

Food Security: Loss of Nerve?

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Five years ago, when the proposed National Rural Employment Guarantee Act (NREGA) was a subject of fierce controversy, Bunker Roy compared the attitude of the government to that of a dog who crosses a road half-way, can't decide whether to go forward or backward, and gets run over. This enlightening image applies again today, in the context of the proposed National Food Security Act (NFSA).

The National Advisory Council (NAC) discussed two proposals for the NFSA on 30th August. They differ mainly in terms of the Public Distribution System (PDS) entitlements in rural areas. In one proposal, twenty per cent of the rural population is excluded, but everyone else gets 35 kgs of grain per month at "Antyodaya prices": Rs 3 per kg for rice, Rs 2 for wheat, and Re 1 for millets. In the other proposal, no-one is excluded, but there are two categories, getting 35 kgs and 25 kgs per month respectively. Implementing either of these proposals (including the non-PDS food entitlements) would require 60 million tonnes of grain in the first year, rising to 70 million tonnes as the Act is extended to the whole country.

These are not hare-brained proposals from a bunch of *jholawalas* (not that there is anything wrong with carrying a *jhola* instead of a Blackberry). They represent an attempted agreement between 14 persons from diverse backgrounds, half of whom are senior civil servants or former civil servants. Yet they seem to have set off alarm bells in the government. According to recent media reports, the Food Ministry has even "rejected" these proposals – before they were finalized!

The Ministry's main objection is that the food requirements are too high. It is pointed out that grain procurement averaged 55 million tonnes or so during the last three years, and that it would be unwise for the government to commit itself to a larger amount.

This argument is wholly unconvincing. Grain procurement has been growing by leaps and bounds from the late 1960s onwards. In the last 20 years, it grew at five per cent per year on average. The viability of the NAC proposals requires nothing more than a continuation of this upwards trend.

What the critics are arguing is that, for purposes of future planning, we should assume that this upward trend is about to stop! This would be at odds with the common practice in such matters. In most planning exercises, forecasts are made based on recent growth rates, and reasonable assumptions on how they might change. The government has no hesitation in assuming continued economic growth of 8-9 per cent per year in countless planning documents, even though that requires a certain dose of optimism. But when it comes to food security, conservatism is the motto.

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It may be argued that conservatism is required because we are talking of legal obligations. But conservatism is already involved in assuming nothing more than a continuation of recent trends. If the government wishes, procurement growth can be accelerated - that would be much easier than to alter the growth rate of the economy. Indeed, what is procurement? Ultimately, it is just buying. And as Montek Singh Ahluwalia remarked at the last NAC meeting, "no situation is known to have arisen where money was there but food was lacking". He said this in the context of a discussion about cash transfers, but it applies to grain procurement as well.

Another strange argument invoked by the Food Ministry is that, if procurement increases, less food will be available on the market, and therefore, food prices will rise. This is a misunderstanding. Procurement puts no upward pressure on market prices as long as the quantities procured are released elsewhere. What would raise market prices is procurement without distribution, that is, hoarding (as happened last year). Nothing of the sort is being proposed under the NFSA.

In the unlikely event where the government is unable to meet the procurement targets, what will happen? Nothing disastrous. If the gap is small, and temporary, it can be imported. Grain can be bought on the open domestic market. The time frame for extension of the Act to the entire country can be extended. And in the worst-case scenario, some people will be getting, say, 30 kgs instead of 35 kgs at times. Does it mean that they will burn down the local BDO's office, or take the government to Court? Not at all. Similar fears were expressed when the NREGA was enacted, but five years later, hardly anyone has gone to Court, in spite of rampant violations of workers' entitlements across the country. At best, some workers were compensated under the law, e.g. with the unemployment allowance. Similar compensation provisions can be built into the NFSA.

Meanwhile, FCI godowns continue to burst at the seams with excess food stocks. The common-sense idea of distributing some of this food to the poor seems to frighten economic advisers. With another bumper harvest ahead, the stocks will continue growing unless more is distributed. Perhaps the government is hoping to export some of these food stocks, as it did in 2002-4, instead of "wasting" them on the poor. If the stocks are used, instead, to facilitate the launch of the NFSA, the Act's initial food requirements will be even easier to meet.

In short, there is no reason to take current procurement levels as a "ceiling" for the NFSA. The fact of the matter is that the NAC proposals - as things stand - are too modest, and that much bolder steps towards a universal PDS (and other foundations of food security for all) are possible. Instead of behaving like a timorous puppy, paralysed in the middle of the road, the government should emulate Shera and leap ahead.