

Revealed preference of indian state: Health nutrition and agriculture

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Crisis do not change people instead it reveals their real selves' is a proverb that perhaps applies to the governments as well. The policy responses in the context of COVID-19 (C19) pandemic does the same for governments. India topped in lock-down stringency index and bottomed in providing fiscal support to its citizens during the lockdown (The Economist 2020). India's deliberate choice to remain stringent and stingy revealed its preference not only for lives over livelihoods but also for the privileged over the underprivileged. Given the nature of pandemic it was well understood that jobs and livelihoods of lowest strata will suffer the most. While adults in families at the bottom end of the economic ladder lost their livelihoods, children lost their schooling and the associated mid-day meals. Notwithstanding, the exodus of poor migrant workers from urban areas to their homes in most inhuman conditions. It cannot be ignored as occasional omission because government has been consistently revealing the same preference in subsequent policy statements as well.

For any government annual budget is the most credible policy statement. Therefore, to assess the revealed preference of the government this piece analyses proposed outlay announcements. For a deeper examination of government's attitude towards disadvantaged sections who suffered most during the lockdown, along with the budget, we also analyse Economic Survey 2020-21. This is to facilitate governments' understanding of bottom half's predicament after C19 decimated the economy. The impact of this strict lockdown was clearly visible as India experienced one of the most severe reversal in size of the economy during that period.

The context of pandemic provided a golden opportunity for the government to draw a radical budget statement for the course correction of many policies, as most experts having interest in Indian economy agreed for a lenient expenditure driven budget where money should be directed into the hands of people who can immediately use it to boost consumption demand in the economy. Moreover, architecture of social policy, thanks to continued effort by many committed experts/activists as PDS, NREGA and others already existed to channelise the fiscal spending into the hands people who needed it the most. Government just needed to push an appropriate amount of money into these flagship social policies/programmes.

However, government has chosen a path that moves away from the above consensus and instead has decided to boost the infrastructure projects. This piece is particularly focused on nutrition and population health, food and agriculture related issues. Successive governments have persistently underfunded these areas. As a result India now finds itself in an embarrassing situation when compared to its poor neighbours. C19 pandemic provided much needed political space to boost public spending in these areas, which was squarely missed.

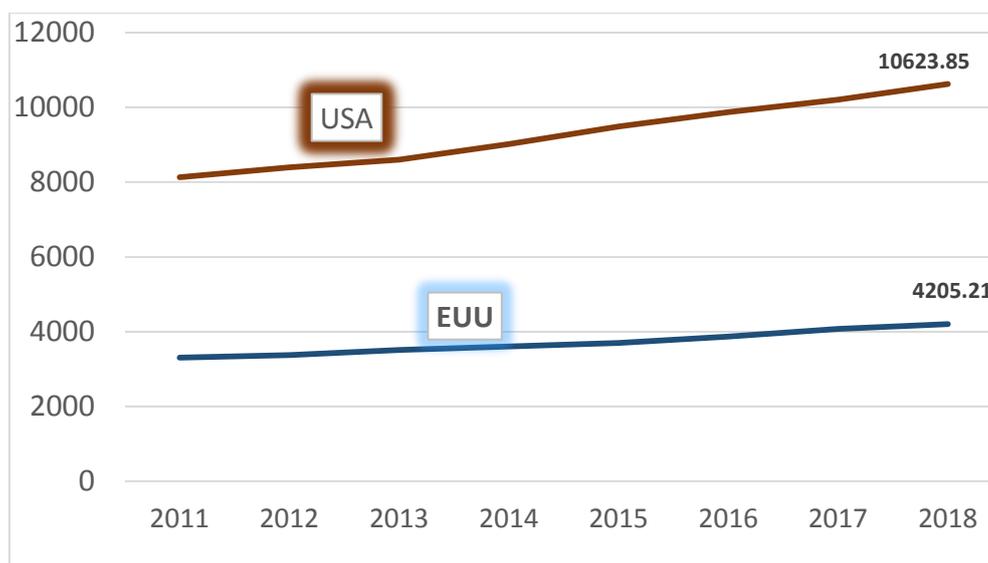
On health system

The implication of sustained neglect to the primary health care centres, particularly so in urban centres was clearly visible when Indian government failed to scale up the testing numbers as the infection levels rose in major urban centres. The health chapter of Economic Survey instead of clearly identifying this weakness in the Indian health system the document alluded that "... better health infrastructure is no guarantee that a country would be able to deal better with devastating pandemics like Covid-19". The advent of pandemic clearly underscored the importance strengthening primary subsector of health system. Population with pre-existing non-communicable morbidities were at much higher risk of death due to C19 infection.

