

1. What are the advantages of direct benefit transfers (DBT)? Critically evaluate the performance of DBT in recent years.**Approach:**

Students are expected to write answer in two parts. In the first part advantages of the DBT are to be mentioned and in the second part critical evaluation of the DBT over the years has to be given with appropriate examples.

Introduction:

Direct Benefit Transfer or DBT is a part of the Indian government's anti-poverty programme launched in 2013. Here, the government is trying to alter the method of transferring subsidies. Under the DBT, subsidies are transferred to the people directly through their bank accounts. The primary aim of this Direct Benefit Transfer program is to bring transparency and terminate pilferage from the distribution of funds sponsored by the Central Government of India. In DBT, benefit or subsidy will be directly transferred to citizens living below the poverty line. The Central Plan Scheme Monitoring System (CPSMS), being implemented by the Office of Controller General of Accounts acts as the common platform for routing DBT. CPSMS can be used for the preparation of the beneficiary list, digitally signing the same and processing of payments in the bank accounts of the beneficiary using the Aadhaar Payment Bridge.

Body:**Advantages of direct benefit transfer-**

- The primary aim of DBT program is to bring transparency and terminate pilferage from distribution of funds sponsored by Central Government of India. The program will lead to simpler and faster flow of information/funds and ensure accurate targeting of the beneficiaries, de-duplication and reduction of fraud.
- DBT scheme allows time-bound transfers hence avoids delays in transferring money, which is one of the biggest problems' beneficiaries are facing.
- This scheme eliminates intermediaries and rents for 'fair price shops' because subsidies and benefits of welfare schemes are transferred directly. This will help Indian economy in the long run as the structural expenditure will be reduced.
- As everyone can purchase goods at market price, there will be healthy competition between the sellers in the market. The problem of middlemen diverting subsidized grains to markets will be eliminated.
- PAHAL is the first major programme in India that provided subsidies through DBT. With nearly 150 million registered beneficiaries, it is probably the world's largest DBT programme ever. The goal of the DBT is subsidy reform and not doing away with subsidies. It targets beneficiaries effectively so that they flow only to the intended beneficiaries.

