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### **India: Putting Government Initiatives to Work**

On May 23rd the world's most populous democracy re-elected Narendra Modi as Prime Minister of India. Modi's victory was one for the history books as his triumph came as a result of the largest democratic election ever held with 600 million voters and a record high turnout of 67.1% (Gettleman, et al.). The Government of India (GoI) has long sought to eradicate hunger; the Global Hunger Index 2018 ranks India at 103 out of 119 countries on the based on indicators such as wasting and stunting among children under 5 years, under 5 year mortality rate, and the proportion of undernourished in the population. Modi has shown promise in fighting hunger with malnourishment decreasing in multiple states throughout his first term. However, more extensive measures need to be adopted by the Modi administration over the next five years if hunger in India is to decrease and cease to exist altogether.

The subcontinent of India holds over 1.3 billion people, making the country the second most populous state in the world, behind China. A typical Indian family is modeled on the idea of collectivism, or the idea of prioritizing the group over the individual. Additionally, many Indians still reside in joint households where multiple generations live under the same roof. Currently, however, many families stray from the traditional familial structure as many have chosen to venture into India's growing urban areas seeking new, higher paying jobs and a higher quality of life. Despite this trend India continues to rank first in terms of rural population with two-thirds of the nation's population residing in said areas. While agriculture contributes to only 15.4% of India's GDP, around nearly half of the population relies upon agriculture as a primary source of income (The World Factbook). India's climate varies geographically with a temperate climate in the northern mountainous region and tropical weather patterns throughout the majority of the country. Characteristic of the subcontinent's climate, the monsoon season creates the ideal conditions for farming crops such as rice, wheat, oilseed, and cotton to flourish and play a crucial role in sustaining the larger portion of India's population who rely on agriculture for their livelihoods. As the typical diet is largely plant based, over half of the nation's land mass is utilized for agricultural purposes. According to the 2015-16 Agricultural Census, 86.2% of India's farms are two hectares or less (for reference, the area within a 400-meter track is equivalent to one hectare). The prevalence of agriculture throughout the country has transformed India from being a net importer of food grains in the early 60s to a self reliant producer of food grains. This self sufficiency, however, means that fluctuations in normal weather patterns, such as floods and droughts, often have a devastating effect on India's large demographic of small farmers and further exacerbate the effects of food insecurity. Despite this risk, this position of self sufficiency is necessary in order to support such a large agrarian population.

The results of the 2019 Indian National Election provide insight to the capabilities of the GoI's administration. Modi's political party, the Bharatiya Janata Party (BJP), secured an astonishing 350 seats out of 545 in the lower house of Parliament making Modi the first prime minister in nearly 50 years to win a Parliamentary majority in back-to-back elections. It is evident that Narendra Modi and the BJP have the support of the Indian people and this gives them the platform and influence to bring change to the country. A large aspect of Modi's campaign was his promise to foster religious cooperation despite running on a largely Hindu supported platform. If he is able to deliver on his promise, the added power of this cooperation along with the influence and support of his administration may be just what India needs to address the four aspects of food security: availability, accessibility, utilization, and stability.

Production of foodgrains is deemed adequate if it fulfills the requirements of the population and is available for consumption. Since the beginning of the 21st century, production of cereals has been higher than the requirement until it surpassed the requirement at the national level after 2016. Despite the surplus

in production, food inadequacy continues to exist among the population. This requires an examination of the per capita availability of foods as this takes into account whether or not production capacity increases at a rate that is able to sustain a population that grows simultaneously. According to estimates made by the Ministry of Agriculture and Farmers Welfare, Government of India, the per capita net availability of various foodgrains at a national level has marginally increased from 475 gm/day to 484 gm/day during 1996-2018. A matter of concern, however, is the declining trend in per capita net availability of wheat and rice in the last two decades, especially considering that these two crops constitute a major part of total foodgrain. The increase observed in the data of total foodgrains appears to be largely driven by import-export of pulses and increased levels of production of maize and pulses.

Despite huge increases in the production of rice, wheat, and other cereals, the declining trend of net availability of cereals can be attributed to issues such as food wastage and leakage, import-export, and population growth. Increasing agricultural yields is the most straightforward approach to address this decline. The case for raising productivity is simple in concept: more food grown will result in more food available. When taking into account the unique agricultural features of India, crop diversification emerges as an ideal approach towards increasing yields per hectare. Crop diversification, as a general concept, is more commonly utilized to give a wider choice in the production of a variety of crops to expand production capabilities and avoid risking dependency on a single product. Crop diversification in India, however, is generally viewed as a deviation from traditional, less remunerative crops to more remunerative crops. This approach to diversification could be altered to focus on not only more profitable crops but more productive crops as well. This shift can be put into motion through governmental policies and the prioritization of the production of some crops over a given time. Previous efforts at crop diversification in India through the government have been successful. For example, the creation of the Technology Mission on Oilseeds emphasized production of oilseeds as a national need for the country's requirement to reduce dependency on imports (Technology Mission...). The benefits from crop diversification are exponentially greater when it results in increased yields per hectare. Once growth occurs as a result of increased productivity rather than area expansion, price related economic incentives can pave the way towards food and nutrition security, where value added production can lift families out of poverty and lead to possible diversification of livelihoods further relieving the overpopulated agriculture sector.

