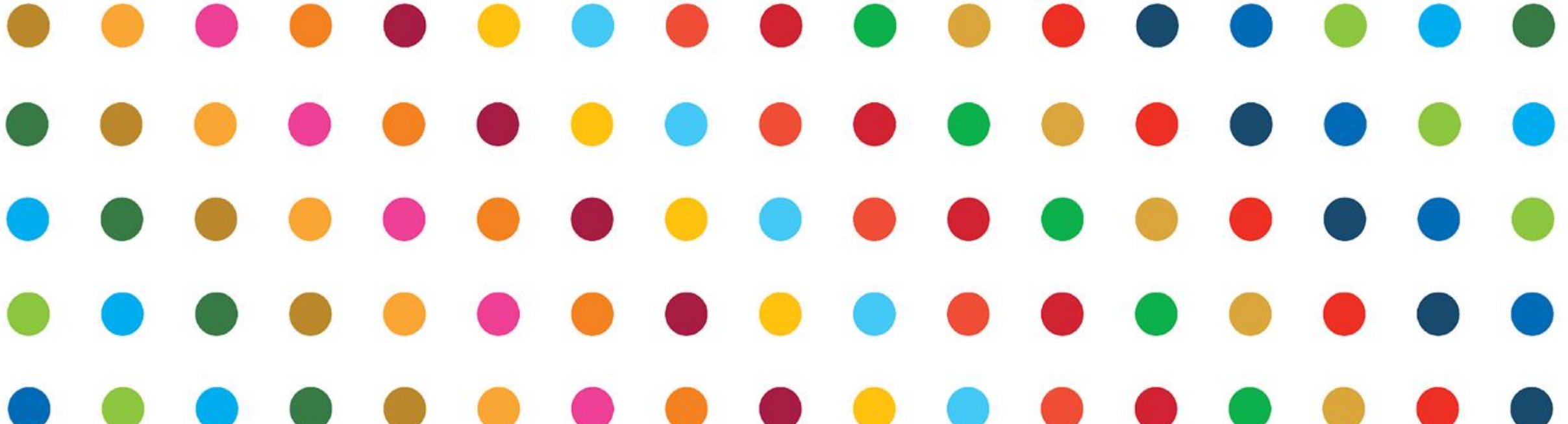


Strengthening social protection, transforming food systems, and advancing climate resilient agriculture in India

