

**REVITALIZING POLICIES FOR FOOD SECURITY
AND POVERTY ALLEVIATION IN SOUTH ASIA
Three Case Studies in India**

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by the:

International Food Policy Research Institute (IFPRI)
2033 K St., N.W.
Washington, D.C. 20006-1002
USA
Fax: 1-202-467-4439
Tel: 1-202-862-5600

Contact Person at IFPRI
Ashok Gulati, Director in Asia
Email: a.gulati@cgiar.org, Tel: 1-202-862-8196

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Table of Contents

1.	Introduction.....	2
2.	Research.....	3
3.	Review Meetings	5
4.	Conclusions	5
	Annexure I	6

Revitalizing Policies for Food Security and Poverty Alleviation in South Asia

1. Introduction

South Asia Initiative (SAI) of the International Food Policy Research Institute (IFPRI) received overwhelming support from USAID (India and the agency's Global and Asia/Near east Bureaus) along with other donors (particularly Ford Foundation and Asian Development Bank) to strengthen policy research, communication and capacity development. The SAI launched various programs containing three layers: (i) regular dialogues with the Policy Analysis and Advisory Network for South Asia (PAANSA) to strengthen the policy dialogue between researchers and policy advisors/makers of the region, (ii) conduct high quality applied research on issues of importance to the region, and (iii) undertake capacity strengthening programs for researchers and policy advisors. The USAID (India) contributed towards implementing policy research in high priority areas delineated by the PAANSA members to strengthen action oriented research, exchange and training programs, and more effective and frequent policy dialogues with policy advisors and decision makers.

This project is supported by USAID (India) to provide alternative policy options in the emerging debate on following issues:

- a. What role can the private sector play in food grain management, especially in terms of procurement, stocking, distribution and external trade? How cost effective could it be vis-à-vis the public agencies? And finally, what is the appropriate overall regulatory environment for private sector operations?
- b. What has been the role of input subsidies in agriculture? Who really benefits from those subsidies, how effective are they in terms of their impact on agricultural production, what is their impact on the environment, and is there any need to rationalize the subsidy regime?
- c. What has been the nature and speed of diversification in food surplus states of Punjab and Andhra Pradesh? What sort of vertical linkages between the farm and firm are likely to emerge? What sort of enabling environment is necessary for India, particularly Punjab and Andhra Pradesh, to take a lead in graduating to high-value agriculture?

This report documents the activities and accomplishments of the studies for the quarter from January – March 2006.

2. Research

During the reporting period, following reports were revised and resubmitted for comments:

- (i) Agricultural diversification in Punjab
- (ii) Agricultural diversification in Andhra Pradesh
- (iii) Input subsidy in Punjab agriculture
- (iv) Power and irrigation subsidies in Andhra Pradesh and Punjab
- (v) Re-energizing agricultural sector in Punjab (a consolidated report based on input subsidy, grain management and agricultural diversification)

These reports are now under final revision before sharing the outputs with the stakeholders. A draft consolidated report on 'diversification towards high-value agricultural commodities in India: case studies in food surplus states of Punjab and Andhra Pradesh' was also submitted during the reporting quarter.

Following reports which were submitted during the last quarter were under revision:

- (i) Grain management in Andhra Pradesh
- (ii) Input subsidies in India with special reference to Andhra Pradesh and Punjab
- (iii) Revitalizing agriculture sector of Andhra Pradesh: case studies on input subsidies, grain management and agricultural diversification

These reports will be finalized in the next quarter before seeking comments from reviewers.

To better understand the power sector, a study was initiated on the political economy of power supply to agriculture in Punjab and Andhra Pradesh. The overall objective of this study is to contribute to the reform of power supply to agriculture in India by (i) improving the understanding of the political factors that have contributed to the problems related to the electricity supply to agriculture, (ii) deriving lessons from ongoing reform efforts (iii) assessing the political feasibility of different reform options. The research approach focuses on identifying the positions, perceptions and strategies of different stakeholders involved in the power supply to the agricultural sector as this is of crucial importance for understanding the political economy and assessing the political feasibility of reform options. The research methods include interviews with stakeholders, policy-makers and key

informants as well as the review of documents including reports, statistics, newspaper articles, proceedings of parliamentary debates and research articles.

During the reporting period, the research activities concentrated on (a) review of the literature, (b) interviews with key informants, especially researchers working on the topic, and (c) interviews with stakeholders in Andhra Pradesh and Punjab and at the national level.

