



Policy Forum on Social Transfers to Revitalize Rural India and Launch of IFPRI Global Food Policy Report – 2019

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Background

Social transfer programs are an integral part of rural development strategies in developing countries. Irrespective of transfer modalities, these programs have the potential to enhance livelihoods and revitalize the rural economy. Social transfer programmes, combined with right policies and institutions, have been effective in promoting inclusive rural transformation in countries like Brazil, China, Mexico, and South Africa.

Rural transformation and revitalization have been pre-eminent goals for India's development efforts since the country's independence. In pursuing this objective, India's planning process over the last seven decades has resulted in many innovative public transfer interventions, which have given mixed results. Most of these programs primarily focussed on creating livelihood opportunities, especially for the marginalized segments of the population. The contours of social transfer programs—

that include preventive, protective, and promotional measures—have been playing important roles in bringing rural transformation in India. In recent years, their scope has increased significantly to increase their effectiveness. For instance, the mechanism for direct benefit transfers is evolving rapidly and



might replace in-kind transfers in the near future. The Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) announced by the Government of India, and other similar schemes announced by different state governments, have the potential to bring about qualitative changes with wide ranging implications for the rural economy.

Against this backdrop, the International Food Policy Research Institute (IFPRI) organised a one-day policy forum on “**Social Transfers to Revitalize Rural India**” in collaboration with the Indian Council of Agricultural Research (ICAR) and the National Academy of Agricultural Sciences (NAAS) on April 26, 2019 in New Delhi, India. The two primary objectives of the forum were to: (a) explore the linkages between social transfers and rural revitalization; and (b) analyze the direct and indirect impact of a set of social protection schemes and transfers on the rural economy. Drawing on recent findings and contemporary research, IFPRI researchers and other distinguished food policy experts came on a common platform under the policy forum to consider and deliberate on critical aspects of rural revitalization and how social transfers can play a role therein. The participants included delegates from India and abroad representing development professionals, policy researchers, policy planners, students, representatives from international and national development agencies, private institutions, civil society organizations, and media.

This proceeding is a documentation of the policy forum. The next section presents the synopsis of the inaugural session which was followed by the technical sessions and a panel discussion. There were three technical sessions: (1) Employment and Livelihoods: Challenges and Opportunities for Rural Revitalization; (2) Nutrition and Health: Challenges and Breakthroughs for Rural-Transformation; and (3) Natural Resources, Environment, and Rural Health. The technical sessions were followed by a final concluding session.

Inaugural Session

The inaugural session began with a welcome address by Dr. Shahidur Rashid, Director of South Asia, IFPRI. Dr. Rashid sketched a background of the region’s agricultural development. India and other countries in South Asia have made tremendous progress in recent decades and the situation has changed dramatically compared to the 1970s when the region struggled to deal with extreme food insecurity and heavily depended on food aid. The focus of the policy community in the past was on increasing cereal production and devising social safety programs to deal with the recurring food security threats arising from climatic shocks. Rural situations have changed dramatically compared to past years, but the region is still confronted with new threats from climate change, trade wars among super-powers, and changing social and demographic structures that call for rural revitalization. He highlighted that the title of the Global Food Policy Report-2019 should be seen in this context for the South Asia region.

In the inaugural session, the International Food Policy Research Institute (IFPRI) released the flagship publication – the Global Food Policy Report (GFPR) – 2019. This year the report highlights the urgency of rural revitalization to address a growing crisis in rural areas and offers policy and investment options to improve access to basic services, create more and better rural jobs, foster gender equality, and restore the environment, that can make rural areas vibrant and healthy places to live and work in.

After the launch of the GFPR-2019, the gathering was addressed by keynote speaker, Dr. Shenggen Fan, Director-General, IFPRI. In his keynote address, Dr. Fan emphasized how India and China can forge a strong and synergetic partnership by learning from each other’s experiences. China can learn

from India's experience of developing rural governance structures, whereas India can learn from China's experiences of alleviating poverty, reducing malnutrition, and achieving overall economic growth.

Given the urgency to achieve the Sustainable Development Goals (SDGs), rural areas worldwide are likely to face crises. Overuse of agricultural inputs are degrading land and water resources causing widespread pollution and environmental destruction. Rural revitalization is most timely in this respect and an appropriate mechanism to deal with agricultural and rural distress. There are some powerful lessons to be learnt from success stories of South Korea, China, and the European Union in reducing the rural-urban divide and integrating the environment in a common agricultural policy agenda. Dr. Fan stressed that the key building blocks for productive, sustainable, and healthy rural areas are: 1) connectivity and integration; 2) gender equality and women empowerment; 3) environmental restoration and revitalization; 4) renewable energy, particularly for electrification of rural areas; and, 5) governance – making institutions work for rural revitalization. He concluded by saying that to achieve the SDGs and climate goals, the rural crises must be addressed.