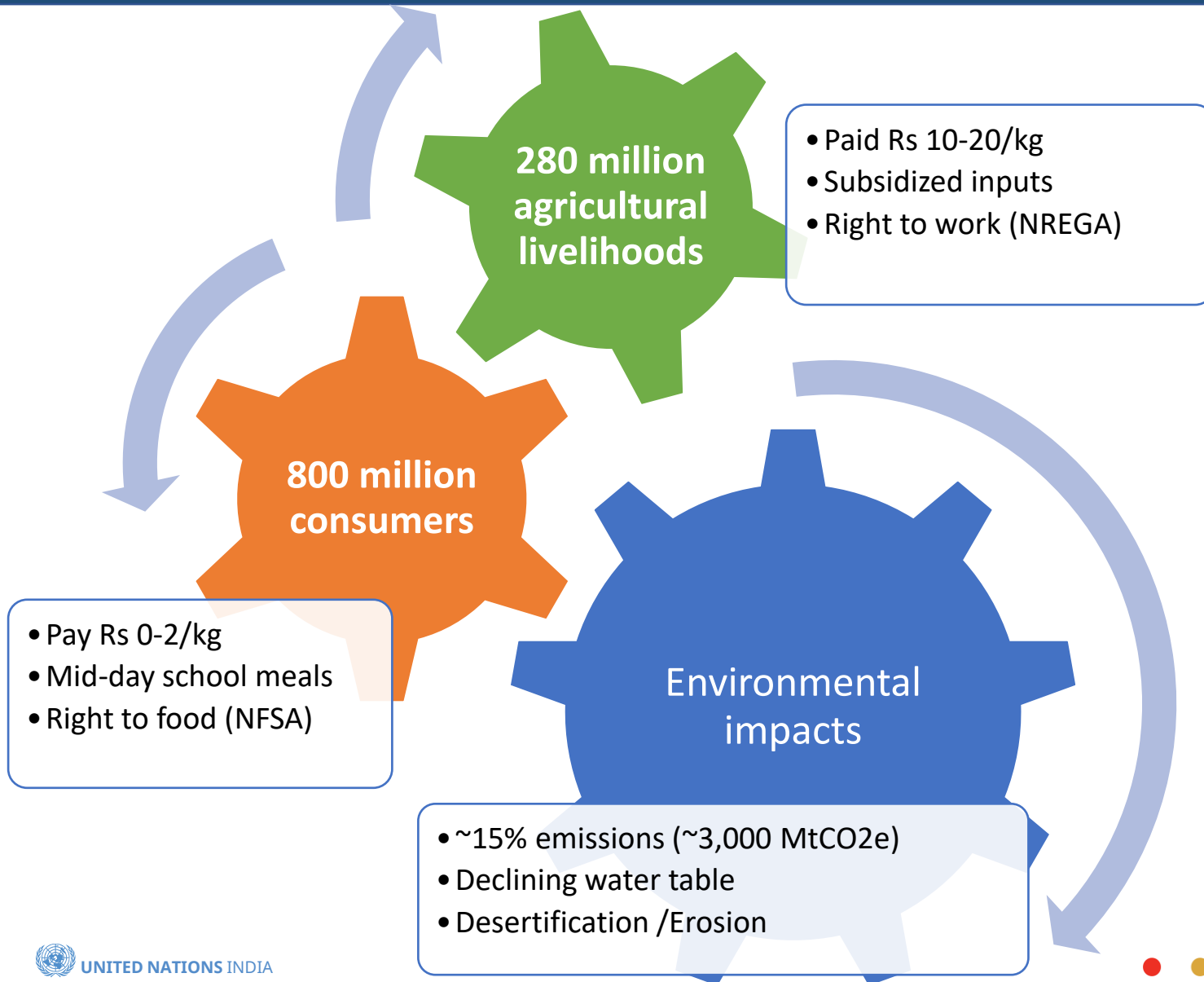
25 November 2024

Chris Garroway, Economist, Office of the Resident Coordinator

UNITED NATIONS COUNTRY TEAM INDIA



Social protection / agri-food system / climate transition nexus



LEGACY OF GREEN REVOLUTION

(when India was low-income, food-deficit)

Benefits

- In-kind transfer or subsidized purchase of 5 kg grains per month
- Direct benefit transfer (cash) allowed by NFSA
- Small holder farmer livelihoods protected

Costs ~\$100 billion per year in direct costs

- **Input Subsidies:** ₹2.25 lakh crore (\$28 bn)
- **Public Procurement at Minimum Support Price:** ₹3.15 lakh crore (\$39 bn)
- **Distribution Costs (PDS):** ₹2.87 lakh crore (\$36 bn)
 - Indirect costs at least 2x greater
 - Political economy of farmer protests
 - Trade policy debate on Public Stock

