

Amartya Sen is wrong about the Food Security Bill

Nobel laureate Amartya Sen obviously has a point when he lambasts the Opposition for disrupting Parliament and not even allowing a discussion on various Bills. But his support for the Food Security Bill, and exhortation to pass it at the earliest, appears misplaced. As is the attempt to link malnutrition deaths to the non-passage of the Bill as well as the lack of access to food. While it is always possible to make a case for increased dole—even if you ignore the old adage about it being better to teach people how to fish than to give them a fish—the problem with the Bill in its current form is that it just seeks to perpetuate the existing leaky Food Corporation of India-driven public distribution system (PDS), indeed to expand it many times over. In which case, how does one ensure the poor ever get the vastly subsidised grain the Food Security Bill is promising? Indeed, if the existing PDS wasn't so leaky, it alone would have solved the problem of getting food to the malnourished. Right now, estimates are 45-50% of what goes through the PDS doesn't reach the intended beneficiaries.

What's more, the Food Security Bill doesn't recognise the new reality of how, even in the case of the very poor, demand patterns have changed so much the Bill makes little sense. At a macro level for the entire country, food used to comprise 40% of total private consumption less than a decade ago in FY05; in FY12, this was down to just 31%. While food has gone down dramatically as a share of consumption, expenditure on education, health and even mobile phones has gone up significantly. Within the food basket, the change even among the poor is worth taking note of. In rural areas, the priority group (comprising 46% of the rural population) spends just 35.2% of its food expenditure on cereals like wheat and rice—12.7% is spent on vegetables, 11% on milk and milk products and 7.5% on pulses and pulse products. The picture is slightly different for the priority group in urban India (28% of the urban population falls in this category)—the cereals-spend is just 29.7% of total food expenditure—but the broad trend is the same. If the consumption basket, and within this the food basket, is shifting for even the poorest of the poor, why not just give them cash instead of giving them grain that the poor may not even want to consume?

And while it would certainly be more effective to spend the R6 lakh crore that the CACP estimates the Bill will cost over 3 years on increasing irrigation or creating roads—that will boost growth and therefore earning power of the rural poor—there is another issue that those supporting the Bill need to look at. Given that around 14-15% of food subsidies today are paid

out to state governments in the form of mandi taxes on foodgrain procured by FCI, cash transfers to the poor would mean they stand to get 14-15% more cash. Once you take into account the costs of FCI's inefficiencies—apart from higher costs of FCI staff, under 60% of FCI's stocks are in covered godowns, so you can imagine the spoilage—these additional costs soar. Even those in favour of the Food Security Bill like Dr Sen would agree, these are costs the poor don't need to be saddled with.