Critical evaluation of DBT-

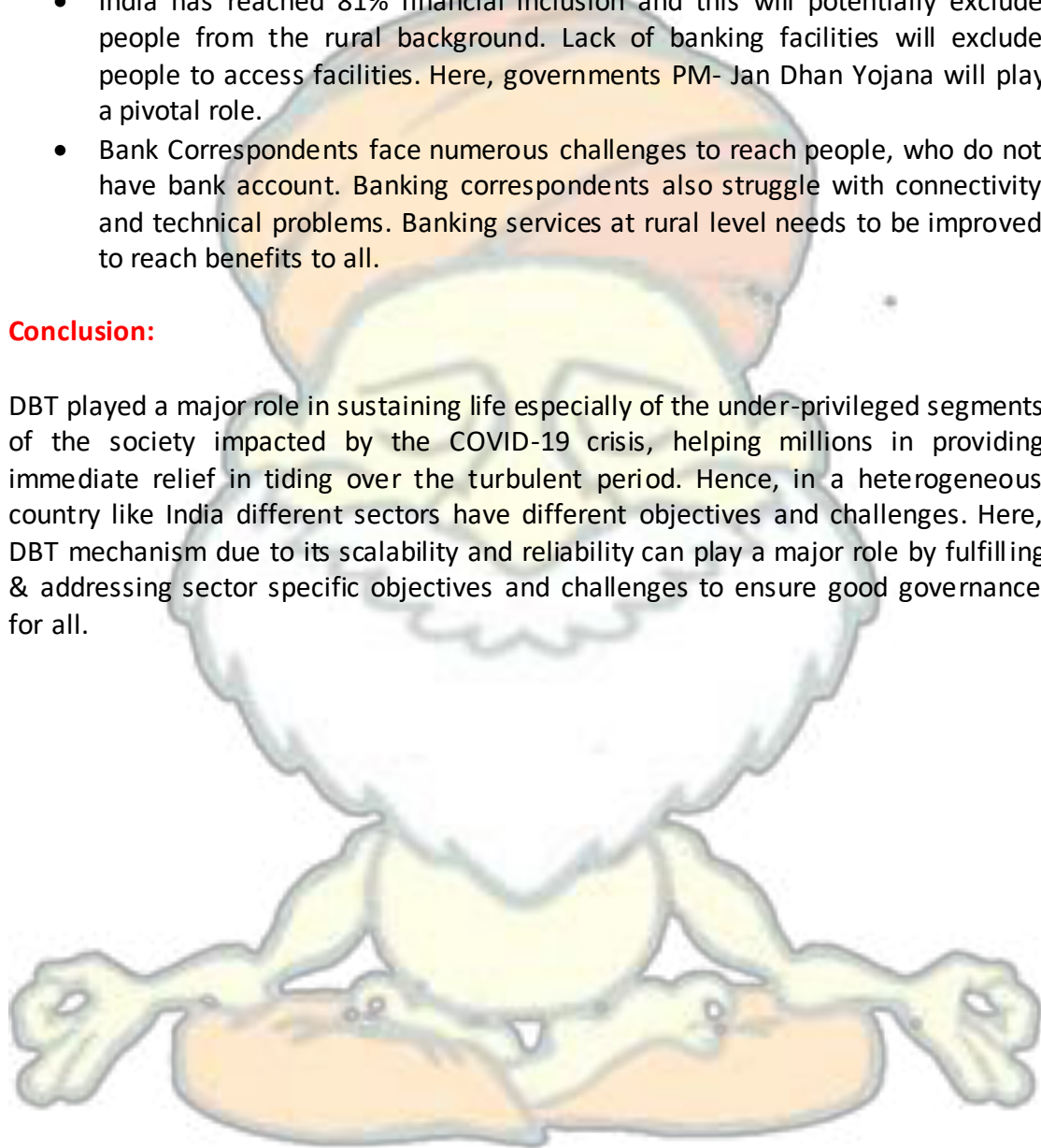
- Cash transfer: Under this scheme, cash is directly transferred from the government to the individual beneficiaries. For instance, some of the examples are the National Social Assistance Programme (NSAP) and MGNREGA.
- In-kind benefits from the government to beneficiaries: Components of the schemes or the schemes itself are a part of this category. The government provides beneficiaries with in-kind benefits via an intermediate agency.
- The government usually bears the cost to buy the goods that can be used for public distribution as well as for providing them to the beneficiaries that they have targeted. The beneficiaries then get these services or goods for a very low price or for free. e.g., Manufacturers of fertilizers receive 100% of subsidy after fertiliser is delivered to the farmer.
- Other forms of transfers: Incentives, allowances, etc., that are provided to Non-Government Organisations (NGOs) and community workers come under this category. They are provided such allowances because of the service they provide to other beneficiaries and to the community. e.g., NABARD agri-loan mechanisms.
- Hence, the flexibility of offering DBT via different methods ensures the scalability of the DBT, as DBT can be modified or moulded as per need of different sectors.
- The government has been able to save as much as ₹28,699 crore in the current fiscal, between April and December, official data showed. In 2018-19, as many as many as 590 million individuals gained from the government's DBT scheme, under which subsidy is directly transferred to the beneficiaries' bank account.
- With the outbreak of the COVID-19 pandemic and the imposition of lockdown and social distancing norms, DBT emerged as a boon in providing succour and relief to millions of citizens whose livelihood was impacted. As the crisis loomed large, a lockdown was imposed by the Government for 21 days. PFMS recorded the highest number of transactions in a single day on 30th March, 2020 of 2.19 crore transactions largely driven by DBT payments. Cash amounts were transferred using the digital payments technology vehicle, Public Financial Management System (PFMS) under Central Schemes (CS) and Centrally Sponsored Schemes (CSS).
- Between March 24 and April 17, the DBT payments under all the central sector/centrally sponsored schemes through PFMS amounted to Rs 27,442.08 crore in the accounts of 11.42 crore beneficiaries through schemes like PM-KISAN, Mahatma Gandhi National Employment Guarantee Scheme (MGNREGS), National Social Assistance Program (NSAP), Prime Minister's Matru Vandana Yojana (PMMVY), National Rural Livelihood Mission (NRLM), National Health Mission (NHM), scholarship schemes of various ministries through the National Scholarship Portal (NSP). In addition, states like UP, Bihar, Madhya Pradesh, Tripura, Maharashtra, Jammu & Kashmir, Andhra Pradesh also leveraged on the DBT platform of PFMS.

