

# Abolishing Hunger Not by Food Supply Alone

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# Food Needed to **Alleviate** Hunger

Even God does not dare appear before a hungry person in any form other than food

- **Mahatma Gandhi**

To **ABOLISH** it we need much more

# Hunger Amidst Abundance

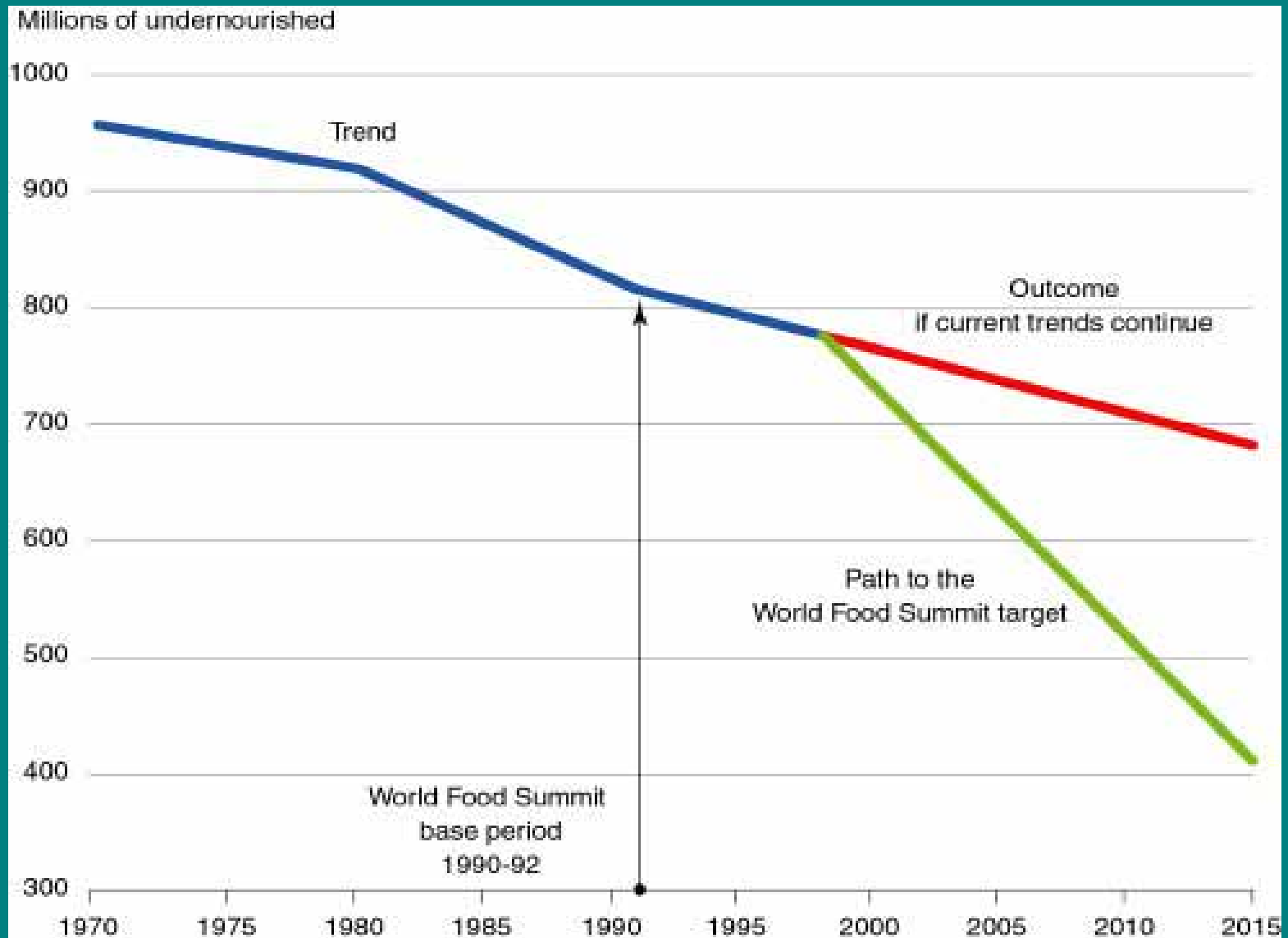
USA - 1930

“WAITING  
KNEE-DEEP  
IN WHEAT  
IN QUEUE AT THE  
SOUP KITCHEN”