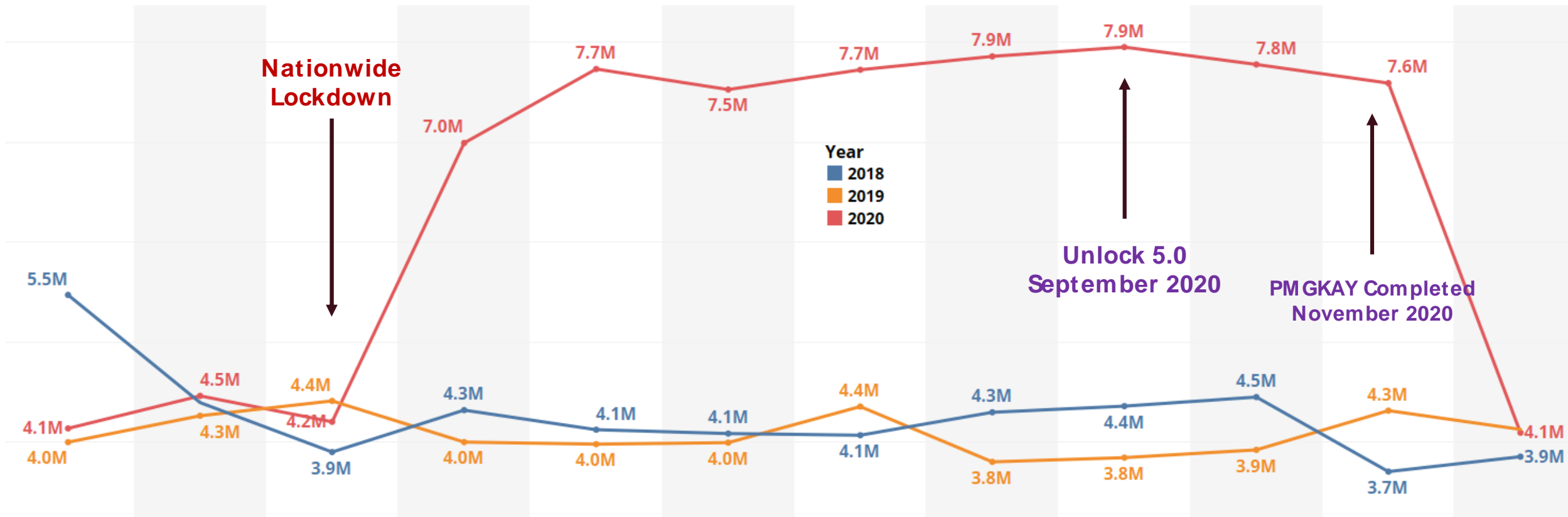
Holding of food at WTO



A well-loved safety net: Targeted Public Distribution System

Human-centric digitally-enabled food safety nets offering in-kind transfers were key to India's resilience to COVID-19 shock and cost-of-living crises

Monthly Distribution of Grains under TPDS (NFSA+PMGKAY)



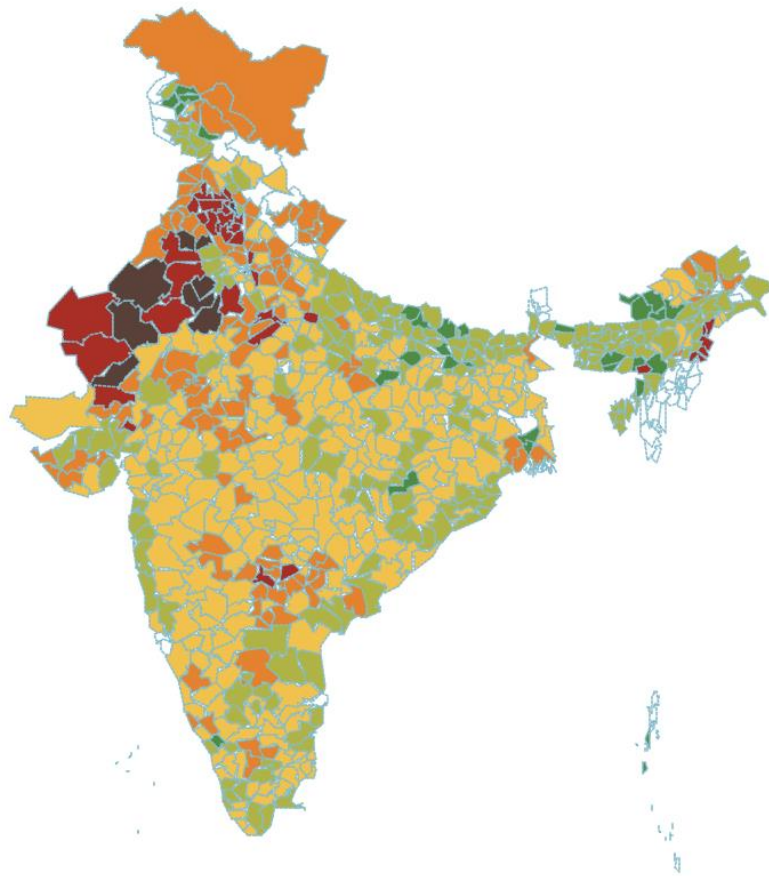
Source: WFP based on Department of Food and Public Distribution

