



Policy Brief for Parliamentarians

Solution worse than the problem:¹ Targeting and the Food Security Bill

1. What is the 'targeting controversy' about?

The National Food Security Bill (NFSB), tabled in the parliament on 22 December 2011, proposes to divide the households in India into three groups: (a) Priority Households who are eligible to purchase 7 Kg per month of subsidized foodgrains per individual, (b) General population entitled for 3 Kg per month of subsidized foodgrains per individual, and (c) General population not entitled for subsidized foodgrains. The proposed relative distributions of three groups in rural and urban areas are given below. (Table 1)

The decision to propose three-fold division of food rights and the right holders under NFSB drew severe criticism from grassroots organizations, civil society groups, political leaders, state

governments and academic institutions. The desirability and feasibility of such targeted division of Indian population, in light of past experiences, became a major issue of debate and controversy. Some groups² challenged this controversial proposal by recommending more liberal targeting proposals and many others rejected the targeting proposal in total, recommending universal coverage under NFSB.

2. What does this policy brief do?

The current policy brief introduces the basic arguments given in favour of targeting. Examining these arguments, it shows that the claims made in favour of targeting fail miserably in Indian context. It argues that the evidence and experience disproportionately favour universal access to food.

Table 1: The targeting formulae- NFSB proposal

Group	Percent of Rural population covered	Percent of Urban population covered
Priority group eligible for 7 Kgs subsidized food grains (per individual)	46%	28%
General population partially excluded by limiting entitlements to 3 Kgs (per individual) and excluded till the state governments undertake PDS reforms.	29%	22%
General Population fully excluded	25%	50%
Total	100%	100%

This is a historic opportunity to take, belated yet important, step towards making 'food for all' a reality.

3. Three core arguments in favour of Targeting.

a. Excludes undeserving people

Targeting is justified by the need to exclude undeserving beneficiary who unjustly wants to access the public resources. The approach presumes that if a public welfare scheme does not specify 'un-deserving people' then everyone would use these schemes. This would make people dependent and lazy. Therefore, it is argued, in a welfare program such undeserving people should be defined, targeted and excluded.

b. Improves content and quality of services available to deserving people

Targeting is also supported with an idea that rather than spreading public resources thinly across population, they should be wisely used to create better and quality entitlements for the deserving population.

c. Optimal use of limited public resource

Targeting is again a way of narrowing down public policy actions within the limited resources allocated to the planners. Therefore, it becomes a way of limiting public expenditure to certain areas which are prioritized over other areas. In recent decades, the objective of reducing public expenditure is ideologically

tuned towards limiting overall government expenditure, subsidy and fiscal deficit.

4. Myths about the Targeting solution - debunking three core arguments

a. Excludes deserving people

Despite its stated objective of excluding undeserving people, targeting ends up doing exactly opposite and excludes the people who need it most. There have been many studies³ and two massive surveys by NSSO (2004-05) and NFHS (2005-06), which show that most deserving people are excluded under targeted PDS.⁴ State level figures, in these reports, indicate up to 80 per cent exclusion of deserving population in some states. However, despite massive evidence of exclusion of these poorest and powerless citizens, Planning Commission reports merely treat them as 'exclusion errors'. There is no sense of urgency shown and the food ministry wants to experiment with targeting again in the recently proposed food security bill.

b. Legitimizes poor quality and services for poor

Instead of providing better quality entitlements, targeted PDS has ended up as a means of legitimizing poor quality of grains and services to the identified poor. In the states like Tamil Nadu and Chhattisgarh, where PDS caters to most part of the population legitimately, PDS provides not only higher quality of food grains, but also other essential

Table 2: PDS policy cycle - refusing to learn from two decades of blunder

1997	2002	2007	2009	2012
Targeting Introduced	On widespread reports of exclusion Supreme Court stayed BPL census	Planning commission officially acknowledges large scale exclusion of poor	Reports analysing NSSO and NFHS, two Large surveys shows that Poor are largely excluded	Government again brings in targeting in the proposed food security bill

commodities like sugar, pulses and kerosene.⁵ Hence, general public is found more vigilant and caring about the fair price shops and the service providers provide regular and better service. However, in states where the PDS is targeting it also remains ignored devoid of attention from general public and ends up having unaccountable service providers, poor quality of grains and no provision of other essential commodities.

c. Massive wastage of resources

Last two decades of targeting, which continued with high level of adult under-nourishment, child malnutrition and ill health in India, point at the wasted human lives, time, human resources and the foregone possibilities of wealth generation and betterment by the poor and undernourished population. The shortsighted way of looking at investment in food and nutrition status of general public as wastage of resources has to stop. Besides, even when one assesses the claim of resource saving from a narrow perspective, the targeted PDS fails severely on this count. The food subsidy, in fact has increased massively during the targeted PDS. However, the increased food subsidy was wasted on high storage cost,⁶ rotting foodgrains and cheap sale to private exporters who sell it as animal feed.⁷ This increase in stock and associated cost was largely due to exclusion of larger number of purchasers due to targeting,⁸ and severely reduced purchase from Fair Price shops for many years.⁹

