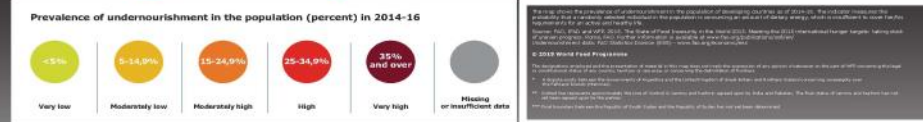
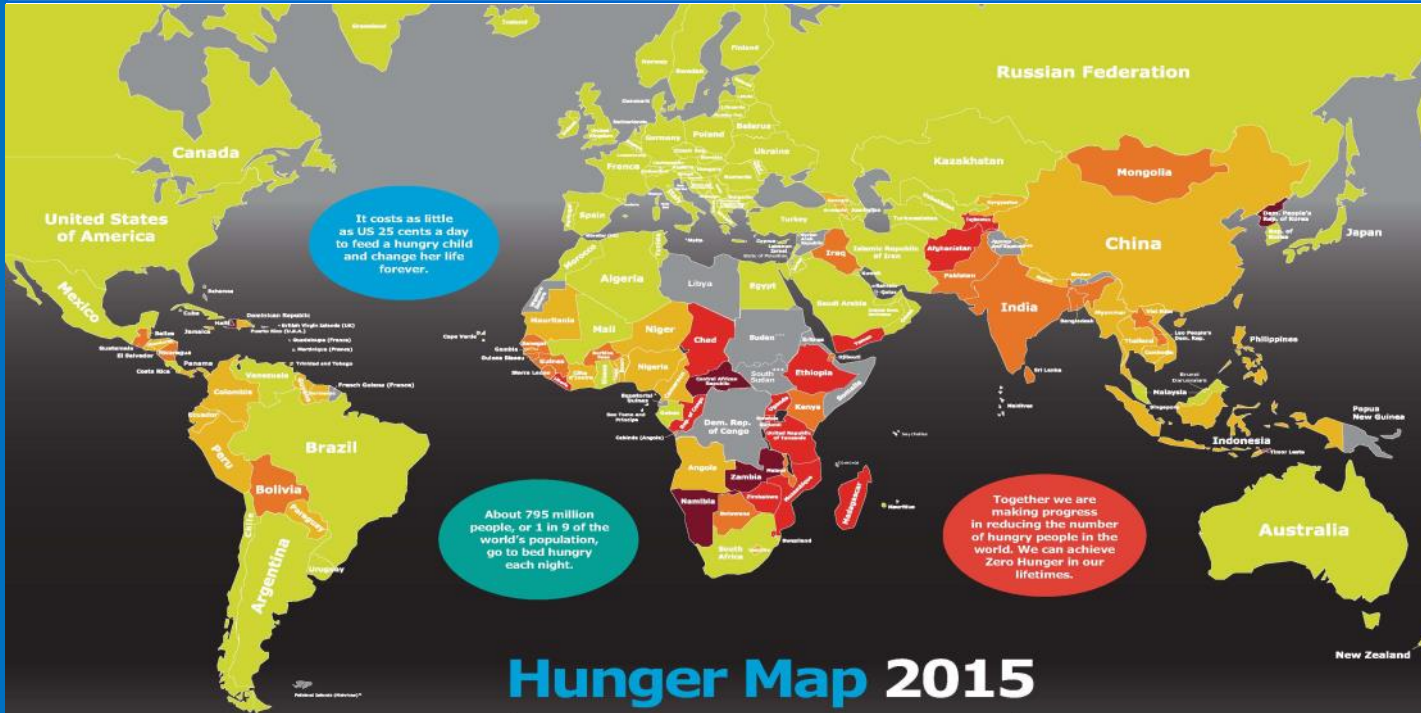


# WFP India Food Security Bulletin



Issue#3 (July— September 2016)



