

National Food Security Act of India, 2013

A Compendium



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Published by:



D-217, Bhaskar Marg, Bani Park
Jaipur 302016, India
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Web site: www.cuts-international.org

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With the support of



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First published: February 2014

This compendium has been produced with the financial assistance of the Research Council of Norway and under a project entitled “Food Security in India: The Interactions of Climate Change, Economics, Politics and Trade” (FOODSEC), which is led by National Institute for Consumer Research (SIFO), Norway. The views expressed here are those of the authors and can therefore in no way be taken to reflect the positions of CUTS International, the Research Council of Norway and National Institute for Consumer Research (SIFO), Norway.

ISBN: 978-81-8257-208-9

Printed in India by Jaipur Printers Private Limited, Jaipur

#1401

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Preface

Ensuring food security in a large and diverse country like India is of great importance where almost one-third of its population is estimated to be absolutely poor and one-half of all children malnourished in one way or another. In the past there have been many attempts to deal with all the dimensions of the food insecurity via programmes and schemes pertaining to subsidised ration to vulnerable sections of the population, care and support to destitute and homeless, special entitlement to women, etc.

However, in spite of all the provisions in place, there has been very little that the country could achieve in tackling the problem of hunger and malnutrition as faced by its people. This called for a new approach to tackle food insecurity which is not only enforceable but also legally entitles its people to one of their basic human rights, that is the Right to Food.

The National Food Security Act of India, 2013 is the result of such necessity for changing the nutritional and hunger status of India. Although the Act derives its relevance from the Constitution of India (Article 47) and the Universal Declaration of Human Rights and the International Covenant on Economic, Social and Cultural Rights to which India is a signatory but still it has been debated on almost all the fronts. It is an overarching act covering multiple welfare schemes and programmes of the government for ensuring food security in India.

The Origin of the Act

The Right to Food Campaign in India sowed the seed for this gigantic redistributive mechanism. The conceptualisation of the Act derives its origin from deeper debate that followed the writ petition filed by the Rajasthan Unit of the People's Union for Civil Liberties in the Supreme Court of India in April 2001 demanding that the country's food stocks to be used to alleviate hunger and malnutrition.

The official announcement of the National Food Security Act came on 4th June, 2009, from Smt. Pratibha Devisingh Patil, the then President of India, in her address to the Members of both the Houses of Parliament, where she announced that “A new Act - the National Food Security Act - will be enacted to provide a statutory basis for a framework which assures food security for all and entitle by law, every below poverty line family to 25kg per month of rice or wheat at Rs.3 per kg”.

The first draft of the National Food Security Bill was submitted by the National Advisory Council in 2010, which was revised, incorporating comments and amendments from the expert committees and parliamentary standing committee on the Bill. On 10th September 2013, the Parliament of India passed bill, enacting the National Food Security Act of India, 2013.

Some salient features of the National Food Security Act of India, 2013 are as follows:

- It gives right to subsidised food grains to 67 per cent of India's 1.2 billion people and provides for penalty for non-compliance by public servants.
- 75 per cent of rural and 50 per cent of the urban population are entitled to 5kg of food grains per month at Rs.3/2/1 per kg for rice/wheat/coarse grains, respectively.
- Pregnant women and lactating mothers are entitled to nutritious meals and maternity benefit of at least Rs. 6,000 for six months.
- The Central government will provide funds to states in case of short supply of food grains.
- The state governments will provide food security allowance to the beneficiaries in case of non-supply of food grains.

- Public distribution system is to be reformed.
- There will be state and district level redress mechanisms.

Debating the Act

The National Food Security Act of India, 2013, has been debated widely not only in the public forum but also within the political and bureaucratic arena of the country. The range of arguments has covered almost all the aspects of the Act and interestingly the arguments have been shaped in both for and against strongly on each one of the dimensions of the act. In December 2011, the National food Security Bill was taken up by the Parliament, in pursuance of electoral promises made by the United Progressive Alliance government.

The following three major aspects of the Act were widely debated in public.

Economics of food security

On the economic viability of the Act, there is a lobby of experts, policy makers, and public in general who were of the opinion that it is not economically viable, especially in the light of the current fiscal deficit that the country is facing. The implementation of this act will further prove harmful for the financial health of the economy. On the other hand, there are opinions voiced for the importance of this Act to in order to ensure a more healthy population, which is economically more rewarding in the long run.