In tandem with ensuring foods are available is ensuring that farmers are able to secure a livelihood by producing these crops. The Government of India has long supported a form of market intervention known as Minimum Support Prices, or MSPs, which is structured as follows: before the beginning of the sowing season MSPs are announced at levels which will cause the estimated resulting production to be sufficient to cover domestic consumption as well as provide ample supply to government held stocks. These stocks are intended to cover any unexpected shortfalls in production due to unforeseen events, such as droughts or floods, without resorting to imports. In concept, stock levels should be taken into account before MSPs are set for the marketing season (Ex. excessive stock levels resulting in lowered MSPs). However succeeding administrations have shown reluctance to make downward adjustments in MSPs resulting in increasingly higher MSPs regardless of government stocks and, more problematically, without consideration towards international and domestic markets (Pursell).

Furthermore, and problematically, only a fraction of farmers' crops are availing to MSPs (LiveMint). Take the sale of wheat, one of India's most commonly grown crops, during the 2018-19 season. Just 12% of the country's 33.6 million farmers who were growing wheat sold their crops at the government's MSP while the rest were sold in *mandis*, agricultural markets whose access is usually controlled by middlemen and prices are often below government MSPs. One indicator that a state support price mechanism is the number of *mandis* whose market prices were above MSP. In January 2019, 41% of the 3,355 markets across India reporting wholesale transaction data on commodities on the central government's Agricultural Marketing Information Network, or AGMARKNET, reported below-MSP prices for cereals

throughout the month. At the same time, markdowns to MSP levels have become common at *mandis* with the most harm being dealt to small farmers. AGMARKNET data for transactions of cereals in January 2019 saw variance in the markdown to MSP across crops with the lowest markdowns on barley (₹147 per quintal) and maize (₹180), and the greatest markdowns on jowar (₹617), ragi (₹527) and wheat (₹505) (LiveMint). Markdown to MSP also varied across transaction sizes, which can be seen as an indicator of the selling farmer's farm size. Thus, such enforcement of MSP disproportionately affects and harms the majority of Indian farmers whose operations are limited to an area of less than two hectares.

Perhaps the greatest shortfall of the MSP scheme is the lack of awareness and knowledge among farmers of its structure and how to use the system to their benefit. In 2016 a study was carried out through the central government to assess the efficacy of the MSP scheme (Government of India). A significant finding of the evaluation revealed that while the majority of farmers were aware of MSP an alarming percentage of farmers came to know of the season's rates after the sowing season (62%) with some unable to recall if MSPs were declared before or after the sowing season (28%). Shockingly, farmers in some Eastern Indian state were not even aware of MSPs existence. Furthermore, of the farmers who were able to take advantage of MSPs, 79% expressed dissatisfaction with the program with the most common complaint concerning the long distances from procurement centers resulting in the need to pay for high transportation costs. While the scheme is intended to largely benefit small and marginal farmers, due to lack of awareness or lack of resources and transportation many are forced to sell their foodgrains to brokers or middlemen at prices below MSP.

A critical and determining factor of whether a farmer sells their crops at MSP is the distance from procurement or purchase center. Take, for example, the states of Bihar and Rajasthan where the majority of crops are not sold at MSP. The main reason for this trend is because, for most farmers, purchase centers are located at a distance which would require high transportation costs as well and the involvement of middlemen. So while farmers may be optimistic to sell at MSP, the incentive and profit is severely diminished due to these factors. In Uttar Pradesh, however, the benefits of opening more purchase centers can clearly be seen. Various agencies are entrusted with the task of procurement in the state which has allowed for the opening of enough purchase centers so as to reduce the distance between farmer and procurement as well as allow the maximum number of farmers to avail crops at these facilities.

Finally, the methodology for calculating MSP should be altered to reflect the full cost of crop production. A common complaint among farmers is that MSPs have not adjusted for rising input costs (ex. fertilizers and machinery) leading to decreasing profits and insufficient incomes when MSP is relied upon. In order to calculate MSP, the GoI currently uses 'A2+FL' where A2 represents actual paid out cost and FL for imputed value of family labor (LiveMint). This method is flawed in that it gives opportunity to undermine the human labor required to sustain a family solely on agriculture. This, in addition to the lack of adjustment for rising input costs, is why the current computational method is widely criticised for failing to cover all costs. A more representative measure, such as C2, should be implemented where imputed rent as well as interest on owned land and capital is included in the formula currently used.

India's current policies and initiatives aimed at addressing the causes of hunger and food insecurity have come short of reaching their full potential. However, this can be changed beginning with government led crop diversification and improvements to the Minimum Support Price scheme. This is more likely to be made possible with Narendra Modi at the head of India's government as his victory by historic margins demonstrates his influence. Following his reelection, Modi tweeted the following: "Together we grow. Together we prosper. Together we will build a strong and inclusive India." Under Modi, there is hope for an Indian people who can grow and prosper and achieve food security for all.

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