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For rich or for poor?

Food subsidy to the poor is not a luxury. It is a necessity for India's development, write Ashok Kotwal, Milind Murugkar and Bharat Ramaswami.

INDIA Updated: Nov 10, 2011 21:19 IST

HT Ashok Kotwal, Milind Murugkar and Bharat Ramaswami
Hindustan Times



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'Food subsidy is a massive burden...if so much is spent on subsidies, what is left for development?' agriculture minister Sharad Pawar recently asked. It is a legitimate question that is on the minds of many but seldom gets asked for fear of appearing callous. Are we prematurely trying to be a welfare State? In the developed world, safety nets like food stamps are regarded as humanitarian obligations toward the poor. In the West, the poor are not so poor as to be deprived of a basic minimum level of nutrition and education and any subsidy to them is unlikely to impact the average human capital of the State. An expenditure on any subsidy to the poor in such societies has to be considered 'consumption' rather than 'investment'. Can we say the same about food subsidy in India?

We feel that food subsidy in India is not charity but an investment. Our intent is not to defend the public distribution system through which subsidy is delivered. Alternatives, including direct cash transfers, must be tried. What we would like to defend here is the role of food subsidies in the process of development.

What do we know about the process of development through which the societies once poor became rich enough so that even the poorest of their citizens could live like human beings? Well, development has always been a process of productivity improvement and that, in turn, has come about either through innovation by their own citizens or through a diffusion of knowledge from other societies. To a great extent, one who adapts the ideas and knowledge from elsewhere should also be considered an innovator.

Innovation does not mean a bunch of PhDs in white coats working in labs. It means taking a small step to do the existing task better. Societies on the rise are experiencing innovations in all walks of life. Farmers are trying out new methods of cultivation or using market information to switch to more lucrative crops; industrial entrepreneurs are trying out new methods of production; local governments are trying to experiment with organisational forms; banks are trying out new methods of issuing credit to those without collateral.

Every society has individuals with potential to innovate. However, their potential remains dormant as long as they lack access to credit, education, safety and the freedom from the anxiety about where their next meal will come from. An essential function of a government in a developing country is to widen the pool of potential innovators. Yes, it must create infrastructure, education and healthcare institutions to make this possible. But it must also try to ensure that if at all it is possible, the next generation doesn't grow up with under-developed brains due to malnutrition. The wealth of our nation depends on their creativity. Food subsidy to the poor is not a luxury we cannot afford; it is a necessity for development that we cannot afford to cut back on.

This picture of innovation is pertinent for India. The strong growth in India that the world has taken notice of has occurred due to the productivity growth in a few high-tech service sectors and a few manufacturing sectors that employ a tiny part of India's massive labour force. Over 90% of India's labour force makes a living in the informal sector that includes agriculture, cottage industry and retail shops. Yet this is not the sector that is part of any discussion on productivity growth. What will bring about a rise in its productivity?

The informal sector is a highly labour intensive sector. It uses little capital and power and the main source of productivity in this sector is the improvement in its human capital — a daunting task for the very poor. Their poverty is self-perpetuating. It prevents them from trying new things by limiting their access to credit and it results in malnourished children who end up doing a lot worse at school than they might otherwise have, thereby lowering the potential for intergenerational improvement. An income transfer to the poor would relax some of their constraints and induce at least some of them to take tiny steps to improve their own productivity.

Many people are betting on India having a bright future on the basis of its demographic dividend. The idea is that when there are more net producers (young) and fewer net consumers (old), the country can have higher incomes, higher savings and higher investment. The

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presumption here is that the young are indeed productive. A malnourished, undereducated young population will contribute little demographic dividend. Given that the population growth is higher among the poor, there is a real chance that this opportunity of reaping the demographic dividend will pass us by.

The wealth of a nation is the productivity of its people. A development strategy that enables only a small minority of the nation's population to experience productivity gains while leaving the rest stagnated must be considered deeply flawed. All it does is to create a small rich country inside a large poor one with the rich coming to believe that food subsidy or any poverty alleviation measure is a sort of foreign aid to this other poor country. In their minds, it is also clear that a food subsidy is only consumption rather than investment and hence unaffordable.

Ashok Kotwal is professor, University of British Columbia; Milind Murugkar is policy analyst, Pragati Abhiyan, Nasik; and Bharat Ramaswami is professor, Indian Statistical Institute, New Delhi. The views expressed by the authors are personal.

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Maoists deny Ganapathi surrender reports, call it Centre's conspiracy

The Communist Party of India (Maoist) said Ganapathi had voluntarily taken the decision to quit his post as the party's general secretary two years ago due to advancing age.