## HIGHLIGHTS

- ◆ For the crop calendar 2016-17, the Ministry of Agriculture, Cooperation and Farmers' Welfare has set a record target of producing 270.10 million tonnes of food grains.
- ◆ Though the latest quarter between July to September, 2016 shows a minor downward trend in both food and general inflation - cumulative inflation built up since 2012 continues to be high for both wholesale and retail sectors.
- ◆ MWCD is undertaking a complete revamp of the ICDS Program as the level of malnutrition in the country continues to be high.
- ◆ Kerala and Tamil Nadu to pay MSP rate for APL over and above NFSA allocations.
- ◆ NDDB to implement "Gift-milk" scheme to improve child nutrition.
- ◆ Mission for Integrated Development of Horticulture launched for accelerated growth in production.
- ◆ The FCI to hire contract workers in its 226 depots which could Save ₹600 Crore in its annual wage bill.
- ◆ GoI has taken a number of reforms to reduce cost of cultivation, which will enable higher yield per unit of land and realize remunerative prices of farm produce and farmers' income thereof.
- ◆ Krishi Vigyan Kendras (KVKs) portal launched to provide knowledge link to farmers
- Government has established a mechanism to inform farmers about market information through Short Message Services (SMS).

# 1. PRODUCTION AND PRICES OF FOOD

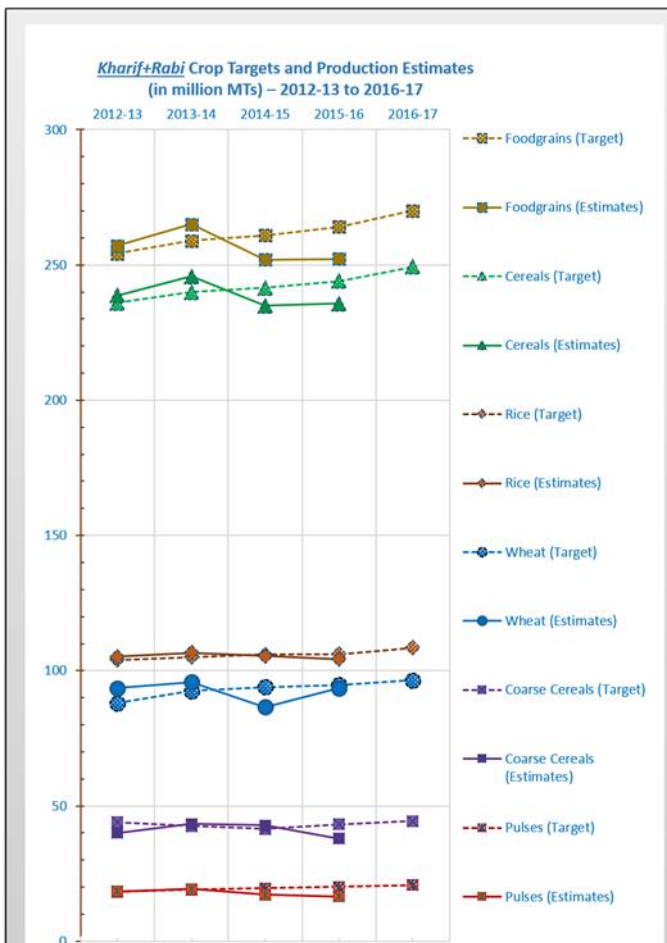
## 1.1 PRODUCTION OF FOOD GRAINS AND FOOD INFLATION

As per the fourth<sup>1</sup> advance estimates (AE) released in August 2016 by the Ministry of Agriculture, Cooperation and Farmers' Welfare, Government of India, the total food grains produced in the 2015-16 crop calendar is 252.22 million Mt. This figure is the same as the total food grains production of 252.23 million Mt projected in the third AE, though the 4<sup>th</sup> AE projected a 16.47 million Mt of pulses compared to the previous estimate of 17.06 million Mt. There is a minor increase of 1 million Mt of rice production between the 3<sup>rd</sup> and 4<sup>th</sup> AEs.

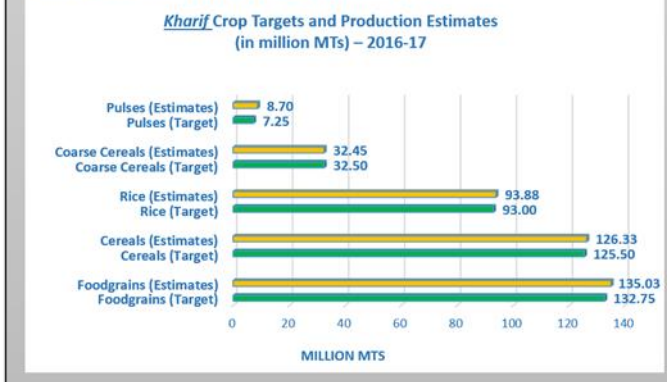
Though the total food grains production in 2015-16 is marginally higher than last year's production of 252.02 million Mt, it is 4.2% lower than the target of 264.1 million for this year. This estimate is 2.3% lower than the triennium average production of 258 million Mt during 2012-15 and it is lower 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 9.8%, 9.7% and 1.4% lower than their respective triennium averages 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.

