

**REPORT OF THE INTER-MINISTRY
TASK GROUP ON
COMPREHENSIVE MEDIUM TERM
STRATEGY FOR
FOOD AND NUTRITION SECURITY**



**GOVERNMENT OF INDIA
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Chapter I

MACRO ISSUES IN FOOD POLICY

INTRODUCTION

Freedom from hunger or access to adequate food and nutrition is generally perceived as a constitutional right in India. This has been mandated by extended interpretation of right to life (Article 21) in the Indian Constitution, judgments and orders of the Supreme Court that have become landmarks in Indian jurisprudence and ratification of various international obligations. To meet this challenging responsibility, the country has had a food policy in place for several decades and launched a number of programmes to increase production of foodgrains, generate employment and purchasing power for able-bodied people as also address the nutritional needs of vulnerable groups. Despite all these, the country has one of the highest levels of malnutrition in the world and hunger and starvation deaths are still reported from different parts of the country.

Food security in the international documents has been interpreted as physical and economic access to food, at all times and at affordable prices, to ensure a healthy and active life. The World Food Summit (1996) defines food security as follows:

“Food security, at the individual, household, national, regional and global levels [is achieved] when all people, at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life”.

PRODUCTION AND AVAILABILITY OF FOODGRAINS

During last five decades, after Independence, Indian agriculture has made spectacular progress. The green revolution in the mid 1960s ushered in with the introduction of high yielding varieties and the development of agricultural infrastructure and transformed India from a food deficit to a food surplus nation. The growth of agriculture has accelerated from a meager 0.3 per cent per annum in 1950s to about 2 per cent per annum during the ninth plan period. The foodgrains production has reached 212.85 million tonnes in 2001-02, from merely 50.82 million tonnes in 1950-51. In 2003-04 the foodgrains production stood at 212.05 million tonnes. During the period, wheat production increased 11 times and rice production 4 times. The production of oilseeds and pulses also increased appreciably.

With the increase in production, the domestic availability of foodgrains has increased from 394.9 gms per capita per day in 1950-51 to 491.2 gms per capita per day in 2002 in spite of a sizeable increase in population. However, the availability of pulses, the main and the cheapest source of protein for a large vegetarian population, has declined from 60.7 gms in 1950-51 to 34.9 gms/capita/day in 2002. The per capita annual availability of sugar has also increased from 4.8 kgs in 1960-61 to 16.5 kgs in 2001-02. However, the increase in per capita consumption of edible oils to 8.6 kgs per year is on account of imports as the domestic production, could not keep pace with increasing demand.

Although India has become self sufficient in foodgrains production, the ever-increasing population of the country is a major cause of concern in sustaining food security and nutritional security. The population in 2002-03 was 1055 million, which is projected to be 1200 million by 2011. While poverty has declined, there were still 260 million living below the poverty line in 1999-00; prevalence of widespread undernourishment and malnourishment are a cause of concern. The resource poor do not have access to adequate food because of their low purchasing capacity, while our buffer stocks of foodgrains are overflowing. The consumption requirement alone of foodgrains for 1200 million population by 2011, on a norm of 182.50 kgs per capita per annum (kpca), comprising 167.90 kg cereals and 14.6 kg pulses, as recommended by National Institute of Nutrition (NIN), works out to 204.75 million tonnes which in terms of production requirement, would be about 234 million tonnes, assuming seed, feed and wastage as 12.5 per cent of the gross output. Therefore, one cannot be complacent on the agricultural production front.

Even today the country is facing shortage of pulses and vegetable oils. The annual import of edible oils is over 4 million tonnes. The availability of fruits, milk and eggs is also much below the levels of Recommended Dietary Allowances (RDA). Therefore, in order to maintain self-sufficiency at the macro level and to ensure food security and nutritional security to our people, our efforts to increase agricultural output need to be intensified. Besides, higher domestic foodgrains production is also required to cater to the export potential that existed for food and feed. It is projected that we would increase the foodgrains production to 320 million tonnes by 2011-12 from the present level of production of about 212.05 million tonnes during 2003-04. Similarly, the production of fruits and vegetables is also envisaged to be increased from the present level of 146 million tonnes to 300 million tonnes by 2011-12, especially to ensure nutritional security and to take advantage of increasing world demand.

The growth rate of demand for cereals is likely to slow down during the next couple of decades due to a shift to non-cereal consumption at higher income levels, slowdown in population growth as also the pace of urbanisation. The thrust of the policy of the present government on generation of employment and increasing purchasing power among the bottom stratum of population would, on the other hand, give a boost to this demand. The growth would be high also due to high feed requirements linked to diversification of consumption basket and consequent emphasis on horticulture and animal husbandry. Taking all these factors into consideration, one would argue that cereal demand in the near future would grow by at least the same rate as during the past two decades and that per capita intake would be about 163 kpca.

It may nonetheless be pointed out that despite the faltering in agricultural growth rate in the nineties, India has not only remained self sufficient in food grain production, but also has been able to build a reserve to meet short and medium term exigencies. The country, scholars argue, is thus enjoying food and nutrition security at macro level for at least the last two decades. This, however, has been questioned by a large number of researchers and civil society organizations. The debate on the subject has been inconclusive as projections of demand and supply of foodgrains vary widely. However, none of the studies place per capita cereal consumption during the next couple of decades to be below the present level while none expects it to rise above 163 kpca: the figure to which both NSS and official estimates of consumption seem to converge.

**Table: Projected production levels of foodgrains and agri- commodities
(million tonnes)**

Crop/ commodity	Base level (2000-01)*	Projections for 2011-12	
		Production	Growth per cent p.a.
Rice	86.91	129.0	3.66
Wheat	72.45	112.5	4.08
Coarse Cereals	30.92	55.0	5.38
Pulses	13.13	23.5	5.43
Total Foodgrains	203.41	320.0	4.21
Oilseeds	21.30	46.0	7.25
Sugarcane	294.67	432.0	3.54
Fruits, vegetables and other horti. products	152.50	300.0	6.36

* Three- year average

STRATEGY FOR ACHIEVING THE PROJECTED LEVEL OF PRODUCTION

The projected production level of various crop commodities would be realised through (i) expansion of area coverage under different crops, and (ii) increase in productivity levels.

(i) Area Expansion

The area expansion under different crops is envisaged to be brought in through increase in cropping intensity from 134 to 151 per cent by promoting multi-cropping and inter-cropping. To facilitate multiple cropping the irrigation coverage is proposed to be extended, besides the promotion of improved rainfed farming by creating additional irrigation infrastructure and improving the water use efficiency with propagation of water saving devices such as sprinkler and drip irrigation systems in addition to propagation of improved irrigation methods. The net sown area is also projected to increase from the present level of 141 m ha to 148 m ha by bringing in cultivable waste and current and permanent fallows under cultivation.

ii) Increase in productivity levels

The productivity levels of most of the crops in the country are low considering their potential with present level of technologies as evident from the yield obtained at research farms and demonstration plots. Besides, there are also wide variations in productivity levels of different crops across the states and across districts within a state. These gaps are proposed to be bridged by propagating the adoption of improved production technologies including the supply of required inputs.

FOOD CORPORATION OF INDIA AND ITS PROCUREMENT POLICY

FCI was established with the responsibility of maintaining adequate foodgrain stock in the central pool and making it available to all deficit regions at a reasonable cost. It has had no problem in lifting the required amount from the market due to its open-ended procurement at MSP, fixed at above the cost of production at the beginning of the cultivation season. Procurement has accounted for about 16 and 20 per cent of total output of rice and wheat respectively in early nineties, the total figure being around 30 million tonnes.

With the launching of the policies of liberalization, procurement came down to 12 and 18 per cent in 1997-98. The increases in MSP pushed this up again in the late nineties; the figure touching all time record figure of 25 per cent for rice and 30 per cent for wheat in 2000-01. The off-take by the state governments from FCI godowns, on the other hand, was high at 19.7 million tonnes in 1996-97 but declined dramatically to 15.2 million tonnes in 2001-02, against the procurement of over 40 million tonnes. The percent age of off-take to allotment (to states) also came down from over 70 in early nineties to less than 30.

All these led to build up of stock of foodgrains of over 60 million tonnes during 2001-02. Directives from Supreme Court on tackling famine like situation in the country and a prompt reaction to the build up on the part of concerned government bodies have led to increased off-take during 2002-03, bringing down the stock to 35 million tonnes. Welfare schemes that took not more than 2 million tonnes until late nineties, saw a disbursement of over 10 million tonnes, thanks to judicial and administrative actions and grass-root mobilization. Open market sales and exports (at prices below economic cost) too, have reached an all time high, the total being 17 million tonnes in 2002-03 against the figure of less than 1 million tonnes before 1999-00. It should be noted that this system of procurement which resulted in large buffer stocks resulted in high carrying cost (estimated at 42 per cent of the central food subsidy), as also pilferage, wastage and deterioration in grain quality.

With a view to upgrading the Management Information System (MIS) to put in place an online MIS which will give the stock position in any depot of the Food Corporation of India at any given point of time, the Department of Food and Public Distribution has undertaken the project of computerisation and networking of all the Depots, Regional Offices and Zonal Offices with Headquarters at New Delhi. The scheme is to be introduced in three phases. During the first phase, the Headquarter of FCI will be linked to 5 Zonal Offices, 22 Regional Offices, 167 District offices and 134 Depot offices. During the second phase, 673 Depot offices would be computerized and in the third phase, 864 Depot offices would be computerized.

MINIMUM SUPPORT PRICE

Calculations made by CACP reveal that MSP for cereals, particularly wheat and rice, have increased much more than their cost of production or the wholesale price index of all commodities, particularly since 1995. The former currently stands way above the international prices, despite the risk that WTO may stipulate conditions, leading to imposition of the AMS restrictions on India. The MSPs are also above the average cost (C2) that covers not merely the cash costs, but also that of family labour, land and capital, in almost all states as also their c.i.f. import cost. The average excess of procurement price announced for

wheat over the cost of production during eighties was 63 per cent, which increased to 96 per cent in the nineties. A similar trend is observed in the case of rice as well.

