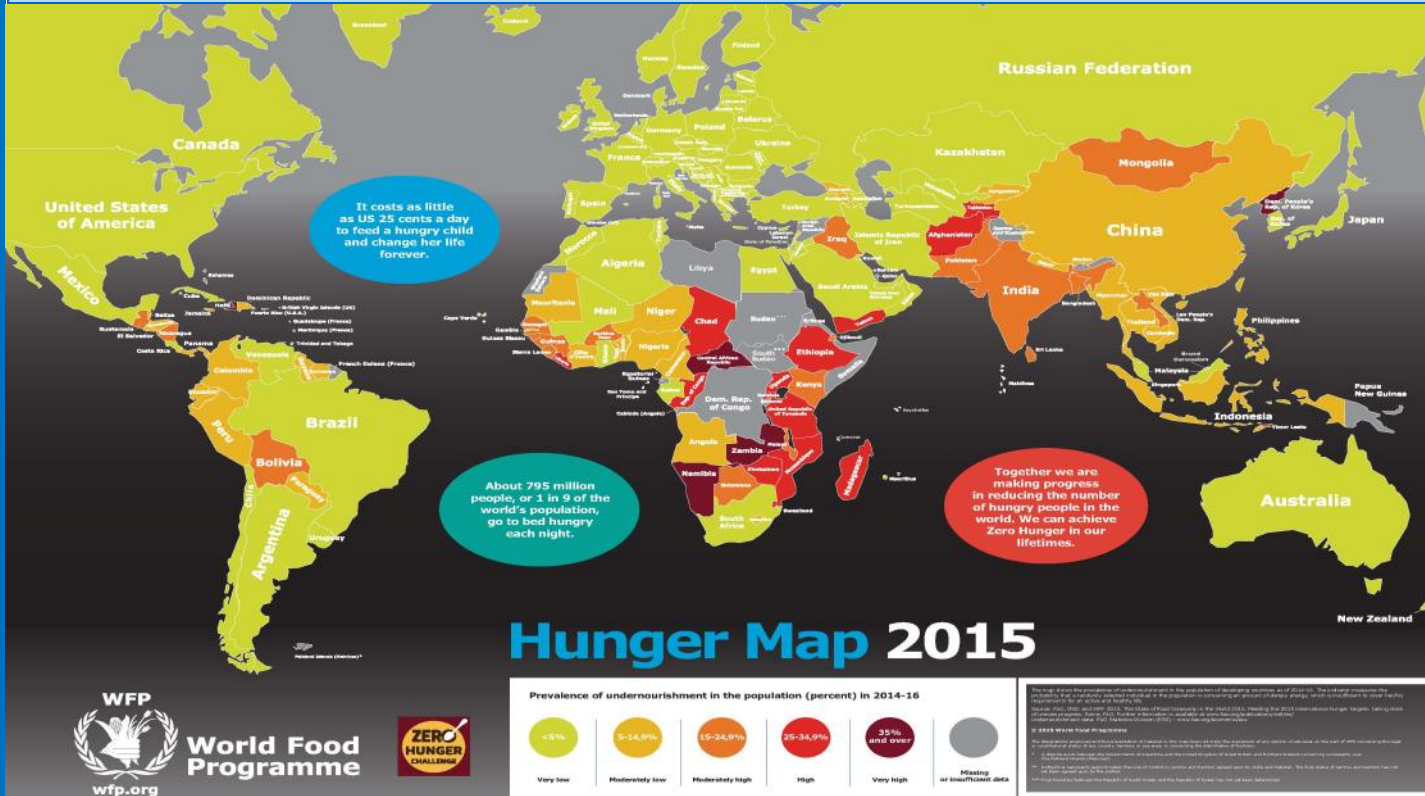


WFP India Food Security Bulletin



Quarter 4 (October–December 2015)