For the crop calendar 2016-17, (covering July 2016 until June 2017) the Ministry of Agriculture, Cooperation and Farmers' Welfare has set a record target of producing 270.10 million tonnes of food grains. The specific targets are 108.5 million Mt of rice, 96.50 million Mt of wheat, 20.75 million Mt of pulses and 35 million Mt of oilseeds during the same period. The 1<sup>st</sup> AE for 2016-17 crop calendar, which provides advance estimates based on *kharif* crops, reveals that food grains production is likely to surpass the targets set



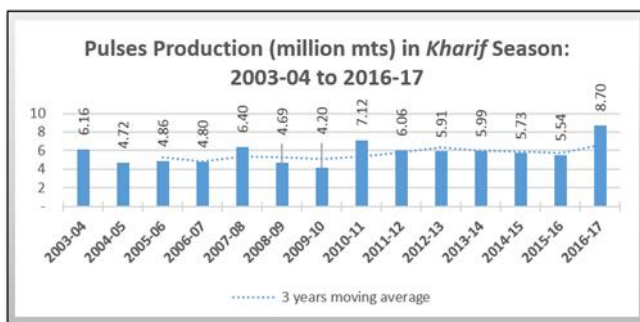
**Note:** The above chart is prepared using estimates of production published by Ministry of Agriculture, Government of India. Achievement figure for 2014-15 is Final Estimate and for 2015-16, it is the 4<sup>th</sup> Advanced Estimate (AE). For rest of the years, the figures represent actual achievements. For 2016-17, only projected annual targets are mapped in the above graph and production targets and estimates (1<sup>st</sup> AE) of *kharif* crops only are given in the below graph.



<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'.

<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.

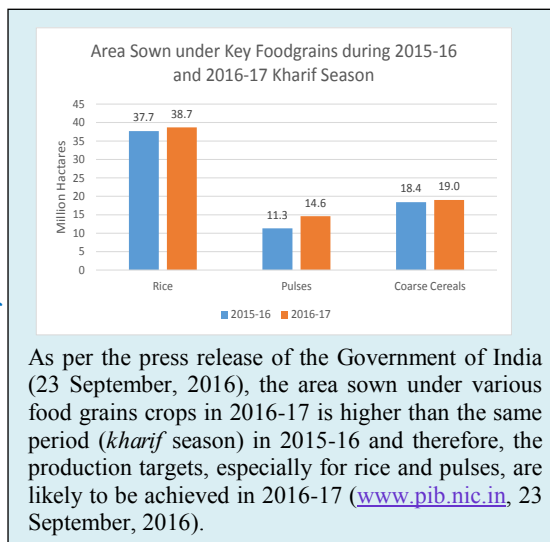


for *kharif* crops. Against a *kharif* target of 132.75 million Mt, the total food grains production is likely to be 135.03 million Mt.