However, there are still issues associated with the working of DBT which are as follows-

- Aadhar registrations presently covered around 91% of population. Since DBT is linked with Aadhar for schemes, there is need to improve Aadhar linkage to 100% so that not a single person can be left out.
- Low level of digital literacy in the rural areas poses one of the major challenges in implementing this mechanism.
- India has reached 81% financial inclusion and this will potentially exclude people from the rural background. Lack of banking facilities will exclude people to access facilities. Here, governments PM- Jan Dhan Yojana will play a pivotal role.
- Bank Correspondents face numerous challenges to reach people, who do not have bank account. Banking correspondents also struggle with connectivity and technical problems. Banking services at rural level needs to be improved to reach benefits to all.

Conclusion:

DBT played a major role in sustaining life especially of the under-privileged segments of the society impacted by the COVID-19 crisis, helping millions in providing immediate relief in tiding over the turbulent period. Hence, in a heterogeneous country like India different sectors have different objectives and challenges. Here, DBT mechanism due to its scalability and reliability can play a major role by fulfilling & addressing sector specific objectives and challenges to ensure good governance for all.



2. What do you understand by buffer stock? What are the policies related to the maintenance of buffer stocks in India? Discuss.**Approach**

The candidate needs to address the question in two parts where the first part explains the concept of buffer stock and the second part discusses the policies related to the maintenance of buffer stocks in India.

Introduction

Buffer stock refers to a reserve of a commodity that is used to offset price fluctuations and unforeseen emergencies. Buffer stock is generally maintained for essential commodities and necessities like food grains, pulses etc. In context of Indian agriculture, it is the minimum food grains the Centre should have in the Central pool at the beginning of each quarter to meet requirement of public distribution system and other government schemes related to food grains.

Body

- State-run Food Corporation of India (FCI) is the responsible agency to maintain buffer stock limits in India. As per recent reports, FCI held food grain stock that is 2.7 times more than the required norms as on January 1 2021.
- The concept of buffer stock was first introduced during the 4th Five Year Plan (1969-74). Buffer stock of food grains in the Central Pool is maintained by the Government of India (GOI) / Central Government for –
 - 1) Meeting the prescribed minimum buffer stock norms for food security,
 - 2) Monthly release of food grains for supply through Targeted Public Distribution System (TPDS) and Other Welfare Schemes (OWS),
 - 3) Meeting emergency situations arising out of unexpected crop failure, natural disasters, etc., and
 - 4) Price stabilisation or market intervention to augment supply so as to help moderate the open market prices.
- The Cabinet Committee on Economic Affairs fixes the minimum buffer norms on quarterly basis: i.e. as on 1st April, 1st July, 1st October and 1st January of every financial year.
- At present, GoI prefers to use the term - Food grain stocking norms - which refers to the level of stock in the Central Pool that is sufficient to meet the operational requirement of food grains and exigencies at any point of time. Earlier this concept was termed as Buffer Norms and Strategic Reserve.

- The current buffer norms were reviewed in January 2015. According to the new norms, the central pool should have 41.1 million tonnes of rice and wheat on July 1 and 30.7 million tonnes on October 1 every year. These limits were 32 million tonnes and 21 million tonnes earlier.
- Main drivers for increased buffer stocks were increased off take from the targeted public distribution system and also enactment of National Food Security Act. But then it also needs to maintain an excessive, uncontrollable and monetarily troublesome food inventory.
- Previously, once the buffer norms were met, cabinet approval was needed to sell any part of it in the open market. But in January 2015, it is revised. The current policy is that Food Ministry is authorized to dispose the surplus stock into open market without seeking cabinet approval.
- This was a major policy decision and it was needed to resolve the problem of burdensome inventories at Food Corporation of India and misrepresentation created in market.
- The maintenance of a buffer stock is also important to ensure national food security. Stocks mainly of rice and wheat are commonly maintained from year to year at a substantial cost in order to effectively take care of variations in domestic food grain production.
- The buffer stock policy helped India in COVID times where the government had decided to give three months' ration in advance free, plus one kg of pulses per family. This helped in combating the menace of hunger during the pandemic induced lockdown.