The keynote address was followed by a presentation on rural revitalization in South Asia by Dr. PK Joshi, Senior Advisor, IFPRI. He highlighted the challenges and opportunities of rural revitalization in the region. South Asia is the fastest growing region in the world, with economic prosperity being driven by domestic consumption and sectoral multiplier effects. Agriculture is the main source of rural income, but the non-agriculture sector is emerging as an important alternative source of income and is growing at a faster rate. The share of agriculture in national gross domestic product (GDP) is falling but the dependency on agriculture continues to remain high, leading to agrarian and rural distress. Dr. Joshi pointed that the way forward lies in investing more, to transform the agri-food system (demand-driven and technology-led), follow the principles of "rurbanomics" for stronger rural, peri-urban, urban links, promote Micro, Small and Medium Enterprises (MSMEs), ensure access to basic services in rural areas, channelize remittances for rural development, promote climate-smart agriculture, and work on improving governance and implementation through a decentralized, participatory and community-driven approach. Dr Joshi also emphasized the need to increase south-south partnerships for achieving social "progress" rather than only social transformation for which policy support, well-functioning institutions, and human resources will be critical.

The next section of the inaugural session was a panel discussion on the GFPR-2019. The panelists were – Prof. S Mahendra Dev, Director and Vice-Chancellor, Indira Gandhi Institute for Development Research (IGIDR), Dr. Rasha Yousef Omar, Country Director, International Fund for Agricultural Development (IFAD), and Dr. Suresh Pal, Director, ICAR-National Institute of Agricultural Economics and Policy Research.

Prof. Mahendra Dev, IGIDR, highlighted the importance of the rural non-farm sector in improving incomes of rural and agricultural households, and the role of public services in reducing poverty. He also pointed out the other important aspects of rural revitalization – namely, public services, role of women in development, technology, social transfers, and the role of governance and implementation. Dr. Rasha Omar, IFAD brought out the similarities between the GFPR and IFAD's Rural Transformation Report and how the two could complement each other. She appreciated the GFPR's core focus on development for women. She further stressed the importance of finding ways to move women from non-enterprises to MSMEs and advocated for more collaboration between China and India for revitalizing rural development in India. Dr. Suresh Pal, ICAR-NIAP, emphasized the role of modernization of the food

system and how better technology support in a growing rural non-farm sector and improved governance and implementation could help in revitalizing the rural economy.

Finally, the chairperson for the inaugural session, Dr. Raj Paroda, Founder Chairman, Trust for Advancement of Agricultural Sciences (TAAS), raised an important question with respect to the state of the rural Indian economy – whether the effort to energize the rural economy can be labelled as “revitalization” because many aspects of the rural economy were never vitalized in the first place. He also emphasized that social “progress” is more important than “social transfers”.

Session 1 | Employment and Livelihoods: Challenges and Opportunities for Rural Revitalization

The first technical session was chaired by Dr. Ashok Gulati, ICRIER, and Dr. P G Chengappa, UAS (former). The session had presentations on the implications of social transfers in agriculture for rural revitalization by Dr. A Ganesh Kumar and Dr. Sudha Narayanan from IGIDR.

Dr. Ganesh-Kumar through his presentation reflected on a wide range of social safety net programs designed to address challenges of agriculture, nutrition, and employment generation to name a few, and their effectiveness. However, he stressed that while there has been improvement, outcomes of these programs have not been satisfactory, and challenges persist. The two central issues that remain unresolved in this context are (a) lack of understanding of cross-sectional effects of various social protection measures and their spill-over effects, and (b) the extent to which progress in various development indicators can be attributed to social protection programs.

Dr. Sudha Narayanan, IGIDR, presented on the impact of MGNREGA on rural transformation in India. Dr. Narayanan mentioned that overall outreach of MGNREGA has improved, and beneficiaries are largely seen to have become better-off but problems of locally vested interests, corruption, and leakages remain to be resolved. There is significant scope for improving asset design, putting in place a robust social audit process and revitalizing local government bodies which can further assist in the revitalization of the rural economy.

Deliberations in this session emphasized that social transfers are not always a dole, as popularly perceived in India. These can have redistributive effects or be investments in creating physical and social capital. Governance constraints, especially inadequate capacity at the grassroots level, adversely affect efficiency in implementation of such transfer programs. Further, linkages of employment and livelihood schemes with climate change and energy need clear deliberation for enhancing the effectiveness and efficiency of such transfer schemes. The chairpersons closed the session by emphasizing that multi-sectoral studies must form the basis of the agenda for future research in order to provide answers to questions raised by the presenters in this session.

Session 2 | Nutrition and Health: Challenges and Breakthroughs for Rural-Transformation

The second technical session on nutrition and health was chaired by Prof. S Mahendra Dev, IGIDR, and Dr. Mruthyunjaya, NAIP (former). Dr. Bhaskar Mittra, TCI, presented on the linkages between agriculture, nutrition, and health, and Dr. Purnima Menon, IFPRI, presented on the implications of nutrition-sensitive transfers on rural India.