INDIA – 1985 - 2002



# Poverty in the World



## Estimates of Poverty in India

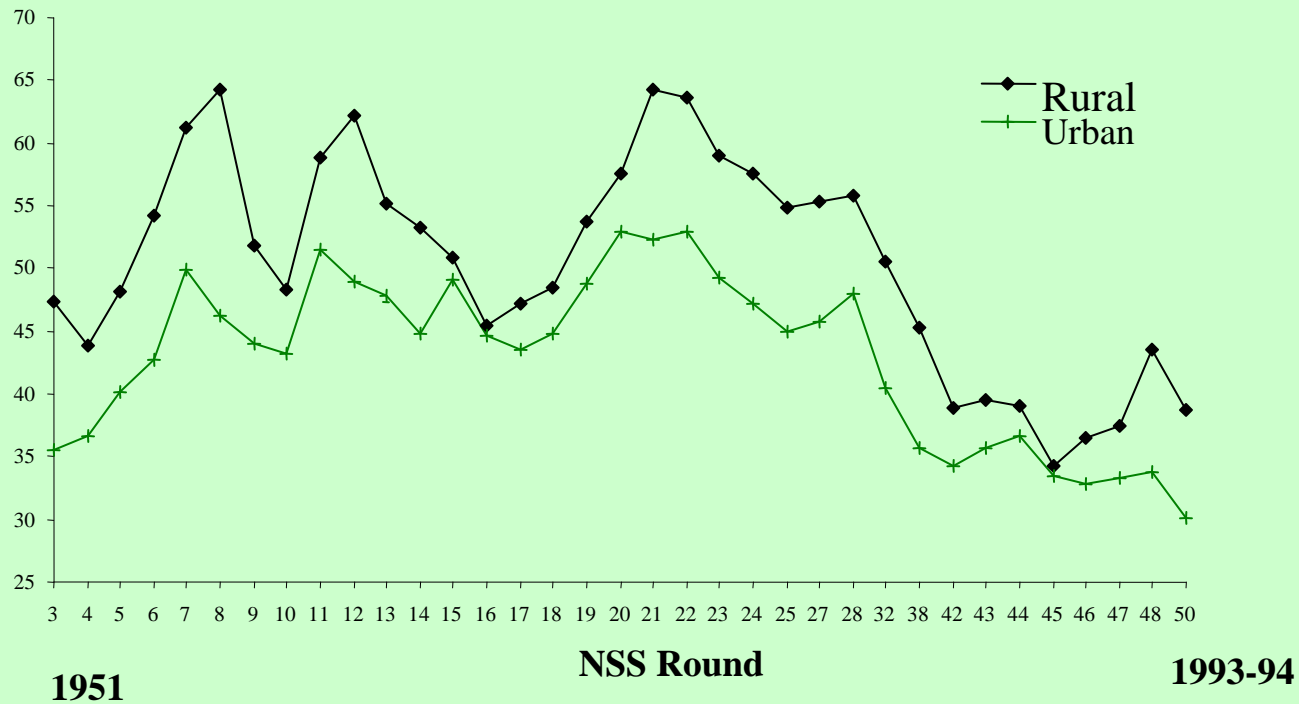
<b>Year</b>	<b>All India</b>	<b>Rural</b>	<b>Urban</b>
<b>1973-74</b>	<b>54.9</b>	<b>56.4</b>	<b>49.0</b>
<b>1977-78</b>	<b>51.3</b>	<b>53.1</b>	<b>45.2</b>
<b>1983</b>	<b>44.5</b>	<b>45.7</b>	<b>40.8</b>
<b>1987-98</b>	<b>38.9</b>	<b>39.1</b>	<b>38.2</b>
<b>1993-94</b>	<b>36.0</b>	<b>37.3</b>	<b>32.4</b>
<b>1999-2000</b>			
<b>30 day recall</b>	<b>26.1</b>	<b>27.1</b>	<b>23.6</b>
<b>7 day recall</b>	<b>23.3</b>	<b>24.0</b>	<b>21.6</b>

The 1999-2000 estimates may not be strictly comparable to the earlier estimates of poverty because of some changes in the methodology of data collection.

