<table>
<thead>
<tr>
<th>Contents</th>
<th>Page No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1 Food Availability</td>
<td>310</td>
</tr>
<tr>
<td>5.2 Food Accessibility</td>
<td>316</td>
</tr>
<tr>
<td>5.3 Food Absorption and Rural Development Schemes</td>
<td>330</td>
</tr>
</tbody>
</table>
Chapter V – Comparative Analysis

One can capture all the essential dimensions of food insecurity in the three aspects of food availability, food accessibility & food absorption. Food insecurity may be present or potential. Potential food insecurity is related, not only to existing malnutrition of the people in a region but also to the lack of access to safe drinking water & poor sanitation & health conditions. Potential food insecurity can occur either due to a potential lack of availability of food or due to a potential lack of livelihood or a potential threat of disease & lack of absorption\(^1\). Moreover the balance between future sustainability & present security is important. Sustainable states are those with sufficient resources to continue food security at existing levels & that have the capacity to enhance food security in future.\(^2\)

One has to therefore look at all the above aspects in order to state the position of food security in the two states of Punjab and West Bengal and comparative analysis have to be drawn.

5.1 Food Availability

Punjab, the land of the Green Revolution achieved tremendous success by using the latest technology including high yielding varieties, commercial fertilizers & mechanization of agricultural operations in the late 60s. It led to an increase in productivity, incomes of the farmers increased, the socio-economic structure & the rural scenario changed. However the Green Revolution’s benefits went mainly to the large farmers with gains to the small & marginal farmers being negligible. Moreover, the intensification of farming led not only to monoculture but also to higher incidence

\(^1\) Food Insecurity Atlas of Rural India (2001), World Food Programme & M.S. Swaminathan Research Foundation, Chennai, p.3.

of pests & diseases. Thus the state also faced ecological problems. There have been also increasing costs of cultivation.

West Bengal on the other hand experienced a radical change in the late 1970s. The acceleration in its growth occurred not due to technology but due to institutional changes like agrarian land reforms & revitalization of the panchayati raj institutions. The benefits accruing from this change went mainly to the small & marginal farmers, and agricultural output began to grow very rapidly in the 1980s. Unlike Punjab which had a highly mechanized capital intensive agricultural base, West Bengal had a more labour intensive agriculture. But like Punjab, West Bengal too in the recent past has struggled with the problem of rising input costs, falling farmgate prices of foodgrains, the lack of availability of credit and consequently rise of moneylenders. West Bengal also has faced ecological problems and agricultural growth decelerated in the 1990s, although West Bengal still had the highest rate of growth of foodgrain production in India.

Agriculture is an integral part of the state economy for both & its performance has to be seen in the context of the entire state economy. Between 1992-93 & 1996-97 the average annual compound growth rate of gross state income of the state of Punjab was 4.8% compared to national average of 6.8%. The primary sector is largely responsible for this decline (it declined from 3.08% in 92-93 to 96-97 to 1.84% in 97-98 to 2001-02 [Prov]). Infact during 97-98 to 98-99 Punjab’s growth rate had fallen to 3.58% against 5.91% of India as a whole.

West Bengal on the other hand had a compound annual growth rate of 7% and percapita growth of 5.4% over the period 1993-94 to 2000-01 making West Bengal one of the fastest growing states in India in that period. The average annual growth in Net State Domestic Product (NSDP) at constant prices (in percentages) was 6.75% in 1991-1992 to 2000-2001 whereas Punjab figure was 4.61% during the same period. However, the liberalization of agriculture at the national level which have affected farmers across the country has also affected West Bengal.

4 West Bengal Human Development Report 2004, Development and Planning Department, Government of West Bengal, p.5.
5 Ibid., p.74.
Domestic production is the main source of food availability. In this context the performance of agriculture becomes crucial. In Punjab not only the area under total foodgrains production has gone down from 6277 hectares (2000-01) to 6132 hectares in (2002-03), but also the production of total cereals has gone down from 24867 (000 metric tonnes) in 2001-2002 to 23458 (000 metric tonnes) in 2002-03. Similarly in West Bengal too cereal production rose by 28% between 1985-86 & 1990-91 & then this growth rate fell to 14% and then 11% in the two successive five year periods that followed. The growth rate of total agricultural output fell from a high of 15% & 16% over the periods 1985-86 to 90-91 & 1990-91 to 95-96 respectively) to 9% over the period 1995-96 to 2000-01. The rate of growth of foodgrains in West Bengal slackened in the 1990s to 2.39% from 5.15% in 1989-90.

Moreover there has been a decline in the crop yield in both the states. In Punjab the productivity of crops has stabilized which has meant that there has been a slower increase in the monetary returns. In West Bengal too the decline in the growth of the total rice production was mainly due to a decline in the growth of yield. Also in the primary sector in Punjab the share of agriculture has been continuously on the decline. The per worker income in agriculture as a ratio of average per worker income in the state declined from 91.69% (1971) to 82.62% (1991). If one looks at the percentage distribution of Net State Domestic Product at Factor Cost by sectors in Punjab (at constant 93-94 prices) then one finds that agriculture has gone down from 41.93% (2000-01) to 40.87% (2001-02) & the share of primary sector has gone down from 42.49% (2000-01) to 41.48% (2001-02) & the share of secondary & tertiary have gone up. Graph No. 5.1 below gives the Primary Sector Contribution to NSDP along with comparative figures for Agricultural Workforce as a percentage in Punjab for certain years.

10 Bandyopadhyay, art.cit., p.883.
12 Ibid., p. 198.
Similarly for West Bengal the share of agriculture in Gross State Domestic Product has reduced from 25.2% (2000-01) to 24.4% in 2001-02.

Thus both Punjab & West Bengal have shown signs of decline in production, yield & the percentage share of agriculture SDP to Gross State Domestic Product (GSDP) has declined for both – for Punjab from 40.3% (2000-01) to 39.1% (2001-02) & for West Bengal from 25.2% (2000-01) to 24.4% (2001-02) at current prices. Punjab contributed 13.49% of the total foodgrain production in India in 2002-03 whereas West Bengal contributed 8.91% in 2002-2003. Thus between the two states, they produce one-fifth of the total foodgrains in the country. Decline in the agricultural sector in these states would thus have a severe adverse impact on the food security of the country.

Also both the states show a similar trend in terms of the shift from food crops to non-food crops. In Punjab the area under food crops have declined from 6544 (000

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14 Ibid., p.36.
hectares) in 99-2000 (R) to 6457 (000 hectares) in 2002-03 (P). Non food crops have on the other hand increased from 1303 (000 hectares) in 99-2000 (R) to 1369 (000 hectares) in 2002 – 03 (P).15 Similarly for West Bengal, the non-foodgrains component has expanded substantially & the share of non-foodgrains in total gross area has increased. The index of production of non-foodgrains rose more than three fold during 1970-71 to 1997-98.16 Meanwhile area under fruits & vegetables has increased in Punjab & West Bengal. In Punjab the increase is from 83 thousand hectares (90-91) to 138 thousand hectares (2000-01) (Prov). In West Bengal the increase is from 871 thousand hectares (90-91) to 1260 thousand hectares in 2000-01.17 But the production of cereals has gone down. This is a point to ponder over.

