



ELSEVIER

Contents lists available at ScienceDirect

Global Food Security

journal homepage: www.elsevier.com/locate/gfs

Historical divergence in public management of foodgrain systems in India and Bangladesh: Opportunities to enhance food security



O. Banerjee*, T. Darbas, P.R. Brown, C.H. Roth

CSIRO Ecosystem Sciences and CSIRO Sustainable Agriculture Flagship, Dutton Park, Queensland, Australia

ARTICLE INFO

Article history:

Received 15 January 2014

Received in revised form

4 June 2014

Accepted 11 June 2014

Keywords:

Public Food Distribution System

India and Bangladesh

Historical analysis

Market liberalization

Conditional transfer

ABSTRACT

The Indian government is involved in almost every aspect of foodgrain procurement and distribution. Systemic inefficiencies and irregularities have slowed progress in achieving food security while programme expansion toward universality of coverage has important budgetary implications. Bangladesh offers a stark contrast with the reduced role of government in foodgrain distribution and highly targeted approach to the poor. With the Indian government's control of the foodgrain system undergoing an overhaul, this paper explores the evolution of foodgrain systems in India and Bangladesh in search of insights to improve system design and efficiency to enhance food security outcomes. The increasing role of markets, self-targeted programs, conditional programs and technological innovation in foodgrain supply management have been effective in reducing food insecurity in the region.

Crown Copyright © 2014 Published by Elsevier B.V. All rights reserved.

1. Introduction

The Indian government is involved in almost every aspect of foodgrain procurement and distribution. Systemic inefficiencies and irregularities in foodgrain procurement and leakages along the value chain have slowed progress in achieving food security (Jha et al., 2011).¹ India's movement towards universality of coverage will have significant budgetary implications. Bangladesh offers a stark contrast with the reduced role of government in foodgrain distribution and highly targeted approach to the poor. In both countries, price stabilization was at the core of the conceptualization of government involvement foodgrain procurement and distribution.

India and Bangladesh's food systems evolved from common origins and motivations. British India laid the administrative, legal and economic foundations for foodgrain supply through the establishment of the Public Food Distribution System (PFDS) to ration food during World War II and the Bengal Famine (1943).

The drive for domestic foodgrain self-sufficiency and the socialist infused planned approach to the economy guided policy and the economic orientation toward foodgrain management in the post-World War II period and in the early years of independent statehood (Ahmed, 1996).

From these common origins, India and Bangladesh's food systems have evolved in markedly different ways. While both grew significantly during the 1960s and 1970s, Bangladesh's government began to withdraw from foodgrain price and supply management in the 1980s, moving toward a market-based approach. The government today no longer directly participates in the retail rice trade and its PFDS is highly targeted to the poor (Reardon et al., 2012). In contrast, India's PFDS evolved into the nation's most important and costly social safety net and the largest poverty alleviation programme the world has yet seen.

With India currently undergoing a process of food policy reform, this paper compares and contrasts the history and political economy of India and Bangladesh's PFDS. A political economy lens sheds light on political and economic causal mechanisms behind changes in policy over time and is useful for untangling the sometimes conflictive behaviour of public interest and special interest groups (Anderson et al., 2012). This paper seeks to (i) understand the major defining events in the development of each country's PFDS; (ii) identify points of divergence and similarity, and; (iii) derive lessons to improve PFDS effectiveness as India begins implementing its new National Food Security Bill.

The organization of this paper is as follows: Section 2 provides an overview of the food security challenge in India and Bangladesh. Sections 3 and 4 consider the evolution of the PFDS in India and

* Corresponding author. Currently at: Inter-American Development Bank, 1300 New York Avenue NW, Washington DC 20577, USA

E-mail address: onilb@iadb.org (O. Banerjee).

¹ The definition of food security used in this paper is a situation "[...] when all people at all times have physical, social and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life" (FAO, 1996, article 1, p. 1). Upon this foundation, at the World Summit of Food Security in 1999, the four pillars of food security were designated as availability, access, utilization and stability, with nutrition constituting an integral dimension of the system (Ecker and Breisinger, 2012). The focus of this paper is on access to food.

Bangladesh, respectively. Section 5 discusses key features of the programs that contributed to reducing food insecurity and Section 6 concludes the paper with opportunities for PFDS reform to enhance food security in the future.

2. The food security challenge in India and Bangladesh and their common origins

India's population in 2012 was 1.237 billion and is growing at 1.3%; approximately 22% of the population is below the poverty line (World Bank, 2014b). Bangladesh's population in 2012 was 154.7 million and is growing at 1.1% (World Bank, 2014a).

Fig. 1 presents trends in food security in India and Bangladesh since 1990. In 1990, there was a greater proportion (34%) of food insecure in Bangladesh accounting for 37 million people compared with 27% and 240 million in India. Both countries made significant progress in reducing the proportion of the food insecure during the 1990s and by 2012, both India and Bangladesh reduced this proportion to 17%.