Water levels dropping in states that procure bulk of rice & wheat

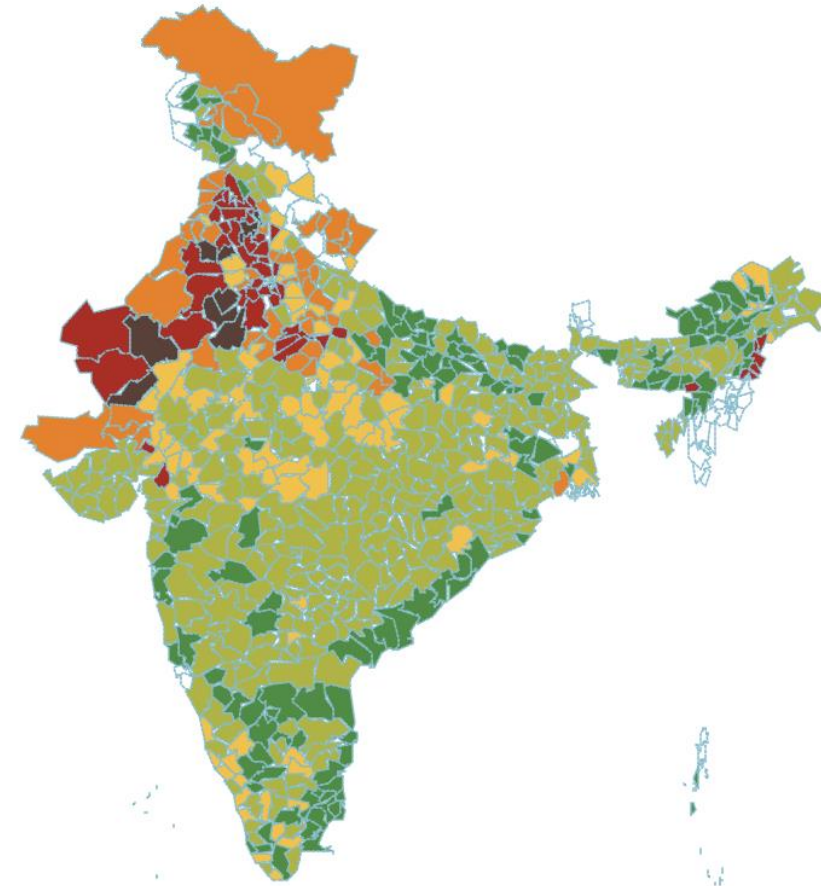
Legend

Very Shallow Water Level (0 to 2)	Shallow Water Level (2 to 5)	Moderate Water Level (5 to 10)	Moderately Deep Water Level (10 to 20)	Deep Water Level (20 to 40)	Very Deep Water Level (>40)
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Pre Monsoon 2021-22 (in mbgl)