Public distribution system and redistribution of food grains

One of the most controversial aspects of the Act is that it sets the public distribution system as one of the most important pillars over which the Act is to stand. The controversy gets aired from the inefficiencies existing in the PDS and targeted PDS at present where it failed to benefit the poor with subsidised ration, and instead led towards channelling allocated ration to the open market through black marketing channels.

Many experts have expressed their apprehensions on the effectiveness of the PDS system in achieving the intended benefits that are aimed by the Act. However, there are experts who point towards the ‘glass which is half full’, stating the improvements that have been carried out by some of the states in their respective PDS system resulting in higher benefits to the intended population and limiting the leakages in the system to as minimum as 10 to 15 per cent. The most notable states among them are Chhattisgarh and Bihar – two poorest states of India.

Welfare vs. right-based approach

The Commission on Agricultural Costs and Prices of the Ministry of Agriculture, Government of India has referred the Act as the ‘biggest ever experiment in the world for distributing highly subsidised food by any government through a right-based approach’. It extends the coverage of the targeted public distribution system, India’s principal domestic food aid programme, to two-thirds of its population or approximately 820 million people.

In spite of all the criticism it faced from many fronts ranging from social feasibility to economic viability, it has given some hope to the poor and vulnerable sections of the population for ensuring better food security. The legal entitlement will change the system from the demand side of the equation as much expected by the experts.

From Bill to Act

From 2009, when it was first announced, till 2013 when the Bill was finally enacted, it has gone through many amendments at every step of its progress. In this compendium, we have done an analysis of major amendments. Some salient features of the Bill and corresponding provisions in the Act are presented in the following table.

Salient Features	National Food Security Bill	National Food Security Act
Food entitlement	Every person belonging to priority households and general households, shall be entitled to receive every month from State Government, under TPDS, 7 kg of food grains per person per month for priority households and not less than 3 kg per person per month for general households at subsidised price.	Incorporating recommendation from the Parliamentary Standing Committee Report and many other analytical reports including that of CUTS International (Exhibit 1), the National food Security Act has made uniform legal entitlement of 5 Kg for all the groups of the households covered under the Act.
Entitlements for women and children	Maternity benefit of Rs. 1,000 per month for a period of six month in accordance with a scheme, including cost sharing, payable in instalments as prescribed by central government	Every pregnant and lactating mother is entitled to a free meal at the local <i>anganwadi</i> (community centre) during pregnancy and six months after child birth as well as maternity benefit of Rs. 6,000 in such instalments as may be prescribed by the Central government.
Special groups	Daily, free cooked meal for destitute persons; Community kitchens (subject to successful pilots) for homeless persons and urban poor; Unconditional protection from starvation	The clause relating to the ‘special groups consisting of all destitute persons or homeless persons have been deleted from the National Food Security Act, 2013.
Household coverage	The Bill itself does not specify the criteria for categorisation of the population into priority and general household and also does not specifies as to how the priority and general households will be identified.	The Act does not specify criteria for the identification of households eligible for PDS entitlements. The central government is to determine the state-wise coverage of the PDS. The identification of eligible households is left to state governments, subject to the guidelines of ‘ <i>Antyodaya Anna Yojana</i> ’ scheme and as per new guidelines to be ‘specified’ by the state governments for priority households.
Redressal Mechanism	The Bill states that the central government and the state governments shall put in place an internal grievance redressal mechanism which may include call centres, help lines, designation of the nodal officers, or such other mechanism as may be prescribed by the respective governments.	The responsibility of establishing the internal grievance cell has been completely shifted to the state governments as against the shared responsibility between centre and the states as per the Bill.

The debate on this Act has ranged from economic to social to political aspects it covered. This compendium attempts to cover several major aspects of this Act as debated in public - before and after its enactment. It is to help readers to enhance their understanding on different aspects of the National Food Security Act of India. It has tried to cover various dimensions of this debate – both for and against – without tempering or tilting towards any one side of the opinions. It will be a useful reference as the Act is implemented and will help in future debates on implementation issues.

Bipul Chatterjee
Deputy Executive Director
CUTS International

Acknowledgement

This compendium on the National Food Security Act of India, 2013 aims to be a resourceful reference document for understanding multiple dimensions of this comprehensive act. It has sought to bring together different point of views over this much debated act of India.