Way Forward –

- Incorporating the recommendation of Shanta Kumar High Level committee to improve the operational efficiency and financial management of FCI.
- The coronavirus crisis has shown how digital technologies can make supply chains functional and resilient. New technologies could facilitate the supply-demand interface, which would greatly help perishable goods.
- Supportive actions for e-commerce and delivery companies will strengthen agro-supply chains. Governments can also initiate mobile procurement of crops with the help of the National Agricultural Cooperative Marketing Federation of India (NAFED).
- Access to farm machinery can be improved by making the inventory available at block or sub-district levels. The launch of Kisan Rath app is proving to be a boon; 1.5 lakh farmers and traders have already registered to avail the app's services.
- Further, Ashok Gulati suggests that a cash pay-out would still be been a better option than a grain pay-out, which is also seconded by NITI Aayog.

Conclusion

There is a need for evaluation and rationalisation of buffer stock management policy so as to reduce the burden on the central and state exchequers and to promote

efficiency in the system. Involving private players in the same will create greater competition, promote the desired efficiency and growth in the ecosystem, which is the ideal also sought through the recent farm acts.

3. What are the factors responsible for regional variations in food and nutritional security in India? Examine.

Approach

Candidates are expected to write about what is food and nutritional security in introduction and then in body part shortly address the current situation in India and examine the factors responsible for regional variation in the food and nutritional security in India.

Introduction

Food and nutrition security exists when all people at all times have physical, social and economic access to food, which is consumed in sufficient quantity and quality to meet their dietary needs and food preferences, and is supported by an environment of adequate sanitation, health services and care, allowing for a healthy and active life.

Body

Food and nutritional security in India:

- Despite historically high levels of food production in India, undernutrition and micronutrient deficiencies persist. At present, 22.5 percent of adults are underweight, and 38 percent are still stunted.
- While undernutrition persists, based on the latest data from the National Family Health Survey-4, more than 20 percent of Indians are overweight or obese. India joins many other countries in grappling with the double burden of malnutrition. Overweight and obesity rates have doubled over the past decade in all Indian states, registering rapid growth in both rural and urban areas.
- India ranked 94 among 107 countries in the Global Hunger Index 2020 and is in the 'serious' hunger category with a score of 27.2, India's rank was 102 out of 117 countries last year.
- The economic disruption caused by pandemic & the lockdown is still unfolding. Supply chains are disrupted especially the ones related to food for example children out of school who were previously benefited from mid day meal scheme.

Factors responsible for regional variations in food and nutritional security in India:

- India exhibits considerable heterogeneity in geography, climate, infrastructure, production structure and socio-cultural development; and inter-state variation in income growth due to significant differences in such

structural characteristics across states intensify the regional differences in food and nutritional security.

- Despite its success, the Green Revolution is often criticised for being focused on two cereals, wheat and rice which impacts nutritional diversity being confined to a few resource abundant regions in the northwestern and southern parts of the country.
- The Green Revolution was followed by the White Revolution, which was initiated by Operation Flood during the 1970s and 1980s was mainly revolutionised in western part of few Indian states.
- Lack of coherent food and nutrition policies in few states. Deserving beneficiaries of the subsidy are excluded on the basis of non-ownership of below poverty line (BPL) status, as the criterion for identifying a household as BPL is arbitrary and varies from state to state. Besides this, low quality of grains and the poor service at PDS shops has further added to the problem.
- Food security adversely affected with availability and expansion of irrigation facilities, improvement in agricultural technology and overall food grain output.
- Climate change too, has an impact on the agricultural productivity, which affects the availability of food items and thus, food security. Major impact of climate change is on rain fed crops growing region other than wheat and rice growing region.
- Agro-climatic diversity with rain shadow region and influence of climate variability on yields at regional scales affects the food and nutritional security. And a complex interplay among rainfall, temperature and cropping choices, with a drought-prone region in India impacts vastly on food security.
- Tribal communities in tribal part of India due to their habitation in remote difficult terrains and practice of subsistence farming has caused significant economic backwardness and food insecurity that led to malnutrition among the tribals children.
- The emergence of rural origin pockets in the urban region has resulted in a number of slum settlements characterised by inadequate water and sanitation facilities, insufficient housing and increased food insecurity.
- Ironically, around 50 % of the urban slums are not notified and thus are deprived of the government schemes. People from these un-notified slums have to buy their food from the common market at the competitive price and are devoid of the subsidised food made available through Public Distribution System (PDS).