Source: Planning Commission

# Incidence of Hunger Varies from Year to Year

**% of population  
Head Count Ratio (HCR)**



Many Suggested Solutions  
Do Not Work  
As They Rely on the Market

**The Poor are Outside the Market**

**Non-Market Solutions Have not worked too**

**Failure of Local Governance**

# **The World Food System is**

**RESILIENT FOR THE RICH**

**but**

**STUBBORN FOR THE STARVING**

- **System Functions, It Adjusts and Absorbs Shocks and Brings Food at Reasonable Cost to those who have the Money to Buy It.**
- **But does not provide Adequate Income to the Poor**

**This is True for the National Food System Too**



**BURDEN SHIFTED TO THE WEAK  
POOR ALWAYS ADJUST**

**Two Weather Shock Scenarios**

**5% Reduction in Crop Yields for Three Years**

**Persons Hungry (% Change Over Normal Weather)**

**Weather Shock in**

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	<b>Industrialised Countries</b>	<b>Developing Countries</b>
<b>All Developing Countries</b>	<b>4.8</b>	<b>5.1</b>
<b>India</b>	<b>6.4</b>	<b>6.4</b>

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# Would Increased Food Supply Help?

- A Mythical Country, HELPLAND, gets 50 million tons of Wheat as Gift from Heaven every Year
- It sells it on the world market no matter what the price is
- This it does year after year
  
- What will happen to hunger in the world?
- We use a GLOBAL model to explore this

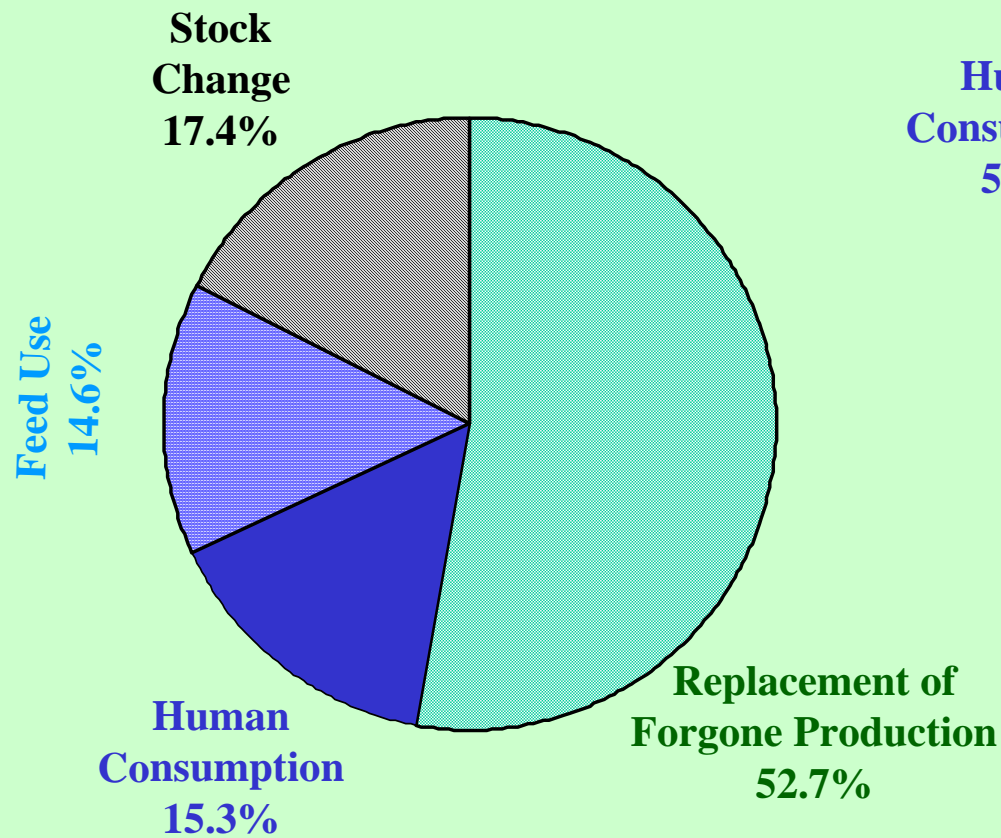
## Resilient for the Rich But Stubborn for the Starving

Scenarios	PERSONS HUNGRY	
	+5 Years	+15 Yrs
<b>Reference (10<sup>6</sup>)</b>	<b>580</b>	<b>530</b>
<b>50 Mill. Tons Wheat More in the World</b>	<b>- 2.2</b>	<b>- 1.6</b>