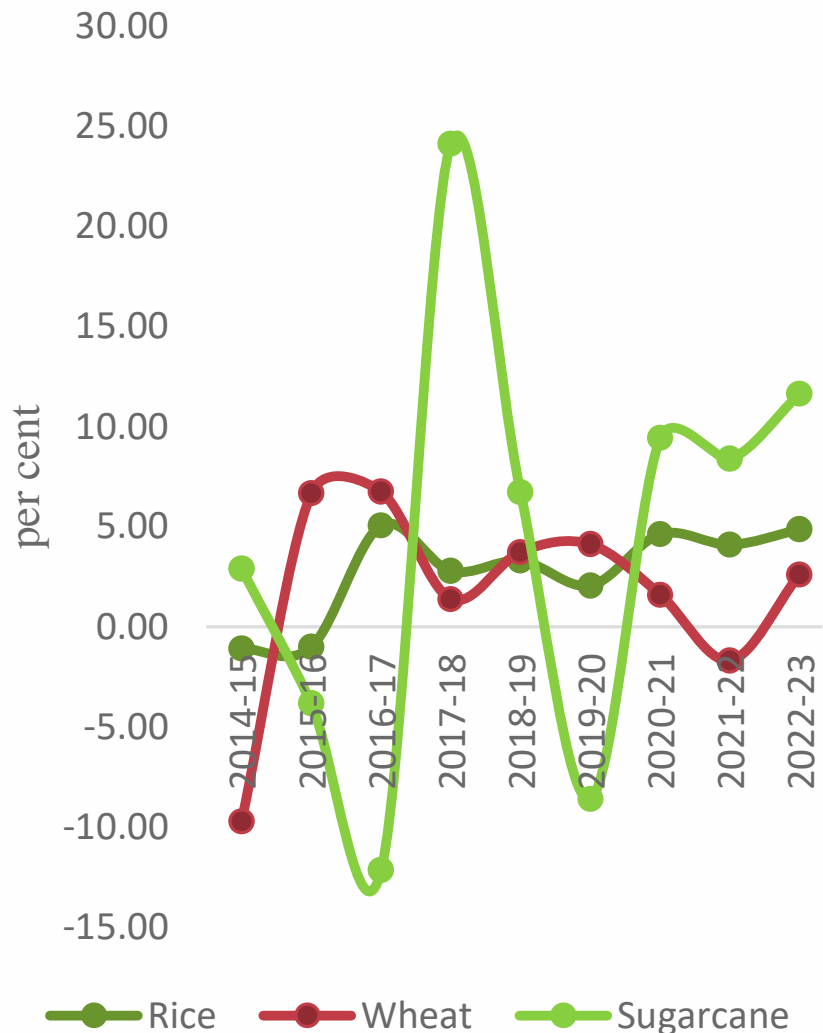


Post Monsoon 2021-22 (in mbgl)