It is well established in the literature that prevalence of non-communicable morbidities can be reduced by strengthening preventive and primary sub-systems. The primary sub-sector should now increasingly focus its attention on prevention of non-communicable diseases and health promotion in addition to conventional role of dealing with communicable diseases. However, India has been moving consistently in a direction i.e., insurance based curative care health system that has proven record of being highly expensive. It is well known that Europeans in general enjoy much better health status than Americans despite spending just 40% of what

Americans spend on their health in per capita terms, taking private and public spending take together (Figure 1). Experts generally concur that escalation of health care cost in the US is primarily due to incentive structure associated to insurance-oriented health care system. (for details see Dreze and Sen 2013, Chapter 6)

Figure 1: Per capita health expenditure including public spending in current PPP \$



Source: World Development Indicators

The Economic Survey 2020-21 jumps to conclude that states that adopted PM-JAY, an insurance based health care programme, have done well in comparison to states that did not without even recognising the well-received global wisdom that insurance based system is not a cost-effective. It appears that the whole exercise in the chapter was aimed at chastising states like West Bengal that did not adopt it instead of looking for cost effective alternatives for the government.

Coming to budget allocations for 2021-22, Finance Minister made a grand opening with big bang hike in allocation for 'health and wellbeing budget' of Rs. 2,23,846 crore. However, this amount includes allocations that are not formally under Ministry of Health and Family Welfare (MoHFW) or Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH) - i.e., Rs. 98,752 for Nutrition, and Water and Sanitation, Rs. 35,000 crores for C19 vaccine money and 15th Finance commission grant Rs.13,192 crores. Last two items are not part of the budget because they will straightway go to states' kitty and allocation under Nutrition, and Water and Sanitation goes to Ministry of Jal Shakti. After

deducting these amounts only Rs.76,902 is left which should be seen as MoHFW and AYUSH budget in order for comparing it with previous year budgets. The budget amount i.e., Rs. 76,902 is lower than previous year's revised estimate of Rs.85,250 but higher than budget estimate of nearly Rs.70,000. The higher revised estimate in comparison to budget estimate during 2020-21 is largely on account of pandemic.

The complexity of budget and flow of funds in public sector makes it formidably difficult to identify health budget items into primary, secondary, and tertiary subsectors. In fact, the subject is so complex that it has become a matter of academic interest in recent times (Gupta et. al. 2020). Moreover, since states heavily spend on health over and above the Centre, it is inappropriate to draw conclusion about compositional aspect of public health expenditure simply from a national budget. National Health Accounts has been producing estimates classifying total public expenditure under primary, secondary, and tertiary subsectors in a report titled National Health Accounts Estimates for India 2016-17 (Sharma et. al.2019; page 28 & Gupta et. al. 2020). As per their classification 52% of the total public expenditure on health including states can be attributed to primary sector for the year 2016-17. The dominance of primary sub-sector in total health expenditure is a consistent pattern over the years. Such a spending pattern is in sharp contrast to standard notion that primary health sector does not get due attention. However, there exists no standard benchmark or notion of optimal primary health expenditure. Despite this dominance of primary health expenditure there is overwhelming evidence that secondary and tertiary facilities remain overcrowded with patients requiring primary level care.

But one thing that can surely be seen as boost to primary sub-sector is allocation of Rs.13,192 crores to local governments under 15th Finance commission grant for the purpose of health and wellness centres.

On nutritional intake and food

The embarrassing situation that India sits in today is mainly due to unbelievable levels of deprivations in nutritional (anthropometric) outcomes particularly among our children. As per medical literature appropriate nutrition in early childhood i.e., till three to six years of age is crucial for attaining potential growth in cognitive abilities. Deprivations in nutrition during this period would mean irrecoverable loss of cognitive abilities for the child having long term implications for educational attainment and future wage-earning potential. Thus, investing in

child nutrition seems to be the surest way to level the playing field for the most disadvantaged. But India has consistently underfunded child nutrition. As a result, India has made a dreadfully slow progress on this front despite posting high rate of economic growth; nearly 34% of children remain stunted as per NFHS-5 conducted during 2019-20. Additionally, C19 induced lockdown may have further accentuated the nutritional deprivation among children as access to Mid-Day Meal (MDM) and Anganwadi meals got interrupted in addition to yearlong loss of learning. This was compounded by massive deterioration in labour and production entitlements for their parents (Ambast et. al. 2021). Further protein content of Indian food remains stubbornly low at 10-11%. Entire switch from carbohydrates, a process popularly known as food/nutrition transition, is capture by increasing share of fat (Siddiqui and Donato 2019). In such a situation it was opportune that budget provided enough support under mid-day meal scheme so that children could catch up on lost nutrition through protein rich intakes as quick as possible so that growth retardation and concomitant loss of mental abilities can be minimised.

