ICDS and Cash Transfers

Source: http://www.wishesh.com/media/k2/items/src/nutrition-scheme.jpg
In This Issue

COVER STORY:
- ICDS and Cash Transfers

HEADLINE OF THE WEEK:
- Getting India’s Slowing Economy Back on Track

SECTION 1: ECONOMY
- India Exporters Struggle with Modi’s New Tax System

SECTION 2: GOVERNANCE AND DEVELOPMENT
- Security: Army Hits Ultras on Myanmar Border
- Connectivity: Border Infrastructure Cause for Concern: Rajnath Singh
- Technology: Need Better Policies to Fulfil Digital India Vision: Telcos
- Environment: Govt Plan Recognises Effect of Climate Change on Wildlife
- Law and Justice: Recent Laws have Legalised Child Labour in India: Activist Ruchira Gupta

SECTION 3: INDIA AND THE WORLD
- India in the World: Use of Terrorism as Instrument of State Policy cannot be Tolerated: India to UN
ICDS and Cash Transfers

Introduction

In September 2017, the NITI Aayog unveiled its national nutritional strategy report, ‘Nourishing India.’ Under a section on take-home rations under the Integrated Child Development Services scheme (ICDS), the report notes that the take-home rations service – which comes under the Supplementary Nutrition component of the ICDS – “has been plagued with complaints of leakages, poor quality food supplement and vested interests and needs to be looked afresh.” The report goes on to suggest that pilots may be initiated in a few districts to test the efficacy of replacing food given under the Supplementary Nutrition service with a cash transfer/conditional cash transfer, which will be transferred directly in the Jan-Dhan account of the mother.

The ICDS scheme was launched on 2nd October, 1975, with the multiple objectives of (a) advancing the nutritional health status of children under six; (b) to lay the foundation for proper psychological, physical and social development of the child; (c) to reduce the incidence of mortality, morbidity, malnutrition and school dropout rates; and (d) to enhance the capability of the mother to look after the normal health and nutritional needs of the child through proper nutrition and health education. It provides services to around 10 crore beneficiaries in the country through 13.55 lakh anganwadi centres.

The need for a nation-wide nutrition programme such as ICDS is underlined by India’s position in terms of global child-health standards. According to the ‘End of Childhood Report, 2017’ by Save the Children, 156 million children under age 5 in the world are stunted, out of which an estimated 48.2 million, or 39%, live in India. In the report’s ‘End of Childhood Index’ for 2017, India was ranked 116th out of 172 countries. According to ‘The State of the World’s Children 2016’ report by UNICEF, if current trends continue till 2030, India will rank first amongst the top five countries that will account for more than half of the global burden of under-five deaths. Comparative details of under-nutrition in children as per NFHS-3 and NFHS-4 for 15 States/UTs are as follows:

**State-wise prevalence of Under-nutrition in children under five years (%) (NFHS-3 & NFHS-4)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>A &amp; N Islands</td>
<td>NA</td>
<td>23.3</td>
<td>NA</td>
<td>18.9</td>
<td>21.6</td>
</tr>
<tr>
<td>2</td>
<td>Andhra Pradesh</td>
<td>42.7</td>
<td>31.4</td>
<td>12.2</td>
<td>17.2</td>
<td>32.5</td>
</tr>
<tr>
<td>3</td>
<td>Bihar</td>
<td>55.6</td>
<td>48.3</td>
<td>27.1</td>
<td>20.8</td>
<td>55.9</td>
</tr>
<tr>
<td>4</td>
<td>Goa</td>
<td>25.6</td>
<td>20.1</td>
<td>14.1</td>
<td>21.9</td>
<td>25</td>
</tr>
<tr>
<td>5</td>
<td>Haryana</td>
<td>45.7</td>
<td>34</td>
<td>19.1</td>
<td>21.2</td>
<td>39.6</td>
</tr>
<tr>
<td>6</td>
<td>Karnataka</td>
<td>43.7</td>
<td>36.2</td>
<td>17.6</td>
<td>26.1</td>
<td>37.6</td>
</tr>
<tr>
<td>7</td>
<td>Madhya Pradesh</td>
<td>50</td>
<td>42</td>
<td>35</td>
<td>25.8</td>
<td>60</td>
</tr>
<tr>
<td>8</td>
<td>Meghalaya</td>
<td>55.1</td>
<td>43.8</td>
<td>30.7</td>
<td>15.3</td>
<td>48.8</td>
</tr>
<tr>
<td>9</td>
<td>Puducherry</td>
<td>NA</td>
<td>23.7</td>
<td>NA</td>
<td>23.6</td>
<td>NA</td>
</tr>
<tr>
<td>10</td>
<td>Sikkim</td>
<td>38.3</td>
<td>29.6</td>
<td>9.7</td>
<td>14.2</td>
<td>19.7</td>
</tr>
<tr>
<td>11</td>
<td>Tamil Nadu</td>
<td>30.9</td>
<td>27.1</td>
<td>22.2</td>
<td>19.7</td>
<td>29.8</td>
</tr>
<tr>
<td>12</td>
<td>Telengana</td>
<td>NA</td>
<td>28.1</td>
<td>NA</td>
<td>18</td>
<td>NA</td>
</tr>
<tr>
<td>13</td>
<td>Tripura</td>
<td>35.7</td>
<td>24.3</td>
<td>24.6</td>
<td>16.8</td>
<td>39.6</td>
</tr>
<tr>
<td>14</td>
<td>Uttarakhand</td>
<td>44.4</td>
<td>33.5</td>
<td>18.8</td>
<td>19.5</td>
<td>38</td>
</tr>
<tr>
<td>15</td>
<td>West Bengal</td>
<td>44.6</td>
<td>32.5</td>
<td>16.9</td>
<td>20.3</td>
<td>38.7</td>
</tr>
</tbody>
</table>

Source: http://164.100.47.190/loksabhaquestions/annex/7/AS58.pdf
Amongst the many components of ICDS is the Supplementary Nutrition service, the aim of which is to bridge the gap between the Recommended Dietary Allowance (RDA) and the Average Daily Intake (ADI) of two target groups: children below six years and pregnant and lactating women. Provided by different States/UTs through a network of anganwadi centres at the community level, the Supplementary Nutrition service includes take home rations in the form of pre-mixes/ready-to-eat food for pregnant and lactating women and children aged between 6 months to 3 years; and morning snacks in the form of milk/banana/eggs/seasonal fruits/micro-nutrient fortified food and a hot cooked meal for children from 3-6 years. Related details of the different categories of beneficiaries under this service are as follows:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Category</th>
<th>Type of food</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Children (0-6 months)</td>
<td>Exclusive Breast feeding for first 6 months of life.</td>
</tr>
<tr>
<td>2.</td>
<td>Children (6-36 months)</td>
<td>Take Home Ration containing 500 calories of energy and 12-15 gms. of protein in the form that is palatable to the child. It could be given in the form of micro-nutrient fortified food and/or energy dense food.</td>
</tr>
<tr>
<td>3.</td>
<td>Severely malnourished children (6-36 months)</td>
<td>Food supplement of 800 calories of energy and 20-25 gms. of protein in the form of micronutrient fortified food and / or energy dense food as Take Home Ration.</td>
</tr>
<tr>
<td>4.</td>
<td>Children (3-6 years)</td>
<td>Food supplement of 500 calories of energy and 12-15 gms. of protein per child per day. Morning snacks in the form of milk / banana / seasonal fruits etc. and Hot Cooked Meal.</td>
</tr>
<tr>
<td>5.</td>
<td>Severely malnourished children (3-6 years)</td>
<td>Additional 300 calories of energy and 8-10 gms. of protein (in addition to 500 calories of energy and 12-15 gms. of protein given at AWC) in the form of micro-nutrient fortified food and/or energy dense food.</td>
</tr>
<tr>
<td>6.</td>
<td>Pregnant women and Nursing mothers</td>
<td>Take Home Ration as food supplement of 600 calories of energy and 18-20 gms. of protein per beneficiary per day in the form of micro-nutrient fortified food and / or energy dense food.</td>
</tr>
</tbody>
</table>