HIGHLIGHTS

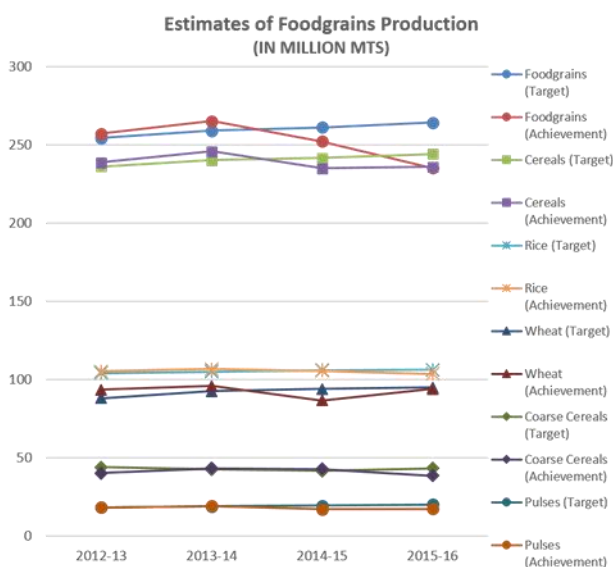
- In 2015-16, food grains production is estimated to be 4.1% less than the target.
- Despite increase in total area sown under pulses, production of pulses is estimated to be 14% lower than the target set by Ministry of Agriculture for 2015-16.
- Inflation in pulses prices continue to be unacceptably high and may go up further this year unless the Government imports on time.
- National Food Security Act (NFSA) to be rolled out by April 2016 by almost all states.
- WTO Nairobi Ministerial Meeting ended in a stalemate.
- India is off-the-course in achieving freedom from stunting: Global Nutrition Report 2015.
- Drought hit states to get Rs 6,794 crores in central assistance.

If you have any question, issue or suggestion – please contact (wfp_newdelhi@wfp.org) or Telephone: +91-11-4655 4000

1. FOOD PRODUCTION AND PRICES OF FOOD ARTICLES

1.1 PRODUCTION OF FOOD GRAINS AND INFLATION

The food grains production during 2015-16 crop calendar is estimated to be 4.1% less than the target of 264.1 million mts set by the Ministry of Agriculture, Government of India. As per the second advance estimate by the Ministry of Agriculture, Government of India, the total food grains production in the 2015-16 will be 253.2 million mts. However, despite the deficient rainfall, this estimate is 1.2% higher than that of 252.7 million mts in 2014-15.



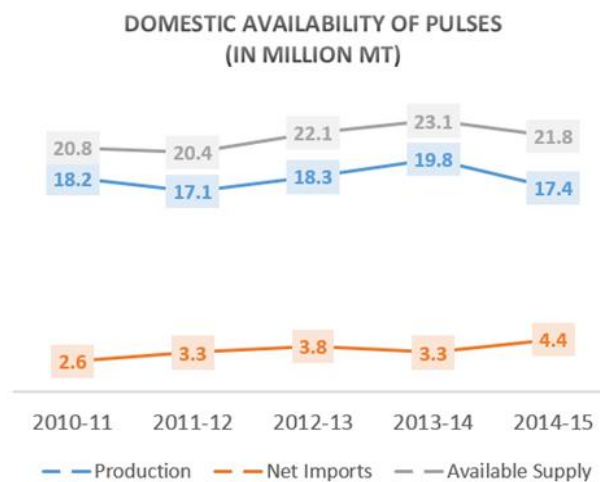
Source: Chart prepared using estimates of production published by Ministry of Agriculture, Government of India
 Note: *Achievement figure for 2014-15 is Final Estimate and for 2015-16 is the 2nd Advanced Estimate (AE) and rest of the years, the figures represent actual achievements

According to news reports and Government of India's Press Information Bureau releases, the decline is attributed to lower production of rice, coarse cereals and pulses due to erratic rainfall conditions during the monsoon season-2014¹ and disastrous monsoon of 2015². This is the fourth instance of two consecutive all-India deficient monsoon years during the last 115 years.

The forecast on lower levels of food grains production has started reflecting in the trends in food prices. After a declining trend of food prices in the first half of the 2015, the food inflation shows up increasing trends since September 2015.

Furthermore, food inflation has remained consistently higher than the general inflation throughout the year³.