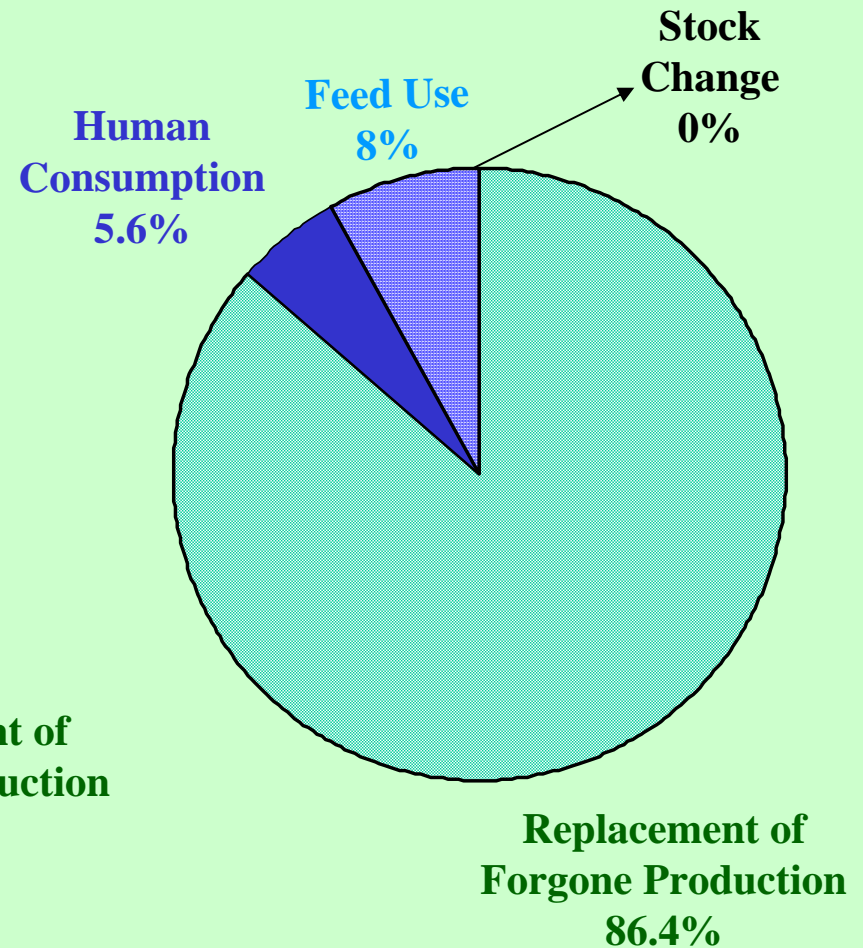
**% Change over Reference**

# WHERE DO THE 50 MILLION TONNES OF WHEAT GO?

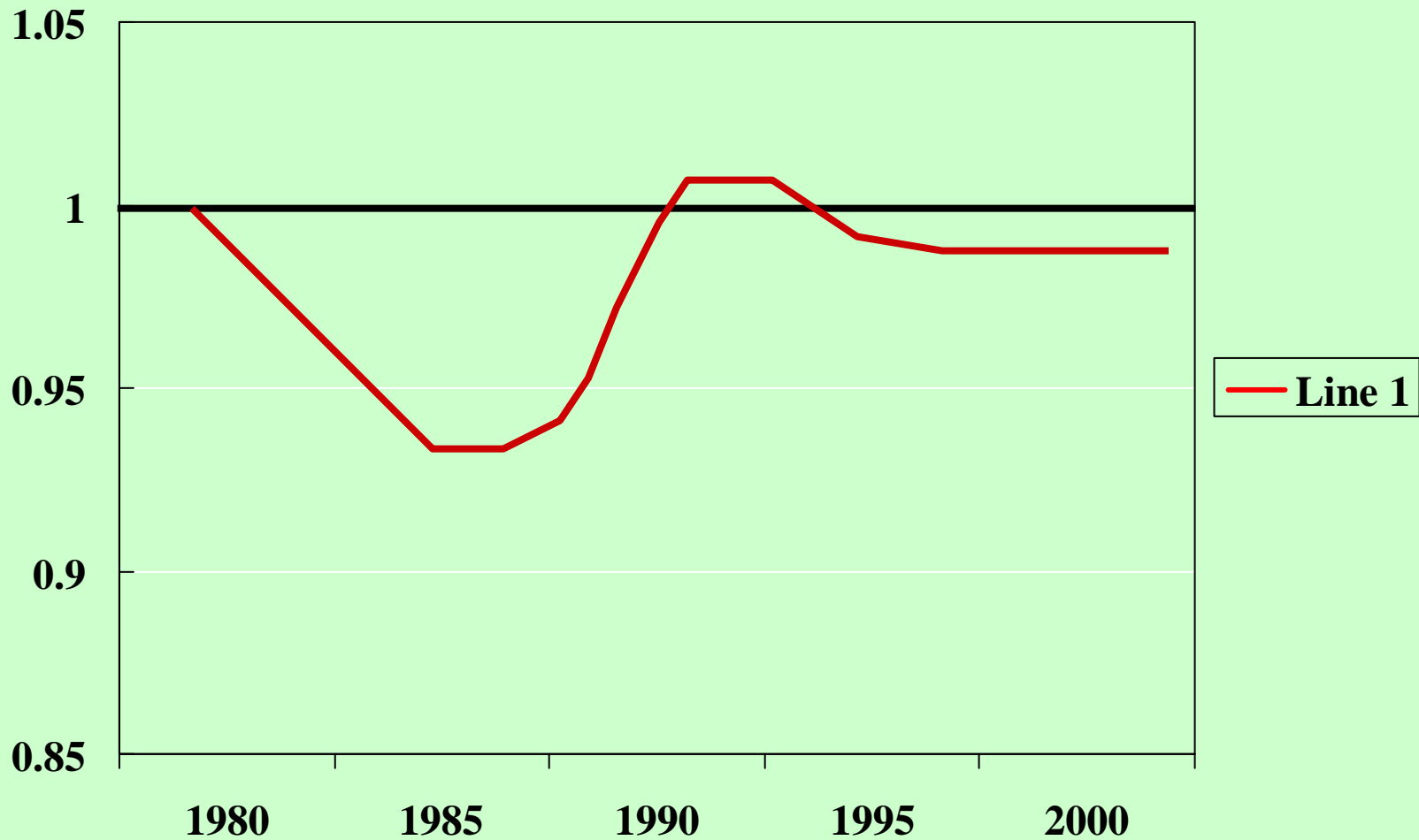
## Same Year



## 15 Years later



# Index of World Market Prices Relative to BLS Reference Scenario



# Main Cause of Hunger is Poverty

## -The Poor Have Too little assets

- Increase assets

- Land, Livestock, Capital

- Labour

- Skills

- Educate

- CPRs

- Improve quality

- Enlarge

- Enlarge share rights

- Increase demand for their assets e.g., wage ↑

- Increase productivity for their assets e.g. land/CPR

- Transfers

## -Too little access to public goods

## -Too little access to environment

## -Too little rights

# Poverty Persists

- Poverty alleviation in 15 years
  - always been a goal
  - every five year plan has the objective
- Many anti-poverty programmes (APPs) implemented. Large resources allocated too.
  - Take any three letters of alphabet and it is likely to be an Indian APP
- Yet substantial chronic poverty persists

# Anti Poverty Policies

## Promote Food Production

- Input Subsidies ,Output Prices – MSP

## Transfers

- PDS, ICDS, etc.

## Income Generation

- EGS, JRY, etc.

## Increase Assets

- Land Reforms, IRDP
- Education, Health

## Ability to Withstand Shocks

- Micro-credit



# Higher Food Production

- **If Farmers are given incentives**