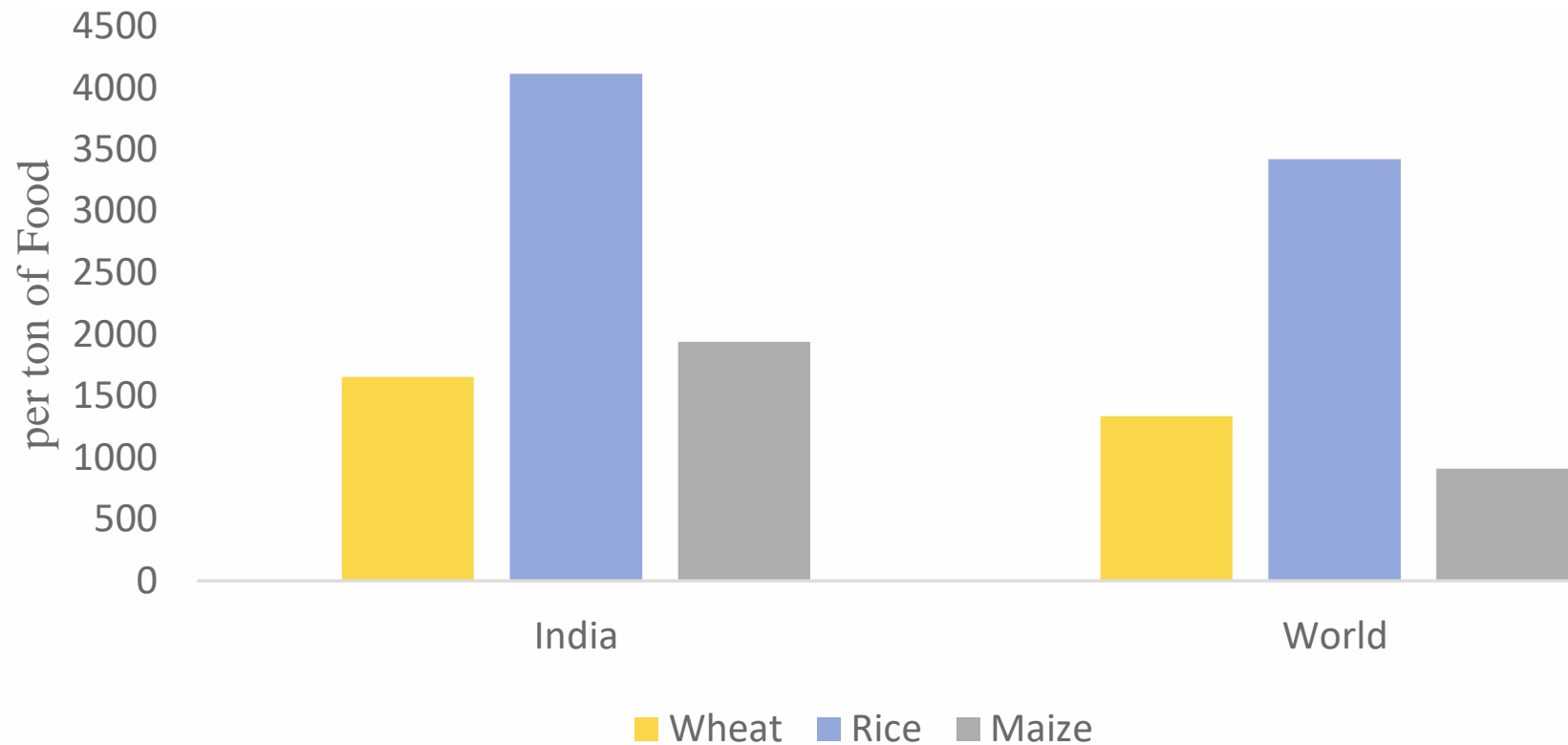


Rice and wheat procurement are backbone of TPDS

Growth of cereal production, 2014-2024



Water use per ton of food for major crops, 2022



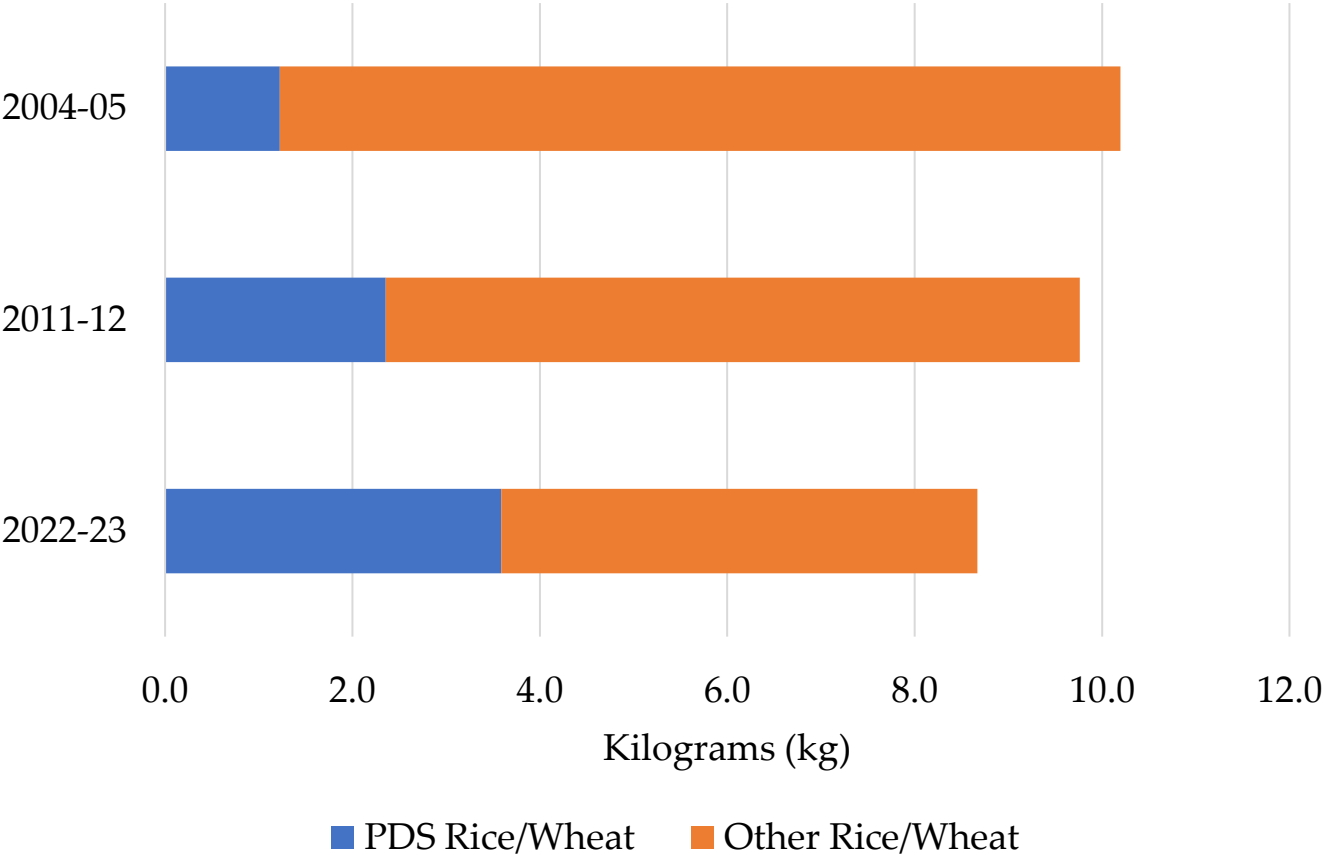
Source: Department of Economic Affairs (Economic Survey, 2023-24)



Shifting from in-kind transfers to cash not straightforward

Grain consumption declining, but share of PDS increasing

Per-Capita Total Rice and Wheat Consumption



- Inadequacy of cash transfer amount
- Difficulty of access to banks and markets
- In-kind transfers as insurance

