

Food Inflation: A Threat to Food Security in India

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Abstract

Food security of a nation is ensured if all of its citizens have access of food and also have the capacity to buy it according to requirement. For ensuring food security, growth in agriculture and allied sector is indispensable. An effective system of food grain management is also crucial for enhancing the food security in India. Recent price rise and high inflation are primarily caused by food grain mismanagement in the country. Though a slew of problems contribute to rise of prices and inflation, government policy and mismanagement of food grains appear to be prime reason in current scenario. In such a context, the paper offers an analysis of trends in agriculture, food grain management and food security in India. This paper is an attempt to evaluate the position of food availability and access to the people. The main area of stress is on food management and price situation of food grain. As food grain management explains the availability and food grain price and its movement explains the picture of accessibility. This study is basically an exploratory research design based on secondary data.

Key Words

Food Inflation, Food Security, Food Grain Management.

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1 Background

India is considered as one of the fastest growing economy of the world. The goal of inclusive growth cannot be achieved without achieving the target of availability and accessibility of food to all. Moving at an annual growth rate of below 2% in most of the years in post-reform period the agrarian economy of India is suffering from declining per capita food availability and stagnant production. Food availability is the pre-requirement for food security but the accessibility to all is also must. According to Prof. Amartya Sen (1986), food security implies not only availability of food stock and its distribution but also the purchasing power in the public especially poor. Food security in this sense has three major dimensions – availability, access, and quality. The availability of food is concerned with sufficient domestic agricultural production as per demand. Access means the people have sufficient purchasing power to purchase food as per their physical requirement and choice and also in socially acceptable ways. The quality dimension of food security is concerned with the nutritional requirement of household members, based on their age and sex. Food security in this broad sense include right to life, right to food, employment, water, health and other social security provision, which contribute to achieve food security.

2 Agriculture Production, Productivity and Yield

In the decade of 1970s, India had achieved self sufficiency in food production which is the result of Green Revolution in 1966-67, but after 1991 in the era of Liberalization, Privatization and Globalization, there is huge decline in agriculture sector due to many reasons. The first phase of economic reforms in early 1990s, there were some negative outcomes which reduced the public sector investment in agriculture and rural areas. There was serious decline in the farmer's incomes, leading to farmer's suicides in a large number of cases. In recent year, the per capita net availability of cereals has also declined. The consumption of cereals decline from 169.9 kilogram (kg) per capita per annum in 1983 to 166.1 kg per capita per annum in 1987-88, 154.2 kg per capita per annum in 1993-94 and 147.1 kg per capita per annum in 1999-2000. (Asian Development Bank, 2010). India has emerged as the capital of hunger, illustrated by the fact that per capita consumption has dropped from 178 kg in 1991 the beginning of the period of economic reforms - to 155 kg in 2000-2003. Daily calorie consumption of the bottom 25% of the population has decreased from 1683 kilocalories (k.cal) in 1987-88 to 1624 k.cal in 2004-05, against a national norm of 2400 and 2011 k. cal/day for rural and urban areas respectively (Shiva Vandana, 2011). Though India is one of the largest producer of food grain in the world, yet 300 million of people struggle for meeting the two square meals and about 21% of population are malnourished (International Food Policy Research Institute, 2011). For food Security the basic requirement is sufficient availability of food grain.

Production of food grain and the productivity are the signals for availability of food for all, which is the basic requirement for food security. Production of food grain and the area under cultivation of different groups have trends of rise in India. The green revolution played a dominant role in improving the productivity as well as efficiency of the land under cultivation. Throughout the years the production keeps on rising in case of most of the crops. As it is clear from the available facts that the area under cultivation of wheat and rice are declining whereas the case of pulses are quiet impressive as during 1990s the growth in production of rice is about 2% and wheat production rises by 3.6% whereas the area under cultivation declines by -0.6 and the production shows a inadequate rise by 0.6%. The case of productivity of rice and wheat shows comparatively slower rate (during 2000 to 2008). During the period the rise in wheat and rice is 1.4% and 1.9% respectively, the rate of growth is slower than 90s. On the other hand the production of pulses rises by 3.4% and yield by 1.7% during 2000s.

