

## **Right to Food: Time to Act**

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A journalist recently asked me to comment on President Obama's statement, made in the Indian Parliament on 8 November 2010, that "India is not simply emerging, it has already emerged". I took this opportunity to check where India stood, in international perspective, as far as child nutrition is concerned. It turns out that, according to the latest Human Development Report, only one country (Bangladesh) is doing worse than India in that respect. If Obama meant that India had emerged as a market for US business, he was probably right. But if he meant, as his elite audience chose to hear, that India had joined the ranks of affluent nations, his statement was somewhat disconnected from reality.

The enormity of the nutrition problem in India has simply not sunk into the leadership's consciousness. Or if it has, passive acceptance of it has been rationalized in one way or another. The proposed National Food Security Act is, first and foremost, an opportunity to alter the politics of the right to food, and bring this issue centre-stage. This chapter discusses selected aspects of the framework of this Act, with specific reference to the Public Distribution System (PDS). Needless to say, this special focus on the PDS does not detract from the crucial importance of other nutrition-related entitlements such as universal child care services, maternity entitlements, school meals, social security pensions, and health care.

### **Poverty Estimates vs Food Entitlements**

Nothing is easier than to recognise a poor person when you see him or her. Yet the task of identifying and counting the poor seems to elude the country's best experts. Take for instance the "headcount" of rural poverty — the proportion of the rural population below the poverty line. At least four alternative figures are available (for 2004-5): 28 per cent from the Planning Commission, 50 per cent from the N.C. Saxena Committee report, 42 per cent from the Tendulkar Committee report, and 80 per cent or so from the National Commission for Enterprises in the Unorganised Sector (NCEUS).

On closer examination, the gaps are not as big as they look, because they are largely due to differences in poverty lines. The underlying methodologies are much the same. The main

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exception is the Saxena Committee report, where the 50 per cent figure is based on an independent argument about the appropriate coverage of the BPL list. Other reports produce alternative figures from the same data by simply shifting the poverty line.

In this connection, it is important to remember that the poverty line is, ultimately, little more than an arbitrary benchmark. It is difficult to give it a clear normative interpretation. The notion that everyone below a certain expenditure threshold is “poor,” while everyone else is “not poor,” makes little sense. Poverty is a matter of degree, and to the extent that any particular threshold can be specified, it is likely to depend on the context of the exercise.

What tends to matter is not so much the level of the benchmark as consistency in applying it to different places and years (by using suitable “cost-of-living indexes” to adjust the benchmark), for comparative purposes. It is this consistency that is being threatened by the current mushrooming of independent poverty lines. In this respect, the recent Tendulkar Committee report does a reasonably good job of arguing for the adoption of the current, national, official urban poverty line as an “anchor.” State-wise urban and rural poverty lines are to be derived from it by applying suitable price indexes generated from National Sample Survey data. This approach permits continuity with earlier poverty series, consistency of poverty estimation between sectors and States, and some method in the madness from now on.

As it happens, the Tendulkar Committee report's estimate of 42 per cent for rural poverty, based on this new poverty line, is not very different from the 50 per cent benchmark proposed in the Saxena Committee for the coverage of the BPL list. In fact, the Tendulkar estimate, plus a very conservative margin of 10 per cent or so for targeting errors, would produce much the same figure as in the Saxena Committee report. Thus, one could argue for “50 per cent” as an absolute minimum for the coverage of the next BPL Census in rural areas.

However, poverty estimation is one thing, and social support is another. The main purpose of the BPL Census is to identify households eligible for social support, notably through the Public Distribution System, but also, increasingly, in other ways. In deciding the coverage of the BPL Census, allowance must be made not only for targeting errors, which can be very large, but also for other considerations, including the fact that undernutrition rates in India tend to be much higher than poverty estimates. This gap is not surprising, considering that the official “poverty line” is really a destitution line. The consumption basket that can be bought at the poverty line is extremely meagre. It was an important contribution of the NCEUS report to point out that even a moderately enhanced poverty line basket, costing Rs. 20 per

person per day (at 2004-5 prices), would be unaffordable for a large majority of the population. How would *you* like to live on Rs. 20 a day?

Also relevant here is the case for a universal as opposed to targeted PDS. The main argument is that the right to food is a fundamental right of all citizens (an aspect of the right to life under Article 21 of the Constitution), and that any targeting method inevitably entails substantial “exclusion errors.” This raises the question of the BPL Census methodology.

