

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

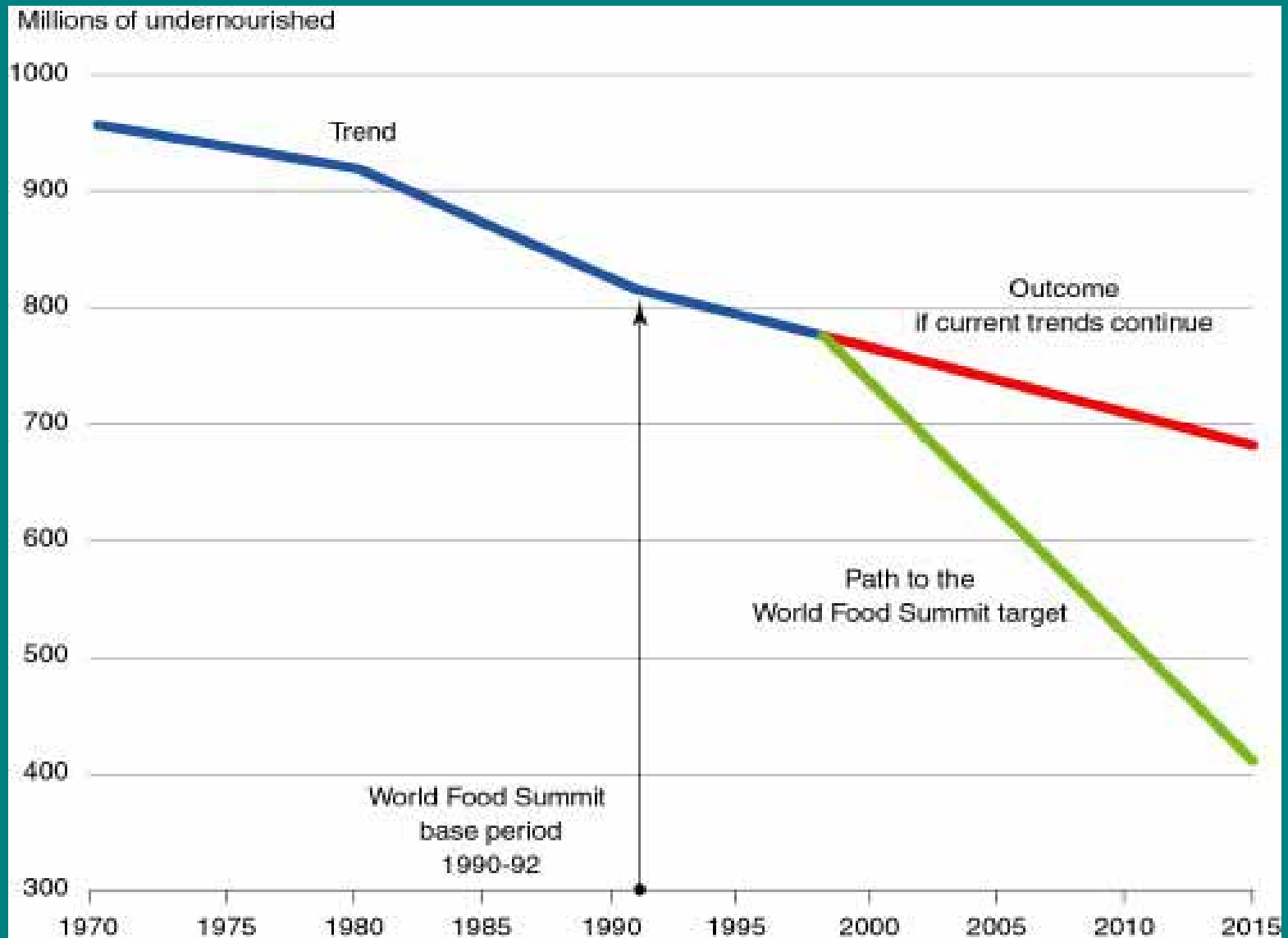
USA - 1930

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

INDIA – 1985 - 2002



Poverty in the World



Estimates of Poverty in India

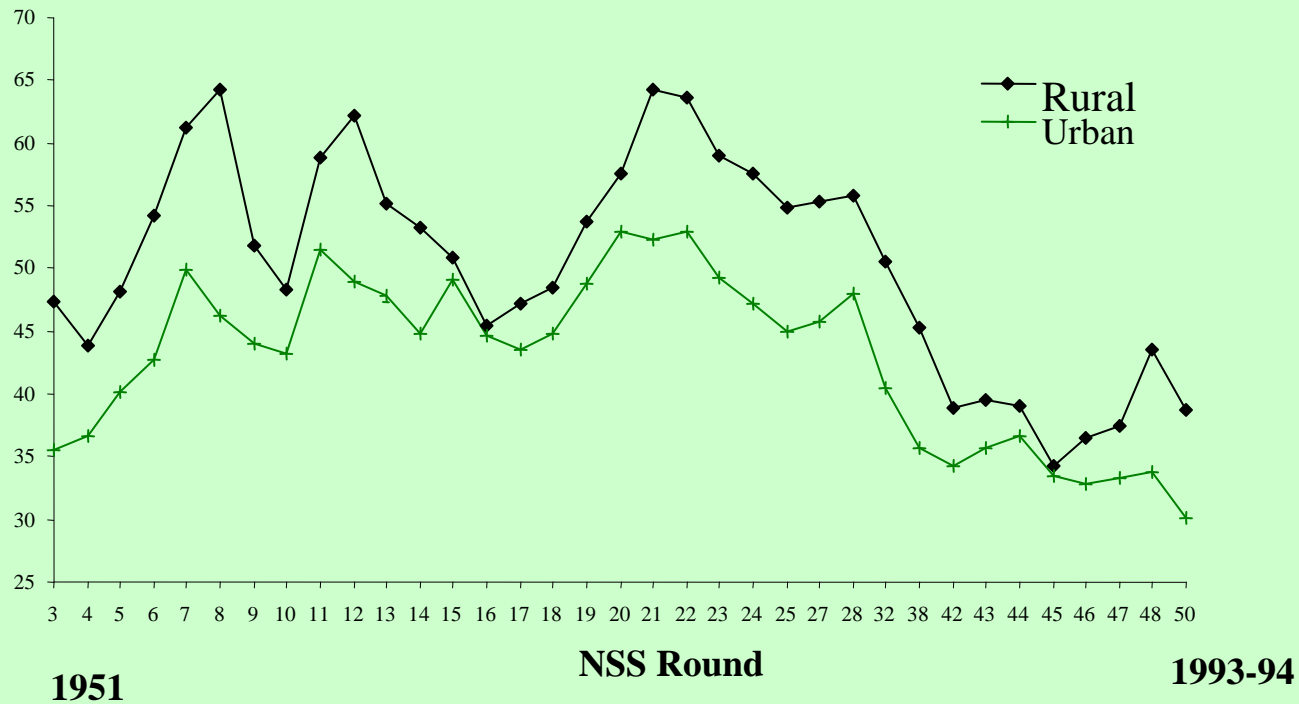
Year	All India	Rural	Urban
1973-74	54.9	56.4	49.0
1977-78	51.3	53.1	45.2
1983	44.5	45.7	40.8
1987-98	38.9	39.1	38.2
1993-94	36.0	37.3	32.4
1999-2000			
30 day recall	26.1	27.1	23.6
7 day recall	23.3	24.0	21.6

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

	Industrialised Countries	Developing Countries
All Developing Countries	4.8	5.1
India	6.4	6.4