  - more food will be produced, but will not reach the poor
- **If poor are given additional income,**
  - they will demand more food,
  - more will be produced
  - and food will be supplied to them
- **Increasing Food Production has its own problems**

# PROBLEM - Increasing Food Production

## - High Price (food)

- hurts consumers
- lowers demand
- poverty ↑

## - Low Price

- Lowers production
- Hurts farmers

## - High Price for Producers

### Low Price for Consumers

- Requires large subsidies
- Can lead to huge stocks

# Minimum Support Prices

**10 % increase for Wheat and Rice**

- Production increases
- Consumption goes down
- Stocks go up
  - 16.5 mill tonnes in 3 years
- GDP goes down
- Agri. GDP increases initially but down after the fourth year

## WELFARE

- Worsens for all Urban and 80 % of Rural persons

## **INCOME TRANSFER through PDS**

- **ORIGIN - 2<sup>ND</sup> WW**
- **Urban bias**
- **Negligible coverage of poor states**

### **TPDS**

**June 1997 - Cards for 6 crore BPL families**

- **10 Kg per family / month**
- **20 Kg w.e.f. April 2000**
- **Based on PlannComm. estimates of poverty**
- **Poor identified by states**
- **At 50% of Economic Cost now reduced further**
- **APL at higher prices < Economic Cost (EC)**
- **Additional Allocations at E.C.**

