

Food Stocks and Hunger in India

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In the year 2001, the availability of cereals in the country dropped to an all-time low of less than 143 kg. per head and that of pulses per head similarly dropped to below 10 kg. The last time such abysmally low levels of availability were seen, was just before the WWII in the hungry thirties in colonial times, and again briefly for two years during the food crisis of the mid-sixties. An average family of five members consumed 114 kg. less of foodgrains in 2001 compared to the early nineties - a massive decline. Yet the majority of academics and activists alike seem to be complacently unaware of the depth of the hunger stalking India's tribal areas, villages and urban slums. The complacence arises from the fact that while the crisis over forty years ago was caused by a deficiency of supply which everyone could understand, the problem today is caused by deficiency of demand: and most people cannot comprehend how the existence of 65 million tonnes of food stocks can be compatible with increasing hunger. Their understanding is not helped by the fact that the explanations put forward by professional economists range from the merely foolish to the blatantly apologetic, seeking to rationalise the present abnormal situation in terms of voluntary choice by consumers.

There are a number of incorrect and indeed dangerously fallacious arguments which have been advanced to explain the unprecedented build-up of over 65 million tonnes of public foodgrains stocks in the country. Today, in July 2002 the public stocks are 43 million tonnes in excess of the revised buffer norm for this time of year. One fallacious argument in official documents like the *Economic Survey 2001-2002*, is that the excess stocks are

to be explained by the fact that minimum support prices to farmers have been "too high" resulting in excessive procurement during 2000-01 despite a dip in grain output, and hence issue prices also had to be raised. Another related argument is that the excess stocks are a surplus over what people voluntarily wish to consume. The excess stocks represent a "problem of plenty", as the *Economic Survey* puts it: it says that the growth rate of superior cereals have been higher than population growth and people voluntarily wish to reduce their intake of cereals but rather consume animal products (milk, eggs, chicken etc.) as their income rises. NSS consumption data are quoted to show that over time there is a declining percentage share of expenditure on cereals and a rising share on non-cereals. Hence there is a mismatch between what people want and the output structure resulting in excess stocks. A third argument put forward by some rather well-meaning but misguided people is that the excess stocks are at the expense of lowering of consumption for the majority of people, hence the surplus is notional; while up to this point the argument is correct, they then go on to say that two successive years of drought would make the stocks disappear. It almost seems that they are asking for droughts to solve the problem. The last argument is as dangerously mistaken as the first two are.

All these arguments are not only incorrect but are highly misleading for policy. The first argument on MSP being "too high" wilfully ignores the fact that stocks started building up two years before the quoted rise in the MSP, and that the very fact of record higher procurement in a year, 2000-01, when cereals output fell, itself indicates the presence of distress sales of cereals by farmers already affected by crashing prices for their commercial crops. The implicit suggestion that MSP should be lowered is irresponsible given the crisis of falling prices that farmers currently face, and the phenomenal

increase in farm subsidies in the advanced countries, against whom they have to compete after removal of protection. The second argument on dietary diversification towards milk, eggs and chicken can be likened to Marie Antoinette's famous comment on the hungry Parisians asking for bread: "If they do not have bread, let them eat cakes." It wilfully ignores the fact that "diversification" is as much a feature of declining nutrition as of improving nutrition, and fails to even mention that the NSS, the source of the share of spending figures showing diversification, also shows that per head daily calorie intake from all foods, has been falling in both rural and in urban areas from already inadequate initial levels. The third argument on droughts drawing down food stocks, wilfully ignores the fall in farmers and labourers' income, further loss of purchasing power and increasing distress, that droughts entail.