According to the Food Insecurity Atlas of Rural India, 2001 the rural poor in India derive approximately 80% of their daily energy & protein requirement from cereals.18 Therefore, the declining growth of cereals is a disturbing sign. The Atlas however, comments that Punjab is surplus, produces 5 times its requirement & also that both Punjab & West Bengal have a production instability of lower than 8%.19 The Human Development Report of West Bengal 2004 also states that West Bengal has had a significant spurt in agricultural production from the early 80s & the state is now surplus in foodgrain.20

Both Punjab and West Bengal are facing ecological problems. Environmental degradation, soil degradation & climate change are long term threats to sustained productivity. Potential food insecurity may arise out of unsustainable livelihood & production practices. Sustainability is not limited to food production but include environmental sustainability which is essential for long term viable crop & animal production. Practices which make a state food secure at present may lead to food insecurity in future if there is over exploitation of non renewable natural resources.

The food Insecurity Atlas of Rural India uses four indicators for assessing environmental sustainability -

→ Area under forests as a percentage of the geographical area of the state.

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19 Ibid., pp. 12-16.
Level of ground water exploitation represented by net draft as a percentage of net available ground water for irrigation.

Area under leguminous crops as a percentage of gross cropped area

Total degraded land as a percentage of the geographical area of the state. If one places the two states of Punjab & West Bengal one finds the following -

Punjab has 5.5% of the geographical area under forests. West Bengal has 14%.

Punjab has very high exploitation of ground water, as high as 94%. West Bengal has a lower level of exploitation. In Punjab ground water is dropping very drastically every year.

Punjab & West Bengal have less than 10% of the gross cropped area under leguminous crops.

Also the two states show 40 to 49% of their geographical area as problem areas. Punjab & West Bengal have less than 6% of the geographical area under wastelands.

The state of Punjab is facing the problems of not only falling water level, but also the quality of ground water has come down. Waterlogging (which has had its impact on the cropping pattern as well as on the farmers) is another menace. As the water table has gone down, more power is required to lift the same quantity of water. Moreover the texture of the soil has deteriorated. Thus one funds that there is over exploitation of soil, land, groundwater & overuse of power & fertilizers. Punjab needs to immediately deal with these problems otherwise it would get into a serious crisis later. West Bengal also on the other hand has problems of its own. West Bengal along with Punjab share certain common problems. In West Bengal too the scarcity of groundwater has been increasing because of the gradual fall in the underground water level and because of a decline in the quality of that water due to salination & arsenic

21 Food Insecurity Atlas of Rural India, op. cit., pp.16-17.
23 Food Insecurity Atlas of Rural India, op.cit., p.18.
24 Ibid., pp.19-22.
& fluoride contamination. Also like Punjab there are various problems related to soil such as soil erosion, waterlogging & salinity. These have important implications for land use planning. The state is still deficient in forest cover as the national average is 23% but is better off than Punjab which has an even lower figure under forests. But the relatively small expansion of forest area accompanied by declining area of land under miscellaneous tree groves & permanent pastures & other grazing land (which declined by 46.8% even over the period 1996-97 to 2000-01) may lead to serious environmental consequences such as loss of top soil, biodiversity, livestock carrying capacity etc unless compensated by growth of forest biomass.25

Inefficient use & waste of water are common problems. Although, the main source of water in West Bengal which is rainfall helps it to be well endowed with ground water resources, the distribution is not uniform over the regions. The landuse pattern is rural & urban West Bengal also suggests that the aggregate demand of water may, in future far exceed the endowment in a given location.26

Thus West Bengal too like Punjab needs to conserve water, reduce degradation of soil and take steps to ensure that its resources are not overused. Ecology plays a crucial role in the long term sustainability of food security, therefore these issues should be reviewed carefully. The state of West Bengal is prone to cyclones. The state of Punjab seems to be almost disaster-free. Thus the former needs to take steps in this regard.27

5.2 Food Accessibility

Along with food availability, food accessibility is equally important. In areas with adequate livelihood opportunities, the lowest deciles are better off & thus there are possibilities of consuming more calories. The larger the number of poor, the lower would be their access to food & the higher would be their food insecurity & vulnerability. Punjab with 6.16% (Rural & Urban combined) of population below poverty line scores well on this count whereas West Bengal with 27.02% of (Rural &

26 Ibid., pp.182-183.
27 Food Insecurity Atlas of Rural India, op.cit., p. 28.
Urban combined) population below poverty line has to work more to achieve a better position. Even in rural Punjab 6.35% of persons are below poverty line whereas in West Bengal it is 31.85% in 1999-2000. For urban Punjab it was 5.75% of persons below poverty line whereas for West Bengal it was 14.86% in 1999-2000. Thus Punjab has a much lower incidence of poverty.  

If one examines the status of employment (which is crucial for food accessibility), one finds that the utilization of workforce in Punjab is less than the all India average. The unemployment rate stood at 2.3% for rural males & 6.2% for rural females & 2.6% for rural persons compared to all India average respective rates of 2.1%, 1.5% & 1.9% for males, females & persons during 1999-2000. The Punjab Human Development Report, 2004 has stated that along with unemployment (which is widespread amongst the youth) there is a high level of underemployment among those engaged in agriculture. Unemployment rate was 3.1% for urban males, 3.5% for urban females & 3.2% for urban persons compared to all India rates of 4.8% for urban males, 7.1% for females & 5.2% for urban persons as per usual status in 1999-2000.

A major reason for the higher incidence of poverty in West Bengal can be attributed to large scale unemployment that exists there. Rural employment in the period 1993-94 to 1999-2000 grew at a very low annual rate of less than 0.6% per annum in West Bengal, well below (only one – third) the rate of growth of rural population. Urban employment growth at 2.3% per annum was also well below that of earlier periods & employment in formal sectors stagnated. In the period of the 1980s & early 1990s, the positive changes in the countryside brought about by land reforms & increased agricultural output had their impact on generating more rural employment. However the more recent period, since the mid 1990s – which is when the broader macroeconomic processes such as economic liberalization & reduced per capita government expenditure had their effects across the whole of rural India was marked by severe negative effects on employment generation in rural West Bengal.

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31 Ibid.,p.94.
Graph 5.2 Below show the number of people engaged in Agriculture (cultivators & agricultural labourers) between 1991 and 2001 separately for males, females and rural areas.

