

SURPLUS FOOD STOCKS, MARKET EXPANSION, WOMEN'S GROUP, AND FOOD SECURITY FOR THE POOR

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Food stocks are piling up to an embarrassing level and the Indian people pay 14,000 crore rupees to store it. The burden on the Indian poor in enabling the country to carry the stock is estimated at Rs. 5000 per ton. The irony is that at the same time poor households in places like the drought-stricken areas of Telangana in Andhra Pradesh are buying rice in the open market borrowing money at an interest rate of 5% and over per month. Solutions like the Food for Work to reduce stocks are no longer viable as the states don't have either the money or the will to meet the costs of the non-grain components for such an effort. One is forced to conclude that the Government has completely failed to develop a policy that would enable it to reach out to people desperately needing food, especially during a period of all-time high surpluses.

Evidence of this can be seen in the cries of lack of food amongst the poor being heard in AP even from areas that have witnessed a normal agricultural crop, let alone the severely drought-hit areas. This situation has arrived early in areas where the rabi crop has failed in the Rayalseema region of Andhra Pradesh. As summer advances the demand for food by the poor will grow and employment opportunities will worsen. Thus the situation of food insecurity will continue until the arrival of khariff harvest. All this when AP has unsold stocks and overflowing godowns. The real issue behind the dichotomy of mounting stock and growing hunger is that neither the Government nor the market has instruments or modalities of reaching the needy.

That the issue of hunger has been reduced to the despicable level of self-serving fiscal issues of various departments can be seen in the following. The Union Finance ministry wants to cut the rising subsidy to the FCI. The Centre wants to shift the burden of managing the Public Distribution System to the States which in turn are reluctant to assume this responsibility – both for financial reasons. The States want the central issue price to be reduced in order to cut down on its own subsidies. At the same time they are mounting pressure on the Central Government and the FCI to increase purchase prices and procurement quantities regardless of quality and requirement – ostensibly to help poor farmers but to please rice millers in truth.

Instead of this unseemly squabbling about how financial burdens can be shifted and how the FCI and the PDS can be downsized, the concerned govt. would do well to focus their energies on developing new mechanisms to meet the food needs of the poor. One cannot see alternatives emerging as long as the priorities of the Ministry of Finance take precedence. Instead the Ministries of Rural Development, Food & Agriculture must see the potential of the nation's grain stocks as capital investment to trigger a spiraling development process that could address the national objectives of access to food for the poor.

Over the years we have seen the build up of social capital through mobilization of large number of poor women in the rural areas. AP has over one lakh fifty thousand women groups with a membership of over 40 lakhs and a financial capital base of 650 crore rupees. The AP Govt. has been a witness to the considerable energies these groups bring to bear on activities that address their well being. Thus it would be the right time and opportunity to involve them in building a system of that centre stages their role in securing food access to poor households.

There are many good reasons to do this. Firstly, it is well known that household food security is one of the central concerns of women. Secondly, these groups by and large consist of women from poor/poorest households who are direct clients of such a system. Thirdly, they are organized and have demonstrable skills in managing and delivering programmes effectively. Fourthly, the current food stock surpluses can be used as capital to promote village level grain banks, and the management of these by women would enhance their standing in village communities. A new currency alone can challenge the Ministry of Finance and keep them out of meddling with food security.

The details of a scheme such as this can be worked out quite easily. The Society for Elimination of Rural Poverty in Andhra Pradesh has come with a pilot project and this deserves support from the State and the Central Govt.

Briefly the proposal of SERP is that a credit line should be provided to village women groups to procure rice from the FCI. The group then lends line to its members and other needy families in the community. The interest costs would be borne by the group and over a period of time a revolving fund would be established to augment the food security needs of the group. If we estimate that each member can absorb three bags of rice per annum, the Women's Groups of Andhra Pradesh alone would be in a position to offtake 1.3 million tones from the FCI. Thus we could make a dent in the surpluses and more importantly salvage the nation's conscience by using the FCI system for the purpose it was originally created.

For the people in the vast drought hit areas a food credit line is a desperate need. It would help use their scarce finances to meet other basic requirements. This approach will correct current inadequacies of market absorption and current woes of surplus producing farmers. With grain in the house the self-confidence and bargaining power of the poor is enhanced and if the community is assured of getting their food on a continuous and assured basis and within their paying capacities and requirements then empowerment and security will get a major boost.

An approach such as the above is all the more pertinent in the emerging situation. It is clear that the FCI will be downsized or altogether closed. As for the PDS the Central Govt. wants to commit a limited liability or have it in a form that is in line with the policies of liberalization thus enhancing the role of private players in food security. The food buffer at the national level is sought to come from private companies through futures trading in commodities or dollar reserves. PDS will give way to food stamps as advocated by the World Bank. But we must recognize that food security to the poor is

important and cannot be left totally to the vagaries of rainfall, market or the dictate of the new economic policies.