

Food Security Program and Household Welfare: Issues and Evidences from India

Abstract

The major objectives of this study are to find out the impact of the ongoing food security program on household welfare, the association between the dimensions of food security and household welfare, and the preferences of the beneficiaries over the modes of benefit transfer and their underlying factors. The study is based on primary household level data collected from three different States namely, Chhattisgarh, Maharashtra and Odisha to represent the best, average and fairly performing ones. It covers 1523 total sample households comprising both beneficiaries and non-beneficiaries. The impact on the beneficiaries is assessed by comparing them with the non-beneficiaries in counterfactual scenarios. The study employs endogenous switching regression technique to account for the possible unobserved heterogeneity and sample selection bias. The findings indicate that the food subsidy scheme seems to be pro-poor in its outreach. It improves the household wellbeing from the perspectives of enhanced food consumption, incidences of income transfers to alternative uses, improvement in social status and perceived empowerment among women, positive outcomes on education front. The availability, accessibility and utilization of food grains tend to improve the welfare, though in varying degrees. The results regarding the modes of transfer reveal overwhelming preferences for in-kind transfers. The latter emanates from possible food inflation and endowment effect. However, when fungibility gains significance, people may prefer cash. Among contextual factors, lack of preparedness in terms of banking infrastructure as well as improvement in institutional quality and education level make in-kind preferable. Hence, despite the need for cash transfer gaining ground, the in-kind transfer may still be considered a better mode. It may also be inferred that the fight against food insecurity will not be over unless the heterogeneity effects are minimized and all the associated problems are adequately addressed.

Key Words: Cash Transfer; Contextual Factors; Food Subsidy; Household Welfare; In-Kind Transfer; National Food Security Act