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

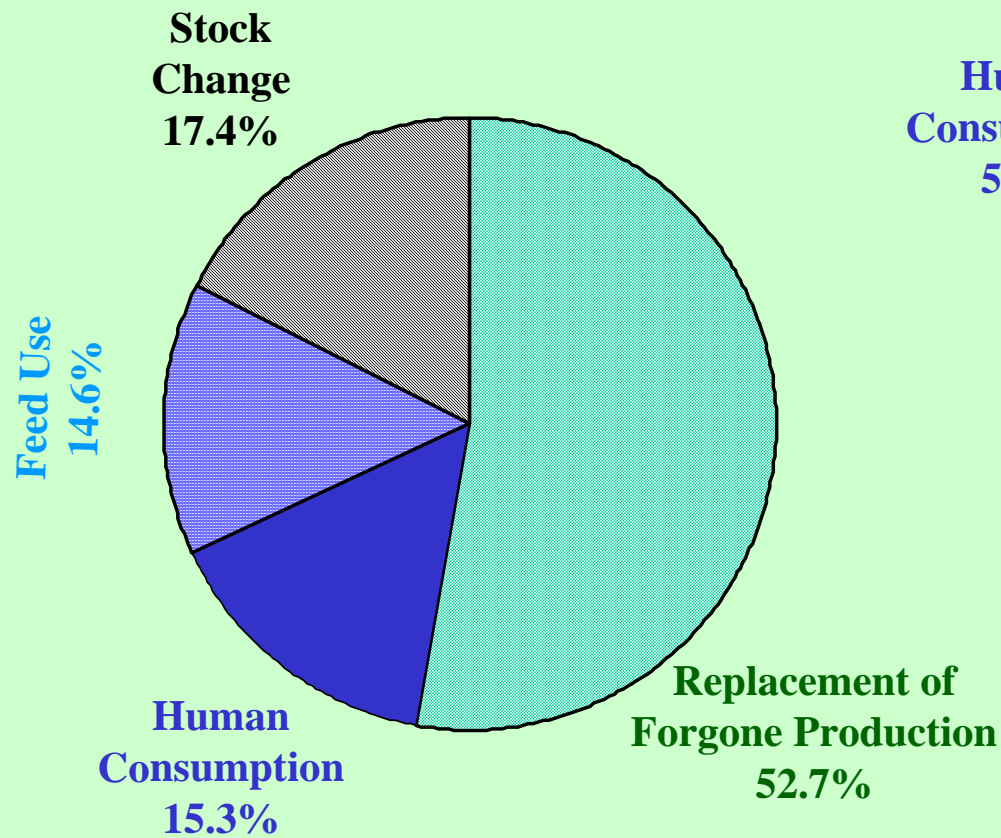
Resilient for the Rich But Stubborn for the Starving

Scenarios	PERSONS HUNGRY	
	+5 Years	+15 Yrs
Reference (10⁶)	580	530
50 Mill. Tons Wheat More in the World	- 2.2	- 1.6

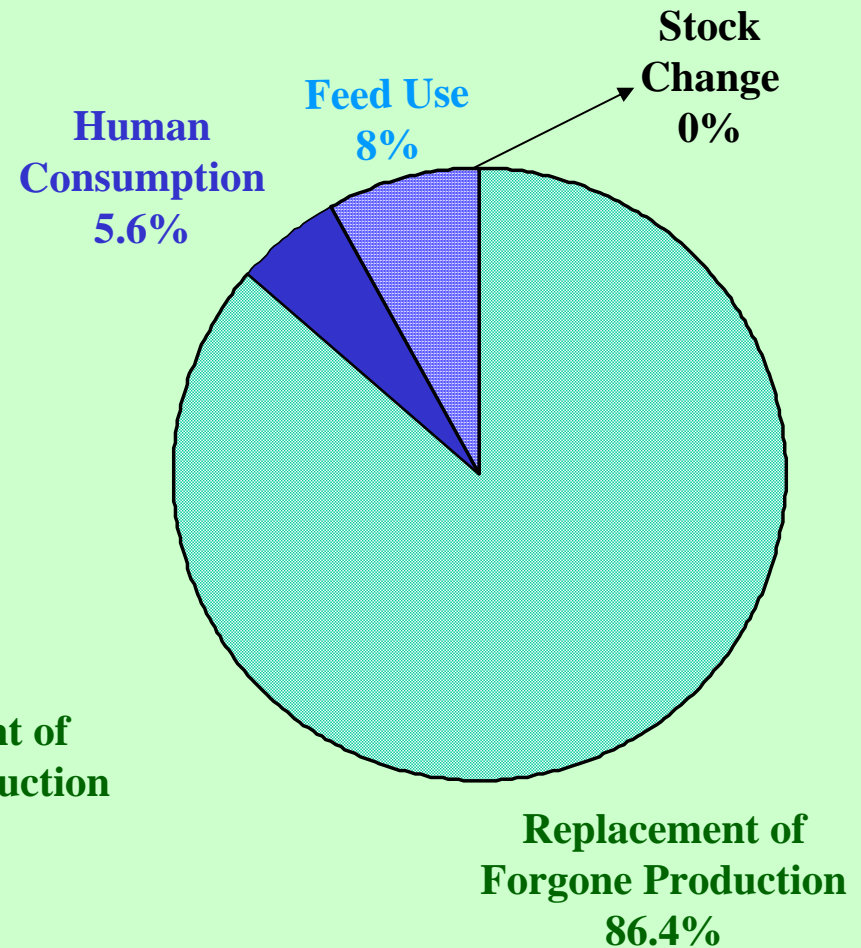
% Change over Reference

WHERE DO THE 50 MILLION TONNES OF WHEAT GO?