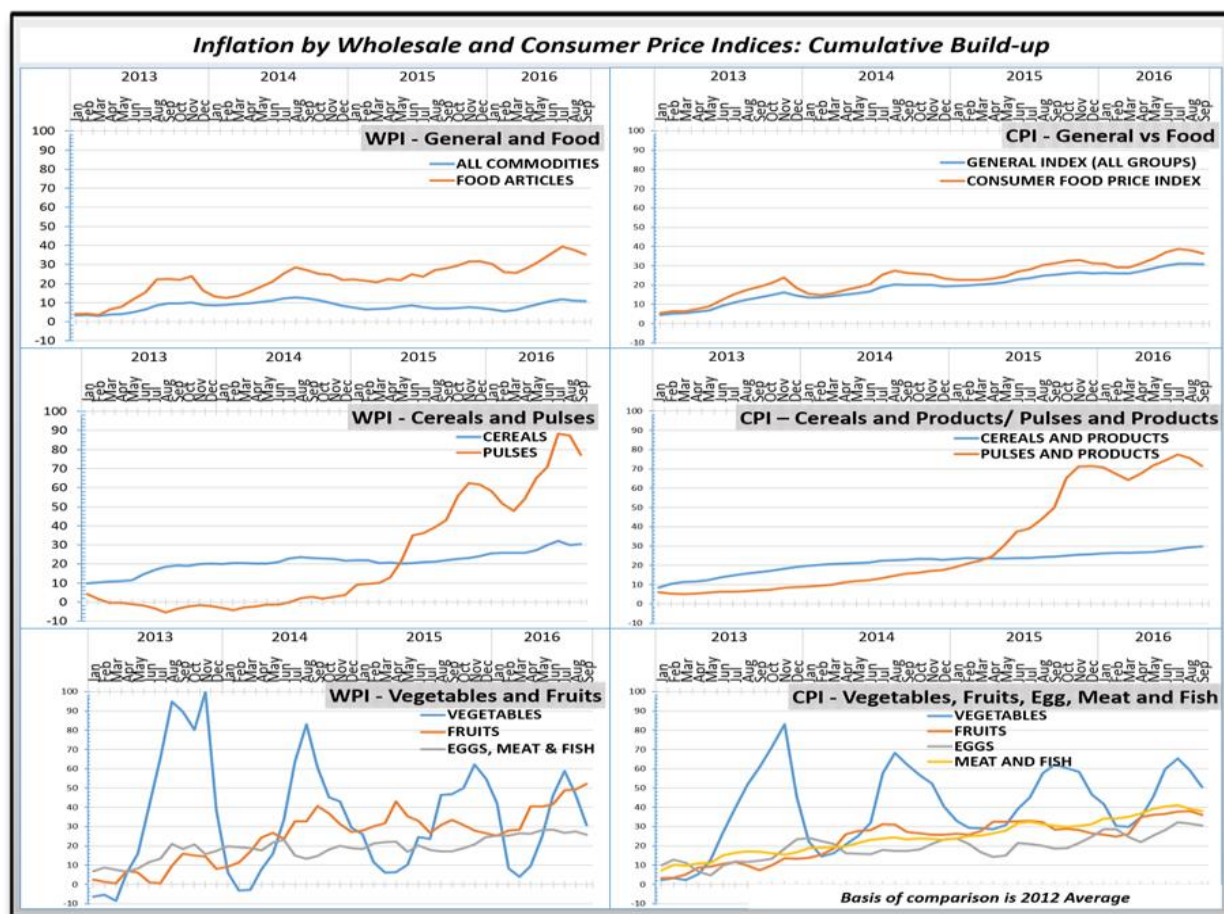
What is commendable is that the pulses production of 8.70 million Mt during *kharif* is likely to exceed the target of 7.25 million. What is commendable is that the pulses production of 8.70 million Mt during *kharif* is likely to exceed the target of 7.25 million.

Mt. Since 2003-04, this is a record outlay of pulses production in the *kharif* season. During 2003-04 to 2015-16, the long-term average in the production of pulses in the *kharif* season has been 5.5 million Mt. The sudden jump in the estimates of pulses production could be attributed to the Cabinet decision to give a bonus of ₹425 per quintal for *kharif* pulses, namely Arhar (Tur), Urad and Moong, over and above the Commission for Agricultural Costs and Prices (CACP) recommendation of around 8% increase in the minimum support price (MSP).

Though the cumulative inflation built up since 2012 continues to be high for both wholesale and retail sectors, the latest quarter between July to September, 2016 shows a minor downward trend in both food and general inflation.



As per the press release of the Government of India (23 September, 2016), the area sown under various food grains crops in 2016-17 is higher than the same period (*kharif* season) in 2015-16 and therefore, the production targets, especially for rice and pulses, are likely to be achieved in 2016-17 ([www.pib.nic.in](http://www.pib.nic.in), 23 September, 2016).



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 between the two lines had been widening up since the middle of 2015. However, in the last quarter (July-Sep, 2016), the gap<sup>4</sup> has started declining, especially in the retail prices.

Though both the retail and wholesale prices of pulses have declined in the last quarter owing to the imports of pulses and projection of record production, the prices are still >70% higher than the 2012 prices<sup>5</sup>. Also, these prices are higher than the June 2016 prices of pulses. Unfortunately, the inflation in 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 January 2013 to September 2016. Following the cyclical trends, both WPI and CPI based build up inflation for these perishable commodities have started declining in the last quarter and in the coming months, these are expected to go down further, especially in vegetables.