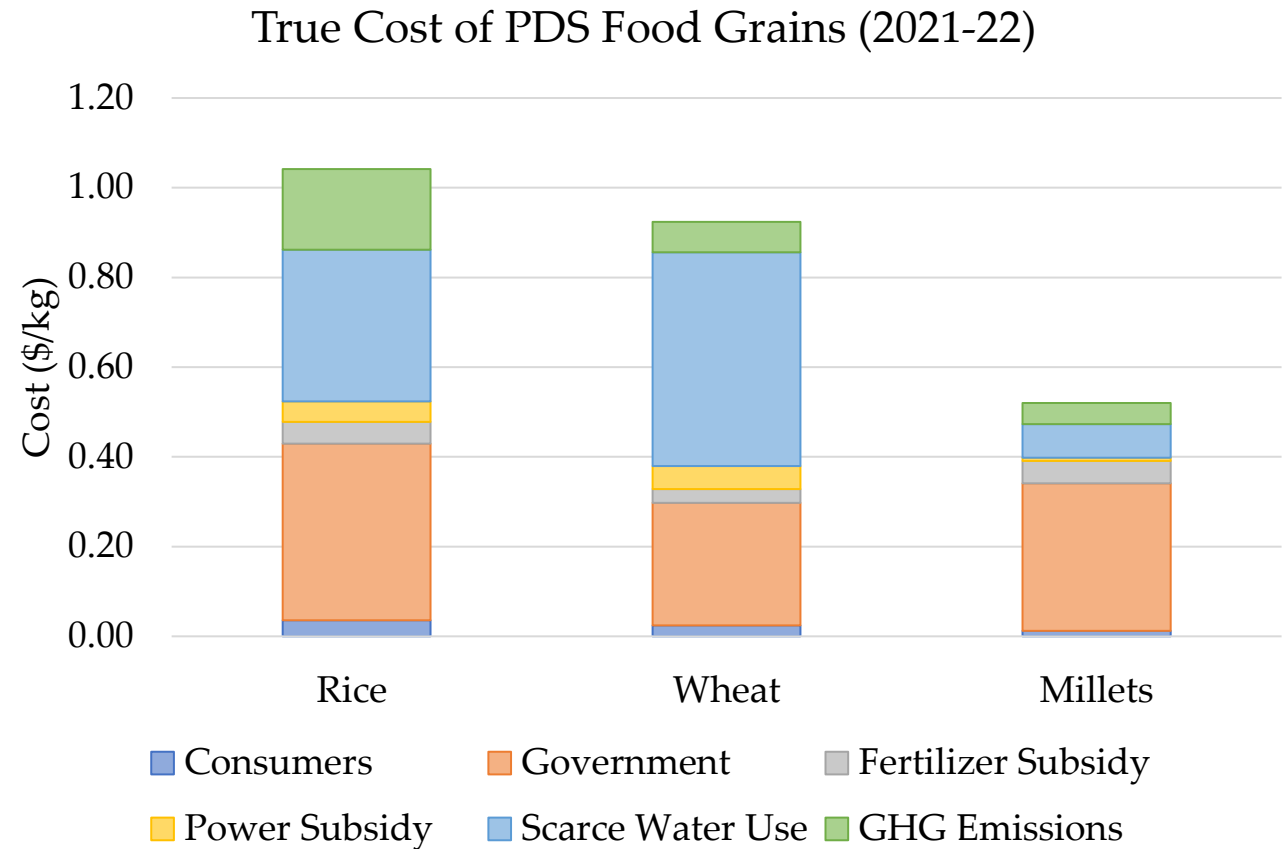


Policy efforts underway, but largely piecemeal

Policy reforms that have been / are being tried

1. Improving water use, irrigation system efficiency
2. Market Access and Empowerment of Smallholders
3. Transition to a more Diversified Crop System
4. Decoupling Input Subsidies from Production Incentives
5. Expanding Financial and Digital Inclusion
6. Incorporating Environmental and Social Externalities
7. Leveraging Public-Private Partnerships (PPP)
8. Enhancing Policy Coherence and Governance

Crop diversification can reduce environment impacts



Source: Tata Cornell Institute

But systemic change is stymied - what else can be done?

1. Acknowledge the political reality

- PDS is an in-kind hedge against inflation and is not going anywhere anytime soon (cf PM withdrawal of farm laws)
- It can be improved but will not be replaced over medium term

2. Promote a cleaner 2nd Green Revolution!

- For example, natural farming can increase up to 20% of total agricultural production with no impacts on yields.

3. Advance India's stalled structural transformation with new agro-industrial policies

- Replace input subsidies with income guarantee for farmers?
- Meet rise in rural female labor force participation despite stagnant female rural wages with higher quality jobs for young low-skilled women.
- Promote safe and secure migration to new industrial clusters

4. Convergence of "schemes" and emergence of more robust social protection system

(UHC, unemployment, etc) that promotes as much as it protects

Thank you!

Chris Garroway, Economist, United Nations in India

chris.garroway@un.org