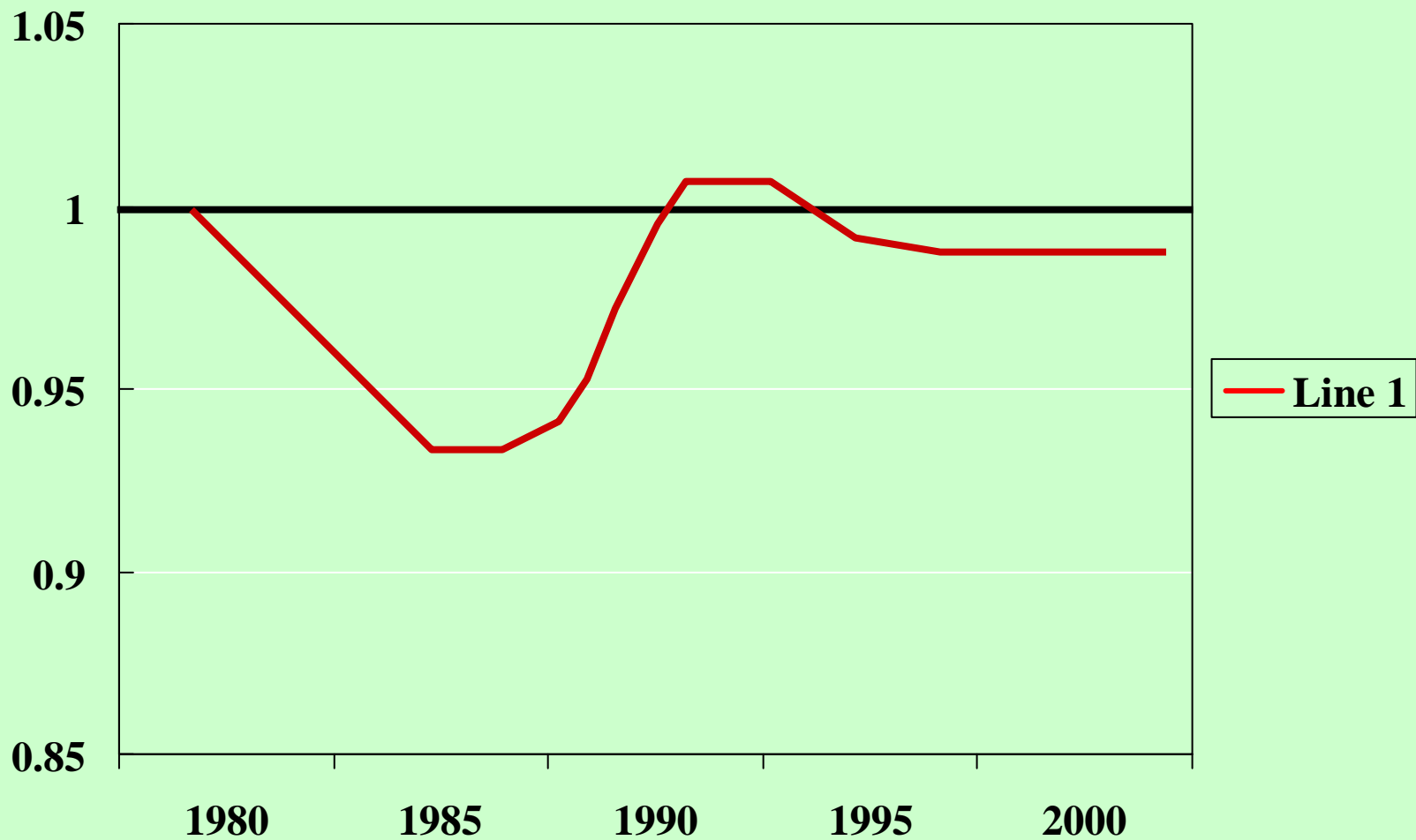
Same Year



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 - 2ND 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