With the fixation of MSP at such a high level, the state has been incurring heavy losses on food management. As a consequence, two target groups of population viz. farmers and consumers have, been receiving incremental subsidies. Fortunately, these subsidies have so far been considered WTO compatible although these are included in its computation of “Aggregate Measure of Support” (AMS). Since AMS has been worked out by comparing MSP with import prices in 1987 and because the MSP was less than the latter, WTO dispute settlement mechanism has not been invoked.

There is consensus on the position that food management in the country should be done in a manner that FCI does not land up with massive stock of foodgrains that too of indifferent quality. Further, the total amount to be procured for the central pool for meeting the responsibilities of price stabilisation and catering to the needs of PDS would be much less than the present levels. A strong case has, therefore, been made to moderate the increases in MSPs as this would help in reducing the stocks in the central pool and their carrying costs, largely due to reduced procurement. The thrust of the reformulated policy would be to bring down the economic cost of FCI procurement. FCI is envisaged as a buyer of last resort: MSPs can be kept at around C2, which would provide a reasonable level of safety to farmers and, at the same time, minimise the risk of disciplinary action in the World Trade Organisation.

Higher MSP for wheat and rice as compared to MSP for other crops helped exploit the opportunity created by the green revolution and led to much higher average productivity of wheat and rice than the average productivity of pulses or coarse cereals. Therefore, relatively higher MSPs for wheat and rice increased the profitability of these crops and motivated the farmers to divert their areas to these crops from coarse cereals, pulses and even oilseeds as in the case of Punjab. This enabled the country to achieve higher output of food grains and reach a situation of self-sufficiency in foodgrains. But in the changing context the need for rethinking this approach is overdue.

There should be a marked incentive in favour of growing pulses and oilseeds. This could be achieved by a relative increase in the MSP of oilseeds and pulses as compared to cereals so as to make these crops more advantageous to the farmer. NAFED would continue to be the designated agency for conducting the procurement operations provided the necessary resources are made available. Such a policy of using the price mechanism to promote crop diversification will be a superior alternative as compared to introduction of plan schemes for achieving the same purpose. In Maharashtra, Punjab and Haryana special steps are necessary to get them to move away from water intensive crops to other crops in view of the rapidly depleting ground water table.

The Department of Food and Public Distribution should evolve an appropriate buffer stocking policy which takes into consideration requirements for the Targeted Public Distribution System, Antyodaya Anna Yojana, and other welfare schemes of the government. The FCI can maintain a minimum level of buffer stock and then *undertake open market operations within a prescribed*

price band. It can conduct open market operations by releasing stocks in the open market when shortages are prevalent and prices are high. The FCI can also purchase food grains from the open market when there is excess supply and prices are depressed. However its objective should not be to procure all that is offered by the farmers but only to maintain an optimum level of buffer stock. The FCI can therefore be instructed to limit its role in the future to more manageable and optimum levels, recognising the fact that a high level of buffer stock of food grains can itself be a factor contributing to inflation.

THE REGIONAL DIMENSION: THE CASE FOR DECENTRALISED PROCUREMENT.

Under the existing arrangements, FCI lifts much of the cereals for its central pool from a few states viz. Punjab, Haryana, Western Uttar Pradesh, Andhra Pradesh and West Bengal; the deficit states being dependent on the above five states for one fifth of their consumption. There is, thus, a significant geographic concentration in terms of procurement. It is as high as three fourth of the market arrival in Punjab and Haryana, between 20 and 25 per cent in Uttar Pradesh, Andhra Pradesh and West Bengal. Consequently, most of the benefits of the price support to agriculture have been cornered by large farmers in these states. Importantly, these are also the states where incidence and severity of poverty is not very high. In contrast, the poor 'rainfed' parts of central and eastern India, covering the states of Madhya Pradesh, Bihar, Orissa, Assam, West Bengal and parts of Andhra Pradesh (Telengana) and Maharashtra (Marathwada) have remained agriculturally backward and contribute very little to the central pool, their procurement as a per centage of market arrivals being less than 15 per cent.

The MSP Scheme served the country well in the past three and a half decades. However, in recent years, it has started encountering certain problems. This is mainly because the scenario of agricultural production has undergone significant changes over the past few years. Surpluses of several agricultural commodities have started appearing in several states and this trend is likely to continue in the coming years as well. Former deficit regions like Bihar, Assam and Eastern UP have started generating surpluses of certain cereals, and logically the FCI should procure from these areas also.

One way of dealing with this issue is by promoting the scheme of decentralised procurement. However, not all the states have shown eagerness to participate in this programme and decentralised procurement is today confined to the states of West Bengal, Madhya Pradesh, Uttar Pradesh, Chattisgarh, Uttaranchal, Himachal Pradesh and Tamil Nadu. To encourage states to accept decentralised procurement some of the FCI godowns can be placed at the disposal of the states. There is also a need to reduce FCI manpower in a phased manner in Punjab and Haryana and redeploy the same in Central and Eastern India, to ensure better protection to farmers in the region.

Under decentralised procurement policy, the states should be encouraged to design their own strategy for encouraging production, procurement and distribution. They should have the full freedom of procuring grains locally, ordering from other states or lifting its requirements from FCI at the Central Issue Price (CIP). Presently, the states are apprehensive that a system of decentralised procurement and distribution would lead to a loss for them on account of levies as also central subsidies on foodgrains. It is, therefore, important to assure the

state governments that the financial commitment of the central government on food security would not be diluted.

There are, however, limitations to extending the coverage of the system of decentralised procurement. The operation of food procurement and maintenance of a buffer stock is best undertaken by a centralised agency. This is necessary to ensure prompt transfer of food grains from regions of excess production to the deficit regions. Moreover, the cost of operating a buffer stock will be less if it is centralised rather than if each state tries to maintain its own buffer stock.

Given the macro objective of self sufficiency in foodgrains, as discussed in the preceding section, it would be reasonable to direct a large part of the producer's subsidy for boosting production of foodgrains. Subsidisation of inputs and farming practices, particularly those used by small farmers should, therefore, have the priority. Understandably, this would imply reducing the component of subsidy, available for procurement and distribution of foodgrains. This, however, may not be a serious problem since the change in the thrust of the strategy would reduce the amount to be procured for maintaining the public distribution system. What is required, thus, is not dismantling of the existing system but a reform in the institutional arrangement.

Accepting that the basic logic of food management by State is to ensure uniformity in price structure through procurement and transportation of food grains from surplus to deficit regions, economic efficiency would demand that a premium is attached to additional production in deficit regions. This would reduce the need and costs of storage and transportation.

PROMOTION OF PRIVATE TRADE

One of the consequences of fixing MSP at highly remunerative levels, leading to a high level of procurement, has been the virtual disappearance of private trade from food procurement operations. Private trade now finds it more remunerative to purchase directly from the FCI when it conducts open market operations rather than purchasing from the farmers. The exporters also find it attractive to buy subsidised grain directly from FCI as market prices are high and no export is possible at these high prices. Restriction on movement of foodgrains within the country, restrictions on exports and problems arising out of taxation and non-availability of credit also hinders growth of private trade in foodgrains.

Involvement of private agencies in storage, transportation and trading of foodgrains has been extremely limited due to the policy environment in the country. Undoubtedly, Essential Commodities Act (ECA) is the single most critical factor which has inhibited growth of private investment. It has permitted private involvement in storage only to the extent of subcontracting management responsibility to units created under FCI guarantee and managed by its staff. Interestingly, studies by BICP and ASCI reveal that Central and State Warehousing Corporations have significant cost advantages over private agencies due to their large scale of operations and the policy environment.

Operations under the Open Market Sales Scheme (OMSS) undertaken in recent years by the government at very low prices (basically for stock reduction and bringing down the storage costs) is yet another factor which has given a big

blow to the profitability of private traders, by selling the grains at heavily subsidized prices. In fact, this has also resulted in some of the foodgrains, supposedly distributed under the schemes, coming back illegally to FCI. There is no economic rationale for reducing OMSS prices below acquisition cost (less statutory levies) plus transport storage costs in different regions and seasons on a medium term basis, if the goal is to let the private and cooperative agencies play a bigger role in the market.

There seems to be a consensus that private traders and cooperative organisations need to be given a greater role in effective management of the food distribution system in the country. To do this, it would be important to create a policy environment which will allow these institutions to function without any threat of arbitrary action from the state. With the gradual withdrawal of legal and administrative restrictions in recent years, it should be possible to create a climate wherein private initiative, both from large and small operators, picks up momentum and shoulders a part of the responsibility of providing storage facilities along with the Government.

Private agencies should be able to play an increasing role not only in storage, transportation and exports, (including warehousing receipts for producers) but also in food management, leading to better market integration. This would require greater freedom and relaxation of many of the controls imposed including ECA. It would also necessitate institutionalization of the mechanisms, to bring in transparency in the framework and to boost the confidence of private organizations. It would, however, be desirable if private investment in storage transportation etc. takes place without the guarantee of use by FCI, as has happened in the past, so that the cost of meeting the risk does not remain with the government. The state, however, must ensure that the obligations undertaken by the state on behalf of people are also not violated with the ushering in of the new food management system.

STATE TAXES/LEVIES

It is important to note that farm harvest prices of certain food-crops in several regions in eastern India have been below the cost of production. This has not only caused a set back in the spread of modern technology in this region but led to immiserisation of small and marginal farmers. Facilities provided by regulated markets, instead of removing trade restrictions, have often strengthened vested interests, leading to raising of barriers and inhibiting free movement of commodities. Unfortunately, cooperative markets and credit institutions have also become weak in many regions of the country, due to withdrawal of support from the state, resulting in distress sale among farmers. Ineffectiveness of FCI and other supporting agencies has further accentuated the problem. Taxes and other levies imposed by state governments have increased significantly in recent years and vary across states that distort functioning of the market. Private unorganized traders avoid paying the taxes whereby they gain an advantage over corporate players as also public and cooperative agencies and that contributes to the inoptimality of the system.

The High Level Committee on Long Term Grain Policy (HLC) in its report had recommended that Central Government may declare a procurement price inclusive of a uniform 4 per cent levy by the state governments. At present the levies imposed by the states vary from state to state and exceed even 10 per

cent in some states. The levies are highest in major procuring states of Andhra Pradesh, Punjab and Haryana.

