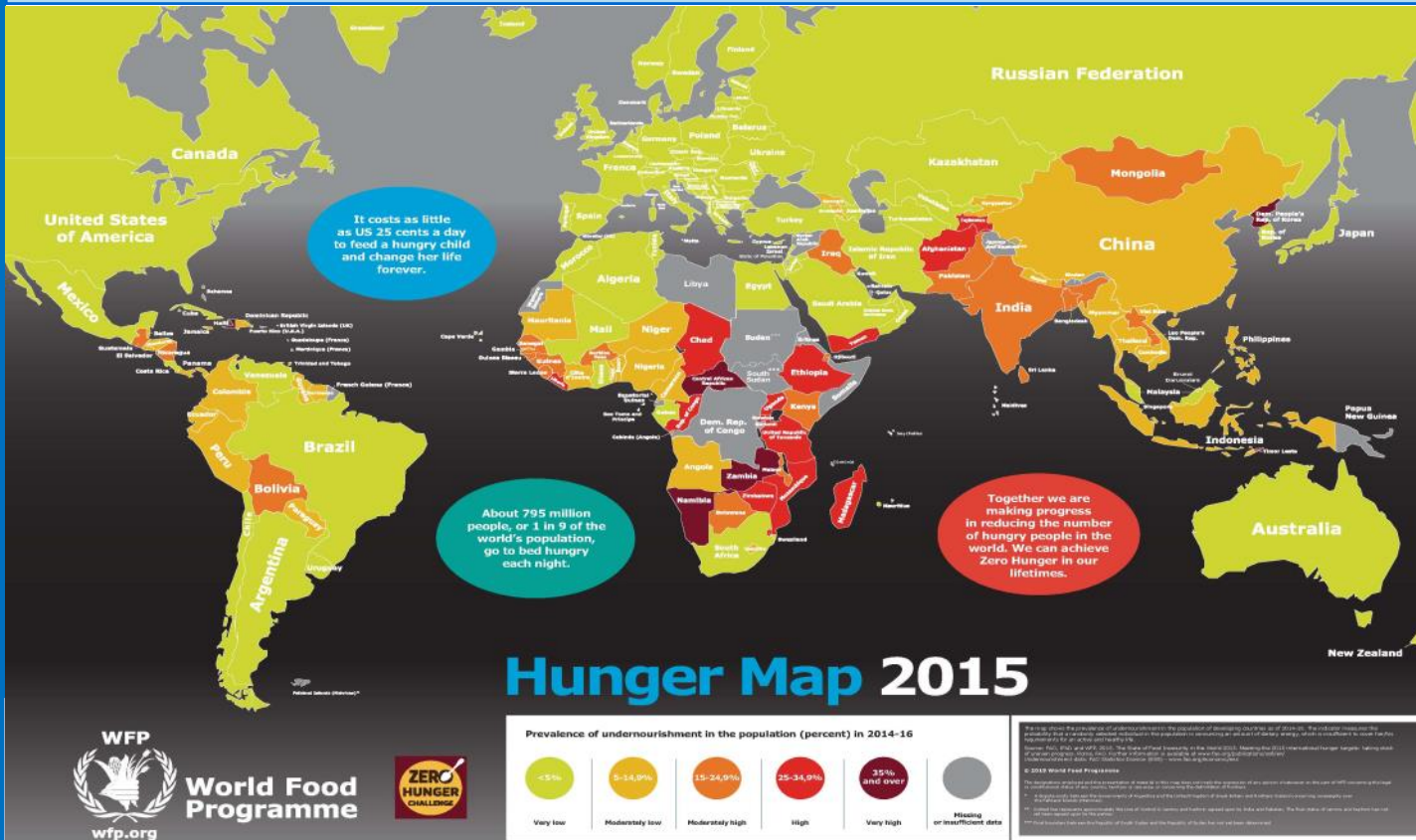


# WFP India Food Security Bulletin



Quarter 2 (April–June 2016)