The literature review covered studies dealing with the power sector in India in general as well as specific studies on the electricity supply to agriculture and on the nexus between electricity and groundwater. For comparison, studies on power sector reforms in other countries were considered, as well. Studies dealing with the political development and with electoral politics in Andhra Pradesh and Punjab were reviewed, too. The review also included studies on the role of farmers' movements in Indian politics. Newspaper reports available in online archives on power sector reforms and electricity pricing in Andhra Pradesh and Punjab were collected, but a more comprehensive review of press reports is still underway.

In Washington, DC, interviews were held with the World Bank staff members responsible for Andhra Pradesh and Punjab and with an expert of the agricultural sector in India. In New Delhi, interviews were conducted with members of the World Bank dealing with agriculture and with power sector reforms, members of the Planning Commission, the leaders of the Liberal Farmers Movement, the All India Kisan Sabha (Farmers Organization) and the All India Agricultural Workers Union (both related to CPI (M)), and with researchers from TERI, the National Institute for Public Finance and Policy (NIPFP), Lokniti (an Institute conducting research on electoral politics) and the Jawaharlal Nehru University (JNU).

In Andhra Pradesh, the following stakeholders and key informants were interviewed: the Confederation of Indian Farmers Organizations, the Andhra Pradesh branches of the Kisan Sabha and the Agricultural Labor Union, the companies responsible for power generation, transmission and distribution, the Electricity Regulatory Commission, the People's Monitoring Group on Electricity Regulation, Members of the Legislative Assembly (MLAs) of different parties (TDP, TRS and CPI (M)), Party Secretaries of the two major parties (Congress, TDP), and researchers from Osmania University and from the Center for Economic and Social Studies (CESS).

In Punjab, interviews were held with representatives of the following organizations: an NGO promoting organic agriculture, several farmers' groups, the Electrical Engineers Association, a labor union of electricity workers (related to CPI (M)), the Indian Ecological Society, Party Secretaries and MLAs of the two major parties (Congress and Shiromani Akali Dal), and a member of the State Committee of CPI (M). Interviews were also held with researchers from the Punjabi University in Patiala, the Punjab Agricultural University in Ludhiana and the Punjab University in Chandigarh. A public meeting of the Advisory Council to the Commission was also attended.

The information collated so far is being critically analysed. A number of policy options would be developed for further discussion with the stakeholders. It is also planned to present the findings of the analysis to a group of experts. As first output of the study, a report will be prepared, concentrating on the type of information that policy-makers in the two states may find useful. A Discussion Paper, at least two articles and a policy brief will be prepared based on the feed-back to the report.

3. Review Meetings

Several rounds of review meetings were organized with the collaborators to finalize the studies. Results of following reports were presented in the review meetings organized on 2 and 3 March 2006: (i) input subsidy in Punjab; (ii) agricultural diversification in India with special reference to Andhra Pradesh and Punjab; (iii) Re-energizing Punjab agriculture; and (iii) revitalizing agriculture sector of Punjab.

4. Conclusions

Most of the studies in Andhra Pradesh and Punjab are completed and resubmitted for final review. A consolidated report covering input subsidies, grain management and agricultural diversification in Punjab was finalized. Similar report in Andhra Pradesh is under revision.

A study was also initiated to better understand the political economy of power subsidy in Andhra Pradesh and Punjab.

It is proposed that the studies will be presented to the stakeholders in the next quarters.

A summary of the research studies in different areas is given in Annexure I.

We express our appreciation to the USAID (India) for extending full support for undertaking policy research in 3 key areas, which influence agricultural growth in India.

Summary table on progress of the project

S. No.	Activity	Achievement
1	Grain management and role of private sector	<ul style="list-style-type: none"> The draft report on 'grain management in Andhra Pradesh' (submitted in previous quarter) is under revision for final submission in the next quarter.
2	Rationalization of input subsidies in agriculture	<ul style="list-style-type: none"> Revised draft on 'input subsidies in Punjab agriculture' was revised and resubmitted. Revised draft on 'power and irrigation subsidy in Andhra Pradesh and Punjab' was resubmitted A draft consolidated report on 'input subsidies in Indian agriculture with focus in Andhra Pradesh and Punjab' will be submitted in next quarter. A study on 'political economy of power sector' was initiated and interviews were undertaken with the key stakeholders in Andhra Pradesh and Punjab.
3	Diversification of agriculture and farm-firm linkages in Punjab and Andhra Pradesh	<ul style="list-style-type: none"> Studies on agricultural diversification in Punjab and Andhra Pradesh were revised and resubmitted A draft consolidated report on 'diversification towards high-value agricultural commodities in India: case studies in food surplus states of Andhra Pradesh and Punjab' was submitted.