The imposition of levies has, in the past, enabled the states to improve their market yards, link roads, canal systems etc. Now there is less need to continue taxing foodgrains for improving rural infrastructure. Moreover, it is inconsistent to say that consumers should be supplied subsidised foodgrains and at the same time impose taxes on foodgrains. Taxes, even if levied, should be low and should not lead to a large increase in issue prices under PDS.

While HLC has recommended a cap on state levies at 4 per cent, the Department of Food is of the view that a cap of less than 8 per cent may evoke strong opposition from the affected state governments. It has been recommended that there should be a procurement price for wheat and rice inclusive of all taxes and levies in lieu of MSP. No MSP will be publically announced for wheat and paddy. Instead, the procurement price would be announced after taking into account state taxes/levies of upto 8 per cent. The procurement price would thus be an all-inclusive price that the Central Government would pay and it would be left to the State Governments to decide what portion of the procurement price they would want to give to the farmers.

Chapter II

THE PUBLIC DISTRIBUTION SYSTEM

INTRODUCTION

One of the key concerns in food insecurity at household level has been prevalence of hunger, on which some data are available from secondary sources. It is possible to take the position that the people, who report not having two square meals a day and therefore suffer hunger, constitute the category of food insecure population. The National Sample Survey (NSS) provides information on the number of “hungry” persons, by canvassing a direct question to the heads of the households regarding availability of adequate food to all the members. The reported figures were as low as 7 per cent in rural and 3 per cent in urban areas in 1983. These have been declining systematically ever since and presently (2002-03) stand at a low level of 0.5 per cent in rural and 0.1 per cent in urban areas. Researchers as well as policy makers believe that the figures grossly underestimate hunger due to reluctance of household heads in publicly admitting his or her incapacity to provide for the family. Consequently, despite the concept of hunger broadly corresponding to that of food and nutrition insecurity, the inadequacy of available statistics does not allow this to be used for building an operational policy for addressing the problem.

Poverty estimates (head count ratios) are also commonly interpreted as a proxy for the degree of food insecurity since households below the poverty line do not have the purchasing power for buying food which would provide an adequate calorie intake. However, the use of poverty estimates is fraught with methodological difficulties which are well documented in the literature.

In our view, therefore, cereal and calorie deficiency is a better direct measure of food insecurity. Researchers have tried to make a direct assessment of food and nutritional calorie deficiency at national and regional level by using the NSS data on consumption of different food items in monetary as well as physical terms. The results are indeed very disturbing. By pooling yearly with quinquennial data, Radhakrishna shows that per capita cereal (real) expenditure had declined by 0.69 per cent and 0.18 per cent per annum in rural and urban areas respectively during 1970-89. A corresponding decline is noted in cereal consumption in physical terms as well. Per capita calorie intake, however, had grown at about 0.2 per cent per annum both in rural and urban areas. During 1990-98 (excluding the data for the year 1999-00), however, both per capita (real) expenditure on cereals and calorie intake declined at 2.1 per cent and 1.5 per cent per annum in rural areas. In urban areas, per capita cereal expenditure declined at a slower pace viz. 0.28 per cent while calorie intake came down by 0.44 per cent per annum. This has been attributed largely to the increase in cereal prices in real terms at 1.2 per cent during nineties.

Using quinquennial NSS data for 15 major states, that account for about 95 per cent of country's population, we observe that per capita calorie intake has declined in rural areas during 1984-94 as well as 1994-00. In urban areas, however, it has remained stationary over the entire period. Importantly, the percentage of calorie deficient population has gone up over the years both in rural

and urban areas, when one considers the Planning Commission norms while it has remained stable by FAO norms.

IMPLEMENTATION OF TPDS

The Public Distribution System (PDS) and other food based programmes form a composite system of public intervention through which the State has been trying to address the issue of food insecurity at the household and the intra-household level. Let us begin with the Public Distribution System which has emerged as the most significant instrument in government policy to moderate open market prices and to ensure food security at the household level by providing foodgrains at assured prices. The PDS operates through a large distribution network of around 4.75 lakh Fair Price Shops, and is supplemental in nature. Under the PDS the Central Government is responsible for the procurement and transportation of foodgrains up to the principal distribution centres of the Food Corporation of India while the State Governments are responsible for the identification of families living Below the Poverty Line, the issue of ration cards and the distribution of food grains to the vulnerable sections through Fair Price Shops.

In June, 1997, the Government of India introduced the Targeted Public Distribution System (TPDS) with appropriate focus on the poor. The scale of issue under TPDS began with 10 kgs per family per month for Below Poverty Line (BPL) families, but has been progressively increased over the years and is now 35 kgs per family per month with effect from 1st April, 2002. The scale of issue for the APL families has also been determined at 35 kgs per family per month with effect from. 1st April, 2002.

Under the TPDS, the identification of BPL families was to be carried out by the State Governments based on criteria adopted by the Ministry of Rural Development. However, the total number of beneficiaries was to be limited to the state-wise poverty estimates (1993-94) of the Planning Commission. Against a total ceiling of 6.52 crore, BPL households (as per the poverty estimates of the Planning Commission for 1993-94 and population projection of the Registrar General, as on 01-03-2000), more than 8 crore BPL ration cards have been issued. Similarly against the figure of 18.03 crore households in the country (as per the population projections, as on 01-03-2000 of the Registrar General of India), the total number of ration cards issued is around 22.32 crore. This does raise problems at the field level.

In the last decade and a half, changes in the policy with regard to PDS have been considered necessary for a number of reasons. First, the overall availability of foodgrains and cereals has improved. Second, there is a debate on the relative efficiency of private markets vis a vis distribution costs of grain through the FCI and PDS. Third, studies showed that the PDS was biased in favour of certain states and there was also some bias in favour of urban areas, although the latter was much less clear if only households purchasing foodgrains were considered. It was also concluded by some that the PDS was neither particularly effective nor cost effective in providing subsidised foodgrains to the poorer groups in low income/high poverty regions. Fourth, it was felt that the fiscal burden due to food subsidy needed to be controlled which could be done by targeting the food subsidy to poor consumers. These led to the restructuring of

the PDS, with the introduction of the Targeted Public Distribution System targeted to the poor and continuing PDS for APL at the full economic cost.

The PDS Price Regime under the TPDS

The BPL prices under the TPDS were initially fixed at 50 per cent of the economic cost, while the APL prices were fixed at 90 per cent of economic cost. The APL prices were raised to the level of the economic cost in April 2000 continued to increase till July 2001. They were then lowered in July 2001 and April 2002.

It is worth noting that the APL Central Issue Prices (CIP) were raised to the level of the economic cost in 2000/01 and were then lowered. In 2003-04, the APL CIPs were at the same level as per centage of the economic cost, as in 1990-91, under the general PDS. BPL CIPs fell to 30.3 per cent of the economic cost in 1999-00 in the case of wheat and 35.9 per cent of economic cost in the case of rice. They were increased to approximately 50 per cent of the economic cost in 2000/01 and were 43.5 per cent of the economic cost in the case of wheat and 45.1 per cent of the economic cost in the case of rice in 2003-04.

Offtake from the TPDS

One of major criticisms of the general PDS was that it did not really target states with a large number of poor. The TPDS sought to change this by making BPL allocations proportional to the number of the poor in each state. However, this has attracted reverse criticism that the narrow targeting has reduced total offtake and overall effectiveness of the system and also that this had jeopardized the viability of the PDS distribution system. It has been shown that the PDS offtake started picking up in the 1970s. The offtake was generally sensitive to large fluctuations in output but less to prices. The highest offtake was reported in 1991-92, which subsequently declined in 1994-95 and 1995-96, since the government raised issue prices, in a bid to contain food subsidies (although procurement prices continued to rise).

After the introduction of the TPDS, the offtake recorded fluctuations, but touched a low of 11.8 million tonnes in 2000-01, coinciding with the massive build up of food stocks. Since 2002-03, the offtake has been rising sharply, touching its highest level of 22.5 million tonnes in 2003-04.

ANTYODAYA ANNA YOJANA

The Antyodaya Anna Yojana (AAY) was launched in December, 2000 for one crore poorest of the poor families. AAY contemplated identification of 1 crore families who would be provided food grains at the rate of 25 kgs per family per month at a highly subsidized price of Rs.2.00 per kg for wheat and Rs.3.00 per kg for rice. The scale of issue has since been increased from 25 kgs per family per month to 35 kgs per family per month with effect from 1st April, 2002. The AAY Scheme has been expanded bringing the total coverage to two crore families.

The main objective of the TPDS was to improve the PDS consumption of the poor by offering them cereals at highly subsidized prices (and simultaneously wean away the non-poor from the PDS). Since 2000, the introduction of the AAY was further expected to improve the PDS offtake and consumption by the poorest. One would, therefore, expect PDS offtake to become more aligned with the total number of poor in each state. Among the medium/high income states, Kerala's share in offtake has been declining along with that of Gujarat and West Bengal. Among the poor states, MP and UP show an increasing share in total offtake. Overall, the correlation between the total offtake of cereals and number of poor in each state, has been improving and was statistically significant in 2003-04. Thus, at least at the level of offtake, the TPDS has now been able to target the states with higher number of poor better than in the past.

During the years that the TPDS has been in operation, the offtake for BPL households has been rising consistently to 14.7 million tonnes in 2003-04. The APL offtake fell dramatically to 2.1 million tonnes in 2000-01 and further to 1.8 million tonnes in 2001-02. Since then it has recouped to 3.95 million tonnes in 2003-04. The BPL and APL offtake together accounted only for 18.65 million tonnes in the latest year. But, the offtake under the AAY has also been steadily increasing, amounting to 3.84 million tonnes in 2003-04, and all the three schemes taken together show a higher offtake in 2003-04 than in the past.

