

THE ALARMING RISE OF FOOD SHARES

Relevant for: Indian Economy | Topic: Agriculture Issues and related constraints

The lockdowns resulted in a sharp rise in food share across rural and urban India and among all socioeconomic groups comprising various castes and religions, but at different rates. | Photo Credit: REUTERS

Few observations survive the test of time. Fewer gain significance over time. Engel's Law is a case in point. A version is that the poorer a family, "the greater the proportion of the total outgo which must be used for food. The proportion of the outgo used for food, other things being equal, is the best measure of the material standard of living of a population." Based on this law, our objective is to examine spells of impoverishment during the pandemic in India. Our analysis is based on the CMIE Consumer Pyramids Household Survey (January 2019-August 2021).

It is not just food expenditures that differ but also diets. The caste-based hierarchy is deep-seated in India, with the Brahmins and other upper castes at the top, and the Scheduled Castes (SCs) and Scheduled Tribes (STs) at the bottom. Traditionally, Brahmins are vegetarian, while SCs and STs are not. Hindus in India are better-off than Muslims on average. While many Hindus are vegetarian, many also eat meat with the exception of beef. Muslims are non-vegetarian and are allowed to eat all kinds of meat except pork.

The shock of the pandemic caused breakdowns in food supply chains and a fall in food demand, a consequence of loss of income. Yet, subsistence food requirements had to be met. Amidst the misery, food prices spiked as there was speculative hoarding by food sellers and 'panic buying' by consumers. The lockdowns resulted in a sharp rise in food share across rural and urban India and among all socioeconomic groups comprising various castes and religions, but at different rates.

Among SC households in rural areas, the food share ranged from 46% to 54% before March 2020. However, it surged to about 64% in April 2020 coinciding with the first national lockdown. Similar trends were observed among STs, Other Backward Classes (OBCs) and Others. In urban areas, it was the OBCs and Others who saw a sharp rise. One reason for the opposing results in rural and urban India could be the shift of expenditure in urban areas by the upper castes to home-cooked food — a change in lifestyle forced by the lockdown and fear of the pandemic.

Once restrictions were lifted, there was a sharp decline in food share across all groups. While this decline continued in August 2021, food shares were still higher than pre-pandemic levels. However, the extent of contraction differed between rural and urban areas and among different castes. To illustrate, the food share of SCs recorded the sharpest contraction, followed by Others, STs and OBCs. In urban areas, the fall was steepest among the STs, followed by Others, SCs and OBCs.

During the peak of the first wave (September 2020), food expenditure shares declined among all households in urban areas. In rural areas, SCs and STs saw a rise in food shares despite relaxation of restrictions. Soon after, food shares declined across all castes until November 2020, followed by a slightly steeper rise which peaked during the second wave, especially in urban areas.

Different religious groups also experienced a sharp rise in the share of food expenditure in both rural and urban areas. The shares of food among rural Hindu households ranged from 44% to

52% prior to March 2020, and among urban Hindu households from 40% to 49%. These shares spiked to over 61% and over 59% in April 2020, respectively. The shares of Muslims in rural areas ranged from 48% to 58%, and in urban areas from 45% to 52% prior to the first lockdown. They rose to about 66% and 62% in April 2020, respectively. The increases were almost double of those in rural areas. At the onset of the pandemic, urban areas were hit harder than rural areas in terms of rising COVID-19 cases, which may have led to greater shifts in food budget expenditure in urban households. After April 2020, the shares declined gradually until November 2020 with a steady rise across all religions in both rural and urban areas during the second wave, with a peaking of the shares in May 2021.

Nothing definitive can be inferred about the impact of the third wave except that it was less severe than the previous waves. It is thus not unlikely that food shares may have risen slightly as the informal sector and employment remained sluggish and the food supply chains were far from fully restored.

Spurts of higher food share are alarming for three reasons: inferior cereals are substituted for expensive cereals; lower amounts are spent on more nourishing foods such as fruits and vegetables; and other essential non-food items such as education and healthcare are neglected. Thus, spells of impoverishment during the pandemic were not infrequent, and lower castes and minorities bore the brunt of it. The Budget (2022-23) is a mixed bag as it seeks to promote growth through investments but neglects deficiency of aggregate demand, especially among the deprived. Whether this is a lack of sensitivity to the plight of the disadvantaged or a misguided growth strategy of growth or perhaps both requires a deeper scrutiny.

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