Inflation in the prices of pulses continues to be unacceptably high at around 50% since October 2015. The current pulses prices are around 76% higher than those in January 2012. The pulses inflation picked up in July 2014 and has never reversed since then. Pulses being a major source of protein for the population, thus impacting the food and nutrition security, it is a matter of concern for the Government. On an average, the total consumption requirement of pulses in India during last 2-3 years is around 23 million mts per annum. However, the total domestic production of pulses is stagnant around 18 million mts, the deficit being partially met by imports. In 2014-15, the production of pulses fell down from a record 19.8 million mts to 17.4 million mts leaving a huge gap between demand and supply. Therefore, despite a net import of a record 4.4 million mts during 2014-15, the gap in total availability was about 1.2 million mts of



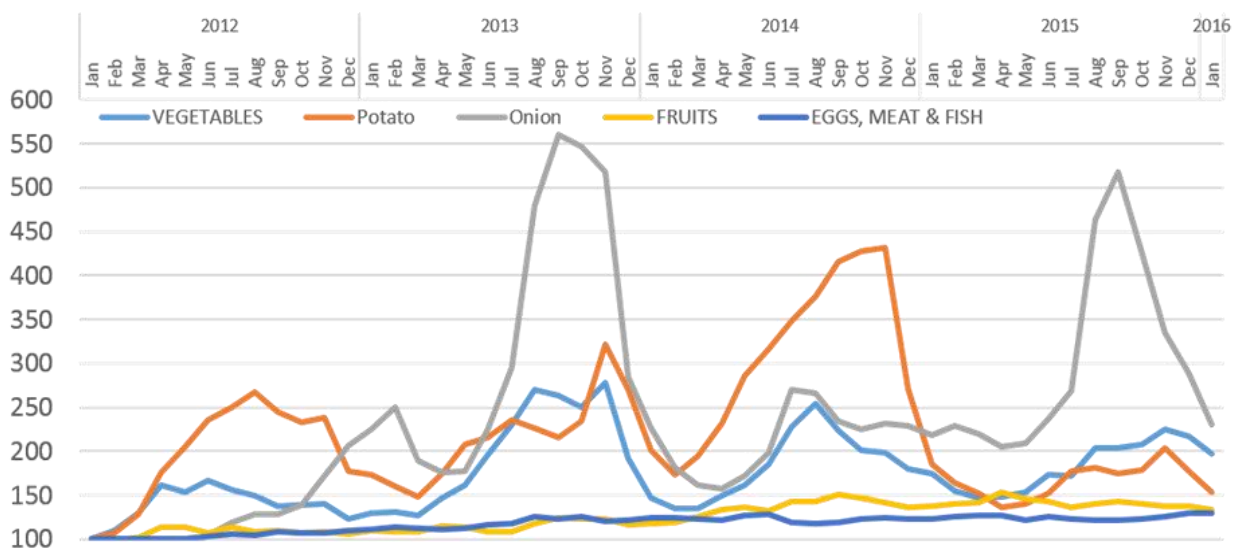
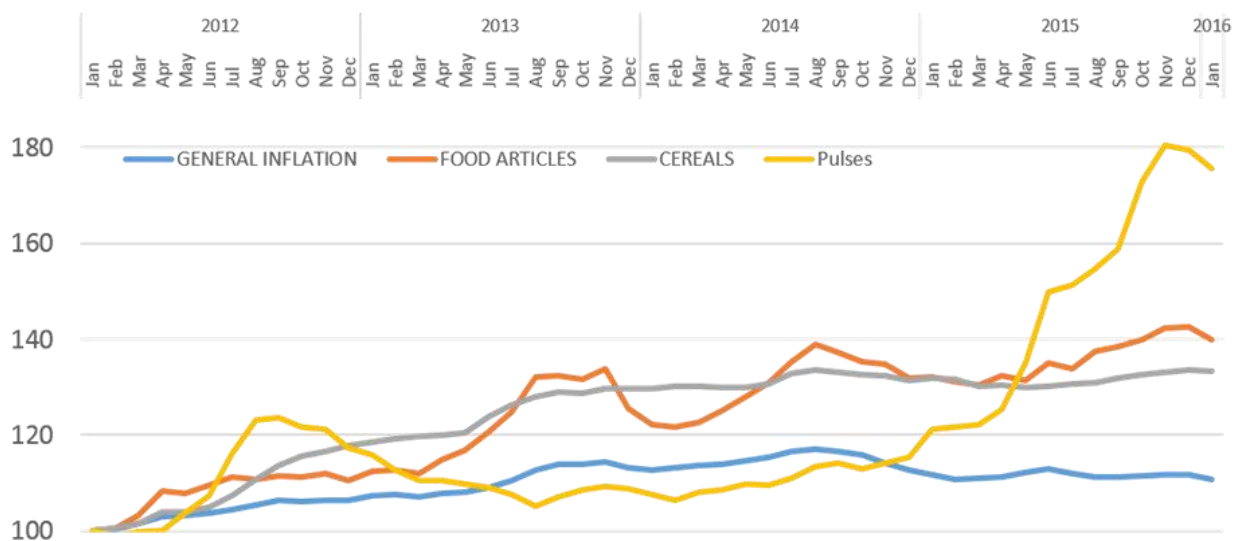
Source: Chart prepared using data published by the Ministry of Agriculture, GoI.

