

1 CPI(M)
CAMPAIGN BOOKLET
15th Lok Sabha Election 2009

Price Rise, Hunger,
Malnutrition:
Congress-led
Government's Gift
to Aam Aadmi



RISING PRICES OF ESSENTIAL ITEMS

One of the most striking failures of the Congress-led government has been the inability to check the persistent rise in prices of food and other essential commodities and ensure food security for our people. Within prevailing patriarchal norms in many parts of the country women and girl children are particularly badly affected. The Congress slogan of *Jai Ho* sounds hollow to the increasing numbers of our people who cannot eat two square meals a day.

Food Prices Rise as Inflation Falls!

77% of India spends less than Rs. 20 per day. But at today's prices a family of 5 requires at least Rs 70 per day just to have two *simple* meals a day. Does this mean that families are eating two meals in three days? How many lakhs of families are in debt just to ensure daily food requirements? A large section of the population at the bottom rung spends almost 90% of its income only on food. Thus the importance of government policies and expenditures on food are critical for the survival of millions of our people.

Shamefully, the UPA government is now claiming great success in controlling inflation, at a time when the entire global economy is spiralling rapidly into recession. This has led to a massive collapse in demand, resulting in a lower rate of inflation as reflected in the Wholesale Price Index. Critically, however, inflation in prices of food articles and foodgrains has continued unabated, at 8% and 11% higher than a year ago, respectively. According to the most recently released figures of the Price Monitoring cell of the Department of Consumer Affairs there has been a big surge in the prices of food items such as rice, tur, onions, sugar and tea. According to this report, at the retail level in Delhi between March 2008 and March 2009 sugar went up by 47 per cent, tur by 31 per cent and onions by a whopping 111 per cent.

Even when the international prices of crude oil had come down from around 135 dollars a barrel to under 40 dollars a barrel the Congress-led Government refused to give any relief to Indian consumers. It was only when elections drew near that the government brought down the prices of petrol, diesel and LPG, but they still remain far above their price in 2004.

A comparison of the prices when the Congress-led government took over to end 2008 shows how the people have had to suffer because of the utter failure of the food policies of this government.

<i>Item</i>	<i>Price in 2004</i>	<i>Price in 2008</i>	<i>Per cent increase</i>
Rice	Rs. 13 per kg	Rs. 19 per kg	46.15%
Wheat	Rs. 8 per kg	Rs. 13 per kg	62.5%
Atta	Rs. 9 per kg	Rs. 14 per kg	55.55%
Chana	Rs. 23 per kg	Rs. 34 per kg	47.82%
Tur	Rs. 32 per kg	Rs. 42 per kg	31.25%
Mustard Oil	Rs. 54 per litre	Rs. 77 per litre	42.59%
Groundnut Oil	Rs. 85 per litre	Rs. 122 per litre	43.52%
Milk	Rs. 15 per litre	Rs. 20 per litre	33.33%
Tea	Rs. 105 per kg	Rs. 118 per kg	12.38%
Petrol	Rs. 33.7 per litre	Rs. 50 plus per litre	Above 50%
Diesel	Rs. 21.7 per litre	Rs. 34 plus per litre	Above 56%
LPG	Rs. 241.49 per cylinder	Rs. 300 plus per cylinder	Above 24%
Salt	Rs. 7 per kg	Rs. 10 per kg	42.85%

UNCHECKED HUNGER AND MALNUTRITION

It is not surprising therefore that endemic hunger continues to afflict a large proportion of the Indian population. The International Food Policy Research Institute (IFPRI)'s Global Hunger Index (GHI) estimate places India in the category of nations where hunger was 'alarming', ranking 66 out of the 88 developing countries, with a worse score than many Sub-Saharan African countries, with a lower GDP than India's. IFPRI estimate of hunger index for 17 major states in 2008, covering more than 95 percent of the population of India, shows that 12 of the 17 states fall into the 'alarming' category, and one – Madhya Pradesh – into the 'extremely alarming' category. High levels of hunger are seen even in states that are performing well economically, such as Gujarat, Karnataka and Maharashtra. Expectedly, the backward Eastern and Central region has the worst performance, in Chhattisgarh, Bihar, Jharkhand and Madhya Pradesh.