Graph 5.2

[Image of a bar graph showing the percentage of people engaged in agriculture in West Bengal between 1991 and 2001, categorized by sex and rural areas.]

Source: West Bengal Human Development Report 2004, Development & Planning Department, Government of West Bengal, p.93 (Table - Occupation of Main Workers according to Census) & p.99 (Table – Occupational Diversification in rural West Bengal- percent of total workers in rural areas).

Thus we see that both the states are faced with the problems of increase in unemployment. The situation is worse off in Punjab since the percentage decadal growth of population has remained more or less same between 1981-1991 & 1991-2001 (20.81% and 20.10%) respectively. On the other hand for West Bengal the percentage decadal growth has reduced from 24.73% between 1981-91 to 17.77% in 1991-2001.32

When one looks at the two sources of livelihood, land (farm and non-farm sector) one makes the following observations –

One finds differences in the nature & distribution of land holdings & land pattern in the two states. In Punjab the number of marginal (0-1 hectares) and small (1-2 hectares) operational holdings have decreased over the years ie for marginal

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holdings from 37.63% (1970-71) to 19.21 (1980-81) to 18.65 (1995-96). Smallholdings have declined from 18.91% (1970-71) to 16.78 (1995-96). Marginal & smallholdings constituted 56.54% of the total holdings in 1970-71 but declined to 35.43% in 1995-96. On the other hand medium, large & extra large holdings have increased. Medium from 20.44% (1970-71) to 29.31% (1995-96) and large from 18.02% (1970-1971) to 27.98% (1995-1996) and Extra Large from 5.0% in 1970-1971 to 7.28% (1995-1996). The combined share of these holdings increased from 43.36% in 1970-71 to 64.57% in 1995-96. Loss in the marginal holdings in number & proportion is the largest followed by small holdings. Marginal holdings have lost by 18.98 percentage points & small holdings have lost by 2.13 percentage points\(^3\). 

West Bengal on the other hand has more of small & marginal holdings. Between 1993 & 1999 around 95,000 acres of land were acquired & 94,000 acres were distributed under the land reform programme.\(^4\) If one looks at the figures one would find that in 1995-1996 West Bengal had 5003 marginal & 1101 small operational holdings compared to Punjab which had 204 marginal & 183 small operational holdings (‘000 Number).

When it comes to the number of large holdings in the same year, Punjab had 80 large holdings whereas West Bengal had one. Similarly in terms of area operated in Punjab 122 (‘000 hectares) & 240 (‘000 hectares) were under marginal & small holdings whereas in West Bengal it was 2399 (‘000 hectares) & 1624 (‘000 hectares) respectively. Similarly Punjab had 1198 (‘000 hectares) under large holdings & West Bengal had 203 (‘000 hectares) under large holdings.

Graph 5.3 gives a comparative figure of West Bengal and Punjab in terms of percentage area operated by major size groups in 1995-1996 (including institutional holdings).

\(^4\) West Bengal Human Development Report, 2004, \textit{op.cit.}, p.34.
The average size of operational holdings in 1995-1996 in Punjab was 3.79 hectares and in West Bengal 0.85 hectares.35

This nature and pattern of land holdings has had different effects on the states. In Punjab the cultivators with marginal landholdings are very poor, lack capital resources & have no other skill that can help them join the ranks of labour in rural or urban areas. This has led to their loss in their status.36 One finds that simultaneously the percentage of agricultural labourers has increased. Land is an important source of livelihood and in the absence of it, small & marginal farmers became agricultural labourers. Agricultural labour as percentage of total workers has increased from 20.10% (1971) to 23.81% (1991)37.

37 Ibid., p.45
Also in Punjab a change in the work culture has resulted in farmers depending more on migrant labour from Eastern UP & Bihar for doing farm work. The indebtedness of these casual labourers has further brought them in the grip of moneylenders & their employers. One also finds that indebtedness in per acre terms has been the highest among small & marginal farmers. The high debt burden on marginal and small cultivators has ruined many and they have had to either sell or mortgage their land. Economic hardship, high incidence of debt burden and harassment by bank officials and money lenders have triggered instances of suicides by many cultivators. Many a times farmers end up taking more loans in order to imitate the lifestyle of the large farmers and have ultimately resorted to suicides.

In West Bengal the majority of holdings being operated are the small & marginal ones. Distribution of land to the households has resulted in removing the exploitative structure of these landed groups & has helped in the expansion of agricultural output. The Human Development Report of West Bengal 2004 states that the moving force of the agricultural output expansion has been small cultivators. Also one finds that agricultural labourers as percentage of total workers in rural areas has not increased much ie. from 32.3% (in 1991) to 33% in 2001. Among males it has remained the same 22.7% (1991) & 22.6% in 2001. Among females it has come down from 37.9% in (1991) to 32.4% in (2001).

If one compares the wage rates one finds that the daily rates of minimum wages for agricultural workers fixed under the Minimum Wages Act 1948, per day show that Punjab has Rs. 82.65 (as an 30.6.2003) whereas West Bengal has Rs. 111.77 without meals. In Punjab at present agricultural labourers are suffering because of the lack of unions and their conditions have gradually declined in the post reform period. Human Development Report, Punjab 2004 comments that the real wages of casual agricultural labour declined by 3.69% between 1991 & 1996. West Bengal on the other hand Lieten says witnessed repeasantization. The plots of landholdings were small but they increased the bargaining power of the agricultural

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41 Ibid., p.99.
42 Ibid., p.93.
labour households. Peasant Unions were more active in West Bengal than Punjab. Both the states have however witnessed reversed tenancy. The better off farmers have acquired land from small farmers under lease in Punjab. This only confirms that the state’s agricultural sector has grown along the capitalist lines of production relations. This has led to certain categories of farmers having resources in their hands & concentration of resources has taken place. Dipankar Basu also argued that reverse tenancy has occurred in West Bengal and has talked about how the large has been replaced by the ‘middle’ class of rulers, and all cases of wage negotiations between landowners & agricultural workers has been mediated through the party -CPI(M). It is also questioned whether small farms are economically viable & whether they are a constraint to use of technology.

Land & technology, both are important as the former is an important source of livelihood while the latter plays a crucial role in improving productivity. M.S. Swaminathan argues that smaller the farm the greater is the need for sustained marketable surplus in order to have cash income. Since in West Bengal majority of the farms are smaller in size, one has to take steps to improve the technology and increase the productivity of smaller farms. M.S. Swaminathan also talks of increasing the productivity & profitability of small farms in an ecologically sustainable manner, and calls for initiating an era of knowledge intensive agriculture. Punjab on the other hand has more large farms & since these farms are mechanized, rural unemployment is a problem.