The 2002 BPL Census was based on a rather convoluted scoring method, involving 13 different indicators (related for instance to land ownership, occupation and education) with a score of 0 to 4 for each indicator, so that the aggregate score ranged from 0 to 52. There were serious conceptual flaws in this scoring system, and the whole method was also applied in a haphazard manner, partly due to its confused character. The result was a very defective census that left out large numbers of poor households. According to the 61st round of the National Sample Survey, among the poorest 20 per cent of rural households in 2004-5, barely half had a BPL Card. Any future BPL Census exercise must be based on a clear recognition of this major fiasco.

The Saxena Committee recently proposed an alternative BPL Census methodology, involving a simplified scoring system. Instead of 13 indicators, there are just five, with an aggregate score ranging from 0 to 10. This is a major improvement. Even this simplified method, however, is likely to be hard to comprehend for many rural households. This lack of transparency opens the door to manipulation, and undermines participatory verification of the BPL list. There is no guarantee that the results will be much better than those of the 2002 BPL Census.

Perhaps the proposed method can be further improved. But the fact remains that there is no reliable way of identifying poor households based on proxy indicators – it is bound to be a hit-or-miss exercise. A landless household, for instance, may or may not be poor, and similarly with a Scheduled Caste or female-headed household. The fact that a household may be well-off today, but poor tomorrow (due, say, to illness, displacement or unemployment) does not help matters. Last but not least, the power equations in rural areas are such that any BPL Census is susceptible to manipulation. This quandary is the main argument for universal provision of basic services, including the PDS. Another strong argument is that targeting is divisive, and undermines the unity of public demand for a functional PDS.

A universal PDS would, of course, involve a major increase in the food subsidy. However, universalisation could be combined with cost-saving measures such as decentralised

procurement, self-management of PDS shops by Gram Panchayats, and a range of transparency safeguards. There is no obvious alternative, if we are serious about ensuring food security for all. If someone has a better idea, let's hear it.

### **The PDS Turnaround in Chhattisgarh**

When I first visited Surguja District in Chhattisgarh, ten years ago, it was one of those areas where the PDS was virtually non-functional. The situation was so bad that I felt constrained to write, at that time, that “the whole system looks like it has been designed to fail.” Ration shops were in the hands of corrupt private dealers, who made money by selling PDS grain in the open market. People were powerless to argue when a dealer told them that, for no fault of his, the stocks were bare. Hunger haunted the land.

Ten years later, there has been a remarkable turnaround on the PDS front in this area. We had an interesting view of this turnaround a few months ago in Lakhanpur Block, on the sidelines of a survey of NREGA in Surguja District. Today, almost every rural household in Surguja is entitled to 35 kg of grain each month, at Re. 1 or Rs. 2 a kg (depending on the type of ration card). What is more, the system is working. Everywhere we went, we found that people were getting their full quota of 35 kgs of grain on time, every month, that too at the correct price. For people who live on the margins of subsistence, this is a dream.

Other reports from Chhattisgarh suggest that this is not an isolated success. One survey of food-related schemes, conducted in September-November 2009 in eight Blocks spread over the state, found that 85 per cent of the cardholders were getting their full 35 kgs of grain every month from the PDS (others were getting at least 25 kgs). Only 2 per cent of the entries in the ration cards were found to be fake.

One hesitates to give good marks to the Government of Chhattisgarh these days, given its monstrous actions in other domains – the sell-out to mining companies, backing of Salwa Judum, and suppression of human rights, to mention a few. Still, the revival of the PDS in Chhattisgarh is a major achievement, of interest to the whole country.

How did this happen? One of the early steps towards PDS reform was the "de-privatization" of ration shops. In Chhattisgarh, private dealers were allowed to get licences for PDS shops from 2001 onwards (before that, PDS shops were run by the state co-operatives network). This measure allowed the network of ration shops to widen, but also created a new nexus of corrupt players whereby dealers paid politicians to get licences as well as protection when they indulged in corrupt practices. In 2004, the government reversed this order (despite fierce

opposition from the dealers) and put Gram Panchayats, Self-Help Groups, Van Suraksha Samitis and other community institutions in charge of the ration shops. Aside from bringing ration shops closer to people's homes, this helped to impart some accountability in the PDS. When people run their own ration shop, there is little incentive to cheat, since that would be like cheating themselves. Community institutions such as Gram Panchayats are not necessarily "people's institutions", but nevertheless, they are easier for people to influence than corrupt middlemen or the government's bureaucratic juggernaut.