IMPACT OF THE TPDS ON FOOD SECURITY

The performance of the general PDS has been appraised in a number of studies. With some exceptions, these have been based on the analysis of the consumer expenditure data of the 42nd Round NSS for 1986-87. The Abijit Sen Committee has cited some conclusions from the NSS 55th Round data for 1999-00, during which period the TPDS had been in operation. The results of two Rounds (50th and 55th) for 1993-94 and 1999-00 have been analysed. Taken together with the analysis of the 1986-87 data, PDS performance at the household level can be judged for three points of time (1986-87, 1993-94 and 1999-00), of which the last corresponds to a period when the TPDS was in operation. Below, we briefly compare the results from 1993-94 and 1999-00, to see whether there have been significant differences in the performance of the PDS.

(a) Cereal Intake Through the PDS

The average per capita monthly intake of cereals estimated from the NSS 1993-94 survey was 0.92 kgs in rural India and 1.22 kgs in urban India, giving an overall total of 0.99 kgs. Since the overall pattern is similar for rural India and rural and urban areas taken together, some of the details of rural India are discussed here. The large states with high intake from the PDS were Kerala (4.70 kgs), Andhra (2.53 kgs) and Tamil Nadu (2.07 kgs). Per capita consumption from the PDS was also above the all India average in Gujarat and Karnataka. Rajasthan was the only poor state with a higher than average consumption while Bihar, Orissa, Madhya Pradesh, Uttar Pradesh and Assam, all showed very low PDS consumption.

In 1999-00, the average per capita per month consumption from the PDS was slightly higher at 1.01 kgs (1.02 kgs in rural India and 0.98 kgs in urban India). Once again, among large states, Kerala reported the highest per capita rural consumption (4.59 kgs), followed by Tamil Nadu (3.31 kgs) and Andhra

(2.33 kgs). Karnataka also reported higher than average consumption. Orissa was the only poor state which reported a higher than average PDS per capita consumption (1.58 kgs)

High consumption was reported in both the years in some of North-Eastern states, smaller states like Goa, and some of the Union Territories.

At the aggregate level, the population in the lowest two quintiles (poorest 40 per cent) showed a lower than average consumption from the PDS in 1993-94 while the population in the highest quintile showed a higher than average consumption. Among the high PDS consuming states, the poor population in Kerala, Andhra and Gujarat showed a higher than average consumption while the same was also true of Orissa and Assam. At the other end, the richest 20 per cent of the population consumed less than the average in Kerala, Andhra and Gujarat along with the states of Assam, Haryana, Jammu and Kashmir, Madhya Pradesh, Rajasthan and Uttar Pradesh.

In 1999-00, there is evidence of some relative improvement in the distribution of PDS consumption. The population in the lowest two quintiles consumed more from the PDS on a per capita basis than the average in a number of states (Andhra Pradesh, Assam, Gujarat, Haryana, Himachal Pradesh, Karnataka, Kerala, Madhya Pradesh, Tamil Nadu and West Bengal). In Bihar, Orissa and Uttar Pradesh, consumption in the lowest quintile was higher than the average. At the other end, the richest 20 per cent consumed less from the PDS than the overall average in almost all states, except Punjab and Uttar Pradesh.

Thus, between 1993-94 and 1999-00, the TPDS did achieve some success in shifting PDS consumption towards poorer households. However, the achievement in terms of providing foodgrains to poor households in the poorer states remained small.

(b) Cost Saving to Households in 1993-94 and 1999-00

Consumer households incur a saving due to purchases from the PDS at lower than market prices. This can also be construed as an income transfer to the households. The per capita saving to households in 1993-94 and 1999-00 from the household level data of the NSS have been estimated.

The average per capita monthly savings to consumers (based on actual retail prices paid by them) was estimated at Rs 1.91 in 1993-94 (Rs. 2.68 in urban areas and Rs 1.66 in rural areas). In 1999-00, the estimated actual savings in current prices was estimated to be Rs. 4.97 (Rs. 4.99 in rural areas and Rs. 4.90 in urban areas).

(c) Estimate of Aggregate Benefit to Consumers from PDS and Financial Cost Incurred by the Government of India

Estimates of aggregate benefit to consumers through purchases from the PDS (at uniform retail prices) have been made and amount to Rs. 977 crores in 1993-94 and Rs 3606 crores in 1999-00 (in nominal terms).

Comparing the fiscal costs to the Central Government to the consumer saving, we find that it cost the Central Government Rs 1.9 to effect a saving of

Rs. 1 for the consumer in 1993-94 and this cost fell to Rs. 1.82 (in nominal terms) in 1999-00. Moreover, the large PDS using states all showed substantially higher cost efficiency, and all except Gujarat, showed an improvement, even in nominal terms, in the cost of transferring Rs 1 of benefit to the consumer between 1993-94 and 1999-00. However, the fiscal cost of effecting Rs 1 of benefit was much higher in the poor states – and of them, Uttar Pradesh and Rajasthan showed a deterioration in cost efficiency between these years.

PROBLEMS ENCOUNTERED UNDER TPDS

The following are some of the problems encountered in the implementation of PDS:

1. Diversion of food grains and other commodities, due to bogus ration cards.
2. Reduced scale of issue of food grains to consumers against the scale of issue stipulated by the Central Government for each household, thus compromising both food and nutritional security.
3. Inability of the PDS to reach the poor effectively. Not only are there various cases of wrong inclusion of above poverty line households but also exclusion of the real poor who are included in the poverty lists of the villages.
4. The PDS Control Order 2001 provides for constant review and updation of families eligible for issue of ration cards and deletion of ineligible units/households. It is however seen that such a review of BPL families is not being done regularly.
5. It has been observed that on account of shortage of resources, States/Fair Price Shop (FPS) dealers generally lift food grains late. The consumers are generally not given the arrears of the previous month/fortnight thereby making a room for diversion and thus defeating the very purpose of the scheme
6. The FPS are not always open daily. In many cases, the beneficiaries have to cover long distances to reach the Fair Price Shops. As a result of the Supreme Court intervention in the implementation of the PDS, the Commissioners to the Court have reported that the opening of the ration shops has become more regular and predictable.
7. Beneficiaries are unaware of rights, as the Citizen's Charter is seldom available in the regional language (s).
8. Absence of proper and regular inspection of the FPS by the State Governments.
9. Inadequate publicity and lack of information relating to scale of issue, prices, availability of commodities to the consumers.

VIABILITY OF FAIR PRICE SHOPS

In order to ensure effectiveness of Public Distribution System, the Fair Price Shop owner should find the operations relating to PDS financially viable. In case the viability of Fair Price Shop, due to less margin or reduced sale, is not ensured, the Fair Price Shop owners may have the propensity to divert food grains or indulge in other related malpractices. The viability of the Fair Price Shops is, therefore, a pre-requisite to ensure that the food grains actually reach the beneficiaries.

There was earlier a restriction that the retail issue price of food grains for the BPL under the PDS should not exceed the Central Issue Price by more than 50 paise per kg; this restriction has been removed with effect from 20th August, 2001.

Any substantial increase in the dealer's margin to improve the viability of FPS may increase the retail price and pass on the burden to the PDS consumers thereby adversely affecting the off-take, which may further erode the viability of FPS and in turn may become self-defeating. However, a correct balance between the interests of the consumers and of the Fair Price Shop owners needs to be arrived at and ensured by the State Governments.

Fair Price Shops should be permitted to sell all commodities (other than rice and wheat) at full market prices through PDS outlets so as to ensure their economic viability. Further women's and ex-servicemen's cooperatives should be involved in the management of Fair Price Shops.

RESTRUCTURING OF THE PUBLIC DISTRIBUTION SYSTEM

To make the implementation of TPDS more effective, the following recommendations may be considered:

1. Items other than rice and wheat need to be excluded from the purview of TPDS. The main objective of providing food subsidy to the poor is to ensure food security. Provision of food subsidies should be restricted to these two commodities.
2. Items such as sugar should be kept outside the purview of PDS. Sugar should be decontrolled and the system of levy on sugar should be discontinued.
3. The average shelf life of coarse grains is limited making them unsuitable for long-term storage and distribution under PDS. Inclusion of coarse cereals under PDS cannot be taken up as a national level program since there is no standard variety of coarse grain. But initiatives from the side of state governments are possible catering to the needs of specific localities.
4. Kerosene oil is also a commodity supplied through PDS and intended for the poor. But this is an item where there occurs large-scale illicit diversion because of the wide price margin in the PDS and the open market. The non-poor very often corners the subsidy on kerosene, and uses it for adulteration with diesel. It is irrational, therefore to continue to subsidise kerosene at rates that are so high and continue its distribution through the PDS. Subsidy on kerosene should be gradually phased out by raising its supply price under PDS and alternate means of distribution of

this commodity to the poor should be explored. Introduction of fuel stamps for the distribution of kerosene to the poor could be considered.

5. All further attempts to include more and more commodities under the coverage of food subsidy should be resisted.

UNIVERSAL PDS VS TARGETED PDS

The High Level Committee on Long Term Grain Policy has recommended the return to a Universal PDS where there will be no distinction between Above Poverty Line (APL) and Below Poverty Line (BPL) population. As against this the Tenth Plan Working Group on PDS and Food Security had recommended a PDS catering exclusively to the BPL population. In what follows we examine the relative merits of the two recommendations.

1. The Universal PDS is expected to bring back into PDS the poor and near-poor who are presently excluded from the BPL fold. Moreover, a Universal PDS is expected to make the Fair Price Shops more viable by enhancing the scale of operations.
2. As only a small fraction of the APL population choose to buy foodgrains from the Fair Price Shops, under universal PDS the scheme will work on a principle of self targeting. However this could also lead to greater diversion of foodgrains from the PDS system. A great part of the APL allocation that is not lifted by the consumers may end up being diverted.
3. Under universal PDS the level of food subsidy will be substantially higher if food allocation is sought to be made at the present BPL issue price for both APL and BPL. Instead if the issue price is fixed at somewhere between the current BPL and APL issue price, the benefits derived by the BPL population will more likely be reduced. The benefits derived by the BPL population given a fixed level of food subsidy is likely to be more under a targeted PDS restricted to the BPL population than under a universal PDS. A universal PDS may thus prove to be detrimental to the interests of the poor.
4. A third alternative would be to exclude the APL population from PDS and restrict it to BPL and AAY only while at the same time, the criterion for identifying BPL families could be made more liberal and the states could be given a grace margin of about 10 percentage points over their poverty ratios while identifying their BPL population which would take care of the exclusion problem. The poverty estimates for 1993-94 with grace margin of ten per centage points should be used to determine the BPL population of states for another five years, i.e. until 2010.