## **2. FOOD/NUTRITION SECURITY AND SOCIAL SECTOR UPDATES**

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### **2.1 KERALA AND TAMIL NADU TO PAY MSP RATE FOR APL OVER AND ABOVE NFSA ALLOCATIONS**

Excepting Tamil Nadu and Kerala, the NFSA has been launched in all other 34 states and Union Territories. Trying to push these states to ensure compliance immediately, in September, 2016, the Union Cabinet has approved supply of food grains at the minimum support price (MSP) for distribution to Above Poverty Line (APL) families i.e., wheat @ ₹15.25 per kg and rice at ₹22.54 per kg. Earlier, wheat and rice were given to them at APL rate of ₹6.10 per kg and ₹8.30 per kg respectively. The food grains supplies to these two states for distribution to BPL families and Antyodaya Anna Yojana (AAY) would continue at old rates<sup>6</sup>.

### **2.2 NDDDB TO IMPLEMENT "GIFTMILK" SCHEME TO IMPROVE CHILD NUTRITION**

The Government has approved a proposal for setting up an institution for promotion of nutrition through milk/milk products (especially for children) utilizing Corporate Social Responsibility (CSR) funds of the National Dairy Development Board (NDDDB)'s subsidiaries and other voluntary donations. The NDDDB has registered a trust/ society in the name of 'NDDDB Foundation for Nutrition' (NFN), to implement the initiative called "Giftmilk". The initiative targets to improve child nutrition through consumption of milk and milk products by providing milk free of cost. The supply of milk/ milk product would be facilitated through dairy cooperatives only. The NFN is currently implementing the "Giftmilk" initiative in three schools - two in Delhi & one in Telangana, which have a total enrolment of about 3,100 students. Till now about 120,000 packets of flavoured milk have been distributed.

### **2.3 MISSION FOR INTEGRATED DEVELOPMENT OF HORTICULTURE LAUNCHED FOR ACCELERATED GROWTH IN PRODUCTION**

According to a Government press release in August, 2016, the National Horticulture Mission (NHM) in 2005-06, has achieved significant progress both in area expansion under horticulture crops and production thereof. Over the last decade, the area under horticulture grew at an average rate of 2.7% per annum and annual production increased

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<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 September 2016 is 71.5% higher than 2012 (annual average) and WPI inflation is 77.2% higher. The respective figures for cereals are 29.8% and 30.3% in September 2016 over 2012 (annual average).

<sup>6</sup><http://indianexpress.com/article/india/india-news-india/tamil-nadu-kerala-to-get-pds-grains-from-centre-at-minimum-support-price-rates-3054868/>

at an average rate of 7.0% per annum. The horticulture production has increased from 170 million Mt in 2004-05 to 281 million Mt in 2014-15. The respective figures for area under cultivation of horticulture crops are 184 million hectares and 234 million hectares.

For holistic growth of the horticulture sector covering fruits, vegetables, root and tuber crops, mushrooms, spices, flowers, aromatic plants, coconut, cashew, cocoa and bamboo, the Government launched the “Mission for Integrated Development of Horticulture (MIDH)”, a Centrally Sponsored Scheme during XII Plan w.e.f. 2014-15. The Mission subsumes the earlier missions like National Horticulture Mission (NHM), Horticulture Mission for North East & Himalayan States (HMNEH), National Bamboo Mission (NBM), National Horticulture Board (NHB), Coconut Development Board (CDB) and Central Institute for Horticulture (CIH), Nagaland. All States and UTs are covered under MIDH.

The MIDH envisages production and productivity improvement of horticulture crops including fruits and vegetables through various interventions such as adoption of Integrated Pests Management (IPM), Integrated Nutrients Management (INM), organic farming, etc as also through capacity building of farmers and technicians for adopting improved technologies. For holistic growth of horticulture sector, the mission also envisages creation of infrastructure for Post-Harvest Management (PHM), Good Agricultural Prices (GAP) and Centre of Excellence for Horticulture and Marketing .

## **2.4 REVAMPING OF ICDS FOR TAKING MALNUTRITION ON A WAR FOOTING**

At a national conference of State principal secretaries/secretaries in charge of Women & Child Development (WCD) held on 13 July, 2016 in New Delhi for taking a review of Integrated Child Development Scheme (ICDS) and other schemes related to women, child care and child protection, the Minister of Women & Child Development, Smt Maneka Sanjay Gandhi said that:

- the MWCD is undertaking a complete revamp of the ICDS Program as the level of malnutrition in the country continues to be high. The Ministry is working in a convergence mode with NITI Aayog, Ministries of Health and Education and other stakeholders to deal with the problem of malnutrition on a war footing.
- digitization of anganwadis is being taken up and both hardware as well as software are being provided for real time monitoring of every child and every pregnant and lactating mother. The anganwadi workers will be given smartphones and the supervisors will be given tablets for which the State government should provide training to anganwadi workers to help shift to the new IT-based system.