Interestingly, Chapter 7/Vol2 of the Economic Survey 2020-21 reports sustained improvement per capita availability of eggs, dairy products but remains oblivious to the well-received wisdom that access to it will depend on the entitlements of individuals. The Chapter in the survey makes no suggestions for mechanisms to ensure that the most vulnerable children or their families have the required entitlement to access the increased availability of protein rich food in the country. The budget 2021-22 statement ignores such a catastrophic impact of C19 on Children's nutritional intake. Right to food campaign estimated that Integrated Child Development Scheme (ICDS) budget was reduced by 36% in real terms from the 2014-15 Budget (The first NDA II budget) after assuming 5% inflation rate. The budgeted amount of ICDS (Assuming 84% of allocation under SHAKSHAM based on last year's number) for 2021-22 is Rs.16,888 crores while budgeted amount for 2014-15 was Rs.18,691 which works out to be Rs.26,300 at today's prices assuming 5% inflation rate. Similarly, MDM scheme is budgeted at 11,500 for 2021-22 which is only 62% of amount budget in 2014-15 valued at today's prices, implying 38% cut in real terms vis-à-vis 2014-15. Such cuts in real terms in times of heightened need is symptomatic of central government's indifference to most vulnerable population of the country which was initially demonstrated by announcement for abrupt lockdown rendering army of migrant workers homeless without

any right to stand on the road or to ask for food from the neighbourhood in most urban centres.

The revised budget estimate of food subsidy bill (Rs.4.2 lakh crores) shows significant hike from budget estimate of 2020-21 of Rs.1.15 lakh. This hike is on account of increased allocation of free food from PDS subsidy during the lockdown but also due to government's decision to pay for deficits of the Food Corporation of India (FCI). It is worth the attention that the FCI has been filling the resource gap by accumulating loans from National Small Savings Fund (NSSF) over the years in absence of any budgetary support. The 2021-22 budget has been allocated Rs.2.43 lakh crore largely on account of settling the loan amount of FCI. Given that pandemic was far from over when budget was presented, it should have taken a cue from revised budget estimate of previous year to allocate amount for food subsidy. However, as one can gauge from writings in economic survey, government is presuming the end of pandemic and is hoping for a V-shaped recovery ignoring all the warning signals of health sector experts.

Mahatma Gandhi National Rural Employment Guarantee (MG-NREGA) is yet another entitlement through which government could have ensured that poorest families have sufficient cash to buy their basic needs including food. Here also government remained short in delivering much expected relief. The allocated amount of Rs. 73,000 crore in 2021-22 is just 65.5% of the revised estimate of Rs. 111,500 crores in previous year. Given that revised estimate far exceeded the previous year's budgeted amount of Rs. 61,500 due to heightened increase in demand for work under MG-NREGA, Government should have shown cognisance of the extra ordinary situation by significantly raising the budgeted amount if it indeed wishes to be concerned about the most vulnerable. In 2021-2022, the food subsidy budget is Rs.2.43 lakh crore.

The indifference of the government can also be deciphered from the disregard for availability of information on nutritional intake of population. The real time or at the least quick availability of information on nutritional intake is crucial for monitoring population health and taking corrective measures to reverse any incidental deficiency in nutritional intake. Unfortunately, the latest survey conducted by NSS during 2017-18 on Consumption Expenditure which is the only source of data for estimating calorie intake of the population has been scrapped in wake of negative growth in consumption expenditure and rise in poverty

levels. Attempt to do another survey in 2020-21 ran into difficulty because of C19 induced lockdown. The latest available data on calorie intake is eight years old by now i.e., 2011-12.

Further, the centre has given low priority to most vulnerable section of workers involved in public health and nutrition sector in the budget statement. On the behest of Prime Minister, people clapped and banged plates in support of grassroot workers such Anganwadi workers and helpers, Mid-Day Meal cooks and ASHA's for their services during the pandemic but budget 2021-22 fell short in giving them a much-deserved raise in wages. These workers do not even earn minimum wage. They are the last mile connectivity for almost all public health and nutrition related interventions. How is this health system strengtheningRs. Money is not where mouth is!

On environmental component of nutrition:

India's dismal performance in nutritional outcome is not solely due to limited levels of entitlements for accessing food. Research has clearly identified the role of ambient epidemiological environment as a factor which is particularly pronounced for Indian children. The intestinal health responsible for absorbing nutrients from food is heavily conditional upon the prevalence of germs in the neighbourhood (Duh and Spears 2017, Harper et. al. 2018). Indian children suffer from a sub-clinical condition known as Environmental Enteric Dysfunction (EED) due to exposure to infections occurring as result of high prevalence of open defecation in India. Despite access to enough food children may not be able to absorb sufficient nutrients from them because of their poor intestinal health.