1 During 2014-15, monsoon rainfall was 12% less than the normal rainfall.

2. 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.

3. Although, the production of foodgrains is enough for domestic consumption, all of it is not available in the market. In June 2015 the wheat stock reached a significantly high level of 40.35 Million MT. With this huge pile of wheat, government decided to sell-off these wheat into the market under Open Market Sale Scheme (OMSS) which has resulted in a sale of 5.2 Million MT wheat in 2015-16. In January 2016, the stocks of wheat reached 23.78 Million MT against the buffer stock norm of 13.8 Million MT.

Cumulative Inflation WPI-General Vs. Food Since January 2012



Source: Calculated from Wholesale Price Index (WPI) published by Ministry of Commerce and Industry, Government of India

pulses. The gap was further worsened due to “illegal hoarding”. As per the news report, the Government of India urged the state governments to raid the hoarders of pulses and in October 2015, seized about 75,000 mts.

The estimates of pulses production for 2015-16 has been put at 17.3 million mts, though the same as previous year but 14% less than the target and 5% less than the triennial average and therefore, inflation in pulses prices may continue to be high this year unless measures are taken by the Government of India to import pulses timely to fill the gap.

Whereas, the general inflation has remained around ten percent during January 2012 till date, the food prices have increase by around 40% during the same period. Apart from pulses, prices of potatoes and onions have been high and reached peaks in August-October each year. However, the prices of vegetables, egg, meat and fish have more than doubled during January 2012 and January 2016.

1.2 FLUCTUATION IN AREAS UNDER VARIOUS CROPS IN KHARIF⁴ AND RABI⁵ SEASONS IN 2015-16

Due to varying rainfall, area sown under various crops have shown fluctuating patterns during Kharif and Rabi crops in 2015-16. Under Rabi crops, till January-2016, area sown stands at 59.2 million hectares which is 1.8 million hectares or 2.9% less than same time previous year. Except for coarse cereals for which the area sown has increased by about 6%, i.e. 6 million hectares, area under all other Rabi crops have declined. Wheat has been sown/transplanted in 29.3 million hectares, pulses in 13.9 million ha, oilseeds in 7.7 million ha and rice in 2.2 million ha which are 4.4%, 2.8%, 2.6% and 6.9% less respectively compared to the previous year.

Area Sown under Various Crops in Rabi and Kharif Season
(In million hectare)

Crop	Kharif Season (Area Sown)		Rabi season (Area Sown)	
	2015-16	2014-15	2015-16	2014-15
Rice	37.8	38.0	2.2	2.4
Wheat			29.3	30.6
Pulses	11.6	10.3	13.9	14.3
Coarse Cereals	18.6	18.2	6.0	5.7
Oilseeds	18.5	17.8	7.7	8.0
Sugarcane	4.9	4.9		
Jute & Mesta	0.8	0.8		
Cotton	11.7	12.7		
Total	103.9	102.6	59.2	60.9

Source: Ministry of Agriculture (Press report)

However, in the Kharif season, despite deficient rainfall during the monsoon period, the total area sown under kharif crops this year was 103.9 million ha, higher than the previous year's figure of 102.6 million ha. Rice has been sown/transplanted in 37.8 million ha, pulses in 11.6 million ha, coarse cereals in 18.6 million ha, oilseeds in 18.5 million ha, sugarcane in 4.9 million ha and cotton in 11.7 million ha. Despite the fact that area under pulses crop has increased by about 10% between 2014-15 and 2015-16, the production estimates for 2015-16 is lower than the triennial average of last three years.