- ### HIGHLIGHTS
- ◆ *The food grains production during the 2015-16 crop calendar is estimated to be 252.23 million mt, though marginally higher than last year's production of 252.02 million mt, is 4.2% lower than the target of 264.1 million mt.*
  - ◆ *The BMGF and MWCD to sign Memorandum of Co-operation for improving the service delivery in ICDS through ICT enabled Real Time Monitoring.*
  - ◆ *NITI Aayog organized a workshop to evolve the strategy to tackle under-nutrition.*
  - ◆ *MDM to receive food grains at NFSA rates of Rs 3 per kg for rice and Rs 2 per kg for wheat with effect from 1st April, 2016.*
  - ◆ *Cabinet has approved additional allocations for the BPL and APL families in the three non-NFSA states - Tamil Nadu, Kerala and Nagaland.*
  - ◆ *The Government of India has the Minimum Support Prices (MSPs) for all kharif crops of 2016-17 season and announced bonus for pulses and oilseeds.*

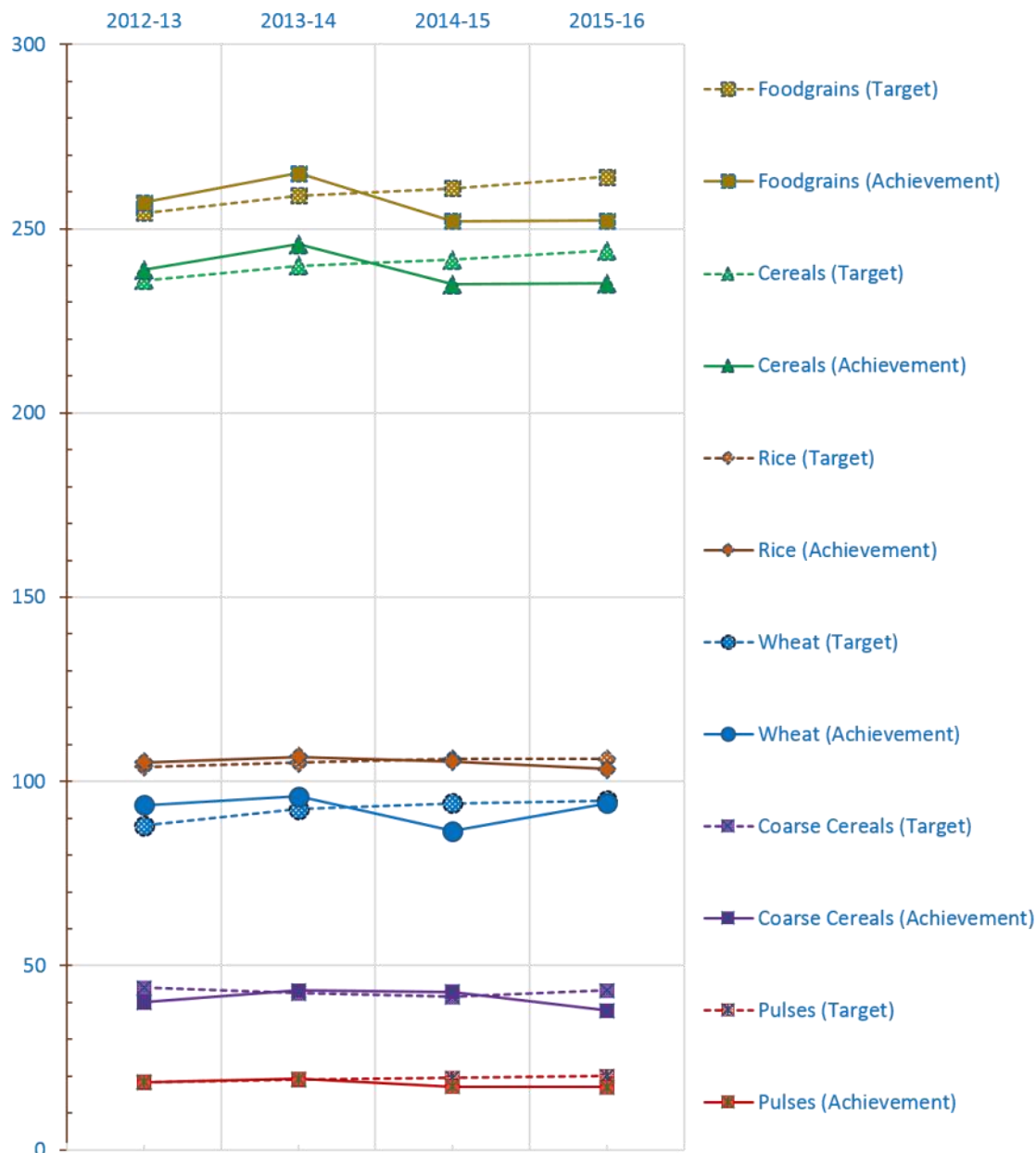
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# 1. PRODUCTION AND PRICES OF FOOD