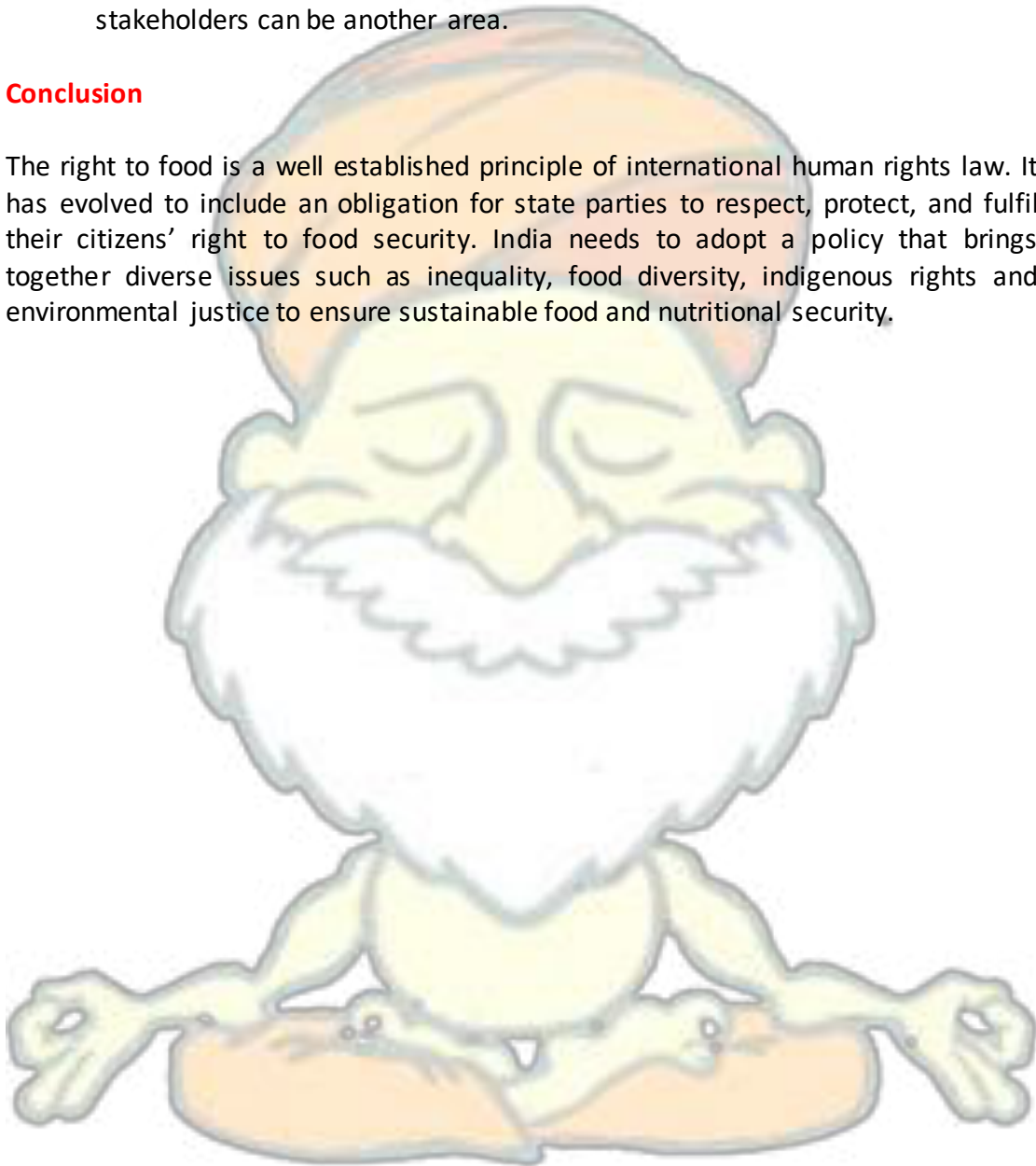
Measures to be Taken to Ensure Food and nutritional security:

- Improved inputs like irrigation facilities, availability of better quality seeds, fertilisers and credits at lower interest rates. Also focus mainly on rationale distribution of cultivable land, improving the size of the farms.
- Higher profitability and stability in production highlight the importance of crop diversification, e.g. legumes alternative with rice and wheat. Growing of non-cereal crops such as oilseeds, fruits and vegetables etc need to be encouraged.

- Working towards Blue Revolution Sea, lakes and rivers can be used to provide food and nutrition. Fish are a very good source of protein and do not require good soil.
- Existing direct nutrition programmes should be revamped to enable management by women's Self Help Groups (SHGs) and /or local bodies along with orientation and training of community health workers, Panchayati Raj Institution (PRI) members, other opinion leaders, caregivers and other stakeholders can be another area.

Conclusion

The right to food is a well established principle of international human rights law. It has evolved to include an obligation for state parties to respect, protect, and fulfil their citizens' right to food security. India needs to adopt a policy that brings together diverse issues such as inequality, food diversity, indigenous rights and environmental justice to ensure sustainable food and nutritional security.



4. How do cycles of inflation affect the common farmers in India? Illustrate. What strategies would you suggest to protect farmers from price fluctuations?

Approach- Candidate is required to outline the factors responsible for inflation and its subsequent effects on farmers. In the second part, strategies can be given for balancing price volatility.

Introduction

India is experiencing high rate of economic growth in the last two decades but the growth has been coupled with high rate of food price inflation. The growth has been very uneven across sectors with agriculture remaining very sluggish.

Body

How inflation hits income of farmers?

- Inflation raises prices for farm inputs as well as farm products, resulting in uncertain effects on the current net incomes of farmers. Inflation may benefit people with flexible money incomes but not those whose money incomes are fixed.
- Farmers have flexible money incomes. Therefore, theoretically at least, they should benefit from an unanticipated increase in the rate of inflation. Empirical studies however, have not found this connection, the NCAER study said.
- As inflation increases, prices paid by farmers for various inputs increase faster than the prices they receive for their products, thereby the terms of trade for farmers deteriorate as the rate of inflation rises.
- On the other hand, higher marketing margins due to imperfections in the agricultural markets, stirred up by higher wages and various other marketing costs, reduce the demand for farm output at the farm level.
- These opposing forces suggest that the net impact of inflation in the national economy on prices received by farmers is small in comparison to the impact on prices paid.
- Also the inflation targeting in India has adverse effect on food prices. Since food items have a large weight in the consumer price index, any effective strategy of inflation containment seeks to keep food prices low. This is sought to be achieved through measures that keep farm-gate prices low.

- The fear of inflation rising to an arbitrarily set number is used as a justification to implement austerity.
- These penalize the agricultural sector by leading to a reduction in subsidies and a decline in investment, both of which contribute to raising input costs. The real cost of inflation-targeting is therefore borne by farmers, who are deprived of remunerative prices.
- The low current income from farming motivates farmers to seek higher support prices and to extend price support policies to more commodities. Such policies result in further higher prices and higher rates of inflation.
- The high input prices lead farmers to take recourse to more credit, especially non-institutional credit for their farm operations which ultimately leads farmers into a debt-trap, the study said.

What can be done?