2. THEMATIC SECTION: NATIONAL FOOD SECURITY

2.1 NATIONAL FOOD SECURITY ACT (NFSA) TO BE ROLLED OUT BY APRIL 2016 BY ALL THE STATES

A Conference of Food Secretaries of States/ Union Territories (UTs) on computerization of Targeted Public Distribution System (TPDS), Fair Price Shop automation and NFSA roll out was held on 23 November 2015 in New Delhi. It was decided in the meeting that additional allocation of foodgrains under TPDS will not be stopped till March, 2016. Hence, the fourteen states which are yet to roll out NFSA have been given relaxation till this period.

The conference proceedings also included the review of status of implementation of NFSA in each of the remaining 14 States/UTs. It was found that, except Tamil Nadu and probably Kerala, all the other States/UTs are likely to start implementation of the Act by April, 2016. Tamil Nadu has not firmed any date for implementation of the Act but has indicated that computerization of TPDS is likely to be complete by June, 2016 after which implementation of the Act will be taken up.

State-wise Progress of End-to-End Computerisation of TPDS

Item	Number of States
Digitization	31
Transparency Portal	26
Online Allocation	14
Supply Chain Management	8
Grievance Redressal Mechanism	21
Toll Free Numbers	29
System of SMS alerts	5

Source: Gol Press Information Bureau Release 23 November 2015:
<http://pib.nic.in/newsite/PrintRelease.aspx?relid=131819>

4. Kharif season - Crops are sown at the beginning of south-west monsoon or monsoon (i.e. end of May or early June) and harvested at the end of the south-west monsoon (i.e. end of September or early October).

5. Rabi season - Crops are sown around mid-November, after the monsoon rains are over, and harvesting begins in April/May. It is also known as Winter crop season.

2.2 WTO NAIROBI MINISTERIAL MEETING: A STALEMATE

The Tenth WTO Ministerial Conference was held in Nairobi during from 15-18th December 2015. The major focus of this ministerial meeting was to resolve the trade disputes along with the issue of farm subsidy. India along with China has been leading the developing nations to come up with solutions for their respective food security policies. However, some of the decisions on which India is not happy are:

- To reduce export competition on farm goods, the developed countries have decided to abolish the export subsidies given by them to their farmers. In the WTO meet, it was agreed that developing countries will also abolish the marketing and travel assistance to the farmers by 2023 and state-run trading (farm products) enterprises will no longer be able to provide any support the farmers.
- The Special Safeguard Measures (SSM) which was the key talking point from the India's food security perspective did not receive much attention from the developed countries. Only a statement of intent for discussion was issued without any time timeframe. Clearance of SSM would have facilitated the protection of farmers' interest in case of import surges.
- The public stockholding for food security, which was another key discussion point from developing world including India received similar treatment. India was hoping to get a long term solution for this issue - for which India got the Bali deal blocked. Discussions were held around reworking a new formula for providing subsidy to farmers' but nothing moved forward.

Among the Indian audience, some see it as a pure stalemate and for some it is a setback. According to Nirmala Sitharaman, Minister of Commerce and Industry (Independent Charge), "Most of the commitments given by WTO to us are carried forward with complete assurance and we have not lost any ground". Dr M. S. Swaminathan, popularly known as 'the father of India's green revolution' has pointed out that WTO Nairobi meet could exacerbate the global food insecurity and could cause famines in India. He was critical of the double standards prevailing between developing and developed countries over farming protection – 'for instance on one hand WTO wants reduced support from developing countries to their farmers' and on the other hand 'Nairobi meet permits industrialised countries to continue provide large subsidies under the green box and other provisions'. Similar thoughts were shared by Timothy A Wise, Policy research director, GDEI, Tufts University. He said "The Nairobi Ministerial Declaration reflects the capitulation to insistent US proposals to set aside key Doha issues and to open the door to issues that favour US commercial interests."