FOOD STAMPS

In order to contain the level of food subsidy within manageable limits major reforms are required in the pattern of marketing of food grains in the country. At the outset it may be mentioned that all types of restriction over inter-state movement of food grains should be removed once and for all. Secondly, it is necessary to strengthen the system of private trade and marketing of food grains. Thirdly, the concept of having fair price shops over the length and breadth of the

country should be looked into afresh. It may be more efficient to move towards a new system of providing food subsidy through the normal food supply shops that exist through out the length and breadth of the country (including the current FPS), supplemented by new/additional Fair Price Shops in remote and inaccessible regions where such shops may be absent. This could be achieved through the introduction of food stamps as outlined below:

Under the system of food stamps, instead of issuing ration cards, the states could issue a subsidy entitlement card (SEC). The SEC should show the number of members in a poor family, their age etc, and indicate their entitlement level for food stamps.

There could, in principle, be different levels of entitlement based on age. All adult members from a poor family could be entitled to “a” number of food stamps per month while the entitlement for a child could be “b” number of food stamps. There could also be a higher subsidy entitlement based on old age or infirmity. The SEC will indicate the total number of food stamps a family is entitled to every month.

The members of a family would produce their SEC and collect their monthly quota of food stamps from prescribed distribution centres. By using these food stamps in any food supply shop the poor should be able to purchase food grains (rice and wheat) at a price (Rs x) below the market price. The retailer who sells food to the stamp holder could accumulate these food stamps issued by the state governments and claim (Rs x) per food stamp from the state treasury.

There are two potential problems that can arise under a system of food stamps. First, there is the possibility of counterfeiting of food stamps. Secondly, it is possible that people who are issued food stamps actually do not use it to buy food but sell it and use the money for other purposes thus depriving themselves of the nutritional benefits that would have otherwise accrued to them.

Food Security& Forest Periphery

While examining food security issues it is important to consider the specific needs of different geographic communities in India. One such “missing” community is the forest fringe community, which resides in about 1.73 lakh villages and comprising about 40% (? data given by E&F) of the poor people in India. They have specialized needs for food and nutrition security. These specificities include: -

- ❑ Dependence on forests for direct food security (e.g. Edible fruits, nuts, leaves, flower, roots and tubers etc.).
- ❑ Dependence on forests for direct nutrition security (e.g. Medicines, herbs and wildlife).
- ❑ Dependence on forest for indirect food supply (e.g. ecological services to the farms),
- ❑ Dependence on forest for improved access to food (e.g. through income generated from farm based livelihoods).
- ❑ Seasonality of farm food deficit and household strategies to cope with hunger through forest resources.
- ❑ Relative geographic inaccessibility of the forest-fringe communities, which renders the PDS system ineffective for them.

The

Ministry of Environment and Forests has been taking several initiatives in order to address these issues. These include:

- a. Policies to increase access to goods and services from forests.
 1. Decentralized institutions (FDAs & JFMCs).
 2. Participatory local level micro planning.
 3. Rationalization of felling and transit regulations.
 4. Rights over non-timber forest products.
 5. *Tusser* Cultivation.
- b. Intervention to increase production of goods and services from forests

National afforestation Programme Scheme.

1. Planting of mixed (fruit & medicinal) spp.
2. Bamboo and Cane Plantation.
3. Pasture / Silvipasture.
4. Regeneration of Perennial Herbs & Shrubs.
5. Rehabilitation of jhumlands.
6. Grants-in-Aid to Voluntary Agencies.
7. Integrated development of 5,000 forest villages.
8. Promotion of lateral funding for development of forest-based livelihoods.
9. Integrated development of 173,000 forest-fringe villages.

TPDS – AN ASSESSMENT

The TPDS was to make a transition to a uniform system of delivering grain at highly subsidized prices to ‘poor’ households. Instead, it has eventually metamorphosed into a three-tier system of providing foodgrains to all categories of households at different subsidy rates. Though our analysis shows that targeting and higher subsidies both have had limited positive impacts, these impacts are, at best, marginal.

At the same time, the targeted system has its attendant costs. First, the system of multiple administered prices provides an incentive for arbitrage and diversion of grain. This is also an argument which applies to all supplies at subsidized prices but it assumes greater severity with multiple prices prevailing in the same system.

Second, as has been shown in a number of studies that BPL surveys fail to correctly identify poor households. In fact, it can be shown that there is no failsafe methodology by which income poor households can actually be identified. But the non-identification of income poor households leads to costly exclusion errors.

Third, by restricting subsidized foodgrain distribution to identified income poor households in food deficit regions/states, it is not able to protect other poor households from high foodgrain prices. Therefore the issue is whether moderation and stabilization of foodgrain prices throughout the country should

continue as the main goal of the PDS, rather than the goal of income transfer to the poor, for which there are other options available.

Undoubtedly, public intervention in agriculture and distribution of foodgrains has succeeded to a large extent not merely in stabilizing prices at national and local level within an acceptable band but also in giving a boost to production. Indeed, the variation in domestic agricultural prices during 1980-2000 has been much less than during the preceding decades. This is not a mean achievement in view of chronic food shortage and a high dependence on imports, less than half a century ago.

The system has been successful also in reducing shortages in distant regions and price variations in space through certain degree of market integration. Developments in transportation facilities have reduced the strength of local monopolies and likelihood of local shortages. Price variations across large cities or urban terminal markets have become low, thanks to the long distance marketing arrangement and institutional linkages. The difference between producers and consumers price across regions and seasons has also declined. The importance of state intervention in achieving this at a reasonable cost in a country of India's geographical size can hardly be exaggerated. The existing price differences cannot be considered as high, given the problems in accessibility in certain regions, and forest fringes, particularly during monsoon and the low staying power of the farmers.

Chapter III

TOWARDS NUTRITION SECURITY

INTRODUCTION

Severe malnutrition has decreased significantly, in India and classical syndromes of severe nutritional deficiencies have almost disappeared. But even today levels of child malnutrition are high.

Health indicators like the Infant Mortality Rate, Under-5 Mortality Rate and Maternal Mortality Rate are exceptionally high even today. The Infant Mortality Rate (IMR) of 64 per thousand live birth as SRS 2002 shows a marginal decline during the last 13 years. The plateau observed during this period can only be removed if efforts for reducing IMR are focused on eradication of malnutrition. Promotion of exclusive breastfeeding during the first six months of life has shown to reduce IMR by 13 per cent. An Under-5 Mortality of 95 per thousand live birth and a Maternal Mortality Rate of 408 per hundred thousand are too high to be accepted.

Nutrition indicators like underweight in pre-school children, stunting, wasting of these children, prevalence of low birth weight, anemia in pregnant women, adolescent girls and children under three years, poor breastfeeding and complementary feeding rates pose a major challenge. There has been a significant reduction in malnutrition levels in preschool children in the last two decades. Undernutrition among preschool children has reduced from 77 per cent in 1975-79 to 47 per cent in 1998-99. Chronic malnutrition among pre-school children as reflected by stunting and wasting is 45.5 per cent and 15.5 per cent respectively as per National Family Health Survey (NFHS) 2 1998-99. The onset of malnutrition in young children starts at about six months and peaks when the child is 12-23 months of age. There is five-fold increase in malnutrition levels in children during this period, underweight being 11.9 per cent at 0-6 months and 58.5 per cent at 12-23 months.

The prevalence of Chronic Energy Deficiency (CED) in adults as assessed through Body Mass Index (BMI) since the 70s is suggestive of an improvement in the nutritional status of adults. CED in adult females has declined from 51.8 per cent in 1975-79 to 35.8 per cent during 1998-99 while CED in adult males has declined from 55.6 per cent in 1975-79 to 37 per cent in 2000-01.

CED and anemia in pregnant women are major factors responsible for low birth weight of the new borns. Nearly one-third of all children born have low birth weight i.e., weight <2.5 kg at birth.

The prevalence of vitamin A deficiency in preschool children has declined significantly over the years. Nutritional blindness due to vitamin A deficiency has been completely eliminated. It was 2 per cent of the total blindness during 1971-73 and was reduced to 0.04 per cent in 1988-89. The prevalence of Bitot's Spots in preschool children declined from 1.8 per cent in 1975-79 to 0.7 per cent in 1988-90. The prevalence, however, continues to be the same even in 2003 making India an endemic region for vitamin A deficiency as it is still more than the WHO cut off level of 0.5 per cent. The prevalence of night

blindness has reduced to 1.3 per cent during 1997-2000 which again is higher than the World Health Organisation's cut off level of 1 per cent for night blindness.

Nutritional anemia due to iron and folic acid deficiency is widely prevalent in the country particularly among the high risk groups comprising of pregnant women, infants, young children and adolescent girls. The prevalence of anemia among pregnant women has declined from 87.5 per cent in 1989 to 74.3 per cent in 2003 and preschool children from 74.3 per cent in 1998-99 to 67.5 per cent in 2003. The prevalence of anemia among lactating mothers is currently at 77.7 per cent (2003), adolescent girls (12-14 years) at 68.6 per cent and adolescent girls (15-17 years) at 69.7 per cent.

There has been a significant decline in prevalence of Iodine Deficiency Disorders (IDD) as a result of salt iodisation undertaken since 1962. The goitre prevalence has reduced from 21 per cent in 1989 to about 10 per cent in 2001. No state in the country is free from IDD and 254 districts out of 312 districts surveyed have more than 10 per cent prevalence, making the country an endemic region for IDD.

Infant and young child feeding practices not only influence the growth, development, nutritional and health status of the child but also have life long implications on the health of a person. While 95 per cent of the mothers breastfeed their infants at sometime or the other, only 15.8 per cent initiate breastfeeding within one hour of birth, 55.2 per cent infants receive exclusive breastfeeding upto three months of age only and 33.5 per cent infants receive complementary foods between 6-9 months of age along with breastfeeding (NFHS 2 1998-99).

