case, 5 million tonnes is no more than 2.5 per cent of annual cereal consumption, so it should not destabilise prices.

A third argument is that if the Government distributes free grain this year can it stop doing so next year? Yes, there will be pressures to continue. But it will take two to three years of such a programme before stocks are brought in line with buffer stock norms. That should provide any capable Government with time to put in place a food-for-work programme that will offer rice or wheat to any person willing to work. All this will not be easy and there will be other familiar problems such as leakages and wrong identification of beneficiaries. But having sown the wind we have no choice but to reap the whirlwind and deal with it. The alternative of not doing anything is worse - in moral and financial terms. Incidentally, even if 5 million tonnes are given free to 100 million poor over a year it will mean just 140 grams or 400 "free" calories a day. This will meet only 15 per cent of the daily calorific minimum of 2,400 calories. But on the margin this is sufficiently large to have an impact on nutrition levels.

While it is the Centre that has to come up with a solution, the States have not been particularly energised about doing their bit. Again some statistics presented in Parliament: of the 2.2 million tonnes of cereals that have been allocated free of cost to nine States for use in food-for-work programmes, only 1.3 million tonnes have been used. And just 210,000 tonnes of cereals were sold between April and June through the Antyodaya scheme for the poorest of the poor though as many as 5 million families are entitled to 25 kg each a month at just Rs. 2 to 3 a kg of cereals. The distribution through the Annapurna scheme for the indigent elderly is more dismal since some States have not even identified the beneficiaries. Free distribution will take care of the present surpluses but it will not solve the basic problem. We are where we are today because of governmental irresponsibility since the early 1990s. First, large annual increases in cereal procurement prices were seen as the only way to raise farm incomes and for close to a decade no attention was paid to raising productivity. The result, under constant bullying by the surplus-producing States of Punjab, Haryana and now Andhra Pradesh, was that the FCI was loaded with these food mountains. Second, the NDA Government made the situation worse in February 2000 when in chasing the holy grail of lower subsidies, the Finance Minister, Mr. Yashwant Sinha, hit on the idea of raising issue prices for the "APL" consumers by over 25 per cent and by as much as 60 per cent for the "BPL" consumers. The result was a disaster that everyone other than the Government and the blind believers in reform through higher food prices could foresee - the offtake from the PDS crashed and the total outlay on subsidies rose.

A long-term solution calls for a reduced reliance on the price mechanism, a greater emphasis on farm productivity and crop diversification in some States. Besides, the presence of "surpluses" today does not mean that there are no challenges left in food production. It hardly needs mentioning that the current surpluses are more a reflection of a rise in food prices than any excess supply. And if malnutrition were to fall dramatically, cereal production will likely have to increase sharply even after allowing for a possible change in food habits.

The long-term challenge then is less of coping with surpluses as producing more and simultaneously making it possible for those in need to buy more. This is where food-for-work programmes become important as instruments to supplement incomes - and of course create rural assets. The past experience with such schemes have been less than satisfactory, but that does not mean their working cannot be improved. On August 15, the Prime Minister announced the consolidation of all existing rural employment programmes into a new and expanded food-for-work programme, the Sampoorna Grameen Rozgar Yojana. To begin with the scheme will use 5 million tonnes of cereals and generate 1,000 million person days of work. That would be double what the two current rural employment schemes achieved in 1999-2000. But a fortnight has passed since the announcement at Red Fort and while the stocks accumulate there has been no further word of this programme.