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The Role of In-kind Transfers and Agriculture in Maintaining Nutrition During an Economic Crisis

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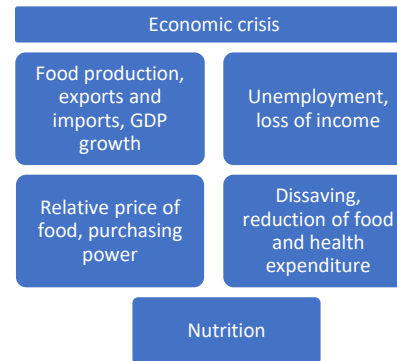
Overview:

- The global economic crisis of 2008 coupled with an increase in food prices from 2006 onwards, affected the poorest in the world (FAO, 2009).
- India's GDP which grew at annual rate of 6-7 percent till 2005-06, saw a sharp decline to about 4 percent in 2008-09.
- Wasting among children aged 0-3 years increased from 18 percent to 23 percent in 2004-05 (NFHS, 2005-06). Stunting declined from about 45 percent in 2005 to about 37 percent in 2014, a decrease of less than one percentage point per year.
- Increases in food prices increase impoverishment, and impair a household's ability to meet its nutritional and other requirements in the long run, as they may be forced to sell of productive assets or rely on loans (D'Souza and Jolliffe, 2010)
- An increased food bill leads to changes in the consumption basket as households substitute nutritious food with inexpensive but less calorie and nutrient dense foods and low diet diversity

Objectives:

- To check if malnutrition worsened as a result of the rise in food prices
- To assess the role of food subsidies and agricultural activities in coping with the crisis

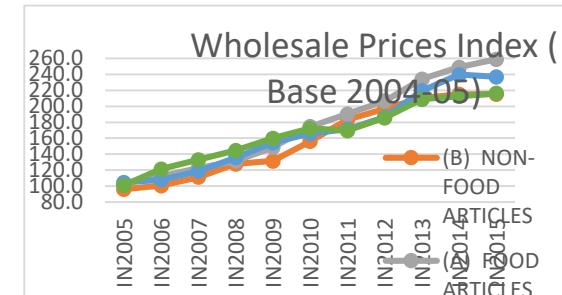
Conceptual framework



Data and methods:

- We use information on food, nonfood spending, demographics, anthropometrics of children from the India Human Development Survey (IHDS)
- IHDS includes 41,554 households for 2004-05 and 42,152 households for 2011-12. The IHDS reports price, quantity and value for consumption over a 30 day recall period for food.

$$\ln N_{ijt} = \beta_0 + F_i + \beta_1 \ln price_{ijt} + \beta_2 Ag + \beta_3 X_{it} + \epsilon_{ijt}$$



Source: Office of the economic Advisor, India

Results :

- A 1% increase in prices increased stunting
- Households substituted between food groups resulting in lower diet diversity
- Agricultural households were more food secure compared to other households due to crop diversification and market surplus

Selected References

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- D'souza, A., & Jolliffe, D. (2014). Food insecurity in vulnerable populations: coping with food price shocks in Afghanistan. *American Journal of Agricultural Economics*, 96(3), 790-812.