3. FOOD SECURITY AND SOCIAL SECTOR UPDATES

3.1 INDIA IS OFF-THE-COURSE IN ACHIEVING FREEDOM FROM STUNTING: GLOBAL NUTRITION REPORT 2015

The global nutrition report 2015 assessed the countries' progress towards targets for reducing under-nutrition by 2025, set by the World Health Assembly (WHA) in 2012. The report applies the global targets to each country to assess whether it is "on course" or "off course" to meet the 2025 global targets. It suggests that 39 out of 114 countries for which data were available are on course of achieving targets under stunting. For wasting, overweight and exclusive breastfeeding, the report indicates that 67 out of 130 (52%), 63 out of 109 (58%) and 32 out of 78 (41%) countries are on course to achieving the targets respectively.

The report has also put India in the category of off-course⁶ (with some progress) in Stunting, indicating a lot is still to be done to remove scars of undernutrition. The report also describes the state-level progress in

6. Not in track of achieving WHA 2012 targets but showing some progress.

India for reducing under nutrition using the RSOC 2013-14 (Rapid Survey on Children) released by Ministry of Women and Child Development, Government of India. The report suggests that stunting has reduced from 48% in 2005-06 to 39% in 2013-14 at all-India level. Using AARR (average annual rate of reduction) between 2005-06 and 2013-14 for stunting, the report indicates that Arunachal Pradesh, Mizoram and Delhi have achieved the highest rate of reduction in stunting. But bigger states like Uttar Pradesh and Bihar with the highest stunting rates across India have lower AARRs than most of the states which is a sign of a worry.

3.2 THREE DROUGHT HIT STATES TO GET RS 6,794 CRORES IN CENTRAL ASSISTANCE

The consecutive droughts have serious consequences for the farm economy as well as for rural demand, which has a profound effect on economic growth. In the words of Ashok Gulati, who advises NITI Aayog on agriculture, “I have personally visited some of the drought affected areas and the situation is so grim that in some states there could be over 20% decline in food grain production. In large parts of the country the farmer has got negative returns”.⁷

Corresponding to the news of crop failure, some newspapers have highlighted the issue of farmers’ suicide. According to the National Crime Record Bureau (NCRB), as many as 5,650 farmers committed suicide in India last year.⁸ This works out to one farmer suicide in every 100 villages or one farmer suicide in every block in the country last year. State-wise, Maharashtra accounted for the highest number of farmer suicides (2568) distantly followed by Telangana (898), Madhya Pradesh (825), Chhattisgarh (443) and Karnataka (321). These five states together accounted for about 90 per cent of total farmer suicides. The NCRB report pointed out that bankruptcy or indebtedness was the main cause, accounting for 20.6 per cent, closely followed by family issues (20.1 per cent), failure of crops (16.8 per cent), illness (13.2 per cent) etc, whereas drug abuses/alcoholic addiction accounted for 4.9 per cent cases.

The Government of India has announced a package of Rs 6,794 crores drought relief assistance with an allocation of Rs 3,100 crores for Maharashtra, Rs 2,022 crores for Madhya Pradesh and Rs 1,672 crores for Chhattisgarh from the National Disaster Relief Fund (NDRF). However, this is lower than the amount of 4,800 crores sought by Madhya Pradesh and Rs 4,330 crores sought by Maharashtra.

Along with these three, seven other states, viz. Karnataka, Andhra Pradesh, Telangana, Odisha, Rajasthan, Jharkhand and Uttar Pradesh have also declared drought this year. Together, the ten states had sought a central aid of Rs.38, 667 crore. The effect of the drought can be estimated with the fact that 280 districts across country were declared drought-hit. Another step to curb the impact of drought was taken by GOI via enhancing its contribution to the State Disaster Relief Fund (SDRF) from Rs 7,800 crore in 2014-15 to Rs 11,080 crore in 2015-16.

7. <http://thewire.in/2015/09/24/the-indian-farmer-is-suffering-and-desperately-needs-help-11492/>

8. <http://www.newindianexpress.com/columns/Take-Steps-to-Prevent-Farmer-Suicides/2015/08/12/article2969370.ece>



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