Source: http://164.100.47.190/loksabhaquestions/annex/7/AU653.pdf

The NITI Aayog report has been followed by several developments. According to *The Indian Express*, the Ministry of Women and Child Development, in consonance with the report, proposed to replace take-home rations with cash transfers. This was followed by Maneka Gandhi, Minister for Women and Child Development, stating that food given at anganwaadis under Supplementary Nutrition service might be replaced with ‘nutrient packages’ sent to beneficiaries through post. Later, Rakesh Srivastava, secretary of the Ministry, clarified that although hot-cooked meals would not be removed, the recommendations of the NITI Aayog for a conditional cash transfer are being deliberated upon and the government might soon make an announcement in this regard.

Arguments in favour of cash transfers in ICDS mirror, to a large extent, the criticism levelled against the public distribution system (PDS), which, under the National Food Security Act, 2013 (NFSA), provides subsidised food grains to a large section of the population. These arguments largely revolve around issues such as leakages/corruption, time foregone in receiving food, poor quality of food, etc. Moving forward with these arguments, the central government, in September 2015, started a Direct Benefit...
Transfer (DBT) pilot programme in three UTs – Chandigarh, Puducherry, and Dadra & Nagar Haveli – in lieu of food rations provided through PDS. Given the pace at which discussions around cash transfers under ICDS have unfolded in the past month, it is safe to assume that a similar pilot programme in this regard might well be on its way.

Since such policy changes put at stake the health of millions of poor – especially women and children – it is important that we critically assess the arguments in favour of cash transfers under food and nutrition programmes such as ICDS. The present article moves in the stated direction.

Arguments in favour of cash transfers

1. **Leakages**: One of the primary arguments in favour of cash transfers is that take-home ration and cooked meals delivery is marred with pilferage and leakages. In the ‘Health, Nutrition and Population (HNP) Discussion Paper’ published in 2005 by World Bank, Gragnolati et al. note that Supplementary Nutrition service suffers from two kind of leakages. First is in terms of distribution. The authors highlight that the food is often distributed to everyone who comes to the anganwadi centres. In cases where the centre is located on school premises, the food is distributed to Grade 1 children as well as preschool children, which leads to the number of beneficiaries exceeding the number of children actually enrolled at the anganwadi and children often receiving less than the recommended 300 kcal of food. In some instances, food is also distributed to “indigent adults” and “it is common practice for AWHs [anganwadi helpers], and occasionally AWWs [anganwadi workers], to take home cooked food.” The second leakage, according to the authors, occurs when “children share the ICDS food with siblings or elders.” The authors note that according to Bredenkamp and Akin (2004), in Madhya Pradesh, only 32 per cent of children consume all take-home food themselves.

2. **Diet Diversification**: The June 2016 midline report by the Oxford Policy Management Limited (OPM) sought to test the efficacy of the Bihar Child Support Programme, a pilot conditional cash transfer (CCT) programme implemented by the state government in two blocks of Gaya District, Bihar. In addition to the existing services under ICDS, the programme credited Rs. 250 a month to the bank accounts of eligible women for 30 months, provided they fulfilled certain conditions. Reviewing the report, Alok Kumar and Sneha Palit write that along with extra cash being predominantly used to diversify diets – with increases in consumption of meat, milk, vegetables and sugar – cash transfers also led to the introduction of semi-solid foods for infants aged 6-8 months. The authors argue that cash in the hands of the women, “with the right kind of ‘messaging’ and attached to conditions that are under their control,” can significantly help in reducing the pace of malnutrition.

3. **Time Spent and Quality of Food**: It would be informative to also look at similar criticism levelled against PDS, which mandates that the central and state governments provide adequate quantity of quality food at affordable prices to low income households. In September 2015, the central government started a Direct Benefit Transfer (DBT) pilot programme in Chandigarh, Puducherry, and Dadra & Nagar Haveli, in lieu of food rations provided through PDS. The Abdul Latif Jameel Poverty Action Lab (J-PAL) conducted a process monitoring study of the pilot project from January 2016 to March 2017. Through a representative sample of 1,000 households in each UT, the study concluded that those who use ATMs to access cash spend less time and money on DBT and market purchases than under the PDS. It also highlighted that beneficiaries largely rate the quality of grain available in the market higher than that available through the Fair Price Shops (FPS), and reported using cash towards food purchases. This flexibility, the report indicates, also offers the beneficiaries “dietary diversity.” More importantly, by the end of the study, 65% of beneficiaries across the three UTs preferred cash transfers over food grains, compared to less than 35% at the start of monitoring.