Another major reform was to ensure "doorstep delivery" of the PDS grain. This means that grain is delivered by state agencies to the ration shop each month, instead of dealers having to lift their quotas from the nearest godown. How does this help? It is well known that corrupt dealers have a tendency to give reduced quantities to their customers and sell the difference in the black market (or rather the open market). What is less well understood is that the diversion often happens *before* supplies reach the village. Dealers get away with this by putting their hands up helplessly and telling their customers that "*picche se kam aaya hai*" (there was a shortfall at the godown). When the grain is delivered to the ration shop, in the village, it is much harder for the dealers to siphon it off without opposition. Truck movements from the godowns to the ration shops are carefully monitored, and if a transporter cheats, the dealers have an incentive to mobilise local support to complain, as we found had happened in one village.

These two measures (de-privatization of ration shops and doorstep delivery) were accompanied by rigorous monitoring, often involving creative uses of technology. For instance, a system of "SMS alerts" was launched to inform interested citizens (more than 15,000 have already registered) of grain movements, and all records pertaining to supplies, sales, timelines, etc. were computerized. This involved much learning-by-doing. For instance, at one point the state government tried distributing pre-packed sacks of 35kg to prevent cheating, but the practice had to be discontinued as it was found that these sacks were being tampered with too. Therefore, in recent months, a move towards electronic weighing machines has been initiated.

Simple transparency measures were also introduced, notably to eliminate bogus cards. To illustrate, every house in Lakhanpur had a large round sign, painted next to the door, displaying the type of ration card held by that household and the corresponding entitlements (price and quantity). This serves the dual purpose of generating awareness about entitlements and of "naming and shaming" those who possess a ration card (e.g. an Antyodaya card) for which they are not eligible.

Perhaps the most important step was improved grievance redressal, based for instance on active helplines. Apparently the helplines are often used by cardholders, and if a complaint is lodged there is a good chance of timely response. Further, action is not confined to enquiries - in many cases, FIRs have been lodged against corrupt middlemen and it is not uncommon for them to land in jail (there was at least one recent case in Lakhanpur itself). Grain has also been recovered from trucks that were caught off-loading their stocks at unintended destinations.

Turning to the "demand side" of the story, the most significant step in Chhattisgarh was a major expansion in the coverage of the PDS. In what is widely seen now as a shrewd political move, Raman Singh (BJP leader and current Chief Minister) revamped the PDS ahead of the 2007 state elections. Today, close to 80 per cent of the rural population - including all SC/ST households - is entitled to PDS grain at either one or two rupees per kilo. The fact that most rural households have a strong stake in the PDS has generated immense pressure on the system (ration shops in particular) to deliver.

Expanded PDS coverage and lower issue prices have both contributed to enhancing the voice of otherwise poor and disempowered rural cardholders. As Rajeev Jaiswal (Joint Director, Food and Civil Supplies) put it: "At the moment we are only using the voice of 80% of the rural community. When the PDS is universalised, the entire community including the better educated and more vocal sections will start putting pressure on the system".

Ultimately, however, it is political will that seems to matter most. Somehow, the PDS became a political priority in Chhattisgarh and a decision was made to turn it around, instead of siding with the corrupt dealers who were milking the system. When political bosses firmly direct the bureaucracy to fix a dysfunctional system, things begin to change.

The fact that government functionaries were under enormous pressure to make the PDS work was evident in Lakhanpur. For instance, monitoring grain movements had become one of the top priorities of the *patwaris* and *tehsilars*. The tehsildar mentioned that the PDS was the first agenda item whenever meetings were held at the district level. The political pressure was also manifest in their willingness to stand up to vested interests, e.g. by arresting corrupt middlemen and taking them to Court if need be.

It would be naïve to think that the revival of the PDS in Chhattisgarh reflects the kind-heartedness of the state government, especially in the light of its contempt for people's rights in other contexts. It was a political calculation, nothing more. But it worked, and it can happen elsewhere too.

## **Food Security Act: Indecent Proposal?**

India's Public Distribution System has been in bad shape for decades, so much so that it is often thought to be beyond repair. Recent experience, however, suggests otherwise. The impressive revival of the PDS in Chhattisgarh, briefly discussed in the preceding section, is of special interest in this respect.

The proposed National Food Security Act is a unique opportunity to achieve similar gains across the country. However, the official draft, prepared by an Empowered Group of Ministers, is a non-starter in this respect. Indeed, the food guarantee is restricted to 25 kg of grain (at an unspecified price) for BPL households. This is less than their existing entitlements. In response to recent agitations, the government seems willing to raise the poverty line by a few notches, so that more households are included. Even then, a targeted PDS is not the way to guarantee the right to food.