Table 1: Area, Production, Yield and Irrigation Coverage of Food Grains in India

Year	Area (Million Hectares)	Production (Million Tones)	Yield (Kg/Hectare)	% Coverage Under Irrigation
1952-53	102.09	59.20	580	18.1
1962-63	117.84	80.15	680	19.8
1972-73	119.28	97.03	813	25.4
1982-83	125.10	129.52	1035	30.8
1992-93	123.15	179.48	1457	37.4
2002-03	113.86	174.77	1535	42.8
2003-04	123.45	213.19	1727	42.2
2004-05	120.00	198.36	1652	44.2
2005-06	121.60	208.60	1715	45.5
2006-07	123.71	217.28	1756	47.2
2007-08	124.07	230.78	1860	47.3
2008-09	122.83	234.47	1909	48.3
2009-10	121.37	218.20	1798	NA

Note: NA- Not Available

Source: Ministry of Agriculture, GoI, 2008 and 2010 & Economic Survey, GoI 2010-11

A comparison of the growth registered in the area under major crops, their yield, production and the growth in the area during 1990s and 2000s till 2008 paints a grim picture in maintaining the rising food demand in the conditions of escalating population growth (Indian Economic Surveys, 2008-11). But along with rising food grain production and net availability, the increase in per capita net availability of food grain fails to improve significantly. Over the last six decades the per capita net availability rises by just 10%.

From the Table 1 and Table 2, it can be observed that the pattern and availability of food grain is not supportive enough for attaining the objective of food security. Even after the six decades of planning with an objective of overall development, the planning fails to ensure sustainable food grain availability. The plan and policies fail to a great extent in

almost all fronts like production and pricing policy or through fair distribution to the vulnerable poor.

Table 2: Population and Per Capita per Day Net Availability of Food Grains in India

Year	Population (in Millions)	Per Capita per Day Net Availability (In Grams)		
		Cereals	Pulses	Total
1960-61	442.4	399.7	69	468.7
1970-71	551.3	417.6	51.3	468.8
1980-81	675.2	379.5	30.9	410.4
1990-91	832.6	435.3	41.1	476.4
2000-01	1014.8	422.7	31.8	454.4
2004-05	1085.6	426.9	35.8	462.7
2005-06	1102.8	390.9	31.5	422.4
2006-07	1119.8	412.8	32.5	445.3
2007-08	1136.6	407.4	35.5	442.8
2008-09	1153.1	394.2	41.8	436.0
2009-10	1169.4	407.0	37.0	444.0
2010-11 ^P	1185.8	407.0	31.6	438.6

Note: P- Provisional.

Source: Economic Survey, GoI, 2010-11.

From the Table 1 and Table 2 it can be noticed that now India is in a better position as availability of food grain is concern. The increase in production has facilitated the increase in procurement and public distribution of food grain. During the last six decades of planning, net availability of food grain increased by five times. The increase in food grain production specially rice, wheat and pulses resulted and facilitated the distribution of food grains through Public Distribution System (PDS).

3 Food Price Trend and Food Security

Availability of food grains is important but is not the guarantee for food to all. Along with this it is required that food should also be affordable to (within the reach of) each and every household according to their requirements. The most crucial factor to determine the accessibility of food grain and food articles is the prevailing food prices. Recent inflation scenario is a big threat to food security as India is facing the problem of food inflation, which simply raises the price of food group and reduces the purchasing power. This situation is of great concern from the angle of poor class as the consumption basket of this group contains more than 80% of total expenditure, so they are the worst effected groups. The WPI data from Table 1.3 explains the nature of food inflation in India. A review of WPI during the last four decades shows that there is significant increase in price levels across all food and non-food items. The inflation in the country during the recent years has made the situation go from bad to worse. The repercussion of galloping food inflation has been felt more intensely during the past couple of years probably pushing the people further down the minimum sustenance level of purchasing power.