Intra-uterine malnutrition resulting in low birth weight of the new borns coupled with early childhood malnutrition is the major cause of diet related chronic diseases like diabetes, hypertension, cardio-vascular diseases etc in later life. Nutritional deficiency disorders affect productivity of the person resulting in household food insecurity thus making a vicious cycle of poverty and malnutrition.

INTERVENTIONS REQUIRED IN A LIFE CYCLE APPROACH.

Various studies have revealed that intra-uterine and early childhood malnutrition has serious implications on the health of a person throughout his/her life span. Further nutritional deprivation during these critical years has short term and long term effects on brain development; cognitive and educational performance; physical growth, body composition, immunity and work capacity; metabolic programming of glucose, lipids, protein hormone/receptor/gene leading to diabetes, obesity, heart disease, high blood pressure, cancer, stroke and ageing. All these result in poor human resource development, low productivity and poor economic growth of the nation. A life cycle approach is required to break the intergenerational cycle of malnutrition.

The target groups requiring top priority would, therefore, be:

0-2 year old children,
adolescent girls, and

pregnant and lactating women.

Various interventions for these target groups would be required simultaneously to address the problem in a comprehensive manner.

This, however, does not undermine the importance of ongoing food supplementation programmes under Integrated Child Development Services (ICDS) for 3-6 year old children as well as for primary school children under the Mid Day Meals programme.

Nutrition Services Required

0-2 years

Establishing early initiation and exclusive breastfeeding for first six months through skill development training of field functionaries.

Promoting adequate and appropriate complementary feeding of infants from six months of age through nutrition demonstrations, training, counselling etc.

Making low cost ready to eat energy foods fortified with micronutrients available to six months to two year old children through ICDS to ensure frequent and adequate complementary feeding of infants and young children.

Supplying simple equipments for production of *sattu* like instant food to mother's committee, women groups and permitting them to sell the products at village shops besides supplying to ICDS.

Nutrition rehabilitation of severely malnourished children (grade III and IV) to be undertaken by organising joint nutrition and health camps for such children along with their parents and health and WCD functionaries.

Iron and folic acid in either dispersible tablets or syrup form to be given to all 0-2 year olds in such districts.

Universal coverage under vitamin A supplementation through mega dose to be ensured.

Consumption of iodized salt to be promoted.

Dispersible tablets of zinc along with new ORS packets to be stocked in Anganewadi Centres for prevention and management of diarrhoea. All vaccinations against six preventable diseases to be ensured.

Early detection of disability to be given due priority.

Child Care services to be included in all ICDS and health centres.

National guidelines on infant and young child feeding to be translated into action at State and District levels.

Adolescent girls

Under-nourished adolescent girls (<35kg or with BMI of <18.5) to be provided with food supplements (6 kg foodgrains per month or included under the ambit of ICDS with food supplements providing 500 calories and 16-20g protein).

Iron and folic acid tablets/supplements to be given daily for at least 100 days in a year or weekly supplementation.

Adolescent girls to be informed about the important functions of folic acid, iodine, iron, vitamin A particularly during adolescence and pregnancy.

Family life education and skill development training on food and nutrition to be imparted.

Pregnant and Lactating Women

Food supplementation to pregnant women during 2nd and 3rd semester and lactating women for one year of lactation. IFA supplementation throughout pregnancy and one year of lactation.

Vitamin A supplementation of pregnant and lactating women.

Antenatal check ups and T.T. immunisation.

Nutrition counseling through all contact points to be ensured.

INTENSIFYING MICRONUTRIENT MALNUTRITION CONTROL ACTIVITIES INCLUDING FORTIFICATION

Vitamins and minerals popularly known as micronutrients play a vital role in the production of enzymes, hormones and other substances that help to regulate growth, activity, development and the functioning of the immune and reproductive system. The deficiencies of these micronutrients result in serious consequences expressed in terms of increased morbidity, mortality and disability rate. The disturbances produced by lack of these essential nutrients are not confined to a single organ but affects multiple organ systems. Even milder deficiency states of these micronutrients lead to adverse consequences in growth, development and immunity.

The National Nutrition Goals advocated by the Nutrition Policy include the following:

Controlling micronutrient deficiencies (deficiencies of vitamin A, iron and folic acid and iodine) amongst vulnerable groups through intensified programmes.

Reducing anemia in expectant women to 25 per cent by 2000 A.D. by extending and strengthening National Nutritional Anemia Control Programme. Introducing iron supplementation to adolescent girls.

Universalizing Vitamin A Prophylaxis Programme to cover all children and eliminate nutritional blindness completely by 2000 A.D.

Distribution of iodized salt should cover all the population in endemic areas of the country to reduce iodine deficiency to below endemic levels.

The report of the Task Force on Micronutrients (vitamin A and iron), has given exhaustive recommendations for accelerating the reduction in prevalence of iron and vitamin A deficiencies. A comprehensive strategy that simultaneously addresses various factors was considered crucial to achieve the goals set for micronutrient malnutrition control. These included:

- *Nutrition education for dietary diversification.
- *Iron and Folic acid (IFA) and Vitamin A supplementation.
- *Fortification of foods with iron, folic acid and vitamin A.
- *Public Health measures, and Horticultural interventions.

Recommendations of the Task Force also highlighted the need for improving the delivery mechanism of existing interventions and universal coverage of at risk groups, mass communication plan for media and respective sectors, and setting up an inter-sectoral coordination and monitoring mechanism.

Fortification of common foods with micronutrients

Food fortification and enrichment have been recognised, for decades, in the scientific world as effective strategies for improving the nutritional status of the population. This needs to be pursued more vigorously. There are instances where successful interventions have been made: conceivable types are available in the market and are commonly used by the population.

- a. Salt iodisation launched in 1962 has contributed significantly in reducing prevalence of goitre in the population. Studies have revealed that the visible impact of increase in I.Q. of children as a result of salt iodisation can be seen in school children in Himachal Pradesh, an endemic region for goitre.
- b. Fortification of wheat flour with iron and folic acid being undertaken in Darjeeling district of West Bengal under an Integrated Micronutrient Malnutrition Control project has demonstrated significant reduction in anemia levels in the population. Fortified wheat flour in Darjeeling district is distributed through Public Distribution System successfully. The districts used as control in this research study are demanding fortified wheat flour.
- c. The Roller Flour Millers Association in Haryana has adopted fortification of wheat flour with iron and folic acid. The increase in cost of wheat flour as a result of fortification is less than 40p/kg.

- d. Candies fortified with iron, folic acid, vitamin A and vitamin C are being successfully provided to all 3-6 year old children, adolescent girls, pregnant and lactating women through ICDS in Bihar under the micronutrient malnutrition control project with assistance from The Micronutrient Initiative.
- e. Double fortified salt (DFS) – Research studies undertaken by the National Institute of Nutrition, Hyderabad to ascertain the feasibility of salt fortified with both iodine and iron have revealed positive results.
- f. Fortification of milk with vitamin A launched by FNB in 1988 aimed at replacing vitamin A in the milk which was removed during the toning process along with the fat content. The cost of fortificant was borne by the Government on tapering basis for the first three years. 62 dairies were producing 32 lakh litres of fortified milk daily. Mother Dairy, Delhi Milk Scheme and other cooperative dairies are still continuing fortification of milk with vitamin A on their own.

Fortification needs to be considered an effective strategy for addressing the widespread problem of anemia in the population affecting both sexes. Double fortified salt need to be accepted and modalities worked out to switch over to DFS from the existing iodized salt. Department of Animal Husbandry and Dairying may take necessary steps to fortify all toned and double toned milk produced in the country through cooperative dairies with vitamin A. The existing legislation to fortify hydrogenated fats with vitamins A and D should be extended to all edible vegetable oils. Food to food fortification like fortifying wheat flour with Soyabean, utilizing red palm oil need to be promoted. Iron and folic acid fortification of wheat flour needs to be adopted on a national scale and fortified wheat flour distributed through Public Distribution System. Supplementary foods used under ICDS and Mid Day Meal programme needs to be fortified with essential micronutrients and lysine (an essential amino acid deficient in cereals).

Chapter IV

FOOD SECURITY BASED SCHEMES

FOOD SECURITY THROUGH EMPLOYMENT SECURITY

The moderation of foodgrain prices, nationally and especially across food deficit regions, is an important goal of food security. However, the basic cause of food insecurity (as well as for the lack of demand for food) is the lack of purchasing power with the poor. This situation can only be rectified through promotion of rural and urban livelihoods, income and employment.

The situation with regard to employment and livelihood is particularly acute in areas which are rain-fed or drought prone and where agricultural productivity is low. These areas also need labour intensive investments in soil and water management and natural resource regeneration. Public works programmes are an important means to simultaneously generate employment and incomes and to create valuable infrastructure and productive capacity. However, employment generation programmes, in the past, have been minuscule in relation to requirements. There are also large leakages from the expenditure slated for these programmes. Further, the programmes have also not been able to focus on the most needy areas. The Sampoorn Grameen Rozgar Yojana (SGRY), which was launched in 2000, initially created different streams of the programmes, with the intention of focusing on areas where the need for creating wage employment was most acute. The Common Minimum Programme (CMP) promised to launch an employment guarantee programme in 150 poorest districts, which will assure 100 days of publicly provided wage employment to all those needing such employment.

The Common Minimum Programme indicates that the government would enact a ***National Employment Guarantee Act*** to provide at least 100 days of employment on Asset-Creating Public Works every year. The Finance Minister in his Budget Speech for the year 2004-05 had announced that pending enactment of ***National Employment Guarantee Act, a Food For Work Programme*** in 150 most backward districts would be launched.

The enactment of ***National Employment Guarantee Act*** and implementation of a new ***Food For Work Programme*** in 150 most backward districts has been considered at length in the Planning Commission. The method of identification of backward districts and the programme content has been discussed in detail with the Ministry of Rural Development. The allocation of districts under Rashtriya Sam Vikas Yojana (RSVY) was based on incidence of poverty among non-Special Category States with the stipulation that every State was allocated at least one district. Therefore, the allocation between States under ***National Food For Work Programme*** (NFFWP) has also been influenced by the incidence of poverty. The districts within a state were ranked on an index of backwardness by a Task Force. The Ministry of Rural Development has adopted the Task Force ranking of districts within a state for inclusion in the 150 backward districts. State Governments were forwarded a list of backward districts, which included 25 per cent additional districts than the actual number allocated to them. The final districts selected broadly conform to the list

provided by Ministry of Rural Development. However, a few changes have been made in the list on the request of the State Governments.