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- Odisha Diary
- Hindustan Times
- NDTV
- Business Line
- Business Standard
- Note by Action aid
- The Pioneer
- HIMAL South Asian
- The Times of India
- Time World
- FnBnews

Section I

*Pre-enactment of the
National Food Security Act
of India*

1

A Grain of Good Sense: Legislation against Hunger is a Great Idea that needs Expansion

Jean Drez*

Outlook, July 20, 2009

Legislating against hunger is a great idea that needs expansion

The budget reiterates the government's commitment to a National Food Security Act, known as the 'right to food' law. In principle, this is welcome. Our under nutrition levels are among the worst in the world and have barely improved in recent years. Such a law could help focus the nation's energies on this burning issue.

In India, hunger and malnutrition have deep roots, not only in economic insecurity but also lack of education, gender inequality, social discrimination, skewed property rights and lack of basic amenities.

Serious commitment to the right to food would call for action on all these fronts. The proposed act is unlikely to provide a blanket solution but could make a big difference if it takes a broad view of the problem.

It's especially important not to conflate the proposed act with the Congress promise of 25 kg of grain every month at Rs 3 a kilo for BPL families. Indeed, this happens to be little more than a repackaging of the current BPL entitlements, with less quantity at a lower price. Further, good nutrition depends not only on access to cheap grain but also on other inputs, such as good food, childcare, clean water and breastfeeding support. A serious right to food law should ensure these needs are also addressed.

The NREGS is already a step towards the right to food. However, its implementation is erratic and the principle of "work on demand" is nowhere near being realised. Some families are unable to participate in it because of ill health or old age. This is why the right to food law must include the provision of cheap grain under the PDS beyond the timid promise of "25 kg at Rs 3 per kilo".

The current quota of 35 kg per month should not be reduced; ideally, the PDS should be universal in order to avoid the inevitable exclusion errors of any targeted system. But if we go for a targeted system, the selection of BPL families should be transparent and verifiable. And it must cover, say, at least 50 percent of the population. Some marginalised groups, such as SC/ST families in rural areas, should have BPL cards as a matter of right.

Second, special PDS entitlements are required for the most vulnerable families, including those in which no adult member is able to participate in the labour market. Such entitlements already exist for some such families under the *Antyodaya Ann Yojana* programme. This programme should be expanded under the proposed act. Another form of social assistance that works relatively well is that of cash pensions – like old age pensions and widow pensions. This is a natural

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complement to food-based assistance under the *Antyodaya* programme. An integrated pension programme could form a third pillar of the proposed act.

A fourth crucial component is direct nutritional support for children. School-going children are already entitled to nutritious mid-day meals under recent orders of the SC; these entitlements should be consolidated under the proposed act, along with provisions for school health services.

Similarly, for younger children, SC orders relating to the ICDS should be incorporated in the right to food law. Under these orders, all children under six years are entitled to all basic ICDS services – nutrition, healthcare and pre-school education. In fact, the SC directed the government to ensure that this happens by

December 2008. The finance minister's statement that the ICDS would be universalised by 2012 is a step backward in this respect. Whatever the budget may have in store for the "*aam admi*", it's a damp squib for "*aam bacche*".

This is a minimum list of interventions that need to be included in the law if it has to have a serious impact on India's "nutritional emergency". Other provisions to consider are maternity entitlements, breastfeeding support, rehabilitation of severely malnourished children and community kitchens in urban areas. These entitlements must be backed by adequate funds and strong grievance redressal systems. Perhaps this is a tall order. But India has already set an outstanding example of bold social legislation with the NREGS – it can be done again with the Right to Food Act.

2

The Food Economy: How will the Government Reach Food to the Target Families?

Bhaskar Dutta*

The Telegraph, July 30, 2009

Residents of Delhi typically hate heavy downpours. Despite the annual claims of the Municipal Corporation that they have cleaned all rainwater pipes, Delhi's streets get flooded every time it rains. This year, Delhi's reaction to downpours has been unusual. It rained fairly heavily a couple of days ago, forcing cars to crawl along flooded streets. Nevertheless, we are all looking forward to more showers in order to get some respite from the sweltering heat.