- India could wipe out \$49 billion from its GDP if global food prices double, says new research by the United Nations Environment Programme (UNEP) and the Global Footprint Network.
- The next global food shock will be created by the lethal combination of rising consumer demand and fluctuating supply, thanks to climate change, water scarcity and environmental degradation. And it will likely result in India's GDP dropping 2.4%, the consumer price index (CPI) rising 13.8% and the sovereign credit rating plummeting by three notches.
- There is need to ensure that the government lets farmers benefit from the free play of markets. In other words, when prices rise, let farmers benefit from it instead of, say, arbitrarily imposing an export ban or allowing cheaper imports to cushion the blow on consumers.
- the need to create supporting infrastructure that allows farmers to avoid making distress sales. Adequate and efficient warehousing can be a game-changer.
- By not letting greater free play of the market degenerate into an unregulated and exploitative regime. Let there be structures that provide timely regulation of trade outside mandis and allow for effective grievance redressal mechanisms will benefit farmers.
- More needs to be done with regard to contain impact of climate change on agriculture. With more investments and robust infrastructure this can be achieved to gain most of the benefits for farmers.

Conclusion

The new farm reform laws and optimum inflation targeting will be in favour of farmers and will act against the price volatility. India is one of the worst performer on global hunger index, so we need to feed billion mouths and at the same time, we have to ensure that the annadata gets maximum benefits and not adversely affected.

5. Examine the ways through which food is made accessible and affordable to the masses in India? What are the challenges in this regard? Discuss.

Approach

As the derivative is discuss so it necessitates a debate where reasoning is backed up with evidence to make a case for and against an argument and finally arriving at a conclusion.

Introduction

India has been ranked 94th in a list of 107 countries on the Global Hunger Index, released a fortnight ago. It's behind Nepal (73rd), Bangladesh (75th) and Pakistan(88th). But food production has not been a problem in India. The problem is economic access (whether people can afford food) and physical access (whether it is reaching them).

Body

THE WAYS THROUGH WHICH FOOD IS MADE ACCESSIBLE AND AFFORDABLE TO THE MASSES IN INDIA

- In India, food and nutrition security for the poor deserves special attention, particularly amidst the COVID-19 pandemic.
- Companies in India play an important role in ensuring the accessibility and affordability of healthy products; for example, by not increasing the price of healthier products despite the economic shocks of COVID-19.
- Most people in India depend on markets for food acquisition, especially among the poorest wealth quintiles, for whom landlessness is common and farm sizes are small, making these households 'net consumers' of food.
- A wide range of policies – including input subsidies, public food distribution and price controls have increasingly tried to address food and nutrition insecurity through reforms to food and nutrition assistance programs and social protection schemes - such as the Midday Meals Scheme in government and government-aided schools and the Mahatma Gandhi National Rural

Employment Guarantee Act (MGNREGA) that guarantees 100 days of employment per year to every rural household.

- However, whether India's food system is delivering adequate affordable and nutritious foods has remained understudied.

THE CHALLENGES IN THIS REGARD

- Supply chain disruptions can cause food price rises, increasing the overall cost of nutritious foods, making a healthy and diverse diet less affordable.
- Without policies that promote access to and availability of nutrient-rich foods, much of the country is left with diets high in either nutrient-poor grains or fattening processed foods.
- In India, for decades, the Minimum Support Price and public procurement policies have ignored the diversity of crops and skewed in favour of staples such as rice and wheat. The enhanced production of these food crops might have taken care of the calorie requirements, but the double burden of under-nutrition and micro-nutrient deficiency has risen further.
- Diets are highly inaccessible and unaffordable, especially for women hence greater focus is needed on enhancing inaccessibility and affordability of nutritious food groups.

Conclusion

Achieving nutritional security in India requires a much more holistic focus on improving the affordability of the full range of nutritious food groups (not just cereals), a reappraisal of social protection schemes in light of the cost of more complete nutrition, ensuring that economic growth results in sustained income growth for the poor, and more timely and transparent monitoring of food prices, incomes and dietary costs. Post-COVID-19 pandemic is the right time to seize the opportunity and push policies that promote nutritious and sustainable food systems and value chains and create adequate demand for healthy, nutritious, qualitative and safe food, through consumer behaviour change.