As mentioned earlier, the main problem with targeting is that it is both unreliable and divisive. The first point is evident from many investigations of the distribution of BPL cards. The “exclusion errors” are enormous: at least three independent national surveys (the National Sample Survey, the National Family Health Survey, and the India Human Development Survey) show that about half of all poor households in rural areas did not have a BPL card in 2004-5. Among Scheduled Caste (SC) and Scheduled Tribe (ST) households, a large majority did not have a BPL card.

Targeting is also divisive: it prevents the emergence of a cohesive public demand for a functional PDS. And vocal demand is very important for the success of the PDS. This is one reason why the PDS works much better in Tamil Nadu than elsewhere: everyone has a stake in it. Chhattisgarh's recent success builds on the same principle – about 80 per cent of the rural population is covered.

In short, targeting is an ugly business, and it would be particularly dangerous to “freeze” the BPL-APL distinction into law. That would amount to converting a purely statistical benchmark, the “poverty line,” into a permanent social division. Surely, the purpose of the National Food Security Act is not to manufacture class conflict?

For all these reasons, serious consideration must be given to the obvious alternative – a universal Public Distribution System, at least in rural areas and urban slums. Consider the potential benefits first: every family will have food assured in the house, month after month.

Gone will be the days of cold hearths and empty stomachs. For those at risk of hunger, the PDS will be a lifeline. For others, it will be a form of income support and social security – valuable things to have, even when you are not hungry. The case for universalisation builds on this “dual purpose” of the PDS – food security and income support.

The nutrition impact of the PDS, one may argue, is likely to be limited even in the “universal” version. This may well be true. One reason is that the PDS may not do much for young children – the crucial age group as far as nutrition is concerned. What most children need is not more foodgrains but more nutritious food (including animal protein), better breastfeeding practices, health care and related support. They also need to be heavier at birth, which requires further interventions (important in their own right) related to women's health and maternal entitlements. Special programmes are also needed for marginalised groups such as the urban homeless. Thus, a universal PDS is only one part of an effective system of food and nutrition security.

This is not likely to come cheap. Tentative calculations suggest that a comprehensive National Food Security Act would cost at least one lakh crore rupees a year. This may sound like a mind-boggling price tag, but it is not. For one thing, in a country where half of all children are undernourished, there is no quick fix — any serious attempt to deal with mass undernourishment is bound to be expensive. For another, one lakh crore rupees is just about 1.5 per cent of India's Gross Domestic Product. Is that an excessive price to pay to protect everyone from hunger?

Incidentally, India already spends comparable amounts – or more - on things that are rather trivial compared with the right to food. I am not just thinking of military expenditure, which could do with some pruning, especially where it is used for internal repression. The fertilizer subsidy recently came close to one lakh crore rupees a year, with doubtful social benefits, not to speak of the environmental damage. And the annual “revenue foregone” on account of tax exemptions is more than five lakh crore rupees, according to the Finance Minister's own “Foregone Revenue Statement.” This includes about Rs. 80,000 crore of corporate income tax foregone (some of it “on account of contributions to political parties”) and nearly Rs. 40,000 crore of foregone customs duties on “vegetables, fruits, cereals and edible oils.”

The “food subsidy” itself is already around Rs. 56,000 crore.<sup>1</sup> The problem is not so much that this subsidy level is too low, but that it is badly used. A telling symptom of this today is

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<sup>1</sup> This is the official figure for 2009-10, but the real subsidy (inclusive of hidden costs such as the carrying costs of excess stocks) is believed to be higher - around Rs 70,000 crores.



the mindless accumulation of nearly 60 million tonnes of grain in government warehouses. Instead of whining about food inflation, and blaming “hoarders” for it, the government would do well to release some of these gigantic food stocks.

This is not to dismiss the resource constraints. One way ahead would be to introduce a universal PDS, say, in the poorest 200 districts, and extend it gradually to the whole country – much as in the case of the National Rural Employment Guarantee Act. Today's excess stocks will be of great help in the initial phase of this transition. Five years from now, the cost of a comprehensive food security system will be closer to 1 per cent than 1.5 per cent of GDP, if the current rates of growth continue. Meanwhile there will be enough time to enhance food procurement and mobilise extra funds. The roadmap is clear: promote local procurement and tax the rich.

None of this, of course, will be of much use unless the PDS can be made to work. Universalisation itself will help in that respect, as argued earlier. But systemic reforms of the PDS are also required, building on the wealth of insights that have been gained from recent initiatives to restore transparency and accountability in various domains. If Chhattisgarh can turn the PDS around, why not other States?

The National Food Security Act is not going to eliminate malnutrition in one go. But it could be the end of hunger, and the beginning of a new movement for the realisation of everyone's right to good nutrition. Let all this be clear before the idea is dismissed as unaffordable.