There has been a considerable decline in labour absorption in agriculture. There is high level of underemployment for cultivators. In fact cultivators constituted 42.56% of the total workers in Punjab during 1970-71. This proportion declined to 32.83% by 1990-91. This is also the same period when agricultural labourers increased. Further the operational holdings of marginal farmers during the same period declined from 37.63% to 26.50% which also reinforced the process of

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48 Swaminathan, M.S. (2005), *India's Greatest Living Industry: Hundred Years Later*, IARI Centenary lecture, New Delhi, 16th March, p. 5.
pauperization and proletarianisation of the peasantry.\textsuperscript{50} Many of the marginal & small farmers have shifted from agriculture to non-agricultural activities. Meanwhile Sukhpal Singh has argued that many of the educated rural youth do not find farming profitable enough an occupation. So what is required is preferably self employment or non-farm jobs.\textsuperscript{51} The differences in per worker income between agriculture & non-agricultural activities have widened over time. The per worker income in agriculture as a ratio of average per worker income in the state declined while that of workers in non-agricultural activities increased from 114.54\% (1971) to 123.90\% in (1991). As per the Punjab Human Development Report, 2004, there is a marked shift in the workforce from agricultural sector to non-agricultural sector – the percentage of agricultural workers (cultivators and agricultural labourers) has declined from 55.2\% in 1991 to 39.4\% in 2001.\textsuperscript{52} The share of main workers in non-farm activities increased from 36.37\% in 1971 to 43.92\% in 1991. Also one can say that non-agricultural activities have and can contribute to the improvement of the condition of agricultural labourers and those small & marginal farmers who decide to shift to this sector. One sees that the number of agricultural labourers in the state declined to 16.4\% of all workers (according to Census 2001) as compared to the erstwhile 23.8\% in 1991.\textsuperscript{53} Poverty also continues to be low at 6.16\% not only because of the above changes but also because of the productivity remaining high (inspite of recent problems) as compared to the other states.

West Bengal on the other hand is slightly different from Punjab. In Punjab the shift to non-agricultural activities took place because cultivation had been with labour saving techniques & mechanization was being done on large farms which had reduced the labour requirement per unit of crop output. But in West Bengal rapid increase in non-agricultural employment has also been accompanied by changes such as the spread of labour intensive boro rice cultivation as well as the majority of landholdings are small & marginal holdings and these farmers typically use more labour per hectare. Thus one finds that overall agricultural employment has not declined in West Bengal, unlike in rural India as whole & most other states. However cultivators have reduced as a percentage of total workers in rural areas from 38.4\% in 1991 to 25.4\%

\textsuperscript{50} Ibid., p.176.
\textsuperscript{51} Singh, Sukhpal, \textit{art.cit.}, p.1891.
\textsuperscript{53} Ibid., pp.45-46.
in 2001.\textsuperscript{54} If one sees the occupation of main workers to total workers in West Bengal then one sees that in case of males agricultural cultivators have reduced from 30.2\% in 1991 to 20.8\% in 2001 & in case of females from 16.2\% in 1991 to 13.4\% in 2001. Meanwhile the percentage of household industry and other workers has gone up. Males in household industry has gone up from 2.8\% in (1991) to 4\% (2001) whereas that of females has gone up from 11.3\% (1991) to 18\% (2001). In the category of other workers – in males it has gone up from 44.3\% (1991) to 52.7\% (2001) and in females it has gone up from 34.7\% (1991) to 36.2\% (2001).\textsuperscript{55}

By the end of the 1990s well above one third of all employment in rural West Bengal was in non-agricultural activities. The average for the state in 2001 was more than 40\% of total rural workers being engaged in non-agriculture\textsuperscript{56}. The Atlas of the Sustainability of Food security in India states that the percentage of non-agricultural workers to total workers in 2001 was 46.49\% for Punjab & 41.60\% for West Bengal.\textsuperscript{57} In West Bengal the increase in non-agricultural activities can be attributed to growth in small scale manufacturing services, food processing activities, also diversification has taken place into fisheries, poultry & livestock raising & sericulture. The percentage of non-agricultural workers has gone up from 29.3\% to 41.6\% in 2001.\textsuperscript{58} West Bengal has 27\% (Rural & Urban - combined) population below poverty line (according to the Planning Commission). Agricultural labourers remain the poorest & one can expect that this increase in non-agricultural activities & employment in the farm sector together will bring poverty levels even lower in the future. However, there are some districts with very high poverty as stated by West Bengal Human Development Report 2004 & these districts need to be improved.

Both the states however have to face the competition from large foreign companies or MNCs in the non-agriculture sector. One would require proper investment, infrastructure, and proper knowledge. The shift to non-agricultural sector however would be beneficial for both the states as this would increase the purchasing power of the people which is crucial for food accessibility & help reduce the percentage of people below the poverty line. However, one needs to maintain the

\textsuperscript{55} Ibid., p.93.
\textsuperscript{56} Ibid., pp.96-97.
\textsuperscript{57} Atlas of the Sustainability of Food Security in India, \textit{op.cit.}, p.122.
\textsuperscript{58} West Bengal Human Development Report, 2004, \textit{op.cit.}, pp.99-100.
balance between agriculture and non-agriculture. One should continue to take steps in order to improve agriculture, as it is the basis of our food availability even as one searches for other avenues of increasing purchasing power and reducing poverty. Farm & Non-farm sector go hand in hand. G.K. Chadha points out that apart from a long term strategy of employment for the rural households, non-farm sector is important for stimulating growth in agriculture through intersectoral linkage. Also if one is able to contain people in rural areas through farm & rural non farm sector then it will reduce rural to urban migration which in turn will help in reducing the congestion on urban amenities & reduce pressure also on the urban poor.59

Punjab is a surplus state and it has an export surplus of wheat, rice, cotton, milk & livestock products and it is also internationally competitive in price & can thus earn profits. There is also scope in future for fruits & vegetables. However, the state has to keep two things in mind

(1) It has to improve upon its technology in order to make better quality products & to improve their export potential & make them competitive
(2) Punjab is also a state on whose surplus production other states rely upon. Therefore Punjab needs to strike a balance between its internal role of helping to maintain food security in the country and its role as an exporter.

M.S. Swaminathan, comments that diversification ie from low value to high value crops create jobs & opportunity. But diversification has to be done properly so that small & marginal farmers don’t lose out. In Punjab contract farming took place, which has turned out to be problematic as often contracting agencies do not fulfill the obligations & deceive the farmers.60

West Bengal on the other hand has a surplus of vegetables & it is starting to promote its agro based products including vegetables & fruits. West Bengal, accounts for around 17% of total vegetable production in the country.