- 80 per cent of the rural population, 64 per cent of the urban population, and 76 per cent of the total population suffer from

inadequate calorie and food consumption.

- More than half of India's women and three-quarters of children are anaemic with no decline in the last eight years. The incidence of anaemia among pregnant women is even higher: at 59 per cent.
- The proportion of underweight children remains at around 48 per cent for the past 20 years. 30% infants had low birth weight in 2006.
- One in every three adult Indian has a body mass index (BMI) below 18.5 indicating chronic energy deficiency (CED).

The obvious strategy to tackle hunger and malnutrition was to universalize and strengthen the Public Distribution System and check price rise and act decisively against hoarders and black-marketers. But what did the UPA government do to express its professed concern for the *aam aadmi*? It shed crocodile tears while systematically and ruthlessly destroying the PDS and allowing agribusiness and private traders to flourish.

Nothing 'Feasible' for Aam Aadmi

The CPI(M) pressurized the UPA to make a firm commitment in the National Common Minimum Programme to strengthen and universalise the PDS and ensure national food security. But the UPA's posturing on the *aam aadmi* notwithstanding, they insisted that "The objective will be to move towards universal food security over time, *if found feasible*." And in these 5 years this UPA government did not find it feasible to do so, even though the total subsidy for universal PDS at current BPL prices and an expanded Antyodaya as percentage of GDP will not exceed 1.6 per cent. Meanwhile, the UPA found it feasible to give all kinds of benefits to hoarders, private grain traders, multi-national agribusiness, tax concessions to corporate and urban rich. But when it came to the primary food needs of the *aam aadmi*, it was never feasible to spend that little bit more!

UPA'S RESPONSE TO HUNGER AND MALNUTRITION

What was the response of the UPA Government to the unprecedented levels of hunger in the country? Since the UPA Government took office,

one of the major issues of policy difference with the Left parties, was on the food policies of the Government. *Instead of adhering to even the conditional commitment in the NCMP, the UPA government did the exact opposite and repeatedly attacked whatever there was.*

Dividing and Excluding the Poor: Targeting Continues!

Today, under the targeted PDS scheme, there are three layers – Above Poverty Line (APL), Below Poverty Line (BPL) and the poorest who qualify for the Antyodaya scheme. The Targeted PDS scheme in a predominantly poor country like India means demarcating not between the rich and the poor, but between different categories of the poor, to “target” some of them for benefits regarding access to cheap food that actually all of them require. It is aimed at statistically reducing the numbers of the poor, even though an increasing number of people are joining the ranks of the destitute every day. But the criteria used for the identification of the poor border on the farcical. For example in the questionnaire of the Ministry Of Rural Development to identify the poor, on the issue of food security a family is considered eligible only if it eats “less than one square meal a day.” But a family which eats twice a day even if it “faces occasional shortages” is non-poor. Shockingly a family where both the male and female may work is also non-poor, as is a family sending their children to school!

The current average national poverty line according to the Planning Commission is only around 11.80 rupees per person per day for rural areas and 17.80 rupees per person per day for urban areas. *These are clearly not poverty but destitution levels.*

Anyone earning above these levels is considered ineligible for the subsidy. Therefore the CPI(M) has been demanding that the estimates of poverty be revised with new norms. At the same time these dubious poverty estimates should be delinked from the quotas of foodgrains given for the PDS to the States.

Tardy Expansion in Anna Antodaya Yojana Beneficiaries

Shamefully, the Congress-led government refused to expand the Antodaya scheme. In five years it increased the Antodaya beneficiaries on an average of just 10 lakhs a year (from 2 crores when it assumed power to 2.5 crores when its term was over). This was another important

area of serious differences with the government. The CPI(M) had demanded an expansion of the Antodaya particularly to the “priority groups” identified by the Supreme Court like the aged, infirm, disabled, destitute; pregnant and lactating women, widows and other single women with no regular support; primitive tribal groups. In many tribal areas hunger and malnutrition has caused hunger deaths. The government also rejected a specific demand for expansion of the special Antodaya subsidies to tribals in remote areas.