The presentations focused on the Integrated Child Development Services (ICDS) scheme, the Mid-Day Meal scheme, and the Public Distribution System (PDS) and how social protection programs could be made to work for improving nutrition. The calorie-centric focus has left micronutrient deficiency concerns largely neglected. Refocusing food policy for nutritional security is the way to go forward. There may be several pathways for achieving better nutrition outcomes, one of the important ones being making agriculture nutrition-sensitive. In fact, the outcomes of agricultural programs should also be assessed through the lens of nutrition.

Discussant Dr. Devesh Roy, IFPRI, raised a pertinent question regarding these social safety nets and transfers – what are the market failures that these programs and schemes aim to address? The most prominent reason behind unsatisfactory outcomes from these programs is that they target multiple objectives such as improving nutrition, agriculture, environment – all with a single instrument. This is in stark contradiction to the principle of targeting in economics which suggests that there be as many instruments as there are targets. Therefore, it is important to consider the general equilibrium effects of any scheme or transfer in a given sector on all other sectors especially in the current context of a food system where everything depends on everything else. Good practices, coordination, and convergence between the rural-urban and centre-state are essential for producing more, better, and more nutritious food. Dr. Monika Jain, 3ie, reiterated that the body of evidence on impact of social transfers on dietary diversification and other nutrition outcomes is weak as brought out by the presentations. She noted that 3ie had conducted an impact evaluation of social protection programs in Africa, Asia, and Latin America and found mixed evidence. The chairs for this session highlighted the importance of planning, coordination, and implementation of policies related to production, processing, marketing, and consumption. They acknowledged the importance of taking into account the impact of macroeconomic policies, even those that do not directly affect the farm sector, in assessing the impact of social transfers. They closed the session with the view that evidence-based research is important, especially if we want to see whether social transfers are really leading to social progress.

Session 3 | Natural Resources, Environment, and Rural Health

The third technical session was chaired by Dr. D K Marothia, NIE, and Dr. N K Tyagi, ASRB (former), with two very relevant presentations on issues in the domain of agriculture, environment, and public health, particularly in the rural areas. Dr. Pratap S Birthal, ICAR-NIAP, highlighted the dynamics of climate change and rural transformation in India, and the impact of air pollution on rural health was presented by Dr. Avinash Kishore, IFPRI.

The session highlighted the issue of crop damages caused by climatic extremes. Research shows that at any given point in time, one-third of India's farming households are exposed to risks of which 47 percent is from droughts, 30 percent from floods, and 29 percent from pest attacks. Another relevant issue that was raised was how burning of crop residue can be linked to poor respiratory health in India. The prospects for any improvement in the status of crop burning are dismal as research shows that short-run private benefits far outweigh long-run social costs. The discussions in this session highlighted how farmers suffered from knowledge gaps in making agriculture weather- and climate-resilient to prevent losses from droughts, especially for dryland crops. It was reiterated that the problem of residue burning needs to be seen from farmers' perspectives as well where they have no equivalent alternative given the low economic value of the crop residue. The chairperson closed the session with the point that even well-meaning social protection transfers can have negative environmental impact if structured in a politically motivated manner, as has been the case with subsidized electricity for groundwater use in Chhattisgarh.

Concluding Session

The final session, chaired by Dr. Shenggen Fan, IFPRI, concluded the day's discussions and deliberations, and outlined the learnings for achieving the larger objective of rural revitalization through social transfers in India.

A synthesis of the discussions of the policy forum and the key recommendations that emerged for bringing about rural revitalization in India was presented by Dr. Anjani Kumar, IFPRI. This was followed by a panel discussion on the future prospects and way forward, which was moderated by Dr. Shahidur Rashid, IFPRI. The panelists – Ashok Gulati, ICRIER, Suresh Babu, IFPRI, and Amit Mohan, Government of Uttar Pradesh – enlisted important points about making agriculture more market-aligned, inclusive and innovative, improving policies and governance at different levels, bringing about gender and youth empowerment, and institutional strengthening for achieving a robust agri-food system for revitalizing India's rural economy.



The key takeaways that emerged from the day-long policy forum can be summarized as follows:

- ▶ There is need for greater investments to modernize the existing food systems making them demand-driven and technology-led
- ▶ The “rurbanomics” approach will create stronger rural-urban and peri-urban linkages
- ▶ It is vital to improve access to basic public services
- ▶ It is imperative to promote climate-smart agriculture
- ▶ Key roles must be sketched for wider participation of women in the Indian rural revitalization agenda

Broadly speaking on these lines, Dr. Shenggen Fan, IFPRI, as chairperson of the session concluded the policy forum with his remarks and a vote of thanks to all participants, guests, and organizers was delivered by Dr. Shahidur Rashid, IFPRI.

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