60 As per interview with Prof. M.S. Swaminathan, Chairman, National commission farmers India International Centre, New Delhi. June 27, 2005.
Jute output (which was earlier a major export item) has also accelerated to 5.4% per year in the 1990s & it is the second largest producer of potato & is first in terms of average yields. In West Bengal too the government is providing cold chain facilities for preservation of perishable in producing areas. To preserve crops like potato, 20 multipurpose cold storages, with a capacity of 2 lakh tonnes have been set up. Besides it can also develop sectors of fisheries, poultry etc. It needs to explore its potential in exports but at the same time making sure that its domestic population has proper availability of foodgrains. Punjab Agricultural University is already taking initiatives to improve the competitiveness. Both Punjab & West Bengal need proper technology, infrastructure & investment to increase the quality & the competitiveness of their products and protect them from international fluctuations.

As far as government support in food availability and accessibility is concerned, input subsidies, MSPs and PDS have been examined. Punjab and West Bengal have a high per hectare consumption of fertilizers and Punjab has a very high percentage share of consumption of power for agricultural purposes. Punjab government in September 2005 announced ·free power to farmers whereas West Bengal still continues to charge it. Punjab & West Bengal are both surplus states. Therefore, any decision to cut subsidies which affects their production is not desirable as this will directly have an impact on availability of foodgrains & on prices.

Both the states, however, need to rationalize the use of input subsidies for efficient utilization as both of them face ecological problems that need to be tacked. However having said the above, one also needs to note the fact that post WTO agreement on agriculture, there have been talks of drastic cut in subsidies. Input prices have already risen up and keeping this in mind, one needs to balance the input subsidies with the actual requirement of the state concerned and the increasing input prices.

As far as MSP is concerned, MSP of wheat in Punjab has increased from Rs. 225 (1990-91) to Rs. 610 (2000-01), indicating an increase of 171%. If we were to see the C2 cost of the same period then we would observe that it has increased by 124%.

Similarly for rice the increase in MSP in West Bengal has been to the tune of 122% (from Rs. 230 in 1991-92 to Rs 510 in 2000-01). The C2 cost for the same period in West Bengal has risen by 110% (from Rs 223 in 1991-92 to Rs. 469 in 2000-01). Thus one sees that there is a need for rationalizing the MSP. The focus of the government should therefore be to provide higher MSPs to poverty - stricken areas & states with lower agricultural output in order to bring them at par with surplus states like Punjab.

The FCI has strengthened its rice procurement in the state of West Bengal in 2003-04, because of which procurement of rice by Punjab went down in 2003-04. The percentage share in procurement of wheat for Punjab has gone down from 56.57% (2003-04) to 55.02% (2004-05). Also the percentage share of the state in procurement of rice has also gone down from 48.35% (2002-03) to 37.94% in (2003-04). West Bengal on the other hand has improved its percentage share in procurement of rice from 0.77% (2002-03) to 4.05% (2003-04). The MSP continues to be higher than the cost of production. Since this led to a lot of problems earlier, the increase in MSP in recent years have been less than before. The procurement operations are different in both the states. The procurement in Punjab is done by the FCI & the state agencies of PUNSUP, MARKFED, PSWC. There is purchase by both traders as well as government agencies & it has been operating well. However in the recent past, the state agencies have been facing problems of losses, improper maintenance of stocks, relaxation of quality order which has resulted in many states not willing to buy the stocks of Punjab.

West Bengal on the other hand has introduced the decentralized procurement scheme whereby the state government procures its own rice & distributes its own rice through PDS (fair price shops) to BPL & APL families. It remains to be seen how effective the new system would be. West Bengal is a reasonably surplus state with a good large network of fair price shops spread over the state and a well functioning decentralized local system of PRIs, which can keep a check on the loopholes which might arise in the system. However the central government needs to constantly

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monitor this new system & FCI through its state offices in West Bengal can equally play an important role of a stand by arrangement.

To improve physical accessibility of foodgrains, government has provided for a PDS. For food accessibility, not only purchasing power to buy food but also a good distribution is needed. Punjab is a surplus state & 99.9% of the rural population do not draw even a single grain from the PDS. Punjab also has only 6.16% of the population below poverty line (rural + urban) (1999-2000). Thus except for this small 6% population, the rest do not need a PDS. For Punjab a combination of PDS (for the 6% - rural and urban poor), schemes for rural development & social security would be an ideal combination. The question of targeted or universal PDS is not of much relevance here. In Punjab one finds that between the years 2002-03 to 2004-05, in case of wheat – the percentage offtake has increased in both APL (from 0.67% to 1.7%) & BPL (from 54.5% to 66.4%). Also the percentage offtake in Antyodaya has increased from (50.5% to 72.8%). The overall offtake in wheat has increased from 6.49% to 9.45%. In case of rice there has been an overall decline in total offtake with offtake being almost negligible.65

West Bengal on the other hand has argued for a universal PDS. It has 27.02% of population below poverty line (Rural + Urban) (1997 – 2000) and therefore a universal PDS for West Bengal is a requirement which will help in stopping exclusion by having fair price shops in each & every village & leakages will be less. As compared to Punjab, offtake under TPDS is much higher for West Bengal for both wheat & rice. One finds that between the years 2002-03 to 2004-05.

- In case of wheat, there has been an increase in APL offtake (7.18% to 25.15%)
- Increase in BPL offtake (72.08% to 84.5%)
- Antyodaya has declined marginally (from 69.86% to 68.8%).
- Overall offtake in wheat has increased from 16.45% to 37.7%.

- In case of rice,
- The overall increase in offtake from 31.87% to 42.4% is driven by a sharp increase in APL & BPL offtake (from 2.8% to 7.3% & 44.7% to 62.3%)

respectively). Antyodaya offtake has shown a marginal increase from 62.4% to 64.2%. 66

Finally one comes to consumption patterns for both the states. One observes
that average monthly expenditure per person for both food & non food items was
higher in Punjab and thus total consumer expenditure was higher in Punjab than in
West Bengal. It was Rs.771.24 for Punjab & Rs. 473.07 for West Bengal in 2000-
2001 67. However, if one looks at the average consumer expenditure per capita on
cereals and food then one finds that in 2003 in rural India, the share of cereals in total
expenditure was only 8% for Punjab whereas for West Bengal it was 24%. Punjab
was lower than the national average of 18% & West Bengal higher than the national
average. Also the share of food in total expenditure in Punjab was 45% whereas for
West Bengal it was 60%. Punjab again was lower than national average which was
54% & West Bengal was higher than the national average. The pattern was again
similar for urban Punjab & West Bengal 68. If one sees the percentage distribution of
monthly expenditure per person over groups of items of consumption for rural areas
(in 2000-2001), then one finds a higher percentage for West Bengal (61.60%) in food
items over Punjab (48.66%). Punjab had a higher percentage in non food items
(51.34%) over West Bengal (38.40%). 69 Similar trends are reiterated by the NSS 60th
Round too.