CPI(M) Resists Increase in PDS Prices

The utter hypocrisy of the the UPA government is exposed when it today claims its *aam aadmi* image by touting that it did not raise prices of foodgrain in the public distribution system in its tenure. The facts tell a completely different story. The government in fact tried to raise the price of foodgrains in the public distribution system in 2006 and even issued a Circular to this effect, but was prevented by the strong opposition of the CPI(M), Left parties and others.

Strangling the PDS: Fall in Allocations

A cornerstone of the anti-people food policies of the Congress-led government has been the enormous cut in the allocations of food grains to the States by 325 lakh tones or by 73.4 per cent between 2006 and 2008, mainly under the APL category. The highest cuts were to the more populous and backward states of Uttar Pradesh, Bihar, Chhattisgarh and Madhya Pradesh where APL allocation fell by over 95 per cent. These are the States where hunger is most prevalent.

The perverse logic of the UPA government was that the states were not lifting their quota. Obviously more wheat will be lifted when market prices are high, and yet it was precisely at such a time when wheat prices shot up by 20-30 per cent that the quotas were slashed, thus directly affecting large sections of the Indian population defined wrongly as the non-poor or “above poverty line” families. The household quota itself was slashed from 35 kg per family per month to 20 kg. Going by the current amount of foodgrains allocated to the number of APL families in the State, the actual allocation to APL is down to between 5 to 10 kg per family.

Adverse Impact on State Schemes

The Central Government has the primary responsibility for providing national food security since by its very nature procurement and distribution span surplus and deficit regions. Far from fulfilling its responsibility, the Central Government jeopardized the newly conceived State-level Schemes that would have used their APL quota to offer an additional State subsidy in a more universal public distribution at low prices, as other States had done prior to 2006. The three Left Front governments of West Bengal, Kerala and Tripura will suffer heavily since they have expanded the number to be covered under the subsidized food distribution Schemes.

Though the Central Government had announced a scheme to help states governments to procure grains locally, there has been no help in providing finances and building the required infrastructure like procurement centres, godowns, etc. The Central Government has also discriminated against certain States by keeping irrationally and unrealistically high rice to paddy conversion ratio, resulting in an additional financial burden for State Governments. This has meant that peasants are forced to go in for distress sales at prices below the MSP while consumers do not get the grain of their preference through the PDS and are forced to eat the sub-standard stocks supplied. Thus both farmers and consumers suffer. In addition, the effort to weaken the FCI, privatize godowns, etc weaken an important component of the PDS, that is, the procurement and storage of grain.

A crucial component of the PDS is the fair price shops network. Although India has one of the biggest networks of fair price shops at 5 lakhs, the policy of cutting down allocation through the targeted PDS has made the fair price shops unviable. The Central Government should ensure the viability of the Fair Price Shops like the Kerala State Government has done.

THE PRETEXT OF LOW STOCKS

The Congress-led government used the excuse of low stocks to justify its anti-people measures like reduction in APL allocations and household quotas as well as low expansion of AAY. However, this was

on account of the deliberate policy of the Congress-led government to drastically cut procurement even though there was no change in availability of foodgrains. From July 2005 onwards upto end of 2007-08, India's food stocks for the first time in decades, went below the buffer norm. The gap was primarily due to the deliberate policy of cutting back on government procurement of wheat and encouraging procurement by big agribusiness. Wheat was the commodity which attracted speculative trade in global futures markets. Global prices also went up because of the shortages created in India. Thus, it was essential that the government continue procurement of wheat to stabilize wheat stocks and prices. Doing the exact opposite, the government decided to withdraw from the procurement market only for wheat. Thus whereas rice procurement increased by 22.50 per cent keeping pace with the increased production, wheat procurement went down by 46 per cent even as production increased.

Helping Foreign Trade and Agribusiness

Even while it cut domestic procurement allowing big agribusinesses to corner stocks at only slightly higher prices than the MSP, the UPA government dealt a blow to self-reliance in such a crucial sector as food security by its import of 5.5 million tonnes of wheat in 2006 and 2007. Shockingly, the government paid foreign traders including big agribusinesses higher prices for poor quality imported wheat than what it was prepared to pay to Indian farmers.