The WCD Minister issued strict instructions to the states to comply with the directives of the WCD Ministry pertaining to clean food, prepared untouched by hand with sufficient availability of micro nutrients. “We are also looking at further standardizing the supplementary nutrition so that hygienic, nutritious and locally acceptable food is given to the children and mothers through a standardized process of manufacturing and distribution. This is warranted as the current systems of adhoc procurement and preparation have not succeeded in reducing malnutrition” the Minister explained. Smt Gandhi said that the WCD Ministry is making efforts to get the cost norms increased from the current levels so that better food can be provided to the beneficiaries.

Secretary WCD, Ms Leena Nair urged the states to ensure proper utilization of funds for various schemes specially those provided for nutrition and ICDS. Highlighting the role of technical interventions, she said that they can help the states in speedy and effective implementation of schemes for women and child development.

## **2.5 THE FCI TO HIRE CONTRACT WORKERS IN ITS 226 DEPOTS WHICH COULD SAVE ₹600 CRORE IN ITS ANNUAL WAGE BILL**

According to news reports, the Labour Ministry has allowed the Food Corporation of India (FCI) to hire contract workers in its 226 depots where only 'departmental labourers' are currently engaged with an average monthly salary exceeding one lakh rupees. The Labour Ministry has exempted these FCI depots or go-downs from the purview of contract labour (regulation and abolition) Act of 1970 for a period of two years, thus allowing the corporation flexibility in hiring contract labour as per its need. This would allow FCI to transfer around 15,000 departmental labourers on its rolls to other depots as per the requirement, which in turn could lead to a saving of ₹600 crore in its wage bill. Once the regular workers are transferred to other depots, they will be deprived of the extra money they currently get by engaging in proxy labour.

Currently, FCI's annual labour expenses are around ₹4,600 crore. Due to regulations against hiring contractual labour, FCI till now has about 15,000 workers under the 'departmental labour' category for loading and unloading of food grains sacks at more than 200 FCI depots.

### **3. THEMATIC SECTION: EMPOWERING FARMER'S THROUGH IMPROVED PRODUCTIVITY AND INFORMATION SYSTEMS**

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#### **3.1 STEPS TAKEN BY GOVERNMENT TO INCREASE FARMER'S INCOME**

According to a Government press release, the GoI has taken a number of reforms to reduce cost of cultivation, which will enable higher yield per unit of land and realize remunerative prices of farm produce and farmers' income thereof:

- Soil Health Card (SHC) scheme: The farmers can know the major and minor nutrients available in their soils which will ensure judicious use of fertiliser application and thus save money of farmers. The balanced use of fertiliser will also enhance productivity and ensure higher returns to the farmers. Against a target of 253 lakh samples, 184.75 lakh soil samples collected, 87.90 lakh soil samples tested and against target of 1400 lakh Soil Health Cards, 226.99 lac Soil Health Cards distributed as on 28.06.2016.
- Neem Coated Urea is also being promoted to regulate urea use, enhance its availability to the crop and reduce cost of fertilizer application. The entire quantity of domestically manufactured urea is now neem coated. From the current year (i.e. 2016), the urea that is imported would also be neem coated.
- Paramparagat Krishi Vikas Yojana (PKVY) is being implemented with a view to promoting organic farming in the country. This will improve soil health and organic matter content and increase net income of the farmer so as to realise premium prices. The target is to cover 2 lakh hectare in 3 years - each cluster will be 20 hectare each and a total of 10,000 clusters will be covered. In 2015-16, 7,186 clusters were sanctioned and ₹226.19 crore released to State Governments out of approved outlay of ₹511.67 crore - GOI share is ₹335.05 crore. In 2016-17, remaining 2,814 clusters have been sanctioned.
- Pradhan Mantri Krishi Sinchai Yojana (PMKSY) is being implemented to expand cultivated area with assured irrigation, reduced wastage of water and improved water use efficiency. In 2015-16, against a target of 5 lakh hectare, 5.6 lakh hectare has been brought under micro irrigation.
- Scheme to cover nature related risks: the new crop insurance scheme namely Pradhan Mantri Fasal Bima Yojana (PMFBY) has replaced National Agricultural Insurance Scheme (NAIS) and Modified NAIS (MNAIS) from Kharif 2016 season. The GoI claims that PMFBY has addressed all the shortcomings in the earlier schemes and would be available to the farmers at very low rates of premium. The farmers will get full insurance cover as there will be no capping of sum insured and consequently, the claim amount will not be cut or reduced. This scheme would provide insurance cover for all stages of the crop cycle including post-harvest risks in specified instances. The area coverage would be increased from 23% presently to 50% in two years.