This shift from food to non food items and the decline in the share of cereals
can be a dangerous sign & it may increase undernourishment. Also this shift &
diversification of diets towards higher value food does not necessarily mean welfare.
As Utsa Patnaik comments that diversification is a necessary but not a sufficient
condition for inferring an improvement in welfare 70. One needs to address this issue
as it can lead to calorie deficiency, undernourishment & food insecurity. The Atlas of
Food Insecurity of Rural India comments that Indian Council of Medical Research
(ICMR) has recommended 420 gms of cereal per capita per day as adequate. Cereal

66 Ibid.
67 Household Consumer Expenditure and Employment – Unemployment Situation in India, 2000-01
68 Household Consumer Expenditure and Employment – Unemployment Situation in India, NSS 59th
Round (January – December 2003), Report No. 490 (59/1.0/1), p.11.
69 Household Consumer Expenditure and Employment – Unemployment Situation in India, 2000-01
(July 2000-June 2001), NSS 56 th Round Report No. 476 (56/1.0/1),op.cit.
70 Patnaik, Utsa (2003), “Food Stocks and Hunger: The Causes of Agrarian Distress”, Social Scientist,
Vol. 31, Numbers 7-8, July – August, p. 25.
consumption is below this recommended level in Punjab & much above the level recommended in West Bengal. The high level consumption of milk and milk products may be the Atlas points out the reason for the reduced consumption of cereals in rural Punjab⁷¹. The Atlas in 2001 reported however that both in Punjab & in West Bengal less than 10% of the population consumed less than 1890 Kcal. This is a positive sign.⁷²

5.3 Food Absorption and Rural Development Schemes

Besides food availability and food accessibility, another important parameter of food security is food absorption – i.e. being able to assimilate the food. This depends upon a number of factors like balanced diet and nutritional levels, state of health, hygienic and safe drinking water and environmental sanitation. The performance of these indicators is therefore important to examine to know the level of food absorption in a particular state. A comparative analysis of the two gives us the following observations.

Nutrition - Nutritional poverty is much higher in comparison to the official poverty in both rural and urban areas in both the states. The decline in nutritional poverty has been much lower than official poverty between 1993-1994 and 1999-2000. When one compares the decline in the poverty ratios between 1993-1994 and 1999-2000 in rural and urban areas, one finds that decline in nutritional poverty ratios in Punjab was 0.37 and 4.53 respectively (as against the decline in official poverty ratios of 5.6 and 5.6 respectively). The same for West Bengal was 8.51 for rural and 6.97 for urban (as against the decline in official poverty ratios of 8.95 and 7.55 respectively).⁷³

Anaemia is prevalent in both the states but the percentage is lower in Punjab than in West Bengal. If one looks at the statistics, then one finds that the percentage of ever-married women with anaemia in 1998-1999 in Punjab was 41.4% whereas in

⁷² Ibid, p. 41.
West Bengal it was 62.7% (all India average being 51.8%). It continues to be a critical problem specially in West Bengal. In Punjab the number of children who were moderately anaemic was very high and 74.8% of the children were found to suffer from some form of anaemia. Similarly for West Bengal the proportion of children with anaemia was 78% compared to the All India average of 74%. Nutritional status of women is better in Punjab than in West Bengal where it seems to be significantly worse than the national average. In a survey conducted by the National Nutrition Monitoring Bureau, West Bengal ranked 8th amongst 9 states in important variables such as Chronic Energy Deficiency (CED) among women. In case of anaemia as well the state ranks 19th in the NFHS 2 survey (1998-1999). As per NFHS CED among ever married women (15-49 years ) rural and urban, in Punjab is 17% whereas for West Bengal it was 44.4% (All India average being 36.2%). Also malnutrition in children under 3 years (weight-for-age) in 1998-1999 rural and urban in Punjab was 28.7 as compared to a higher figure of 48.7 in West Bengal (all India average being 47). Under nutrition (height for age) among poor and incidence of chronic poverty is again higher for West Bengal than Punjab. This is applicable for both rural and urban areas. The percentage of children under 3 years of age being severely malnourished in Punjab was 8.8% whereas in West Bengal it is 16.3% as compared to the All India average of 18%.

Health indicators and nutritional levels have a direct correlation. In Punjab the IMR has come down from 77 in 1961 to 51 in 2002 to 49 in 2003. However it is higher than West Bengal whose IMR was 46 in 2003 (national average being 60). If one looks at the neonatal and under 5 mortality rate in 1998-1999, Punjab’s performance is poorer than West Bengal although both have done better than the

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77 Ibid., pp.125-126.
79 Financing and Delivery of Healthcare Services, Background Papers of the National Commission on Macroeconomics and Health, op.cit.,p.62.
national average. As per NFHS-2, Punjab Neonatal Mortality Rate (NMR) per 1000 was 34.3 as compared West Bengal with 31.9 (all India average being 43.4). Rural NMR was 39.3 for Punjab and 36.7 for West Bengal (all India being 46.7) and urban NMR being 18.6 for Punjab and 9.9 for West Bengal (all India average being 31.7). Under 5 mortality rate -per 1000- was higher in Punjab for both rural and urban areas then West Bengal (72.1 for Punjab and 67.6 for West Bengal – all India average was 94.9). The NSS – 60th Round states that both Punjab & West Bengal, in both rural and urban areas have been reporting high levels of morbidity. In rural areas, the number (per 1000) of persons reporting ailment in Punjab was 136 & in West Bengal it was 114, both were above the national average of 88. The trend was similar in urban areas too. The number reporting commencement of any ailment (PPC) during last 15 days also continues to be high in both the states. In Punjab it is 61 (per 1000) and in West Bengal it is 56 (per 1000), both are higher than the national average of 45 (per 1000). Similar trends are visible for the urban areas too.

Punjab’s performance is poorer although the number of primary healthcare/community healthcare per 100,000 population being higher in Punjab. It is 3.7 as compared to 2.4 for West Bengal. Also its performance is poorer is spite of share of health to total household expenditure being 6.87% (7.66% for Rural and 5.60% for Urban) as compared to 4.73% for West Bengal (4.64% for Rural and 4.84% for Urban) – the national aggregate being 5.57%. Life expectancy has improved for both the states. For Punjab (1998-2002) for males it is 67.4 and for females it is 69.5 whereas for West Bengal it is 63.3 for males and 64.8 for females. Both are higher than the national average of 61.6 for males and 63.3 for females.