Programme Content:

Labour intensive projects would be taken up under the programme. A shelf of projects would be prepared for projects that would be undertaken over a five-year period. Wages would be paid partly in cash and partly in foodgrains.

Implementation of the Programme:

The Collector will be the nodal officer at the district level. Responsibility for planning, implementation, monitoring and supervision would be with the Collector of the District. No role for Panchayati Raj Institutions except providing secretariat assistance has been provided for. Ministry of Panchayati Raj Development in their comments has suggested that the overall responsibility for Programme implementation should rest with the District Planning Committees (DPCs). The Ministry of Rural Development, however, is of the view that the DPCs have not been established in all states. They are also bodies consisting of elected / nominated persons and it would be difficult to fix responsibility on them in case of lapses in programme implementation.

Payment of Wages:

Wages under the NFFWP would be paid as per SGRY norms. Five kgs of foodgrains per man-day and the rest in cash is paid to the workers under SGRY. State Governments could also give more than 5 kgs of foodgrains subject to the condition that at least 25 per cent of the wage would be given in cash. The cash component of the wage is shared by the Centre and the State Governments in the ratio, 75:25. Under the NFFWP, foodgrains would be provided free of cost by the Central Government, as is the existing practice under the SGRY, but cash component would be paid only by the Central Government. As the programme is to be entirely funded by the Government of India, it is likely that allocation under this programme would be fully utilized by the State Governments.

Financial Requirement:

The scheme would be 100 per cent centrally funded. Funds would be released directly to the districts. To provide 100 days of employment per BPL family in the rural areas of 153 backward districts, the total requirement of funds would be Rs.9973 crores including 50 lakh tonnes of foodgrains valued at Rs.3000 crores. After netting out the resources already available under the SGRY to these districts, the additional requirement of funds would be Rs.7654 crores. A provision of Rs.2020 crores has been made in the Annual Plan 2004-05 for this scheme.

The Department of Expenditure has commented that since the states are equally important stakeholders, State Governments should be required to contribute 25 per cent of the cash component under NFFWP, as is the case of normal SGRY. It may be noted that the National Employment Guarantee Act that is being finalized, provides for cost sharing between Centre and the State Governments. The exact ratio of division has not been firmed up as yet. The NFFWP is going to be subsumed under the National Employment Guarantee Act.

If no state contribution is insisted upon in the NFFWP, it would be difficult to insist on state contribution in the aftermath of enactment of National Employment Guarantee Act. The Government should not foreclose the option of states' contribution at this stage by fully funding the NFFWP.

INTEGRATED CHILD DEVELOPMENT SERVICES

Integrated Child Development Services Scheme (ICDS) is a flagship scheme of the Government, which aims at the holistic development of children (0-6 years) and pregnant and lactating mothers from disadvantaged sections. It provides integrated services comprising:

- Supplementary nutrition
- Immunization
- Health Check-up
- Referral services
- Pre-school non-formal education and nutrition and health education

It is a centrally-sponsored scheme with 100per cent financial assistance to the State Governments for input other than supplementary nutrition which the states have to provide from their own resources.

The ICDS Scheme was introduced in 33 blocks (projects) in 1975. It was gradually expanded to 5652 projects (4533 rural, 759 tribal and 360 urban). Out of 5652 projects, 922 projects are being implemented with World Bank assistance which will be available up to 30-6-05. Currently, services under the scheme are being provided to about 438.63 lakh beneficiaries comprising of about 366.22 lakh children (0-6 years) and about 72.4 lakh pregnant and lactating mothers through a network of about 6.49 lakh Anganwadi Centres.

Universalisation of ICDS Scheme

In response to a Public Interest Litigation filed by the People's Union for Civil Liberties (WF No.196/2001), the Supreme Court has vide its order dated 29-4-04 inter alia directed the Government to increase the number of Anganwadi Centres so as to cover 14 lakh habitations. On the direction of the Supreme Court, the Government of India has issued revised guidelines on cost norms for supplementary nutrition as under:

	Old Rates	Revised Rates
Children (6 months-72 months)	95 paise per child/per day	Rs.1.90 per child/per day
Severely malnourished children (6 months-72 months)	135 paise per child/per day	Rs.2.70 per child/per day
Pregnant women and nursing mothers/adolescent girls under KSY)	115 paise per beneficiary per day	Rs.2.30 per beneficiary per day

The National Common Minimum Programme (NCMP) of the Government also envisages that the ICDS Scheme will be universalised and a functional Anganwadi Centre will be provided in every settlement. To comply

with the SC Order, the States/UTs were requested to furnish their requirement of additional ICDS Scheme of 467 additional Projects and 188168 Anganwadi Centres is under process. Even with sanction of these additional AWCs, the total number would be around 9 lakh, which is far short of the figure of 14 lakh quoted in the order of the Supreme Court.

However, the main issue concerns the funding of the nutritional component. Given the states' poor financial position, they are not able to provide adequate funds. This needs immediate attention. As we noted in the earlier chapter, nutrition of pre-school children in the age-group 0-6 years is vital for the physical growth and mental development of the child. Having created a massive infrastructure under ICDS, it needs to be effectively operationalised. Like the mid-day-meals scheme, the Central Government must provide funds for the nutrition component. In addition there is need to screen for detection of under-nutrition in order to ensure that those children needing food supplementation are covered.

Even today a third of infants in India, weigh less than 2.5 kgs at birth. Weight at birth is a major determinant of growth in infancy and childhood. Increasing energy intake later may not be effective. It is imperative to ensure adequate nutritional supplements to the pregnant and lactating mothers to ensure improvement in the intergenerational nutrition cycle.

Initiatives for providing nutritional security to adolescent girls & pregnant and lactating women.

Kishori Shakti Yojana (KSY)

During 1991-92, a special intervention 'Adolescent Girls Scheme' was devised for adolescent girls in the age group of 11-18 years (school drop-outs), using the ICDS infrastructure to address the needs for self-development, nutrition and health status, literacy and numerical skills, vocational skills etc. in 507 blocks in the country. The scheme was revised, renamed as KSY, and expanded to cover 2000 operational projects during IX Plan. Under KSY, various programmatic options are available to the States/UTs to selectively intervene for the development of the adolescent girls on the basis of State/UT/area specific needs/requirements. KSY has been continued in the X Plan within the existing 2000 projects.

Nutrition Programme for Adolescent Girls (NPAG)

The pilot project to provide free foodgrains to undernourished adolescent girls, pregnant and lactating women, was launched by the Planning Commission in 51 identified districts in 2002-03. . The project was funded through ACA released to the States by the Planning Commission. Expansion of both the Schemes, NPAG and KSY, has been proposed in view of NCMP. Their merger is also being considered.

MID-DAY MEALS SCHEME

The Mid-Day Meals Scheme (MDMS) launched on 15th August 1995, aims to provide cooked meals to primary school children. The Programme targets about 11 crore children in the primary classes. Foodgrains are supplied to the states free of cost at the rate of 100gms per child per day where cooked meals are served and 3 kgs of dry ration where foodgrains are distributed. A transport subsidy at the rate of Rs.50 per quintal is provided by Central Government. The states meet the conversion cost of foodgrains into cooked meals. A minimum of 15 per cent of the Additional Central Assistance to states under Pradhan Mantri Gramodaya Yojana has been permitted for partially meeting the conversion cost. The scheme has established convergence with Rural Development schemes for infrastructure support and Self Help Groups for conversion of foodgrains into cooked meals in the rural areas. Similar arrangements are being attempted with National Slum Development Programme and other schemes of urban development.

Currently about 64 million children accounting for about 59 per cent of the target group are supplied with cooked meals. As in December 2004, in 20 States and all (7) UTs the programme has full coverage. The coverage is partial in 8 States: Assam, Bihar, Goa, Jharkhand, J&K, Punjab, Uttar Pradesh and West Bengal. However, these 8 states have also decided to universalize the Cooked Meals Programme forthwith.

Shortcomings in the Existing Programme:

Main concerns that needed special attention for smooth implementation of the programme are:

- a) Lack of infrastructural facilities in many states, such as, provision of pucca kitchen with storage facility, potable water for cooking and drinking purposes, and kitchen and cooking devices.
- b) Lack of hygiene in preparation of mid-day meals.
- c) Lack of nutritional standard, palatability and wholesomeness of meals served.
- d) Inability of Food Corporation of India to maintain adequate stock of foodgrains in their depots, especially for the remote areas.

The Supreme Court Order dated 20-04-2004 directed that:

- All primary schools to be covered at least not later than September, 2004
- Central Government to provide assistance towards conversion cost
- Time frame to be indicated for extension of the Programme to Class X
- Extended coverage of mid-day meals scheme during summer vacation in drought affected areas.
- Proposed norms: 100gms of foodgrains + 8-12 gms of protein (about 300 calories of cooked meals).

The MDMS is being revised in light of the NCMP, Presidents address to the Parliament and Finance Ministers Budget Speech. The following changes under the scheme will be effected shortly

- Universalise MDMS at primary level during the current year.
- Coverage of children in drought areas during summer vacation.
- Transport subsidy revised for special category states from Rs. 50 to Rs.100 or actual whichever is less and for other states, it would be Rs.75 per quintal with effect from 1.9.2004.
- The Centre will provide a conversion cost at the rate of Re.1.00 per child, per meal, per day

MDMS together with Sarva Shiksha Abhiyan (SSA) is expected to increase retention in primary schools by 1.5 million and consequently reduce the drop-outs.

Food could either be prepared on the school premise or there should be outsourcing of cooking as is being done in Karnataka State. The support of NGOs /Self Help Groups should be enlisted for conversion of foodgrains into cooked meals. Teachers/ Village Education Committee /Parent Teachers Association /Mother Teacher Association to undertake quality /quantity checks of cooked meals. New designs for kitchen sheds needed and the cooking should not be in close proximity of classrooms. Safety norms should be ensured and drinking water to be provided in all schools.