### **Leakages**

- **32 – 40% Wheat**
- **27 – 35% Rice**
- **20 – 26% Sugar**

**Much higher for Kerosene**

## Leakages

**Wheat**

**≥50%**

**Delhi, Haryana, Punjab,  
Meghalaya, Mizoram,  
Nagaland**

**≥40%**

**HP, UP, Bihar, Sikkim, W.B.,  
Arunachal Pradesh,  
Daman & Diu, Pondicherry**

**Rice**

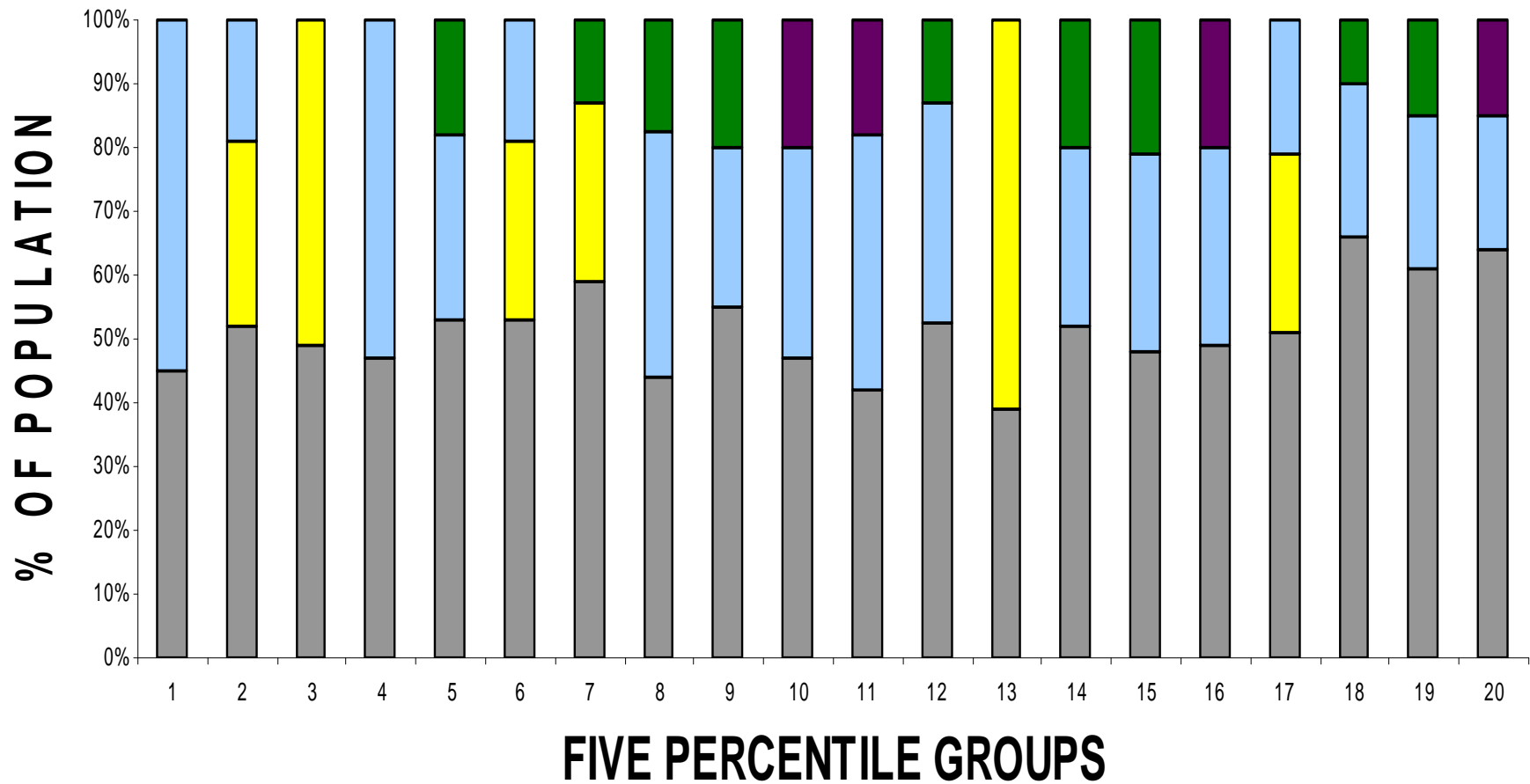
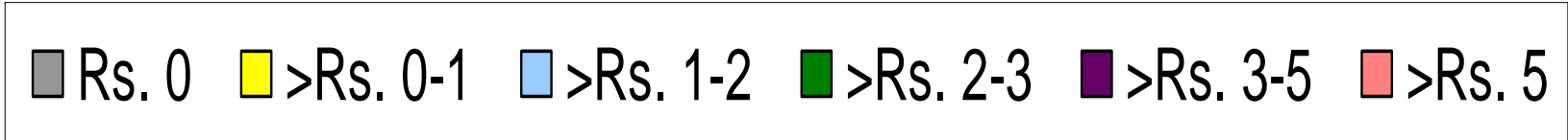
**≥50%**