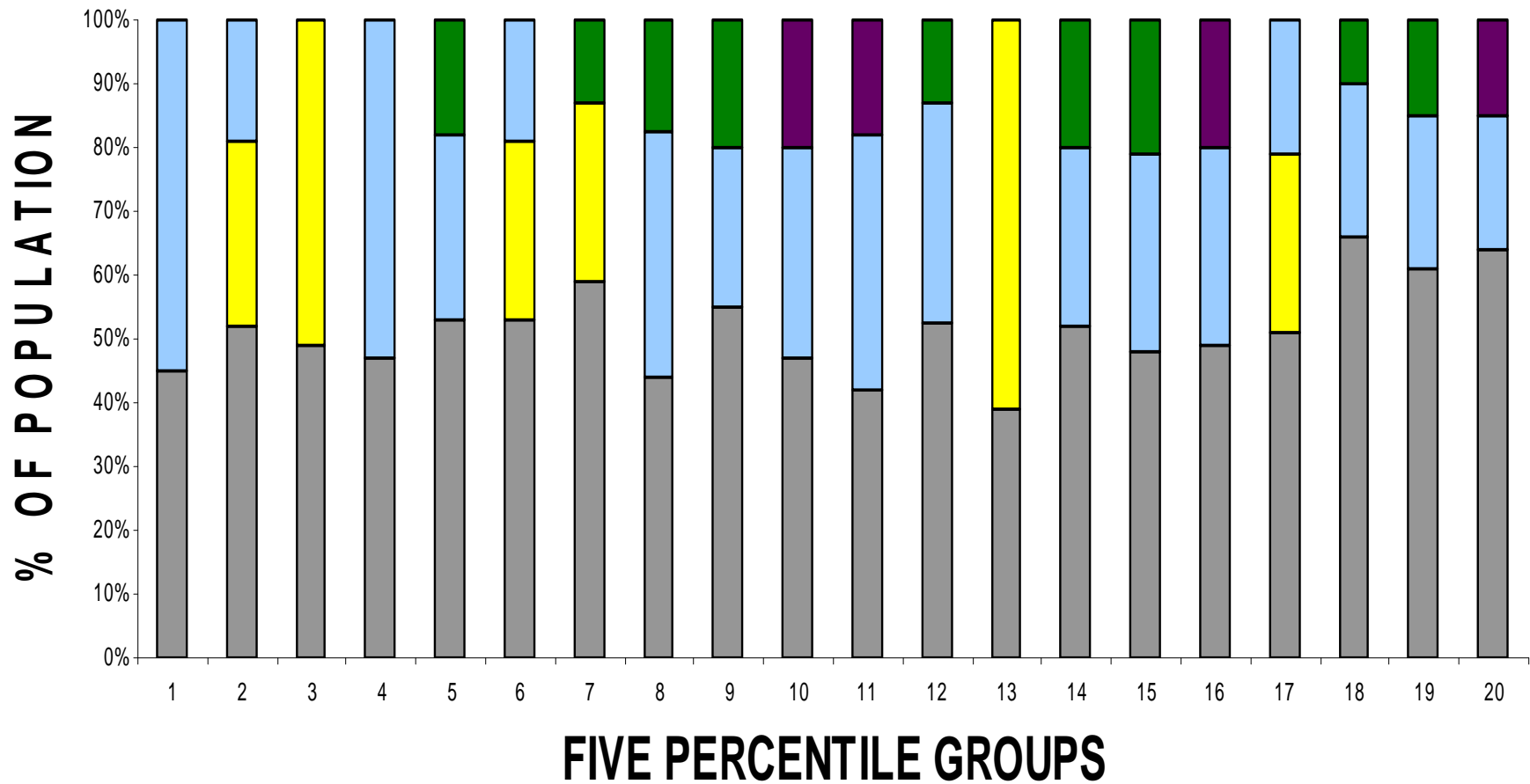
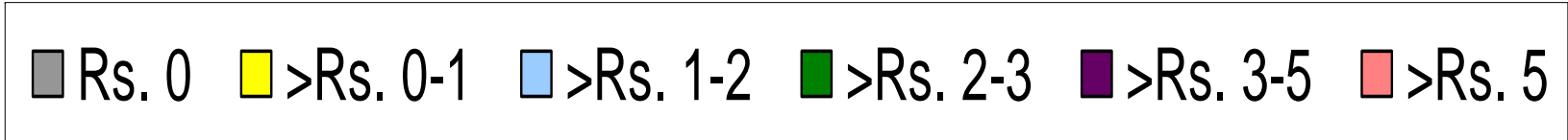
≥50%

**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