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INDIA Updated: Sep 03, 2020 21:04 IST


 Srinivasa Rao Apparasu
 Hindustan Times, Hyderabad


Maoists claimed that reports that its leader Ganpathi will be surrendering are false. (FILE PHOTO)

The central committee of the outlawed Communist Party of India (Maoist) on Thursday denied the reports of [surrender of its top leader Muppalla Laxman Rao alias Ganapathi](#) to the Telangana government and described them as “brutal lies”.

In a statement sent to the media, spokesman of Maoist party central committee Abhay alleged that the “Ganapathi surrender” story was a conspiracy planned under the leadership of Prime Minister Narendra Modi, Union home minister Amit Shah, central intelligence and state intelligence forces of Telangana and Chhattisgarh.

Abhay said Ganapathi had voluntarily taken the decision to quit his post as the party’s general secretary two years ago due to age and common ailments. “It is a common thing in everybody’s life. It has no relation with this brutal lie (of his surrender to Telangana police),” he said.

He alleged that the Modi government was maliciously propagating the surrender theory of Ganapathi to mislead the people and divert their attention from its failures. “The Modi government with saffron ideology has failed internally and externally on all fronts. In order to build confidence in the corporate forces and foil confidence of people in the Maoist party, the government has prepared this high-tension surrender story,” the Maoist party spokesman said.

He claimed that the home ministry’s strategy of making New India by finishing the Maoist party by 2022 has utterly failed. “Our party and the movement have been growing strong in some states like Telangana and elsewhere. Our central committee is committed to the peoples’ cause and is strong with lot of ideological and political experience,” Abhay claimed and appealed to the people not to believe the Ganapathi surrender theory.

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United Nations: India casts its ballot for UNSC election in General Assembly. India garnered 184 votes out of the 192 ballots cast in the General Assembly to win the election for the non-permanent seat in the powerful Security Council. (PTI)

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India lashes out at Pakistan at the UNSC

India on Thursday accused Pakistan of attempting to politicise the UN Security Council's 1267 sanctions committee procedure after members of the world body rejected Islamabad's call to designate two Indian nationals as terrorists. [Read More](#)

Facebook responds to Congress, calls itself 'non-partisan'

"We are non-partisan & strive to ensure our platforms remain a space where people express themselves freely. We take allegations of bias seriously & denounce hate & bigotry in all forms," Neil Potts, Facebook's Trust and Safety Director, responds to letter from Congress' KC Venugopal. [Read More](#)

Supreme Court to hear opposition states' review petition against holding NEET, JEE exams

Six opposition-ruled states: West Bengal, Jharkhand, Chhattisgarh, Maharashtra, Punjab and Rajasthan --approached the top court on August 28 seeking a postponement of the examinations in view of the coronavirus crisis. [Read More](#)

Here's what led to PUBG getting banned in India

The Indian government on Wednesday banned PUBG and 117 other China-linked applications. The move comes weeks after the government banned 47 applications which were mostly clones and variants of 59 apps. [Read More](#)

Former England under-19 captain talks about experiencing racism

English county cricket side Yorkshire said it is in contact with former player and former England under-19 captain Azeem Rafiq who claimed that he was made to feel, as a Muslim, like an 'outsider' during his time at the club. [ReadMore](#)

Here's your review for season-2 of 'The Boys'

Read review for the second season of The Boys. [Read More](#)

Unlock 4.0: Plan your Goa trip for the perfect post quarantine vacation

With Goa finally opening up again for tourists, this might be the perfect opportunity to take a little trip down to the sunshine state and enjoy the various sea-side views. [Read More](#)

Couple's wedding anniversary pictures will make you want to hug your partner

A couple celebrated their anniversary with a photoshoot while wearing the attire they donned on their wedding day, 60 years ago. [Read More](#)

Union Minister's reaction on apps ban by the Centre

Ramdas Athawale welcomed the government's decision to ban 118 more mobile apps. The decision was announced on September 2, days after China's fresh provocation along the Line of Actual Control in Ladakh. [Watch Here](#)

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Don't meddle in border dispute with India, China tells US

Chinese embassy spokesperson Ji Rong said China and India have the ability to resolve their border disputes bilaterally and Beijing won't accept countries outside the region meddling which will endanger regional peace and stability.