**Delhi, Bihar, Orissa,  
Arunachal Pradesh Assam,  
Meghalaya, Mizoram**

**≥40%**

**Haryana, Punjab, U.P.,  
Nagaland**

**PDS CEREALS SUBSIDY - RS/CAP/30 DAYS  
( MAHARASHTRA -RURAL - 1986-87)**



## **Recent Evaluation – 1999 – 2000 (Ravi Srivastava)**

- **Poorest Two Classes in UP**  
1.3% and 1.1% of household budget of cereals
- **Price charged 10% to 14% > official Price**
- **Low Quality**
- **At Economic Cost No one buys it**

### **Rising Buffer Stocks**

- **42 Mt (June 2000) → > 60 Mt (June 2001) → ?**
- **The String of good monsoons may continue – if the 77 years cycle holds (Nigam – NIO)**

**ICDS & Mid Day Meals      Rs.13,400 Crores (2000-01)**

**Yet more than half of the**

**Rural children, 1-5 years, undernourished**

# Self Employment through IRDP

- Assistance in the form of bank credit and govt. subsidy 1980-81 to 1998-99
- 54 million families were assisted
- Total credit mobilized during this period was Rs. 22542 crore.
- The total investment including subsidy was Rs. 33953 crores
- Concurrent evaluation in 1996: only 11% crossed poverty line.



# Problems with IRDP

- Repayment rate is poor (41% till 1996)
- Leakages, misappropriation of funds, violation of programme guidelines, selection of the non-poor as target group, absence of proper maintenance of accounts and poor quality of assets are some of the problems mentioned by various studies regarding IRDP
- SGSY since late 90s (group approach)

# Wage Employment

- India has long experience in public works
- Generation of Emp. and creation of assets
- Employment Guarantee Scheme in Maharashtra (EGS)
- Jawahar Rojgar Yojana (JRY) and Employment Assurance Scheme (EAS) at national level
- JRY billion person days in a year
- 1989-90 to 2000-01: Around 35,000 crores
- Food for works of the UPA

# Public works

Evaluations of the Employment Guarantee Scheme (EGS) in Maharashtra show that

- the programme has reduced unemployment in Maharashtra
- increased the incomes of many participating households
- acts as an insurance mechanism
- has an impact on agricultural growth and wages

## Public works

- EGS made the rural poor a political force and has had considerable impact on empowerment of women
- JRY and EAS contribution about 4.5 % of employment to the poor (otherwise unemployment would have been higher)
- Employment and income benefits to poor
- Targeting under JRY is high

# Other Schemes

- Antyodaya Anna Yojana for poorest of the poor (great promise)
- ICDS: good impact. Some problems have to be sorted out
- National social assistance scheme (old age pension scheme has worked better than other schemes).
- Micro-credit – Good insurance but not for sustained income generation

# Comparison across programmes

## Cost per Re 1 of Income Transferred by Various Programmes

- Public Distribution System 5.37
- Andhra Rice Scheme 6.35
- JRY 2.28
- Maharashtra EGS 1.85
- ICDS 1.80

# Conclusion

- Targeting and cost effectiveness
- Public works are more pro-poor in terms of targeting and also covers the poorest
  - Hence the Food For Work and EGS
- IRDP type programmes are less effective in reaching the poorest.
- ICDS and Antyodaya Anna Yojana are also good in reaching the targeted.
  - Mid-day Meals
- Skills, Assets and Opportunities for Remunerative Jobs/Livelihoods can **ABOLISH** Poverty and Hunger
  - Sarva Shiksha Abhiyan