## 1.1 PRODUCTION OF FOOD GRAINS AND FOOD INFLATION

As per the third<sup>1</sup> advance estimate for production of food grains released in May 2016 by the Ministry of Agriculture, Cooperation and Farmers' Welfare, Government of India, the food grains production during the 2015-16 crop calendar will be 252.23 million mt. Though this figure is marginally higher than last year's production of 252.02 million mt, it

**Estimates of Food grains Production (Million Mts)**



**Source:** Chart prepared using estimates of production published by Ministry of Agriculture, Government of India

**Note:** Achievement figure for 2014-15 is Final Estimate and for 2015-16 is the 3<sup>rd</sup> Advanced Estimate (AE) and rest of the years, the figures represent actual achievements

<sup>1</sup>The government releases four advance estimates followed by a final estimate of food grain production for every crop year. Fourth advance production estimates are released ever year in July-August as by this time fully firmed up data on area as well as yield of Kharif crops and Rabi crops are available with the states. As such, fourth advance estimates are considered to be almost as good as 'Final Estimates'.

is 4.2% lower than the target of 264.1 million for this year. This estimate is 2.3% lower than the triennium average production of 258 million mt during 2012-15 and it is lower by 4.8% compared to the production of 265 million mt during 2013-14. The estimated decline in food grains output is due to lower outputs of coarse cereals, pulses and rice, which are 10.2%, 6.5% and 2.3% lower than their respective triennium average during 2012-15.

The reduction in food grains production could be attributed to the below average monsoon rainfall during last two years, i.e. 2014<sup>2</sup> and 2015<sup>3</sup>, and untimely rains and hailstorms during winter season of 2015. Based on their own field assessments, eleven State Governments announced droughts in their states during 2015-16. However, for the crop calendar 2016-17, the the Ministry of Agriculture, Cooperation and