Table 3: Trend in WPI of Food Grains at 1993-94 Base Prices (1994-95 to 2009-10)

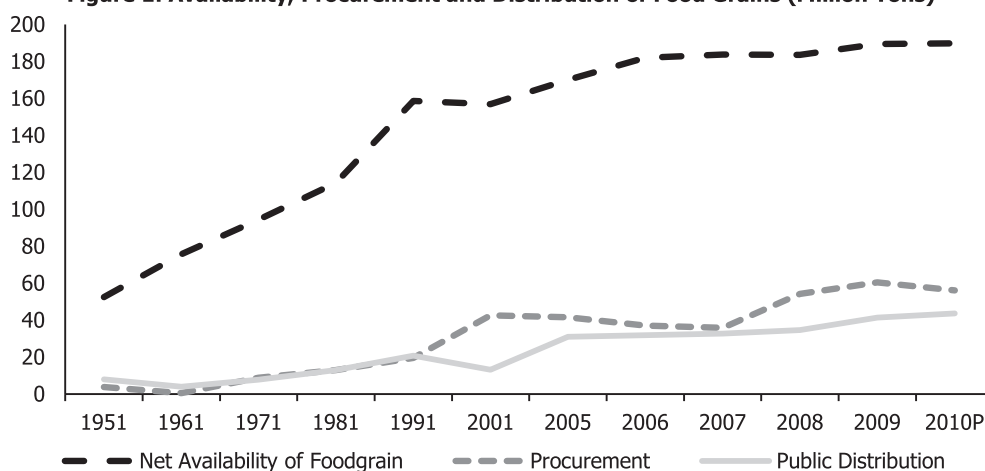
Year	All Commodities (100.00)	Food Articles (15.40)	Food Grain (5.01)	Cereals (4.40)	Pulses (0.60)
1994-95	112.6	112.8	114.7	113.6	122.2
1996-97	127.2	137.3	137.6	135.7	151.3
1998-99	140.7	159.4	152.0	150.9	160.1
2000-01	155.7	170.5	173.8	173.0	179.6
2002-03	166.8	179.2	174.3	173.5	180.6
2004-05	187.3	186.3	177.5	177.9	174.4
2006-07	206.2	210.5	206.0	199.4	254.2
2008-09	233.9	239.8	234.1	230.5	259.8
2009-10	242.9	275.1	270.6	261.9	333.8

Note: Figures in the parentheses are respective weights.

Source: WPI Estimates of Govt. of India, Ministry of Commerce and Industry.

4 Public Distribution System (PDS) and Food Security

The PDS is the most important program made by the government of India toward achieving food security. The main objectives of the PDS are: maintaining price stability so as to provide incentives for sufficient production of food grains, raising the food consumption level of the poor and provide food security in the food insecure prone regions and people. Figure 1 explains the position of net availability of food grains, procurement and allocation towards the public distributive system. It can be noticed from the figure that the net availability of food grain rises throughout the years along with procurement and allocation toward public distribution but the allocation toward public distribution is quiet inadequate.

Figure 1: Availability, Procurement and Distribution of Food Grains (Million Tons)

Note: P-Provisional

Source: Based on Economic Survey, GoI (2011-12).

PDS has been revised in 1992 as Revamped Public Distribution system (RPDS) to target backward blocks, in 1997 as Targeted Public Distribution System (TPDS) to targeting the

poor in all areas. In 2000 two special schemes were launched and linked to the existing network of PDS are – the Anntyodaya Anna Yojana (AAY) and the Annapurna Scheme (APS) with special target groups of 'poorest of the poor' and 'indigent senior citizens' respectively. It is clear from the facts in Table 4 that almost all the schemes the off-take is lower than what actually allocated for these schemes. One of the most important factors responsible for the low rate of off-take may be the rising procurement price. Moreover the rising Minimum Support Price (MSP) also resulted to expansion of stock with Food Corporation of India (FCI).