Criticism of cash transfers

1. **Gender norms**: The distribution of both money and food in most Indian households is controlled through strong gender biases. Women lack agency in matters of keeping and spending money. It is often the men of the household who make monetary decisions. Quoting Ramalingaswami et al. (1997), Gragnolati et al., in the above-mentioned discussion paper, note:

   Women in South Asia tend to have lower status and less decision-making power than women in Sub-Saharan Africa. This limits women’s ability to access the resources needed for their own and their children’s health and nutrition, and has been shown to be strongly associated with low birth weight, as well as poor child feeding behaviors in the first twelve months of life.
This point is reiterated in the OPM midline report, which notes that additional cash into the bank accounts of women had little or almost no impact on the decision making powers of the women within their households. The report highlights:

Recipients of the programme who lived in joint families, with their mother-and father-in-law and husband said that even the decision on when to withdraw and spend the BCSP payment was often made as a family. This was in the same way decisions to spend money earned by any family member was made, in consultation with the ‘guardians’ of the family and not individually.

Given this context, cash transfers would potentially divert the use of money to uses other than essential nutrition for pregnant women and young children. Under Supplementary Nutrition service, pregnant and lactating women and children are directly provided with the necessary ration and cooked meals, thus bypassing these normative hindrances.

2. **Inaccessibility to Banks**

   - Writing on the issue of cash transfers in lieu of PDS grain transfers under NFSA, Harsh Mander argues that “there are ... worries about how genuinely inclusive of people in remote rural areas is India’s banking system.” Since Fair Price Shops/ration shops exist in most villages, they are generally more accessible as compared to banks. Mander notes that distances to banks are much longer in remote regions, thus entailing high additional costs of transport and time. Even the Abdul Latif J-PAL process monitoring study concluded that while those who use ATMs to access cash spend less time and money on DBT and market purchases than under the PDS, it costs beneficiaries more, both in terms of time and money, to travel to banks to access cash and markets to use cash than in collecting food rations.

   - In her 2013 paper, ‘Cash vs In-Kind Transfers: Indian Data Meets Theory,’ Reetika Khera notes that in a survey of 1,200 rural Indian households with access to PDS, around two-thirds of respondents preferred food when asked to choose between the existing PDS system and hypothetical cash transfers. Amongst the many reasons for this preference, some were distance to bank and hassles of collecting money. Khera notes:

     Sample households were, on average, 5.2 km away from the nearest bank or post office. PDS outlets were much closer (1.4 km). Only 37 per cent of respondent households were within 2 km of a bank or post office, whereas 81 per cent were within the same distance of a PDS outlet. Just over one-third of respondents preferred food to cash because of the distance to the bank or post office and to the market and the hassles of withdrawing cash.

3. **Price Fluctuations**

   - Further is the concern that cash transfers might not always match market prices which keep constantly fluctuating. Dipa Sinha argues that “experience with cash transfers, be it old-age pensions or scholarships for needy children, show that it is never inflation indexed. This would mean that entitlement in the form of cash transfers would fail to keep pace with the rising food prices.” Currently, beneficiaries under Supplementary Nutrition service get take-home rations and home-cooked meals without the worry of inflationary trends in the market.

   - Sinha’s concerns were echoed in Khera’s 2013 paper. Out of the households surveyed, one-fifth of all respondents argued that in the case of cash transfers, their purchasing power would be eroded due to inflation. Khera notes: “Even though investigators explained that the amount of cash would be indexed, respondents argued that the government would not be able to track prices and asked if the government would actually index cash transfers to food inflation.”