All three arguments miss the basic point about these stocks, that they are the result of a very large increase in the inequality of access to food in Indian society over the last five years in particular. The increased inequality of access in turn is the outcome of two sets of processes. The first is a massive cut in purchasing power with the poorer majority of the population, especially in villages, which itself has two components - contractionary, public-expenditure reducing economic reform policies in the nineties resulting in a collapse of employment growth and hence incomes, and sharply falling farm prices for commercial crops both globally and locally from 1996-7, also reducing incomes, for the extent of price fall has rivalled the extent of price crash in the years of agricultural depression preceding the Great Depression. The second process is implementation of targeting the food subsidy, which has been an utterly disastrous policy. The maximum cut in mass purchasing power, from 1997 onwards (as price falls came on top of

job losses) were already taking place when, under pressure to "target" the food subsidy, government gave up the earlier system of unconditional and universal access by households to the Public Distribution System, and thereby initiated the institutional denial to the poor of access to cheap food, owing to the sadly misconceived system of APL-BPL introduced from 1997-98. This means that while the permit-licence system in every other sphere has gone, it is only the poor who have to have a new permit now - recognized BPL status - to draw cheap food and further, their entitlement has also fallen. The result has been a drastic drop in off-take (sales) from the PDS. The combination of all these processes have led to the present situation of increasing hunger. Foodgrains availability per head in the country has hit an all-time low of only 152 kg. in the year 2001, nearly 23 kg. lower than in the early nineties. Only the AIDS -ravaged Sub-Saharan African countries and some least developed countries have a lower level than this at present.

Even progressive academics and intellectuals in a position to influence policy, are oblivious of the seriousness of the present situation owing to the wrong theories in which their thinking is locked. They are rendered conceptually blind to increasing hunger, and are putting forward all kinds of foolish, untenable arguments to rationalise the present crisis. If inaction continues, informed sources say that the stocks may well increase further to 75-80 million tonnes by the end of the year and availability will decline further. It is a mistake to think that the victims of these disastrous economic policies will revolt and make their distress obvious to our obtuse intellectuals and policy makers by agitating or rioting : they are scattered over thousands of atomistic villages, tribal areas and urban slums, and as they face increasing unemployment, income loss and deepening undernutrition, they are struggling merely to survive. Starvation is already a

reality in many tribal communities. The ongoing rise of fascist forces in India is a classic process in which the victims of rising economic distress are easily mobilised by the communal-fascist forces and their blind anger turned against the minorities who are made scapegoats for their distress, in areas where the progressive movement is weak.

The factual position with regard to foodgrains output and availability has to be understood before the reader can follow clearly the reason that the widely prevalent arguments we cited earlier, are incorrect. Some basic and undisputed facts, derived from official data sources like the RBI's annual Reports and the GOI's annual Economic Surveys, as well as from the FAO's data base, must be borne in mind in order to realise the danger posed by the abnormal level of food stocks. First, in the nineties the foodgrains growth rate has slowed down drastically to 1.7 % annually and has fallen below the population growth rate of 1.9%, so that per head annual net foodgrains output has fallen by about 3.5 kg. from a peak of 180 kg. in the three years ending in 1994-95, to 176.5 kg. by the three-year period ending in 2000-01.

Second, since the per head income in the country has been growing at about 3% annually during this period, normally in such a situation of supply shortfall there should have been a need for *food imports* to satisfy demand. Annual net imports of about 3 million tonnes without any change in stock levels, would have just maintained the early- nineties grain absorption level, and in fact, even higher imports than this should have been required since per head income growth has been good and average absorption should have risen, everything else remaining the same. It is a grave mistake to think that the absorption of grain per head falls with rising income: on the contrary, all empirical evidence shows that the absorption of foodgrains for all purposes, always goes up fairly sharply with rising per head income (this includes both