5. Solution worse than Problem – Six political and policy reasons for opposing targeting:

1. The looming agrarian crisis, low employment growth and casualisation of workforce together with high levels of child malnutrition and low calorie intake of masses, indicate that the percentage of people who are food insecure is many times more than what is officially acknowledged.¹⁰ Recently, debates of poverty lines in media have heightened the public awareness about the controversy around the minimalist definition of poverty in India. Measures based on calorie intake put the percent of food insecure people in rural India to around 80% of the rural population.¹¹ Moreover, despite low level of average calorie intake, the declining intake over last two decades points out serious distress looming especially in rural India. In context of such mass distress, any step to continue targeting under the national food security bill by the parliament of the nation would be recorded as a sad event in the history.
2. Thanks to the sustained high economic growth rates, today the nation and the government undoubtedly possess more resources than earlier. With growing affluence one expects willingness to spend more and improve welfare services to people who are either left out or are affected adversely by the same economic growth. However, with increasing wealth the government has attempted to artificially reduce the extent of the problem through use of undesirable measures such as poverty line and targeting. This trend has to be reversed with help of this law.
3. The most damaging impact of targeting is that it divides the community, especially the poor community. Poor are forced to compete with each other and other better-off households in the village to get BPL status. In such competition, many poor households are overtaken by the more influential better-off households and some poor households end up becoming more dependent on the local powerful people. The Fair Price Shops executing the targeted PDS in villages would end up as a

mechanism which makes the poor feel (a) the failure of state, (b) the breakdown of community support and (c) their own powerlessness. Such individualising effect on the community members and the poor will deepen the crack within community. The spirit of a law enacted by parliament should be much more than dividing poor and community in the name of food.

4. The government today realizes that the participation and ownership of the community members in monitoring the scheme is a key to the successful implementation of such massive scheme. Mere top-down expansion in supply side without bottom-up pressure from demand side would mean failure and leakages in the scheme. It is due to such realization that government is attempting to form and activate local vigilance groups and create provisions for making the service providers accountable. However, a major error committed by the government is that it

expects bottom-up democratic processes to follow its unilateral top-down decision to target the food security law. The government must realize that this is a historic opportunity to initiate a bottom-up process, whereby it can cater to the already existing demand from community and civil society members for a universal food security law.

5. Despite the warnings given to the government over the ill effect of targeting, government went ahead and experimented with targeted PDS for two decades. With clear evidences of the disastrous consequences of Targeting PDS, it is logical for the public policy to learn from past mistakes and take new decisive paths towards universal coverage under food security bill. Any attempt to not do so could be only due to ideological driven public policy formulation, where 'more market and less government' is dogmatically followed by the policy bureaucracy.

Table 3: Targeted vs Universal National Food Security Act- A comparison

Parameters	Targeted national food security act	Universal national food security act
Food rights	Rights are conditioned	Universal rights
Predictability of reaching poor beneficiaries	Low	High
Quality	Poor	Good
Policy impact on local community cohesiveness	Individualising and divisive	Collectivising
Policy process	Top-down from Planning Commission	Bottom UP demand from states and grassroots and civil society groups.
Policy learning from past evaluation and experience	Ignores past experience	A renewed attempt based on learning from the failure of targeting.
Impact of political Ideological	Extremely High influence	Moderate
Centre- State relations	Strained with stiff opposition from some states	Relatively smooth
Scheme design	Complex	Relatively Simple

Both central government and state governments play equally important roles in implementing PDS or the proposed food security bill. Hence cooperation and ownership between the Centre and States is necessary for successfully implementing the food security act. Given that many states have already opposed moves to use targeting in the proposed food security bill, any attempt to unilaterally bring targeting would mean prematurely killing the scheme and centre-state cooperation before launching it.

6. Way forward – Universalisation of coverage under NFSB

The most haunting question in 65 years of Independent India exists in the form of hungry and malnourished masses in India. These marginalized people, despite 65 years of political rights, still do not have their basic right to food. Many of these families, falsely accused of being rich and excluded from much-desired subsidized PDS foodgrain, helplessly watch the government announcement for multi-crore corporate bail-out package. It is in this context that the parliament needs to demonstrate a minimal face saving political will by passing a food security bill, where food rights are guaranteed to all and that no one is denied the right to food.

Instead of showing such small but important political gesture, if the parliament sanctions use of targeting in the national food security bill, then it would be another attack on the poor citizen in India who is already in distress. Even the honourable Supreme Court hearing the case of Right to Food (PUCL Rajasthan vs. Union of India) has given a series of orders without allowing itself to be bogged down by affordability arguments. In the process of consistently ignoring the economic cost of universalisation, they have managed to read up the food entitlements into the Right to Life. The public policy makers need to take inspiration from this stance.

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Notes:

- ¹ Title is taken from Himanshu (2012).
- ² Proposals made by National Advisory Committee and a group called 'eminent development economists'.
- ³ Planning Commission (2005, 2007); Mane (2006); GoI (2002); Social Equity Watch (2010); Thorat et al. (2005); Infochange (2007).
- ⁴ Swaminathan (2008) and Drèze et al. (2010).
- ⁵ Drèze et al (2012); Patnaik (2010); and Khera (2011).
- ⁶ Planning Commission (2007). Eleventh five year plan notes that the food subsidy bill of the GoI peaked in 2004-05 and declined as stocks declined.
- ⁷ CAG (2005); and Patnaik (2004).
- ⁸ Swaminthan (2000).
- ⁹ Chand (2005).
- ¹⁰ Vakulabharanam (2005); Vepa (2010); Walker (2008); Sagar (2005); and Patnaik (2007).
- ¹¹ Patnaik (2007).

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