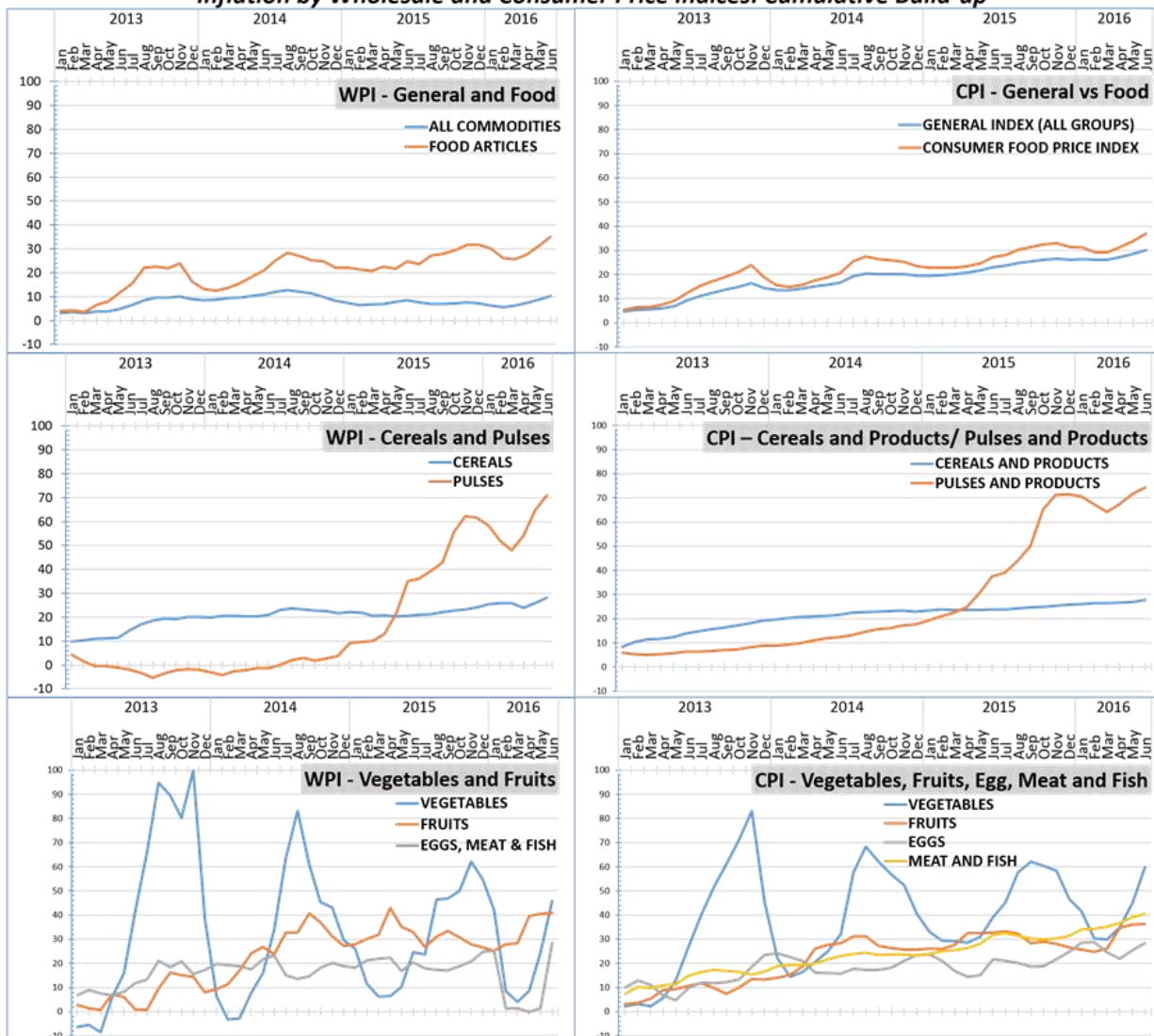
In response to the high inflation in pulses (dal), the GoI has directed the National Consumer Cooperative Federation (NCCF) to start selling Chana Dal at Rs.60/kg through its mobile outlets in Delhi. NCCF is already selling Tur and Urad through its outlets at Rs.120/kg. Apart from this, the GoI has also floated tenders for import of 5,000 MT Chana and 2,500 MT Masoor.

As on 30 June, the MMTC (Metal and Mines Trading Corporation) contracted import of 46,000 MT pulses, out of which, 14,321 MT pulses have been delivered. Also, 68,000 MT Rabi pulses and 51,000 MT Kharif pulses have been procured. Procurement of rabi pulses was to continue in July as well. The GoI also approved allocations of pulses from buffer stock to Chhattisgarh, Maharashtra, Bihar, Andhra Pradesh, Tamil Nadu, Telangana, Madhya Pradesh and Andaman & Nicobar.

In April 2016, the GoI took a series of measures to contain the prices of pulses, the major ones among those being ban on export of all pulses except kabuli channa and up to 10,000 MTs in organic pulses and lentils, zero import duty on pulses, extension of stock limit on pulses till 30.9.2016 and bonus over and above the Minimum Support Price for pulses to incentivise its production.

Source: Government of India <http://pib.nic.in/newsite/erelease.aspx>

### Inflation by Wholesale and Consumer Price Indices: Cumulative Build-up



Basis of comparison is 2012 Average

<sup>2</sup>During 2014, monsoon rainfall was 12% less than the normal rainfall.

<sup>3</sup>In 2015 17 sub-divisions out of 36 have received deficient/scanty rainfall for the South-west monsoon (or Monsoon) season which was next only to the drought year of 2009.

Welfare has set a record target of producing 270.10 million tonnes of food grains. The specific targets are 108.5 million tonnes of rice, 96.50 tonnes of wheat, 20.75 tonnes of pulses and 35 tonnes of oilseeds during the same period.

The cumulative inflation built up since 2012 continues to show an increasing trend over the years for both Wholesale Price Index (WPI) and Consumer (Retail) Price Index (CPI). The trend line has sharpened upwards since March 2016 for both food and general inflation.