There has been an increase in the number of primary health centers servicing rural Punjab but high IMR and under 5 mortality rates, diseases like Tuberculosis and Malaria show that the health institutions have to work better. Moreover there is a trend towards increasing privatization of health services (which affects the poor’s

83 Financing and Delivery of Healthcare Services, Background Papers of the National Commission on Macroeconomics and Health, op.cit., p.62.
84 Ibid., p.186.
accessibility to health), which needs to be countered by proper public investment in health. As per the Punjab Human Development Report, 2004 the decline in using government facilities for non-hospitalized treatment and the abysmally low levels of usage of government facilities posses a question on the efficiency and utility of massive government primary care facilities.\(^{86}\) Also allocations in health have gone up in 1999-2000 and 2000-2001 but the actual expenditure made on health was just 0.99% of the state NSDP for the year 1998-1999. Not just increasing financial allocation but also health investment planning is required for greater devolution of resources to underprivileged areas and groups.\(^{87}\) Moreover if one sees the source of treatment in rural areas, then one finds that private percentage is higher than government in both the states. The private source of treatment in both the states continues to be higher than the national average (78%) whereas that of Punjab is 84% & West Bengal being 81%. Similar trend is true for urban areas too. Meanwhile the government source of treatment in both the states continue to be lower than the national average. This is a disturbing sign, as poorer & deprived people would be deeply affected, as charges of private services are higher.\(^{88}\)

West Bengal also needs to improve on its nutritional programmes. There is need for improving food consumption practices to ensure adequate nutrition. Both preventive and curative dimensions of healthcare have been affected by fiscal constraints, lack of physical infrastructure and demographic pressure. These need to be tackled in future.

**Drinking Water & Sanitation**

In terms of quantity of water supply, Punjab tops the list of states. The NSS 54\(^{th}\) round 1998 stated that Punjab had the best level of access to adequate drinking water amongst all the states in India.\(^{89}\) However there are problems with regard to the quality. The percentage access to safe drinking water to households has increased/improved from 84.6% in 1981 to 92.7% in 1991 to 97.6% in 2001.\(^{90}\) The challenge

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before Punjab is not provisioning of safe drinking water but to ensure that the few villages and people who have not been able to get the benefit of assured supply of safe drinking water do so.\textsuperscript{91} Moreover Punjab has to deal with the contamination of surface and ground water. Emphasis is also being laid on sanitation facilities. In Bengal the percentage access to safe drinking water to households has increased/improved from 69.7% in 1981 to 82.0% in 1991 to 88.5% in 2001. Both the states have improved over the years and their accessibility to safe drinking water is higher than the national average of 77.9% in 2001.\textsuperscript{92} While most districts in West Bengal have near universal or at least adequate coverage of habitation and population in terms of water supply, there is distinct inadequacy in some districts, where at least 15% of the population is not covered.\textsuperscript{93} The state is also facing similar problems of pollution in surface and ground water resources in both rural and urban areas and arsenic contamination is a serious problem which it needs to address. The total sanitation campaign has also been taken up.

\textbf{Rural Development}

Besides food absorption, rural development and schemes promoting rural development is also essential. The programmes of SGSY, SGRY, NFWP, PMRY, Urban Self Employment schemes in Punjab have been operational to help groups start any kind of useful activity towards earning a livelihood. These employment programmes need to be continued specially in rural areas as the unemployment rate was higher than the national average during 1999-2000 in the rural areas. Rozgar melas have also been organized by the government to address the issue. The foodgrains component of the SGRY also needs to be continued although its requirement is comparatively less as Punjab has a poverty ratio of only 6.16% and it is a surplus state. Even in infrastructure Punjab has done well. As per Human Development Report, 2004, in Punjab 99.2% of villages were linked with roads by the year 1999-2000 & 100% of villages were electrified.\textsuperscript{94} Also the state is implementing the programme of Pradhan Mantri Gramodaya Yojna under which rural

\textsuperscript{93} West Bengal Human Development Report, 2004, \textit{op.cit.}, p.216.
electrification, public health, nutrition support for children belonging to poor families in preschool and elementary education stage will be provided.

The mid-day meal scheme and the ICDS are also operational. The former is partially operational but it has been decided to universalize the cooked meals programme forthwith.95 Most importantly Punjab needs programmes for development of natural resources which would improve the critical ecological position. Already various soil conservation schemes are being implemented during the 10th Plan along with special emphasis on repair of damaged water supply schemes. Farm Forestry has also been taken up and externally aided forestry development project is being implemented to reverse the degradation of the natural environment. These programmes need to be vigorously pursued even in the future to ensure future sustainability.

The difference between Punjab and West Bengal is in the fact that in West Bengal the actual implementation of the programmes is done by PRIs with their required decentralized structure & local level bureaucracy. The PRIs are the foundation on which the rural development programme of West Bengal is based. The state of West Bengal has a higher percentage of poverty than Punjab and therefore its need for effective poverty alleviation and employment-generating programmes is also higher. The programmes of SGSY and SGRY are operational here. The SGSY has been helping in organizing the poor into SHGs and augmenting their capacities, providing them training, credit, technology, infrastructure. The amount of money utilized for infrastructure development and skilled training has gone up over the years along with the increase in the number of beneficiaries. This programme, however, needs improvement. SGRY also needs to be improved as there has been loss of total availability of resources under the programme. In terms of rural infrastructure the Pradhan Mantri Gramodaya Yojana is operational in West Bengal. In West Bengal more than half of the villages lacked connection by roadways in the mid 1990s. Electrification has proceeded more slowly than in the rest of India: in 1991 only 33% of all households in West Bengal had electricity connection compared to 42% for all India.96 It needs to improve with respect to rural electrification as well as development

of roadways. Mid day meals and ICDS are also operational but West Bengal has also decided like Punjab to universalize the cooked meals programme under mid-day meal forthwith.\textsuperscript{97}

West Bengal too has been facing problems with ecology. Thus in future it needs to focus on programmes for development of natural resources. Watershed programmes have been operational in the state and guidelines have been revised. A new initiative named ‘Hariyali’ has been launched from April 2003. Thus both Punjab and West Bengal need to focus on rural development with special focus on ecology and employment with West Bengal having to work on infrastructure too. The Human Development Indicator combines three essential elements of a decent life. These are longevity – the opportunity to lead a long & basically healthy life, knowledge -which brings empowerment & the capacity to interact equally with society & finally per capita income which provides access to a decent standard of living. The National Human Development Report (2001) prepared by the Planning Commission ranks Punjab 2\textsuperscript{nd} for HDI –among 15 major states & West Bengal 8\textsuperscript{th}. It further ranks Punjab 12\textsuperscript{th} for HDI 1991 & West Bengal 20\textsuperscript{th} calculated for 32 states & Union Territories. The ranking amongst the top 15 states show that both the states had been ranked the same (Punjab 2\textsuperscript{nd} and West Bengal 8\textsuperscript{th}) for the years 1981, 1991 and 2001.\textsuperscript{98}

Bringing people into direct governance is one of the most powerful mechanisms to ensure sustainable development. Punjab has responded to the 73\textsuperscript{rd} & 74\textsuperscript{th} amendments to the Indian Constitution by its state acts but both panchayati raj in rural Punjab & local self government in urban Punjab have not matured to the level of those in West Bengal or Kerala.\textsuperscript{99} However since 1997, decentralized planning has been discussed as a mode of planning in the state. On an experimental basis, block plans for 24 development blocks have been prepared in which, area – specific solutions have been recommended.\textsuperscript{100} Panchayats in West Bengal on the other hand have played a major role in socio-economic development. Panchayats have been instrumental in improving rural development by ensuring proper irrigation, drinking

\textsuperscript{99} \textit{Ibid.}, p. 179.
\textsuperscript{100} \textit{Ibid.}, p.58.
water & sanitation rural electrification, education etc. In March 2004 the West Bengal Panchayat Amendment Act 2003 came into force, in an effort to further streamline the process.