- Scheme to transfer remunerative prices to farmers: A Market Intervention Scheme, namely eNAM with a budget allocation of ₹200 crore is being implemented during 2015-16 to 2017-18. The releases of grants under the scheme are made on the basis of completion of three reform prerequisites i.e. Single Trading License, Single License Fee and Creation of ePlatform for Trading. The scheme was launched on 14.04.2016 in eight States viz. Gujarat, Telangana, Rajasthan, Madhya Pradesh, Uttar Pradesh, Haryana, Himachal Pradesh and Jharkhand covering 21 markets - as of now 23 markets integrated.
- Scheme to increase productivity: National Food Security Mission (NFSM) pulses: Out of a total allocation ₹1,700 crore, an amount of ₹1,100 crore is allocated for pulses as centre share. The target set for pulses production during the year 2016-17 is 20.75 million Mt and the area coverage target is 26 million hectares during this year.

In addition, the Government is implementing several Centrally Sponsored Schemes viz. Mission for Integrated Development of Horticulture (MIDH); National Mission on Oilseeds & Oilpalm (NMOOP); National Mission for Sustainable Agriculture (NMSA); National Mission on Agricultural Extension & Technology (NMAET); and Rashtriya Krishi Vikas Yojana (RKVY). Further the Government undertakes procurement of wheat and paddy under its 'MSP operations'. Also, the Government implements Market Intervention Scheme (MIS) for procurement of agricultural and horticultural commodities not covered under the Minimum Support Price Scheme on the request of State/UT Government. The MIS is implemented in order to protect the growers of these commodities from making distress sale in the event of bumper crop when the prices tend to fall below the economic level/ cost of production.

### **3.2 KRISHI VIGYAN KENDRAS (KVKs) PORTAL TO PROVIDE KNOWLEDGE LINK TO FARMERS**

The Government has launched Krishi Vigyan Kendras (KVKs) Portal which will help in (i) monitoring the functioning of KVKs at the National level and (ii) providing timely information and advisory to the farmers. The objective of the portal is to ensure quick transfer of technologies developed by the agricultural scientists to the farmers.

Currently, there are 645 KVKs in the country. For improving the functioning of KVKs, Government has approved for creation of some additional facilities in selected KVKs including rain water harvesting; soil and water testing facilities; minimal processing facilities; carp hatcheries; integrated farming system units; and e-linkage facilities during 12th Five Year Plan. The new initiatives taken to revitalize KVKs include provision of technology information units; mini seed processing facilities; 25 KVA silent genset; micro-nutrient analysis facilities; provision of solar power panels, KVK and KVK-Net, e-farmers; and mandating some of the KVKs to work as specialized KVKs. Besides, the Government has also approved for strengthening KVKs during 12th Five Year Plan in terms of enhanced manpower, infrastructure facilities and financial support for working contingency to carry-out the mandated role of frontline extension system in the country.

### **3.3 INFORMING MARKET INFORMATION TO FARMERS THROUGH SMS**

According to a press release by the Government of India, the Government has established a mechanism to inform farmers about market information. Daily price information is collected from Agricultural Produce Markets (APMCs) on the Agmarknet portal on real-time basis. This portal sends SMS to farmers in local languages to disseminate the desired information on commodities and *mandies*. Besides this, efforts are made to provide market information via SMS by other public and private agencies who have sought live data access through Advanced Programming Interface (API) route from AGMARKNET portal. IFFCO Kisan Sanchar Ltd (IKSL) is providing market information

to farmers through voice SMS. Media Lab Asia is providing Market Information through SMS and interactive way in three states viz. Andhra Pradesh, Telangana and Meghalaya in their local languages. Karnataka State Marketing Board is also providing market information to farmers from their Krishi Maratha Vahini in local languages. According to the Government, by 9-8-2016, more than 1194 crore messages had already been sent to the stakeholders/registered farmers through m-Kisan Portal.

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