Independent People’s Tribunal on the World Bank Group

Food Policies and the World Bank
PDS: A Historical Overview

Key Milestones

- Rationing started in 1939 (in Bombay by the British Government)
- 1942 – Basic Principles of PDS laid down
- 1943 – Rationing in all urban centres (population more than 100,000 started)
- 1965 – Food Corporation of India and Agricultural Price Commission started
- 1982 – Made part of the 20 Point Programme
- 1984 – Ministry of Food and Civil Supplies formed
- 1992 – Revamped Public Distribution System initiated
- 1997 – Targeted PDS introduced
- 2001 – PDS Control Order promulgated by the GoI
Population, GDP and Foodgrain Production

Graph showing the trend of Population, GDP, and Foodgrain Production from 1951 to 2006.
Foodgrain Production (million tonnes)

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</tr>
</thead>
<tbody>
<tr>
<td>Series1</td>
<td>199.4</td>
<td>192.3</td>
<td>203.6</td>
<td>209.8</td>
<td>196.8</td>
<td>211.9</td>
<td>174.2</td>
<td>210.8</td>
</tr>
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</table>
Foodgrain exports in million tonnes

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001-02</td>
<td>4.685</td>
</tr>
<tr>
<td>2002-03</td>
<td>12.385</td>
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<tr>
<td>2003-04</td>
<td>10.308</td>
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<tr>
<td>2004-05</td>
<td>0.753</td>
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<tr>
<td>Total</td>
<td>28.131</td>
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</tbody>
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Targeting of the PDS

- Targeting of the PDS as against a universal PDS has been a policy prescription of the World Bank since the 90’s.
- Most clearly articulated first in their Discussion Paper No 380 (Radhakrishna et al), 1997.
- Implemented by the GoI in 1997.
Net availability of foodgrains per capita per day in gms

![Graph showing net availability of foodgrains per capita per day from 1951 to 2001.](image)
Some Problems associated with Targeting

- Identification of the Poor (BPL)
  - Inclusion errors
  - Exclusion errors
  - Debates on poverty estimates

- Other Issues
  - Other issues
    - Declining cereal consumption
    - Food sovereignty issues and decentralization
    - Inclusion of coarse grains and millets

- Leakages and diversions
  - Planning Commission Study Estimates (2005): Nearly 40%
    - In 16 states out of 14.07 million tonnes from Central pool only 5.93 million tonnes was delivered to the poor.
    - 5.12 million leaked out of supply chain (FCI godown to retail outlet)
    - 3.02 million delivered to unintended beneficiaries.
    - For every kilo of grain that reached the poor, GoI released 2.4 kilos
    - Out of the 7258 crores of Central subsidy 4197 crores leaked out
% of HH that possess ration card 2004/05 (NSS 61st round)

<table>
<thead>
<tr>
<th></th>
<th>Any card</th>
<th>BPL card</th>
<th>APL card</th>
<th>AAY card</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poorest</td>
<td>77.3</td>
<td>44.2</td>
<td>28.2</td>
<td>4.9</td>
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<tr>
<td>Q2</td>
<td>81.6</td>
<td>40.5</td>
<td>38.4</td>
<td>2.7</td>
</tr>
<tr>
<td>Q3</td>
<td>83.3</td>
<td>40.0</td>
<td>41.6</td>
<td>1.8</td>
</tr>
<tr>
<td>Q4</td>
<td>84.9</td>
<td>30.5</td>
<td>52.7</td>
<td>1.7</td>
</tr>
<tr>
<td>Richest</td>
<td>87.5</td>
<td>16.8</td>
<td>70.1</td>
<td>0.6</td>
</tr>
</tbody>
</table>
Off-take of BPL/ AAY Food Grains

Figure 3.1: Percentage off-take of BPL/ AAY food grains from 2001-02 to 2004-05

Source: Various issues of Monthly food grain bulletin, Department of food and public distribution, GoI
Food Subsidy vs Food Stamps

- Food Stamps to replace the food grain component of the PDS has also been a WB policy advice for two decades now.
- Yet, international evidence from Sri Lanka, Jamaica and other countries show decreased availability and offtake through food stamps.
Some problems associated with food stamps

- Fungible
- Easily duplicatetable – will lead to increased corruption
- Not inflation adjusted
- Cash instead of grains will reduce the control of women within the household over food resources
- Will affect the macro policies on procurement and eliminate the role of FCI as well as procurement from farmers.
ICDS

- Only institutional mechanism of the Indian State to address the issues of health, nutrition and pre-school education needs of children under the age of six.
- More than three decades old.
- Covers 50% of children under six with six essential services.
- Being universalised by GoI to cover all children under the age of six after Supreme Court Directions.
SC Orders on ICDS in the Right to Food Case

- SC Interim order of 28\textsuperscript{th} Nov 2001
  - We direct the State Govts. / Union Territories to implement the Integrated Child Development Scheme (ICDS) in full and to ensure that every ICDS disbursing centre in the country shall provide as under:
    - (a) Each child up to 6 years of age to get 300 calories and 8-10 gms of protein;
    - (b) Each adolescent girl to get 500 calories and 20-25 grams of protein;
    - (c) Each pregnant woman and each nursing mother to get 500 calories & 20-25 grams of protein;
    - (d) Each malnourished child to get 600 calories and 16-20 grams of protein;
    - (e) Have a disbursement centre in every settlement.”
Context of SC Interventions

- India has one of the highest rates of child malnutrition in the world with 46% of children malnourished (NFHS 3).
- This is nearly double of the malnutrition rate in Sub-Saharan Africa.
- There has been very little progress in the last eight years with just a 1% decrease in child malnutrition in India from 47% (NFHS 2) to 46% (NFHS 3).
WB Policy “advice” on ICDS

- Documented most recently in “India’s Undernourished Children: Call for Reform and Action (HNP Discussion Paper Aug 2005)
- Advocates targeting instead of universalisation despite unambiguous orders from the Supreme Court.
- Advocates lesser emphasis on food supplementation again in contravention of SC orders.
WB Policy “advice” on ICDS

- Emphasises micronutrient deficiencies and places greater emphasis on pill based strategies to combat malnutrition rather than food based strategies.
Likely impact if WB “advice” was followed

- Targeting of the ICDS with similar consequences to that of the PDS targeting.
- MNCs and private contractors would gain the most if micro-nutrient supplementation was drastically enhanced.
- Would contravene Supreme Court directives on the ICDS.