From the 1970s, Punjab’s cooperative network has been an example in other parts of India. According to Punjab Human Development Report 2004, today there are buoyant & financially large cooperatives managed by farmers & members & run professionally by administrators. However lately some of these cooperatives are facing financial crunch and their efficiency needs to be improved. Unlike Punjab, cooperatives in West Bengal are not so widely prevalent and the state government could consider new & imaginative ways of encouraging cooperatives in production and marketing in both agricultural & non-agricultural activities especially in rural areas. There is a stark absence of NGOs & self help groups in Punjab as compared to West Bengal. These exhibit crucial support mechanism, in socioeconomic changes in local areas. The state of Punjab should thus encourage the formation and existence of NGOs & self help groups.

Cooperatives can play a crucial role in marketing agricultural produce. Since West Bengal is surplus in vegetables, it can explore the options of cooperatives in this field. Meanwhile the performance of cooperative banks in West Bengal has been far better than the commercial banks in terms of providing credit to small & marginal farmers. Also cooperative banks have significantly improved upon their ability to raise deposits. This success may be because the importance of the cooperative sector is increasingly recognized by the state government, which has been assisting the cooperative sector in diversifying its activities, by providing share capital assistance, risk fund interest subsidy, ad hoc grants, loans for storage facilities, subsidies etc.

As greater functions & resources are devolved to the PRIs as mandated by the 73rd & 74th constitutional amendments, the states will face exactly the same disjunction between budgetary & economic classification of their expenditures as the Centre faces today vis-a-vis the states. It should be clear that states face uncertainties and limitations that are considerably more generous than those faced by the Centre. Unless some method is devised to correct the situation expeditiously, some of the

101 Ibid., p.179.
states may rapidly sink into acute fiscal distress & will have to cut back on their plan expenditure. This will have serious repercussions on public investments in the country & inevitably affect both the growth rate & the pace of progress in our social indicators. Consequently the fiscal position of the government as a whole, including both the Centre & the states, will remain vulnerable unless appropriate steps are taken at both levels of government. 103

The West Bengal Human Development Report, 2004 comments that West Bengal like most other states in the country is today in the grip of a fiscal crisis & a hard budget constraint that severely affects its capacity to increase public spending in vital areas. The restrictions imposed by the RBI upon domestic borrowing by the state governments have created a much tighter budget constraint. 104 Meanwhile the gross fiscal deficit of Punjab increased from Rs. 1242.2 crore in 1990-91 to Rs. 3674.2 crore in 2000-01. A substantial part of this deficit was to be financed by loans from the Centre. The gross devolution of resources from the Centre to the state was budgeted to the order of Rs. 4682.2 crore during 2000-01. By contrast devolution from Centre to state was Rs. 1620.5 crore during 1990-91. The total transfer from the Centre to the state increased however from Rs 1174.5 crore in 1990-91 to Rs. 3298.5 crore in 2000-01. It is to be noted that from this total transfer the amount of interest payment made by the state to the Centre has not been excluded. The actual transfers are of much smaller amounts. 105

Jayati Ghosh comments that due to tax reforms, the tax/GDP ratio declined at central level. Central transfers to state governments also declined. State governments were forced to borrow in the market and other (often international) sources at high interest rates. As a result, the levels of debt and debt servicing increased in most of the states. In recent years most state governments were in fiscal crisis and did not have funds for capital expenditures. This has been especially important since state governments are responsible for areas critical for farmers such as rural infrastructure,

103 The Mid-Term Appraisal of the Tenth Five Year Plan (2002-2007), Planning Commission, Government of India, p. 44.
power, water supply, health and education. However she points out that after fifteen years the increase in the Tax/GDP ratio is clearly a positive sign as brought out in the Union Budget 2006-2007.  

In 2006-2007 both the tax devolution & the grants to the states will be substantially higher. However Brinda Karat comments that the Union Budget 2006-2007 deals a blow to the already heavily burdened state governments by cutting the grant components to states in the Normal Central Assistance Scheme by almost Rs.2,700 crores. This is resulting in the state governments being increasingly pushed towards market borrowings.  

The Approach Paper to the 11th Five Year Plan states that the scope for increasing the fiscal deficit as a means of financing Plan expenditure is constrained by the Fiscal Responsibility and Budget Management (FRBM) Act which requires the central government to reduce fiscal deficit to 3% of GDP by 2009 & also to bring the revenue deficit to zero in that year. Similar Acts have been passed by most of the states. This forces the combined fiscal deficit of the Centre and the States to be limited to 6% of GDP from 2008-2009 onwards. The required additional mobilization of resources must come from a combination of an increase in tax revenues as a proportion of GDP & a fall in non-plan expenditure as a percentage of GDP.  

The CPI(M) comments that the fact that FRBM Act type legislations have been imposed on the state governments is symptomatic of a deeper problem i.e. of a severe curtailment of powers of the state governments in recent years. The centralization of financial powers in recent years has been accompanied by greater permissiveness with regard to agencies like that of the World Bank & the Asian Development Bank exercising control over 'governance' at the state level. Not only in the matter of finances, but also in other areas, the power of state governments have

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110 An Approach to the 11th Five Year Plan (2006), Planning Commission, Government of India, June 14, http://www.planningcommission.nic.in
got eroded. International treaties & tariff policy have been pursued without any consultation with the state governments.¹¹¹

To further democratize Centre-State relations, the following proposals are being made:

a) All international treaties, which the Union Government signs, must be ratified by both the Parliament and where they impact heavily on the fortunes of the states, by the National Development Council.

b) Policies in a number of vital spheres such as food, pricing, procurement and distribution, and tariff policies having overwhelming consequences for particular states, should be brought before the National Development Council which should have the final decisive say in the matter.

c) The NDC must work out guidelines within which the states seek to attract private investment & these must be strictly enforced.¹¹²

The above proposals should have an impact on the two states which can go a long way in increasing their capability to spend on social sectors and allow them to have a greater say in critical matters concerning overall food security.

¹¹² Ibid.