The cumulative food inflation for both wholesale and retail prices continue to be consistently higher than general inflation during 2012 till date and the gap<sup>4</sup> between the two lines have been widening up since the middle of 2015. Both retail and wholesale prices of pulses are more than 70% higher than the 2012 prices<sup>5</sup>. Unfortunately, despite record production of cereals, the cereals and cereal products are also around 30% higher than the 2012 wholesale and retail prices.

The perishable items such as fruits, vegetables, egg, meat and fish show seasonal fluctuations in all the years since 2012. However, the linear trend line shows upward trend during this period. Furthermore, WPI and CPI of all these items have been consistently higher than the average for 2012. The cyclical trend in the cumulative inflation of



<sup>4</sup>General inflation refers to all commodities, including food items. The gap will be wider between non-food and food inflation.

<sup>5</sup>CPI inflation in pulses in June 2016 is 74.3% higher than 2012 (annual average) and WPI inflation is 70.9%. The respective figures for cereals are 27.7% and 28.1% in June 2016 over 2012 (annual average).

### **2.1 MEMORANDUM OF COOPERATION TO BE SIGNED BETWEEN MINISTRY OF WOMEN & CHILD DEVELOPMENT AND BILL & MELINDA GATES FOUNDATION<sup>6</sup>**

The signing of a Memorandum of Co-operation (MoC) between Ministry of Women & Child Development (MWCD) and Bill & Melinda Gates Foundation (BMGF) has been approved by the Union Cabinet, chaired by the Prime Minister. The key focus of the MoC is improved service delivery in ICDS through (i) ICT enabled Real Time Monitoring (ICT-RTM) of the Integrated Child Development Services (ICDS) and (ii) support in technical matters related to communications. The ICT-RTM s proposed to be rolled out during Phase -I of ICDS Systems Strengthening and Nutrition Improvement Project (ISSNIP) through one Lakh Anganwadi Centers (AWCs) in 162 high burden districts of eight participating States, namely Andhra Pradesh, Bihar, Chhattisgarh, Jharkhand, Maharashtra, Madhya Pradesh, Rajasthan and Uttar Pradesh.

The specific support committed by BMGF includes (i) Technical support at the national and state level for strengthening capacities of ICDS to deliver nutrition especially during pre-conception,

pregnancy and first two years of life, (ii) Funding to applicable organisation(s) to provide support and technical assistance for design and development of Common Application Software (CAS) to drive the ICT-RTM, (iii) provision of trainers who will train MWCD trainers, and (iii) Support to MWCD in developing a shared national communication campaign for maternal and child nutrition for roll out among target population.

MWCD is implementing International Development Association (IDA) assisted ISSNIP in the 162 high burden districts of eight States in the country. Phase-I of the ISSNIP which was scheduled to be concluded on 31.12.2015, has since been restructured with modification in activities and extension of time-frame by two years, i.e. up to 30.12.2017. The Amended and Restated Financing Agreement has been signed between Department of Economic Affairs and IDA in September, 2015. Necessary approval on the restructured ISSNIP has also been obtained from Department of Expenditure. Considering the importance of ICT as an effective tool in improving the service quality of ICDS, the restructured ISSNIP includes Information and Communication Technology enabled Real Time Monitoring (ICT-RTM) as a core activity.

Source: Government of India <http://pib.nic.in/newsite/erelease.aspx>

### **2.2 NITI AAYOG ORGANIZED WORKSHOP TO EVOLVE THE STRATEGY TO TACKLE UNDER-NUTRITION**

NITI Aayog has been mandated the responsibility to develop a comprehensive Nutrition Strategy and implementation structure for India to address the malnutrition among children. As a step forward, the NITI Aayog organized a consultation workshop titled, “India’s Malnutrition: A call to action” in the last week of June 2016<sup>7</sup>. The workshop aimed at evolving a robust nutrition strategy based on the examination of recent data on under-nutrition in the country and bringing together the key stakeholders such as Central Ministries, States, Principal Secretaries of key departments and independent experts from AIIMS, NIN etc. The workshop recommended to take steps to induce behavioural change in the people’s attitude towards nutrition and to take a comprehensive multi-sectoral approach to address issues in nutrition.