In 2012, India had 217 million undernourished individuals (FAO, 2013). Although the number of undernourished has fallen by approximately 9.3% over the last 20 years, India has the largest number of people suffering from chronic hunger in the world (FAO

et al., 2012), amounting to 30% of the total number of food insecure people living in developing countries (Gulati et al., 2013). Bangladesh has reduced the number of undernourished by 32% over the last 20 years, though in 2012, there were still 25 million undernourished people (FAO et al., 2012).

India and Bangladesh's modern foodgrain distribution systems were borne of a great famine precipitated by World War II. With the Bengal Province of British India on the frontline of the War and Japanese occupation of Burma, rice imports from British India's most important rice trading partner came to a halt. A cyclone hit West Bengal in October of 1942 laying to waste the *aman* rice crop. The Japanese strike on Calcutta in December of 1942 further disrupted domestic supply. By the end of 1942, rural prices had doubled and by May of 1943, prices had quadrupled resulting in the Great Bengal Famine of 1943 where over 1.5 million people lost their lives (Ahmed et al., 2000; Ministry of Food, 1998).

Emerging from World War II and the Bengal Famine, it was believed that strict government control of foodgrain prices and supply would be required to avert future disasters (Dorosh, 2001). Haggblade and Ahmed (2000) recount these events that remain etched in the minds of policy makers and continue to be at the very core of food policy today: "Two gruesome famines visited Bengal – in 1943 and 1974 – on the heels of two great wars. The first descended amid the terrors of World War II, while the second followed in the wake of Bangladesh's brutal war of liberation. Wrenching images from these famines have haunted the nation for two generations [...] Haunted by these ghosts from the past, policy makers have persistently erred on the side of intervention in food markets through direct public distribution of foodgrains and tight market regulation" (Haggblade and Ahmed, 2000, p. 278).

3. The PFDS in India

Following India's independence from Britain rule in 1947, India's PFDS may be analysed in five phases (Table 1). In the first phase (1947–1960), high level Commissions were established to negotiate foodgrain supply management. Some Commissions recommended phased termination of the PFDS, though these initiatives were quickly overturned as natural calamities continued to trigger foodgrain price spikes. The Procurement Commission of

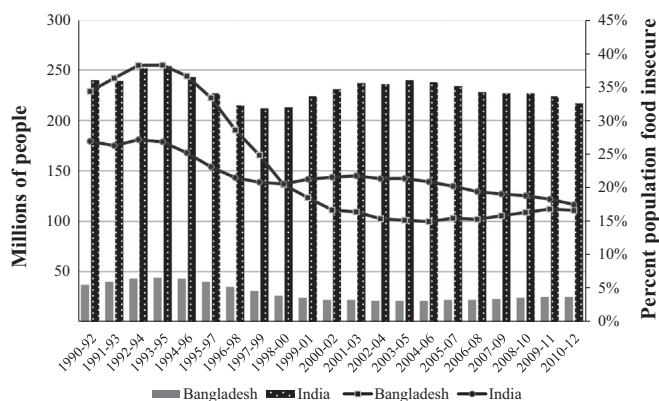


Fig. 1. Number and percentage of food insecure in India and Bangladesh. Data source: FAO, 2013.

Table 1
Evolution of India's PFDS.

Phase	Year	Detail
Phase I: Foodgrain supply management (1947–1960)	1955	Phased termination of rationing recommended, though was not supported. Rationing and import restrictions maintained with the goal of price stabilization and the protection of urban consumers.
Phase II: Response to food crises (1961–1977)	1964/1965	Food Corporation of India and Agricultural Price Commission established to manage food supply shortages, distribute fairly priced grains and guarantee stable remunerative prices to farmers.
	1970s	Reoccurring natural calamities and food shortages prompted universalization of rationing system. Ration card system and Fair Price Shops established. Blurring of procurement price and minimum support price.
Phase III: Green Revolution (1978–1990)		Introduction of Green Revolution technology results in large gains in domestic production. Continued expansion of PFDS despite urban bias, exclusion of the poor, high leakages and high cost to benefit ratio.
Phase IV: Reform of PFDS (1991–2012)		Pressure beginning to mount for system reform.
	1992	Revamped PFDS instituted to improve coverage of rural poor, though little improvement. Additional targeted programs established and efforts made to decentralize procurement.
	1997	Targeted PFDS established distinguishing Above Poverty Line and Below Poverty Line households (50 million BPL households initially, paying 50% of economic cost).
	2001	Antyodaya Anna Yojana establishing, targeting 10 million poorest BPL households.
Phase V: New National Food Security Bill (2013 to present)	2002–2011	Refinement of PFDS and further expansion of Antyodaya.
	2013	National Food Security Bill approved to establish legal entitlement to foodgrain and subsidized access to two-thirds of India's population. Increased attention to nutritional security

Download English Version:

<https://daneshyari.com/en/article/7454836>

Download Persian Version:

<https://daneshyari.com/article/7454836>

[Daneshyari.com](https://daneshyari.com)