the direct use plus the indirect consumption through conversion of grain as feed into animal products including milk). This rise of per head foodgrains absorption is true in a cross-sectional sense looking at countries at different levels of income - compared to below 190 kg. in India, the Chinese, with double the per capita income of India, absorbed 320 kg. of cereals per head in the mid- nineties, Mexico absorbed 375 kg. while high-income Japan, Europe and North America absorbed over four times as much as India, with the USA registering 850 kg. per head annually of which about 200 kg. was direct consumption and the remainder converted to animal products. Needless to say, the higher the grain absorption, the higher is the total calorie intake per head from all foods. The rise in per head grain absorption is also found to be true when we study any individual developing country over time provided its per capita income is rising - Brazil and a host of other growing countries have higher per head absorption of grains today than they did a decade ago and they also have higher per capita total calorie intake. Conversely, the sub-Saharan African countries, with falling GDP per head, show falling per head grain absorption and falling per head calorie intake from all foods. In short, development always sees rising total grain intake per head and this is associated with improving nutrition, namely rising total calorie intake per head, while the opposite is true with fall in income.

Yet, in India despite the shortfall in supply with per head output falling, far from any need for imports, we see precisely the opposite situation, namely both the build-up of enormous public food stocks as well as net exports. This means that per head availability, hence absorption, has been falling, and falling very substantially (Table A). Every one million tonne of addition to stocks means today almost one kilogram fall in availability per head. The question is, why should average grain absorption be falling in

India despite rise in average income? Nowhere in the world has such a phenomenon been observed under normal conditions. Further, the daily per capita calorie intake from all foods - not just foodgrains - has been falling slowly in urban areas and at a faster rate in villages, according to the NSS data, and the period 1983 to 1993 has seen a drop by 68 calories, from 2221 calories to 2153 calories. The only exceptions have been the states of Kerala and West Bengal, which according to the same NSS consumption data, have seen rising per head cereals intake and hence, have also posted rising per head total calorie intake *in both rural and urban areas*, in sharp contrast to all other states. The pro-poor policies in these two states have helped to enhance nutritional security. In the states other than Kerala and West Bengal, taken together, the fall in both variables, obviously, has been greater than the all-India average fall. By the time 2002 data become available the additional drop in average calorie intake over 1993-4 would be large owing to the sharp fall in foodgrain absorption in the last five years. This is a highly abnormal situation, and is again unprecedented in the history of developing countries with positive income growth.

The only answer lies in a very large increase in the inequality of income distribution during the nineties, and in the poor being institutionally denied access to grain since 1997 owing to the misconceived targeting system under which the actually poor are not being identified as such and are not being issued ration cards for accessing cheap food. Economic reform policies including targeting, have reduced a functioning PDS to a shambles before our eyes and gravely undermined the little food security that the people had.

Many of our economists have turned out to be latter- day Marie Antoinettes: they think that the reason direct foodgrains consumption is going down is because more animal products are being consumed, so there is

nothing to worry about as it is in conformity with Engel's Law which says that with rising income people voluntarily substitute superior foods for inferior ones. They would tell the poor who make up the majority of our population, so what if you have over 100 kg. less of foodgrains to eat - consume milk, butter, eggs and chicken and enjoy your more diversified diet. Would anyone but a Marie Antoinette expect the poor to access sufficient calories from more expensive animal products when they cannot even access basic foodgrains in adequate amounts? In fact, Marie Antoinette may perhaps be forgiven her callous ignorance of the condition of the poor, raised as she was in feudal opulence without any contact with the people. But what can one possibly say of our economists with their doctorates? These economists have been quoting the percentage shares of various food items in expenditure in order to establish that the share of cereals is falling in all expenditure groups and the share of animal products rising, and term this dietary diversification. What these good but very simple-minded people forget is that "dietary diversification" is as much a feature of falling nutrition as of improving nutrition. For example, in Kenya where per capita income has been falling, average calorie intake has been falling as well mainly owing to a drastically lower availability of the food staples which includes cereals and tubers - just as in India of late -, while calories from animal products have risen but only marginally leading to a large net loss of calories. The average Kenyan by the mid-nineties was pushed way below the poverty line calorie intake owing to a large net loss of 303 calories daily. But in percentage terms the share of calories from foodgrains has fallen and the share from animal products has risen - viz. the diet is more "diversified". We have given Table C as an example of dietary diversification accompanying worsening nutrition. In short, diversification is a necessary

condition, but not a sufficient condition for inferring improvement in welfare. We need to look at a crucial additional fact - is the per head total calorie intake going up- in which case nutrition is improving - or, is it going down, in which case nutrition is worsening and so is welfare. Both the bottom of a valley and the very top of a mountain are flat, viz. flatness is a necessary condition for a maximum as well as a minimum. We need to know an additional fact to know where we are, and that is whether the ground all around is rising or falling.