**Way Forward**

Academics and civil society activists have long opposed any shift towards cash transfers in the case of ICDS, lest it be counterproductive to the stated goals of the Supplementary Nutrition service. The goal of Supplementary Nutrition service, as
discussed above, is to bridge the gap between the Recommended Dietary Allowance and the Average Daily Intake – to provide that nutrition to pregnant and lactating women and young children which regular diet doesn’t provide. Given the position of women in the family hierarchy, their lack of agency in matters of money, any potential diversion of cash transfers to activities other than nutritious food, would have severe bearing on antenatal care of expectant mothers and postnatal care of nursing mothers and care of their new born infants.

Kalyani Raghunathan and Purnima Menon set some pre-conditions which are essential for cash transfers that are intended to support routine spending on nutritious foods. First, it needs to be ensured that cash transfers are not delayed. They argue that under ICDS, smaller and regular payments would be more important than lump sum payments at distant intervals. This is because in contrast to other benefits, food for the young and for pregnant and lactating mothers cannot be postponed to a later date. Second, banking systems need to be inclusive of the poor. They note that “financial inclusion is not as easy to achieve as one might hope, with bank regulations and requirements placing considerable barriers on participation.”

More importantly, leakages in ICDS do not necessarily require a complete overhaul of the scheme towards cash transfer. In the World Bank paper, Gragnolati et al. highlight that leakage to non-priority groups can be managed through strengthening management information systems (MIS) and encouraging community ownership and monitoring. They also note that despite the leakages of food to the non-beneficiaries, SNP acts as an important incentive to attract children to the centers – where they can then receive other health and nutrition-related services. They write: “Without the SNP, attendance at the anganwadi centers may be much lower. Community-based monitoring mechanisms have recently been introduced in some areas in an attempt to improve the delivery of supplementary nutrition.”

****

Prepared by:
Manas Raturi

ENDNOTES


ii http://icds-wcd.nic.in/icds/icds.aspx

iii http://164.100.47.190/loksabhaquestions/annex/12/AU4291.pdf


Lead Essay


See footnote 4.

Getting India’s Slowing Economy back on track
(PK Vasudeva, The Pioneer, October 2, 2017)
Faced with a worrying decline in the gross domestic product (GDP) growth, industrial production and jobs, Union Minister of Finance Arun Jaitley chaired an inter-ministerial brain-storming session on September 19, with a view to create quickly-implementable measures to stimulate India’s economy. The key message that came out of the meeting was that the Narendra Modi Government won’t steer economic policies in a new direction, but generate fresh measures to galvanise the economy and implement financial plans rapidly. “The group discussed areas which need greater thrust. Exports, industrial production, infrastructure and job generation were discussed as zones which need speedy stimulus,” said an official.
Date Accessed: 02.10.2017
India exporters struggle with Modi’s new tax system
(Kiran Stacy, Financial Times, October 2, 2017)
Narendra Modi’s push to boost Indian exports is being undermined by the problems plaguing his government’s new tax system, companies have warned, with tens of thousands of exporters struggling to meet their short-term funding needs. “Small and medium exporters are finding it especially tough, as they are not able to take out bank loans to fund their working capital while they wait for tax credits to be paid,” Ajay Sahai, director-general of the Federation of Indian Export Organisations (FIEO), said.
Read More: https://www.ft.com/content/9a484c7c-a4e4-11e7-9e4f-7f5e6a7c98a2
Date Accessed: 02.10.2017
SECURITY

Army hits ultras on Myanmar border
(Special Correspondent, The Hindu, September 27, 2017)
The Army has carried out a special operation against the NSCN(K) insurgents on Wednesday morning after insurgents of that outfit fired upon army personnel patrolling the Indo-Myanmar border. The rebel Naga group had pulled out of the ceasefire agreement in 2016 and since then has been launching offensives against security agents. The operation was carried out in Mon district of Nagaland and did not spill across the international border unlike the surgical strike against NSCN(K) in 2015 when the Indian Army crossed over to Myanmar.
Date Accessed: 02.10.2017