While Swachh Bharat Mission -Rural, designed to deal with widespread open defecation in rural India, may have achieved the target of building enough toilets, it is far from eliminating open defecation. Based on the information on construction of toilets Prime Minister congratulated himself by declaring Open Defecation free in 2019 on the basis of administrative data, without any empirical support from independent surveys. The lack of emphasis on behavioural factor i.e., actual usage of toilets, at policy execution level was sufficiently forewarned by researchers (Coffee and Spears 2017). A recent survey shows that only a quarter of people use open defecation despite having access to the toilet (Gupta et. al. 2018).

The continued lapses in addressing environmental factors that have bearing on nutritional outcome of Indian children is at the root of the failure of several nutritional intake related

interventions. Despite several such revelations, till recently policy establishment equated war on rural open defecation with building of toilets. Good news is during 2020-21 the revised budget figures show an increased allocation i.e., Rs.20 crore for information education and communication which is significantly higher (3.5 times) than 2019-20.

With increased of funding for urban and local bodies under 15th finance commission grants it is only hoped that such environmental issues will be in important factor in determining local political fates. The actual amount made available for urban and local bodies together is Rs.67,015 crores for 20021-21. This amount is in addition to Rs.13,192 crores that has been allocated to local bodies by the Commission exclusively for primary health care.

On the cost of ignoring agriculture: A tool to combat malnutrition and climate change.

'Stagnation' is a popular term in media while referring to farm sector. However, this sector demonstrated resilience and posted a positive growth during the pandemic year saving large majority India from vagaries of food shortage and price shocks. It is important to recall that Indian agricultural sector has traditionally received negative net subsidies implying that agriculture, in fact, has subsidised other sectors of the economy (Patnaik 2003; Gulati and Narayanan 2003; Joshi 2001)

Farm sector diversification is a long overdue for sustainability and for qualitatively better nutrition transition. The incentive structure i.e., institutional support mechanism including the knowledge system and support prices for selective crops hinders the diversification of farm sector.

For improving the quality of nutrition, India needs to increase share of protein in its diet which has remained stagnant 10-11% while share of fat intake in total calorie composition has been rising to replace carbohydrates. The recommended share of protein in total calories consumed is at least 20% as per Harvard Medical School guideline. Rising share of fat intake in Indian diet has already started showing its ugly face. The share of non-communicable diseases in total disease burden in India has risen rapidly. It increased from 31% in 1990 to whopping 55% in 2016 (India State-Level Disease Burden Initiative Collaborators 2017).

The diversity of Indian diet is highly limited. Even within cereal consumption it is mostly sourced from rice and wheat. Jawar, Bajara and other millets have almost disappeared from Indian diet largely due to MSP working exclusively for rice and wheat. The perverse effect of

selective MSP for rice and wheat gets further compounded once fertiliser and electricity subsidy for agriculture is brought in sight. The unsustainable use of ground water, pesticides and inorganic fertilisers have affected soil quality leading to stagnation of crop yields. On the other hand, production of environmentally benign (water-saving) cereals such as various millets, beans and lentils remain very limited. The system of perverse incentives has played pivotal role in reducing crop diversity in India which in turn has affected dietary diversity. Given the umpteen benefit and synergies of spending resources, farm sector should have received much attention specially when farmers have been protesting for long after three farms' bills were passed without much debate in parliament. It was the most opportune time to heal the scars that Indian state, over many decades, has afflicted on Indian farmers (Joshi 2015).

Both Budget 2021-22 and the Economic Survey 2020-21, however has failed in recognising and addressing these issues. Instead, agriculture budget was slashed by Rs. 10,000 crore while farmers are sitting-in dharna. PMs own promise of doubling the famers income seems to have disappeared through the thin air. This is blatant disregard to community that produces food for the entire country. It appears that government is following a strategy of undignified/coerced eviction of farmers and farm workers to other sectors to achieve the structural transition of the economy. It is worth recognising that such a strategy will also create a highly elastic labour supply for non-farm sector as famers will not be able use to agriculture as a fall-back option. Given that MG-NREGA remains at a limited scale as discussed earlier, this is particularly brazen.

Conclusion:

The critical study of Budget 2021-22 and Economic Survey 2020-21 in areas of health, nutrition and agriculture reveals Indian states' indifference to the most vulnerable population in the country that has faced the most devastating pandemic. Indian state did not take significant measures to reverse the deteriorations in nutritional and employment status of most vulnerable population. Further, farm sector continues to remain clogged with perverse incentive structure breeding inequality and unsustainability. The trickle-down theory has long been debunked in mainstream economic literature, but Economic Survey 2020-21 still fancies it (Chapter 1). A deeper look at Indian states' priorities conveys a strategy of structural transformation which seeks to coax most vulnerable rural mass to move to cities to join

modern sector, to use Artur Lewis's terminology, for wage work with no option to look back when times get worse.

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