There is no need for our economists to be so confused by the fact that average grain intake and calorie intake are going down despite rise in per head income: sharply worsening income distribution plus institutional denial of food access to the poor owing to targeting, is the answer. The top 15 percent or so of the population which accounts for at least half of total consumption expenditure and whose share in income is rising, is indeed voluntarily substituting superior foods for inferior ones, but the bottom sixty percent is suffering enforced and increasing denial of access to adequate foodgrains and hence is suffering declining nutrition, owing to the decline of their purchasing power and the institutional barrier erected by the requirement of the BPL permit.

The absorption, or availability of foodgrains in the economy is officially defined as gross production less one-eighth on account of seed, feed and wastage, plus net imports and minus net addition to public stocks, and this is divided through by population to give per head availability. If data on private stocks were available that too should be considered, but we do not have such data. Per capita availability figures are given every year by government in terms of grams per day. Using this same definition but expressing the result in kilograms per year, looking at Table A carefully we

find that per head foodgrains availability has fallen drastically by 11.5 kg per head by the end of the decade, and that the last period alone, the four years since 1997 accounts for 10.7 kg. out of this total fall. The year 1997 is when the division of the population into above poverty line (APL) and below poverty line (BPL) was made, and since then the majority of the actually poor have been denied BPL ration cards because they have not been identified as being poor. Off- take from the PDS has fallen drastically as a result. The typical five-member household was consuming 58 kg. less of grain considering the three years centred on year 2000, compared to a decade earlier. The criteria for identifying a household as poor, and entitled to a BPL card, are quite arbitrary and have the effect of excluding most of the actually poor. These criteria include whether the family has a *pucca* roof to its house, whether it owns a television set, and whether any member is in service. If any one of these conditions is satisfied by the household it is denied BPL status: the absurdity of these criteria is obvious.

To repeat, by last year, per head grain availability has fallen further hit an unprecedented low of only 152.1 kg., which is nearly 23 kg. lower than in the early nineties. The average family of five, was thus consuming last year nearly 114 kg. less of foodgrains than a decade ago - a massive fall in intake. The poor in turn are consuming even less than the average, for it is obvious that availability could not have fallen for the rich, who are indeed consuming a great deal more of animal products. The nadir of food availability had been reached in British India with 136 kg. per head during 1945-46. The present Government, through its inaction, is doing its level best to ensure that this nadir is reached once again. Without a determined and conscious policy of increasing purchasing power and removing the institutional barrier erected

through targeting, the danger of widespread starvation will soon become a reality for the poorest segment of the population.

This statement regarding starvation is not idly made. Food security systems can collapse very fast with wrong policies, the system has been already severely undermined, and in a still poor country, starvation is a hair's breadth away. There is nothing wrong in principle with the PDS or with its distribution mechanism, and it worked well for a quarter century from 1965 to 1991. The reason it started packing up after 1991, and has reached a crisis point today, is because purchasing power especially in villages, has collapsed under a combination of government's contractionary fiscal policies and the effects of globally falling farm prices as protection was removed and the poor have been excluded from the PDS by the misconceived targeting of the food subsidy. Those who think that all we need are a couple of years of drought which will lower procurement and increase offtake, are dangerously mistaken. Even three years of drought will do nothing to lower stocks in the absence of expansion of purchasing power: all that will happen is that farmers, already hit by falling employment and falling prices, will suffer further income loss as their output falls with drought, and many will die. Nor will decentralisation of the PDS help in the least, for state governments do not have the fiscal powers to take over the central government's responsibility of restoring aggregate demand and managing the food economy.