The workshop was chaired by NITI Aayog Member, Bibek Debroy, along with CEO, Mr. Amitabh Kant and Adviser, Health, Mr. Alok Kumar. The eminent participants at the consultation included Mr. Ratan Tata, Chairman of the Tata Trust and Ms. Veena Rao, Adviser, Karnataka Nutrition Mission.

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<sup>6</sup><http://pib.nic.in/newsite/PrintRelease.aspx>

<sup>7</sup><http://pib.nic.in/newsite/erelease.aspx>

## 2.3 MID-DAY MEAL SCHEME - RATES OF FOOD GRAINS REVISED

As mandated under the NFSA (2013), the Mid Day Meal (MDM) rules were notified in September, 2015 which made the MDM Scheme eligible for supply of food grains at NFSA rates. Towards implementation of this, the Ministry of Consumer Affairs, Food & Public Distribution has revised rates of food grains supplied under MDM Scheme from Below Poverty Line (BPL)<sup>8</sup> rates to the cheaper rates applicable under National Food Security Act (NFSA) for the first two quarters of the year 2016-17. Now the food grains would be supplied at NFSA rate of Rs 3 per kg for rice and Rs 2 per kg for wheat with effect from 1st April, 2016. Additional expenditure on subsidy arising out of the above decision will be borne by the Ministry of Consumer Affairs, Food & Public Distribution, Government of India<sup>9</sup>.

Under the MDM Scheme, hot cooked meals are served to 102 million children in 1.16 million government and government aided elementary schools on all school days. The Scheme also has a provision for serving of meals to the students in the eligible schools during summer vacations in areas where drought is declared by States / UTs. The food grains i.e. rice and wheat are supplied by the Food Corporation of India (FCI) and in some cases by the State Food & Civil Supplies Corporations. During 2015-16, 23.19 lakh tonnes of rice and 4.56 lakh tonnes of wheat were allocated to States and UTs under the MDM Scheme.

## 2.4 CABINET APPROVES ADDITIONAL ALLOCATIONS FOR THE BPL AND APL FAMILIES IN NON-NFSA STATES<sup>10</sup>

NFSA has come into force from 5<sup>th</sup> July, 2013 and it provides for coverage of two-third of the country's population, based on the population estimates of 2011 for receiving wheat at Rs 2 per kg and rice at Rs 3 per kg. It was expected that the Act would be implemented in all the States/UTs by March, 2016 and beneficiaries under Targeted Public Distribution Systems (TPDS) would get highly subsidized food grains. Accordingly, during 2015-16 non-NFSA States/UTs were allocated additional food grains for BPL and APL families up to March, 2016. So far, 33 States/UTs have implemented NFSA and three States, namely, Tamil Nadu, Kerala and Nagaland are still getting allocation of food grains under the erstwhile TPDS. These States are in the process of implementation of NFSA in the coming months.

In April, 2016, the Cabinet Committee on Economic Affairs approved additional monthly allocation of 41,800 tonnes of food grains for the Below Poverty Line (BPL) families at BPL rates and 20,507 tonnes of food grains for Above Poverty Line (APL) families at 2/3<sup>rd</sup> of Minimum Support Price (MSP) rates to three non-National Food Security Act (NFSA) States, namely, Tamil Nadu, Kerala and Nagaland, from April to June, 2016 or till implementation of NFSA by the respective State, whichever is earlier.

## 2.5 MINIMUM SUPPORT PRICES (MSP) FOR KHARIF CROPS OF 2016-17 SEASON

Based on the recommendations of Commission for Agricultural Costs and Prices (CACP), the Cabinet Committee on Economic Affairs, chaired by the Prime Minister has approved an increase in the Minimum Support Prices (MSPs) for all Kharif Crops of 2016-17 Season. The decision to increase MSPs is based on cost of production, overall demand-supply, domestic and international prices, inter-crop price parity, terms of trade between agricultural and non-agricultural sectors and the likely effect of the price policy on the rest of economy.

