

INDIAN EXPRESS, NEW DELHI
NOV-11, 1985

Foodgrains for the poor

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MORE than 30 years ago the First Five Year Plan had stated that "a development Plan which does not raise the demand for food in the country significantly must be considered inadequate." Long after that the Sixth Five Year Plan framework promised that the public distribution system would be so developed as "to achieve equitable distribution."

The approach to the Seventh Five Year Plan published in July 1981 stated that "public distribution of essential commodities like foodgrains... to the vulnerable sections, especially in rural areas where productivity and wages are low, should serve as an essential complement to the programmes for employment and income generation. Otherwise, rise in the cash income of the poor can easily be neutralised by the rise in the prices of essential commodities. Public distribution of essential commodities to such sections needs to be expanded on a much larger scale than has been done so far."

Food for work

All these sentiments yet remain to be translated into action. However, hopes will now soar in the wake of the Prime Minister's categorical statement that more than anything, "we must feed our people first." Can this be done?

The 32nd round of the National Sample Survey data showed that 48.13 per cent of the population, 80 per cent of them in rural areas, did not have minimum nutritional requirements. This has reportedly dropped to 37 per cent now. However, those immediately above this vulnerable level can go below it under adverse seasonal conditions. Hence the 32nd round data is a better base while planning for the poor.

At current population, we shall have around 72 million poor households in the country. The majority of these are agricultural labour, marginal farmers and rural artisans who have contributed to a foodgrains production that has resulted in an average annual procurement of 16.70 million tonnes for the past three years. Tragically, the lack of purchasing power of these very classes has contributed to the building up of over 29 million tonnes of food stocks.

While the country's public distribution system almost exclusively caters to the urban areas involving hundreds of crores of rupees in subsidies, it does nothing for the rural poor, except in Kerala, Tamil Nadu and Andhra Pradesh.

A solution suggested as a panacea for liquidating these food stocks is their use as wages in rural employment programmes. The idea itself, which is not new, is unexceptionable; but reliance on this alone will be misplaced in the present circumstances. The first four years of the VI Plan saw a sharp decline in the utilisation of foodgrains in these programmes, starting with 13.30 lakh tonnes and plunging to 1.47 lakh tonnes. In the last year of the Plan it improved somewhat to 2.76 lakh tonnes.

The single most important reason for the failure of this programme so far is the absence of a properly supervised and firmly established distribution system to carry foodgrains to the work-spots in the villages, and make them available to the workers on a day-to-day basis. It is no secret that sometimes these foodgrains got sold away by contractors and often only foodgrains of such quality as is not acceptable in the urban public distribution system are given for these programmes, which actually discredit the programme in the eyes of the public and the beneficiaries.

The solution

The solution at once for poverty alleviation and the burgeoning food stock is to expand the public distribution system to the rural areas and provide grains on an assured basis to the identified poor at prices they can afford. They will meet at least a part of their basic nutritional requirements, and in addition also use such rural public distribution outlets as the infrastructure for paying grain wages to those poor who elect to participate in the rural employment programmes. Strict supervision of village fair price shops involving the beneficiaries and local leadership is indeed essential. Experience in the few states where rural fair price shops distribute foodgrains as a committed programme is that regular supplies are demanded by the people and their representatives as a matter of right and

the poor beneficiaries identify their interests with the efficient functioning of these shops.

Since 70 per cent of their caloric requirements are met by the poor households through cereals, a typical household needs 60 kg of foodgrains. Taking Government's resource and administrative constraints into account, a modest beginning can be made to provide one-fourth of the household requirements at 15 kg per month to all identified poor households which will amount to 180 kg per annum. The annual requirement for the 72 million urban and rural poor households will come to 13 million tonnes. Under the rural employment programmes, 100 days of employment may be guaranteed, as at present, for one person per household needing supplementary employment which will provide households so identified an additional 100 kg of grains as the wage component, totalling 280 kg or about 40 per cent of their total nutritional requirements.

Supplemental jobs

Analysis of available data pertaining to groups that live below the poverty line shows that not less than 30 million rural households in the country need supplemental employment. To generate 3,000 million mandays, the foodgrains requirement is three million tonnes. However, given past experience, it would be realistic to expect to utilise not more than 1.5 million tonnes for these programmes to begin with, though once a well-managed public distribution system is organised, this can be stepped up to three million tonnes.

Thus the total quantity of foodgrains that would be consumed by the poor, most of them in rural areas, would be 14.5 million tonnes per year, under both the programmes. This is roughly the quantity which is at present distributed through the public distribution system for the benefit almost exclusively of the urban areas. Since this quantity will now go to feed the rural and urban poor, to keep open market urban prices under check, up to three million tonnes can be released, whenever necessary, at economic prices involving no subsidy

burden to the Government, which will amount to a per household availability of 11.5 kg of foodgrains which compares favourably with the 15 kg that the poor would get.

The use of up to 17.5 million tonnes per year out of a stock of 29 million tonnes, can be replenished by an annual procurement of the same level, which on average has been already almost reached even at current production levels. The average buffer stocks required to back the programme will be about 12.5 million tonnes.

Avoiding leakages

To avoid leakages, the Government should itself deliver the grains at the village fair price shop, as done in Tamil Nadu and Andhra Pradesh. Procurement, transportation and price subsidies to provide grains below cost at the village point—wheat at Rs 1.50 per kilogram as priced at present in the rural employment programmes and rice at Rs 2 per kilogram which is the average of the prices at which the three varieties of rice are presently made available in these programmes—will cost Rs 1,305 per tonne or Rs 1,892 crore for 14.50 million tonnes. Buffer maintenance will cost Rs 544 crore. The entire programme will cost Rs 2,436 crore per year at current prices.

The Central Budget has provided Rs 1100 crore in 1985-86 as "food subsidy" but this may escalate to Rs 1,500-1,700 crores even in the current year. While the existing "food subsidies" benefit mostly the urban consumer, the proposal discussed here attempts to assure the poor all over the country—including the rural poor—a part of their minimum nutritional requirements, expand rural employment and keep urban price in check at a cost which is less than five per cent of the Central Government's total expenditure in 1985-86.

Something of this kind should be tried, for the poor deserve a break. Poverty cannot be fought at no cost. And what it costs, this country can afford.