The present food stocks mountain, and annual exports of three million tonnes represent not a surplus, but a huge deduction from the necessary consumption of the people. The immediate and urgent measure is to go back to the earlier universal system, issue ration cards to all who want it, and make foodgrains available at the present BPL rates to all. A substantial part

could also be distributed free in drought-affected areas. This would immediately raise the off-take from the PDS by at least about 8-10 million tonnes a year, but excess stocks would still remain. Longer term policies of restoring purchasing power need to be started on an urgent basis, and the stepping up of food-for-work programmes to cover every state whether drought affected or not, is the obvious answer. It has been pointed out that with the banking system awash with liquidity and industry in recession, Rs. 16,000 crores annually can be mobilised easily for infrastructural development. To this we may add that with 45 million tonnes of unutilised excess foodgrains stocks, it is only the foolish and callous neo-liberals who would hesitate to launch a massive food for work programme for restoring mass purchasing power and at the same time ensuring infrastructural and social sector development in rural areas. This is an issue on which the left and progressive movement needs to mobilize politically, and to do so fast before a very bad situation worsens further.

Table A PER HEAD FOODGRAINS AVAILABILITY IN INDIA
(Three Year Annual Average)

Three-year Period ending	Average Population	Availability per Head per Annum of		
		<i>Cereals</i>	<i>Pulses</i>	<i>Foodgrains</i>
In the year	million	Kg.	Kg.	Kg.
1992	850.70	162.83	12.1	174.93
1995	901.02	160.06	12.2	172.26

1998	953.04	162.08	12.0	174.08
2001	1008.14	151.80	11.6	163.40

<i>Individual Year</i>				
2001	1027.0	142.55	9.6	152.15

Source: *Economic Survey for years 1999-00 and 2000-01.*

Note: Availability is Gross Output less 12.5 % on account of seed, feed and wastage, and less net exports and net addition to public stocks. Output is for agricultural year from July -June: for example 1992 refers to 1991-92 and so on. Population figures for inter-censal years have been derived by applying the growth rate of 1.89% per annum yielded by the 1991 and 2001 Census population totals. Population figure relates to the end of first quarter of the year against which shown.

Table B DECLINE IN AVERAGE CALORIE INTAKE IN RURAL AND URBAN INDIA, 1973 TO 1993-94

Year	RURAL		URBAN	
	Kcal.	Index	Kcal	Index
1972-73	2,266	100.0	2,107	100.0
1983	2,221	98.0	2,089	99.1
1993-94	2,153	95.0	2,071	98.3
<i>Change,</i>				
<i>1983 over 1972-3</i>	- 45		- 18	
<i>1993-4 over 1983</i>	- 68		- 18	
<i>Total change</i>	- 113		- 36	

Source: NSS Surveys on Consumer Expenditure, quoted in M Swaminathan, *Weakening Welfare - the Public Distribution of Food in India* (Leftword, 2000)

Note: Initial calorie intake in rural areas was already below rural poverty norm of 2400, and initial calorie intake in urban areas which was about the urban poverty norm of 2100, fell below it.

Table C AN EXAMPLE OF DIETARY DIVERSIFICATION AND WORSENING WELFARE: daily per capita calorie intake, KENYA 1972-74 to 1992-94

in Total	Vegetal	Animal	Total	Percentage shares	
	Origin Vegetal Kcal	Origin Animal Kcal	Origin Kcal		
1974-76	2003	217	2220	90.2	9.8
1982-84	1810	230	2040	88.7	11.3
1992-94	1672	245	1917	87.2	12.8
<i>Change, 1992-94 Over 1974-76</i>	- 331	+28	- 303		

Source: Food and Agriculture Organisation (FAO) *Food Balance Sheets 1992-94*, p.236