Unfortunately the working of PDS is not up to the mark. The average consumption of PDS grain at the all-India level was only 1 kg per person per month. The average consumption figure is as low as less than 300 gm per person per month in the states of Bihar, Haryana, Madhya Pradesh, Rajasthan, Punjab and Uttar Pradesh. The share of PDS in the total monthly purchase of cereals at the all-India level is less than 10%. In the poorest states of north India the proportion of PDS grain to total consumption is as low as 2%, even among the poor household. There is large scale diversion of PDS/BPL food grain in to private hands for black marketing. As an example there are 80% and 31% of below poverty line (BPL) food grain diversion to black market in Bihar and Uttar Pradesh respectively (Sharma Alakh N. 2010).

Table 4: Trend in the PDS Off-Take vis-à-vis Allotment from FCI

Year	Wheat				Rice			
	TPDS	AAY	MDMS	Annapurna	TPDS	AAY	MDMS	Annapurna
2004-05	29.6	66.5	103.9	88.3	39.4	74.5	81.1	71.1
2005-06	35.0	79.0	76.9	90.9	36.0	70.7	76.8	79.7
2006-07	70.1	90.1	79.9	37.7	36.7	71.7	75.8	67.8
2007-08	89.1	90.7	83.3	39.0	64.1	73.3	77.9	76.1
2008-09	67.4	66.7	91.4	40.3	25.3	68.8	73.6	69.6
2009-10	65.3	73.5	91.0	82.4	65.6	64.8	81.2	90.2

Source: Food Corporation of India 2011

It indicates huge corruption in PDS. The BPL list prepared by the state bureaucracy is highly unreliable as many poor households are excluded from the BPL list and many non-poor households are included. The quality of food grains supplied either poor or public servant exchange good food grain by bad one in the private market to gain economic benefits. More important in the latest year for which data are available 1999-2000 an average citizen received only Rs. 2 per month as subsidy from PDS. The Planning Commission Survey (2004) says that 58% of the subsidized food grains do not reach the BPL families, with 36% sold in black. Diversion of commodities is a big problem due to lack of transparency, low accountability and poor monitoring in the scheme's implementation.

5 Conclusion

To sum up, India from the initial years of planning after independence is guided with the objective of poverty eradication and upliftment of poor, which is possible if food security is guaranteed to all. Food security in India implies three dimensions availability, access and stability of food supply. The food management system in India effectively addresses the two dimensions i.e. availability and stability of food supply but it has failed to address the third aspect, accessibility. Availability is the necessary condition for food security, but it is also required that the available food grains should be made available to the households. In India existing excess stock with FCI and at the same time rising food inflation expose the lack of efficiency in food grain management policy. The faulty policy leads to artificially created scarcity (holding) of food grain leads to rise in price in the economy even though we have surplus in the form of buffer stock which can be used to fill the demand-supply gap further aggravating the problem of food insecurity. Most of the time a big amount of food grain decomposed while stored with FCI this is the worst case of mismanagement of food grain in India. Moreover the time taking decision process followed by government and to some extent, lack of will power on the part of the government to control inflation leads to aggravation of problem. As we know if inflation can't be controlled at the earliest it leads to multiplication of problems and the worst effected is the poor section of the society.

Various welfare schemes are well framed but implementation is missing at all fronts. Moreover there is lack of transparency in the implementation process. So it can be said that, if the country has to attain food security in a country like India where a big proportion of population is either near to or below poverty line, what is required is a systematic and automatic control and regulating (food grain procurement and release) mechanism, which also minimizes the time lag and therefore more effective in controlling food inflation and its regressive effect on the society.

Improving the agricultural production helps to ease the problem of food security by making the food items available, accessible and affordable. Moreover the policies should be flexible enough to be implemented according to the requirement of the mass. Furthermore the government decision process is quiet time taking which resulted in aggravating the food problem. So the recent trend also indicate that even though we have surplus as stock with government warehouse (FCI) but our policies fails to channelise it properly to cater the need of the required (poor). So demand of the present time is to re-evaluate the procurement and release systems of government.

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