INDIA Updated: Sep 03, 2020 20:33 IST

 Rezaul H Laskar
Hindustan Times, New Delhi

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China has lashed out at the US after deputy secretary of state Stephen Biegun said Washington will push back against Beijing's aggressive actions, including its "outsized" territorial claims on the border with India. (REUTERS)

China on Thursday criticised what it described as "meddling" by the US in the border standoff with India, saying Beijing and New Delhi have the ability to resolve their disputes bilaterally.

Chinese embassy spokesperson Ji Rong was responding to remarks on Monday by US deputy secretary of state Stephen Biegun, who had said Washington will push back against Beijing's aggressive actions, including its "outsized" territorial claims on the border with India.

Ji said China favours a "fair, reasonable and mutually acceptable solution through peaceful and friendly consultations". The [two sides have been in talks](#) at various levels to seek a peaceful settlement of the boundary issue, she said.

"China and India have the ability to resolve their border disputes bilaterally. We don't accept countries outside the region pointing fingers, let alone meddling or making instigation, which will only endanger the regional peace and stability," she added.

Ji also rejected other remarks made by Biegun at the leadership summit organised by the US-India Strategic Partnership Forum that were critical of China for its "outsized demands to claim sovereign territory in the Galwan Valley on the India-Chinese border or in the South Pacific" and its "assertion of national sovereignty over the territory and territorial waters of other countries".

Nations need to enhance mutual understanding and friendly cooperation, and it is regrettable that senior US officials had violated the norms of international ties and "picked up fights virtually on every front and exploited every opportunity they can to slander and smear China", she said.

"The Chinese side firmly opposes it. We urge the US side to respect facts and truth, stop smearing and spreading rumours," Ji said.

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She reiterated China's assertion that it has "never provoked a war or conflict over the past 70 years" and always insisted on resolving territorial and maritime disputes with neighbours through consultations and negotiations on the basis of respecting historical facts to maintain regional peace and stability.

Ji described Biegun's comments about "predatory practices from the Chinese economy" and "technical theft" as groundless, and said China has firmly maintained the multilateral trading system and an open global economy.

Issues related to Taiwan, Hong Kong, Tibet and Xinjiang are "China's internal affairs" and "China does not accept external interference", Ji said.

Ji also noted that 2020 marks the 70th anniversary of diplomatic ties between China and India, and the two sides should adhere to the strategic guidance of the leaders of two countries, strengthen mutual trust and cooperation, and resolve differences through dialogue and negotiation.

"As large developing countries and emerging economies, both China and India are pursuing independent foreign policies. We believe that China and India have the ability and wisdom to handle bilateral relations properly and jointly maintain regional peace and stability," she added.

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Covid-19 cases likely to peak by October, warns Kerala CM

Many independent experts believe that the state's moving growth rate (MGR) for Covid-19 positivity is twice than the national average.

INDIA Updated: Sep 03, 2020 20:17 IST

HT Correspondent | Edited by Sparshita Saxena
Hindustan Times, Thiruvananthapuram



File photo: Kerala CM Pinarayi Vijayan. (PTI)

Kerala chief minister Pinarayi Vijayan on Thursday said experts have warned that Covid-19 virus cases will go up sharply by next month in the state and asked people not to lower their guard at this critical juncture. He said test positivity rate was quite high in the last couple of days but it will stabilize soon once testing rate goes up again.

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“Some studies have pointed out that Covid-19 cases will peak by October. We should not let our guard down citing drop in daily cases. Reduced number is due to the lesser number of tests. Onam festivities led to a dip in tests,” he said. The CM said the state’s vigil and surveillance really helped in containing mortality rate to an extent but the threat is far from over.

“Test positivity rate is above 8 now. We have to bring it down to 5. At least 50 percent of the total cases came up in last month. Though we managed to contain a massive spread, the threat remains,” he said, adding that earlier some experts had warned daily cases would go up more than 10,000 in August but the state managed it well.

Also read: [Five-day sero survey in Agra to begin from Friday](#)

Many independent experts believe that the state’s moving growth rate (MGR) for positivity is twice than the national average - 30-day MGR is 122 percent but the national average is only 64 percent in August. There are widespread complaints that many deaths failed to find a place in the government list.

While the official Covid-19 deaths in the state are 316, experts said the number may be more than double. Experts attribute the recent spike to increased testing. Till July, daily test rate was between 10,000 and 15,000 but now the state is trying hard to hike it to 50,000.

Meanwhile, the state has reported 1,153 fresh cases taking its Covid-19 tally to 79,568. As many as 57,732 patients in the state have recovered from the deadly contagion while active cases stand at 21,516. With 10 more casualties, Kerala’s Covid-19 death toll has gone up to 316.

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