CONNECTIVITY

Border infrastructure cause for concern: Rajnath Singh
(Deeptiman Tiwary, The Indian Express, October 3, 2017)
Home Minister Rajnath Singh has highlighted concern over increasing migration of people from the border areas and lack of infrastructure which affects the livelihood of people living near the Indo-China border. An expert group is expected to be set up soon to study the problems of the people in this region. The minister also addressed local residents and stressed on their strategic importance and the impact their migration has on border security. There are no motor-able roads near the three closest outposts near the China border and progress on construction of roads have been very slow with the deadline for completion now pushed to 2022. According to officials, these are part of a total of 73 roads on the China-India border, which have been approved for construction partly by the Ministry of Defence and partly by the Home Ministry. Border Roads Organisation, incharge of road construction in these areas, has blamed the weather conditions for slow progress.
Read more: http://indianexpress.com/article/india/border-infrastructure-cause-for-concern-says-rajnath-singh-4871869/
Date Accessed: 02.10.2017

TECHNOLOGY

Need better policies to fulfil Digital India vision: Telcos
(Sushil Kumar Verma, Business Line, September 27, 2017)
According to the telecom operators who are investing a lot on developing future technologies for better services, the sector also needs some relief from the government in terms of taxes, regulatory norms and spectrum cost. “Taxation on the industry is very high, at29-32 per cent. Spectrum costs are one of the highest with tariff being one of the lowest. All of this need to change to realise the dream and vision of Digital India,” Gopal Vittal, CEO and Managing Director, India and South Asia, Bharti Airtel, said at India Mobile Congress (IMC) 2017. He explained that telecom companies find it a “painful process” to find access to government buildings when they want to lay down fibre. “The pace at which the mergers and acquisitions policy is carried out is a challenge. And all of this needs to be streamlined.”
Read More: http://www.thehindubusinessline.com/info-tech/need-better-policies-to-fulfil-digital-india-vision-telcos/article9876339.ece
Date Accessed: 01.10.2017
**ENVIRONMENT**

Govt plan recognises effect of climate change on wildlife  
(Soumiya Ashok, *The Indian Express*, October 3, 2017)

The newly drafted National Wildlife Action Plan (NWAP) 2017-2031 has been made keeping in mind the effect of climate change on wildlife. The basic document which was released on Monday specified that there are 103 conservation actions and 250 projects in the final plan, of which seven conservation actions and 11 projects relate to climate change. With increasing migration of animals upward towards mountainous areas due to global warming, it was stressed that Borders of Protected Areas should be increased. It was also recommended that temperature and rainfall patterns be taken into consideration. Other concerns that were addressed in the Plan are the rising human-animal conflicts due to shrinking habitats and a protected area centric approach towards wildlife conservation.


Date Accessed: 03.10.2017

**LAW AND JUSTICE**

Recent laws have legalised child labour in India: Activist Ruchira Gupta  

Some of the recently enacted laws have legalised child labour in many sectors in India, according to the representative of an Indian organisation ApneAap Women Worldwide, an award-winning organisation that works against sex trafficking in India, Ruchira Gupta. In her address to a high-level meeting of the General Assembly said, “there are two laws which are very very problematic” and will have a very dangerous impact on poorest of the poor girls. One was passed in September last year, that has legalised child labour in my country in many sectors like family-based enterprises and audio-visual entertainment. It has also removed the ILO-IPEC list of hazardous industries that children should never be employed in. The second law in the works is trying to delink trafficking from sexual exploitation. Both laws together will make 80 per cent of victims of human trafficking for sexual and labour exploitation invisible,” she said.


Date Accessed: 01.10.2017
**INDIA IN THE WORLD**

Use of terrorism as instrument of state policy cannot be tolerated: India to UN

(*PTI, The Indian Express, October 3, 2017*)

The first secretary at the Permanent Mission of India to the UN has stated that terrorism as a means of state policy cannot be tolerated as the world requires a united and unrelenting stand from all countries against terrorism. He termed terrorism as a double edged sword which harms its user as much as its victims. Addressing a UN committee on “Measures to Eliminate International Terrorism”, India’s representatives highlighted India’s role in the forefront of the global counter terrorism efforts and other countries cannot afford to have a selective approach while dealing with terrorist groups. Geo-political differences have often been the reason why a Comprehensive Convention on International Terrorism could not be adopted so far despite support from most of the permanent members like China and Russia.


Date Accessed: 03.10.2017