If the government was in a position to eventually import wheat at almost Rs. 16000 per ton, why was the MSP kept at only Rs. 8500 per ton? Why wasn't a bonus announced during the procurement season, when the government found that private traders were cornering stocks by offering prices marginally higher than the MSP? The dominance of private players in the procurement and trade in foodgrains, especially wheat, has continued unabated. Why couldn't surplus wheat stocks lying with private traders be procured at the declared MSP of Rs. 8500 per ton by invoking relevant provisions of national laws?

Buckling under the pressure of global agribusiness, in 2006-07, the UPA government permitted higher pesticide limits for food grain import. In 2006, it allowed the highly contaminated 5.5 million tonnes wheat shipments from Australia, despite the presence of 14 weeds, two

fungal diseases and one insect pest. The same poor quality wheat that we imported from Australia and other countries, if exported back, would not be accepted for reasons of the same quality standards that we did away with.

Helping Agribusiness Again?

However this year, because of widespread criticism of the policies, the government went in for procurement of wheat reaching a record figure estimated at over 20 million tonnes. Taken together the rice and wheat stocks of the government are 29.8 million tonnes, an 84 per cent surplus over the required buffer.

The question now is, what is the government going to do with these foodgrains? At present in the absence of storage facilities the foodstocks are lying in the open getting contaminated. Soon, it may be said that since the stocks are rotting it is better to offload it to traders at lower prices. In that case, agribusiness will once again be the beneficiary. This is exactly what happened during the NDA regime when the 6 crore tones of surplus stocks was sold to foreign traders at BPL prices. The UPA followed the same disastrous policy. In spite of full granaries and rotting stocks it refused to restore the allocations it had cut to the State. One of the first decisions that the newly elected government will have to take is what to do with the stocks. The CPI(M) has demanded that the stocks be used to universalize the system, to restore the allocations which had been denied to the States and to bring some relief to our people.

Of what use are full granaries when the kitchens of the aam aadmi are depleted of foodgrains?

ISSUE OF SUBSIDIES

Shamefully the Congress-led government cut down on food subsidies when a big increase was required. During the UPA regime (2004-2009), the average share for food security allocation on all Programmes has stayed below 1 % of GDP (current prices). In many countries across the world the food subsidy is between one and two per cent of the GDP. A June 2008 report of the International Monetary Fund showed that 28 countries have food subsidies. 16 countries increased their

subsidies from near zero to up to 2.7 per cent of GDP as a response to higher food prices. Thus if India also raises its food subsidy it is not exceptional and the UPA's continuous harping on inadequate finances and refusal to raise food subsidy is downright callous.

THE ALTERNATIVE

The main demands of the CPI(M) largely ignored by the UPA were:

- i. Strengthening and universalizing the Public Distribution System; including 15 essential commodities including pulses, edible oil, and sugar in the PDS and restoring earlier levels of food grain allocations to the States to which it has been cut by the Central Government;
- ii. Putting curbs on the procurement of foodgrains by private companies; banning speculative futures trading in essential commodities as recommended by the Parliamentary Standing Committee; reversing the pro-hoarding changes to the Essential Services Maintenance Act brought about by the previous NDA government and taking stringent action against hoarding by big companies and traders;
- iii. Ending the linkage of dubious poverty estimates to Government welfare programmes; Revising the current basis of poverty estimates.
- iv. Cutting excise and customs duties on petro-products so as to minimise the adverse impact of rising international oil prices on ordinary Indian consumers, while taxing the windfall profits of private oil refineries and luxury automobiles.

They did none of these and continued to pursue anti-people policies. This then is the dismal record of the Congress-led government in its provision of the basic minimum that is required for the survival of the Indian people. It is a record that would have made the government in any civilized country hang its head in shame. Instead, in a brazen display of callous indifference to the plight of millions of hungry people, this government claims its biggest success story in the growth rates of the economy.

It is only an alternate set of economic policies which can ensure food security for the millions of malnourished people, particularly women and children.

Neither the BJP nor the Congress can provide such an alternative.

The CPI(M) and Left Parties are committed to giving paramount importance to the issue of food security, increasing food subsidy, universalizing and strengthening the PDS and ensuring an end to hunger and malnutrition.

Vote CPI(M)

**Strengthen the Left and Democratic Forces to
Ensure an Alternative Secular Government
at the Centre.**

Vote CPI(M)



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