Allocations: The Budget for 2004-05 provided an outlay of Rs. 1675 crore under MDMS. Planning Commission has provided an additional allocation of Rs.1232 crores under National Common Minimum Programme.

MDMS will continue to be a Centrally Sponsored Scheme for the time being. However, the additional allocation of Rs.1232 crores over and above the BE of Rs.1675 crores alone would be released as 100 per cent grant to the states. As a special assistance element in the states (not normal central assistance) the funds will be earmarked for the specific purpose so that the states cannot utilize these funds for any other purpose.

Effective monitoring including quality checks would improve proper implementation of the scheme. MHRD to design a detailed monitoring structure. Benchmark data on nutritional status and coverage /enrolments/ attendance ratios should be obtained from states so as to serve as baseline estimates

GRAIN BANKS

The Village Grain Bank Scheme was launched in 1996-97 on a pilot basis. Its aim was to establish grain banks in remote, inaccessible tribal areas, forest villages drought prone/cyclone areas to ensure food security at the village level, besides preventing deaths due to hunger and starvation.

The scheme provides for establishing a grain bank in every village having more than 50 per cent tribal population living Below Poverty Line (BPL). It also provides funds for building storage facilities and procurement of weights and measures. The scheme being community-based and participatory in nature, is implemented by a village committee under the chairmanship of the village headman and involves no administrative or recurring expenditure. The village committee will be given Rs.2,000 for purchasing of weights and balance.

Another Rs.2,000 will be given for arranging storage facilities for traditional local type in the village for the subscribed grains. State Tribal Development Cooperative Corporations will make grant of grains at the rate of two quintal of grain per member family. This will be a one-time grant towards establishment of a grain bank. The chairman of the working committee will furnish receipts for the amounts as well as for the food grains to the project officer. Member-families of the grain bank will be entitled to take loans of food grains in four installments of up to 25 kgs each during the rainy season or in any other period of scarcity.

The loan will be repaid with interest at the time of next harvest, thereby recouping the stock. The type of grain to be repaid would be the same as the type of grain loaned, i.e. the type of grain normally consumed locally by the STs of the area. There will be an interest to the maximum of 10 per cent of the loan taken from the grain bank. If the amount/stock is repaid within three months, the interest will be 5 per cent and for period beyond three months and up to six months, the interest will be 10 per cent. If no repayment is made within six months, the membership of the individual family would lapse, but it can be revived if repayment is made subsequently. The project officer, with the help of the concerned Block Development Officer is responsible for setting up of the grain banks.

One could consider setting up of grain banks in remote and isolated areas where the reach of PDS is not there and in regions where there is the problem of inadequate employment generation such as in tribal areas and in the periphery of the forests such as in the tribal and forest belts of Madhya Pradesh. The grain bank scheme, to be successful, has to be combined with food for work programme, so as to ensure generation of income with the people, which is necessary to ensure repayment of borrowed grain by the beneficiaries.

It is felt that a scheme such as grain bank scheme, if implemented, should run with least interference from the side of the Government. It should be run under the supervision of self-help groups headed by women. The moment it is realized that grain under the scheme is supplied by the government, there will be a tendency among beneficiaries not to repay borrowed grain. However, the government may provide the initial supply of grain and the storage capacity may be created under the food for work programmes of the government. The scheme may run well during times when there is a surplus food grain stock with the government. A system of food distribution running parallel with the current PDS may, however, not be desirable in perpetuity as it could result in lack of accountability on the part of both. The nodal ministry for monitoring the grain bank scheme could be changed from Tribal Affairs to Department of Food and Public Distribution.

Chapter V

MAJOR RECOMMENDATIONS

1. There is a need to promote crop diversification. This could perhaps be achieved by providing appropriate price incentives. In Maharashtra, Punjab and Haryana special steps are necessary to get them move away from water intensive crops to other crops in view of the rapidly depleting ground water table.
2. Former deficit regions like Bihar have started generating surpluses of certain cereals, and logically the FCI should procure from these areas also. Alternatively the programme of decentralised procurement should be extended to these regions. To facilitate this some of the FCI godowns can be placed at the disposal of the state governments. There is also a need to redeploy FCI manpower, in a phased manner from Punjab and Haryana to central and eastern India.
3. While the scheme of decentralised procurement of foodgrains needs to be encouraged, there are limitations to extending the coverage of this scheme. The operation of a buffer stock is more cost effective when undertaken by a centralised agency. This will also ensure prompt transfer of foodgrains from regions of excess production to deficit regions. However, we need to undertake a cost-benefit analysis of centralised vs. decentralised procurement.
4. Part of the procurement price of foodgrains today constitute the taxes/levies imposed by state governments. In the future the Central Government can, in lieu of MSP, announce procurement price for wheat and paddy inclusive of all taxes/levies capped at 8 per cent.
5. Induce the private sector to come back into foodgrains trade and play a role in the procurement and storage of foodgrains. Restriction on movement of foodgrains within the country, restrictions on exports and problems arising out of taxation and non availability of credit also hinders growth of private trade in foodgrains.
6. The food ministry should evolve an appropriate buffer stocking policy which takes into consideration requirements for the Targeted Public Distribution System, Antyodaya Anna Yojana, and other welfare schemes of the government.
7. Items other than rice and wheat need to be excluded from the purview of TPDS.
8. Items such as sugar should be kept outside the purview of PDS. Sugar should be decontrolled and the system of levy on sugar should be discontinued.
9. Fair Price Shops should be permitted to sell all commodities (other than rice and wheat) at full market prices through PDS outlets so as to ensure their economic viability.

10. There is the issue of Universal PDS versus Targeted PDS. The states with a higher proportion of poor have increased their offtake after the introduction of the TPDS and states generally favour a targeted PDS. The poverty estimates for 1993-94 with grace margin of 10 per cent could be used to determine the BPL population of states for another five years, i.e. up to the year 2010.
11. It may be more efficient to supply subsidized food grains to the public through the system of food stamps which could be introduced in selected districts on a pilot basis though the experience with food stamps has been mixed. A pilot project on introducing food credit cards has already been taken up by the Department of Food and Public Distribution.
12. In remote, inaccessible and backward regions where both job opportunities and access to food may be constrained food-for-work and related schemes are necessary. These may need to be supplemented by more innovative schemes like grain banks. The mid-day-meals scheme is also an area of priority and has the twin objectives of ensuring enrolment of students in schools and improving their nutritional status. The ICDS scheme should be made universal and should cover the entire country, with the nutritional component being provided by the centre.
13. In addition to achieve nutritional security we should strive to achieve the following goals:
 - Controlling micronutrient deficiencies of vitamin A, iron and folic acid and iodine.
 - Reducing anemia in expectant women and introducing iron supplementation to adolescent girls.
 - Distribution of iodized salt should cover all the population in endemic areas of the country to reduce iodine deficiency to below endemic levels.
 - Promoting food fortification programmes

No.N-11017/7/2004-PC

Government of India

Planning Commission

Yojana Bhavan, Sansad Marg

New Delhi, 4th August, 2004

ORDER

Subject: Setting up of an Inter-Ministry Task Group on Comprehensive Medium-Term Strategy for Food and Nutritional Security.

In pursuance of the decision by the Prime Minister for setting up of Inter-Ministry Task Groups to consider action needed for those areas of National Common Minimum Programme where the agenda is cross sectoral and requires action encompassing a number of Ministries/Departments, it has been decided to set up an Inter-Ministry Task Group on Comprehensive Medium-Term Strategy for Food and Nutritional Security.

2. The composition of the Task Group is as under:

- | | |
|--|---|
| i) Secretary, Planning Commission | - |
| Chairman | |
| ii) Secretary, Department of Food and Public Distribution | - |
| Member | |
| iii) Secretary, Department of Agriculture and Cooperation | - |
| Member | |
| iv) Secretary, Department of Rural Development | - |
| Member | |
| v) Secretary, Department of Women & Child Development | - |
| Member | |
| vi) Secretary, Department of Elementary Education & Literacy | - |
| Member | |
| vii) Secretary, Ministry of Tribal Affairs | - |
| Member | |
| viii) Secretary, Ministry of Environment & Forests | - |
| Member | |
| ix) Sectoral Officer-in-Charge, Prime Minister's Office | - |
| Member | |
| x) Adviser (Development Policy), Planning Commission | - |
| Convener | |

3. The terms of Reference of the Task Group would be developed in the First meeting of the Task Group by the Group itself keeping in view the objectives and priorities laid down in NCMP relating to the subject of the Task Group after sharing with the Prime Minister's Office.

4. The Task Group may constitute a support group of domain specialists in the Ministries (i.e. officers in the rank of Joint/Additional Secretaries) in its meeting

to assist the Task Group in the spadework and in preparing and finalising its Report.

5. Each Ministry/Department concerning the subject of the Task Group should make a written presentation to the Task Group on what possibilities exist in their areas of concern.

6. The Task Group will have the powers to co-opt/associate professionals/domain experts into the Group. The Task Group will also have the powers to set up sub-Groups/Steering Committees of officials/non-officials to finalise its views on specific issues. The Task Group should, however, encourage active participation of the State Governments in the areas of concern of the Group.

7. The expenditure of the members on TA/DA in connection with the meetings of the Task Group will be borne by the Ministry/Department/State Government to which the members belong. In case of private members, TA/DA will be borne by the Planning Commission as admissible to the Class I officers of the Government of India.

8. The Task Group will submit its report to the Planning Commission within **Ninety days** from the date of its constitution.

9. The Task Group will be serviced by the Planning Commission.

Sd/-
(Rajan Katoch)
Joint Secretary to the Govt. of India

To

All Members of the Task Group

Copy to:

1. Deputy Chairman, Planning Commission
2. Minister of State (Planning)
3. Members, Planning Commission
4. Cabinet Secretary
5. Secretary to the President of India
6. Pr. Secretary to Prime Minister
7. Joint Secretary to Prime Minister (Sh. R. Gopalakrishnan) with reference to his UO No.360/31/C/20/04-ES.II, Dated 29th July, 2004
8. Pr. Advisers/Advisers, Planning Commission