The CACP being the expert body, its recommendations are generally accepted as such. However, since there has been an increasing gap between the demand and domestic supply of pulses and oilseeds and dependence on imports thereof, to incentivise cultivation of pulses and oilseeds, the Cabinet has decided to give a bonus, over and above the recommendations of the CACP, of Rs 425 per quintal for kharif pulses, namely Arhar (Tur), Urad and Moong, a bonus of Rs 200 per quintal for Sesamum and a bonus of Rs 100 per quintal for other kharif oilseeds namely, Groundnut-in-shell, Sunflower seed, Soybean, and Niger seed.

Minimum Support Prices (MSPs) for all Kharif Crops of 2016-17 season						
Commodity	Variety	MSP for	Recommended	Increase		Bonus
		2015-16 Season	MSP for	Absolute	% age	
		Rs/ Quintal	Rs/ Quintal	Rs/ Quintal	%	Rs/ Quintal
Paddy	Common	1410	1470	60	4.3	-
	Grade A	1450	1510	60	4.1	-
Jowar	Hybrid	1570	1625	55	3.5	-
	Maldandi	1590	1650	60	3.8	-
Bajra	-	1275	1330	55	4.3	-
Maize	-	1325	1365	40	3.0	-
Ragi	-	1650	1725	75	4.5	-
Tur (Arhar)	-	4625*	5050*	425	9.2	425
Moong	-	4850*	5225*	375	7.7	425
Urad	-	4625*	5000*	375	8.1	425
Groundnut-in-shell	-	4030	4220*	190	4.7	100
Soyabean*	Yellow	2600	2775*	175	6.7	100
Sunflower Seed	-	3800	3950*	150	3.9	100
Nigerseed	-	3650	3825*	175	4.8	100
Sesamum	-	4700	5000*	300	6.4	200
Cotton	Medium Staple	3800	3860	60	1.6	-
	Long Staple	4100	4160	60	1.5	-

Note: \*Including bonus  
The prices would be effective from 1.10.2016.

<sup>8</sup>Rs. 5.65 per kg for rice and Rs. 4.15 per kg for wheat

<sup>9</sup> & <sup>10</sup> <http://pib.nic.in/newsite/erelease.aspx>

## THEMATIC SECTION: LESSONS FROM PILOTS ON CASH BASED TRANSFERS

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Over the years ‘Cash transfers’ have been adopted by countries across the world as a tool of social policy to deal with issues of poverty and social protection. While many attempts have been made to collate the evidences on impact of a cash transfer on household level outcomes, a very recent report<sup>11</sup> by Bastagli et. al. (2016) has presented a good account of some of the important experiences in the last 15 years from the low-and-middle-income countries. The review is helpful to Indian context in more than one way. First reason being its sheer breadth of evidence retrieved, the report contains detailed information on each of the 201 studies, including the intervention analysed, methods used and outcomes covered. Second, it has been released with an up-to-date information on cash transfers, at a time when the Department of Food and Public Distribution (DFPD), Ministry of Consumer Affairs, Food and Public Distribution, Government of India has started implementation of a pilot programme on cash transfer via Direct Benefit Transfer (DBT) in Puducherry, Chandigarh and Dadra & Nagar Haveli.

On the whole, the Bastagli et. al. report has presented its findings under six broad outcomes; namely: monetary poverty, education, health and nutrition, savings, investment and production, employment and empowerment. 25 out of 35 studies that assessed household expenditure have reported an increase in total and food expenditure. However, it has not been substantial enough to effect aggregate poverty levels. The available evidence highlights a clear link between cash transfer receipt and school attendance with less clear evidence in term of learning and cognitive development outcomes. Evidence of impact on utilization of health services, dietary diversity and anthropometric measures was largely consistent in terms of showing improvements. Impacts of cash transfers on business and enterprise were rather mixed, with 4 out of 9 studies showing an increase in purchase of productive assets and an increase in the households’ involvement in the non-farm sectors. On the other hand, the impact on borrowings and purchase of agricultural productive assets is not clear. On Employment, the Bastagli report has found that cash transfers don’t impact the work participation. Additionally on empowerment, the overall evidences in the report suggest a decrease in the stress-related abuse of women and increase in the ability of women to bargain out of abuse.

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<sup>11</sup>The report could be seen at- The Link: <https://www.odi.org/publications/10505-cash-transfers-what-does-evidence-say-rigorous-review-impacts-and-role-design-and-implementation>

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