Farmers in the northwest and several other parts of the country are waiting for torrential rains even more anxiously. This year's monsoon has been conspicuous by its absence – the latest estimate from the meteorological department is that the deficiency in rainfall has been as much as 19 percent. Despite quite large investments in agriculture over the years, irrigation facilities remain limited, and much of Indian agriculture remains dependent on adequate rainfall.

So, the inadequate rainfall will ensure that this year's *kharif* or summer-sown crop output will be much less than the output produced last year. Of course, the effect will not be uniform. In particular, the planting of rice and sugarcane has been lagging far behind the levels last year, while the wheat output, which is less dependent on rainfall, will be almost "normal".

This has given rise to apprehensions that the shortfall in agricultural output this year may result in an increase in food prices. The possibility

of a rise in food prices sends alarm bells ringing in government circles because even a slight rise in the price of basic food items puts the government on the defensive. It must appear to take firm and decisive steps to control any increase in food prices. Perhaps this explains the government's decision to ban the export of wheat and non-basmati rice through diplomatic channels.

While the private export of wheat and non-basmati had been banned long ago, the previous United Progressive Alliance government had earlier decided to allow the export of 2 million tonnes each of wheat and non-basmati rice to governments of developing countries essentially as a gesture of goodwill. Obviously, domestic pressures have been given higher priority than brownie points earned from foreign governments.

The latest ban on food exports is more of a knee-jerk reaction rather than a measured response to any impending crisis. We now have a comfortable buffer stock of food grains in the country. By the agricultural minister's own reckoning, these stocks are enough for 13 months' consumption. This suggests that the overall food situation is quite comfortable. The government can control the retail price of foodgrains by releasing sufficient quantity from its burgeoning stocks. Having said that, a word of caution is also in order. Prices of pulses may well go up if output dips alarmingly during the

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course of this year since the government does not hold sufficiently large stocks of these items.

Of course, we also need to consider the implications of the government's decision to implement a "Right to Food Act" on the food economy of the country. President Pratibha Patil's inaugural speech mentioned the government's intention to provide each below-the-poverty-line family with 25 kg of foodgrains a month at Rs 3 per kg. This pledge was reiterated during Pranab Mukherjee's budget speech. It is not clear when the act will actually be presented in Parliament, at least partly because there is some controversy about whether the "right to food" should be narrowly defined to include just foodgrains alone. Many social activists would like to give a very broad meaning to the right to food, including within it food items other than just grain, childcare and clean drinking water. But, hopefully, the government and its critics will soon arrive at a workable definition of the right to food, and the BPL families will soon be issued their quota of food at subsidised prices. This will undoubtedly result in an increase in the aggregate demand for food. However, even this need not worry the government unduly given the stock of foodgrain available in the country.

The main problem once this act comes into being lies elsewhere. How will the government ensure that the foodgrains reach the target families? What is the delivery mechanism? This will pose the biggest challenge to the government. Apart from some stray articles, there has not been any discussion at all about the pros and cons of different delivery mechanisms. This is all the more surprising since the Right to Food Act, in whatever form, promises to be one of the most important redistributive schemes ever adopted in this country.

This virtual silence suggests, at least implicitly, that the government has already decided to rely,

more or less completely, on the public distribution system. The PDS has become something of a sacred cow, with many people even refusing to consider that there can be credible alternatives to the PDS. Unfortunately, this view completely ignores the shortcomings of the PDS – of which there are many.

For instance, large sections of poor households do not benefit at all from the PDS – even from the targeted PDS whose principal beneficiaries are supposed to be the BPL families. Fairly large fractions of BPL families do not purchase any foodgrains from the PDS. This is due to a combination of factors. In the north and east, limited geographical coverage is the principal culprit. In other areas, there are institutional barriers such as the need to prove residence and buy ration entitlements only once a fortnight, the latter being difficult for BPL families.

There is also a huge cost of providing subsidies to the poor through the PDS. Indeed, some estimates suggest that it may cost the government more than three rupees to provide a rupee of subsidy to the target households.

The system of food stamps provides an alternative to the PDS. Under this scheme, the government issues coupons to the target families. These coupons can then be redeemed at any shop for specified quantities of foodgrains at stipulated prices. The effectiveness of food stamps obviously depends on how efficient it is in delivering foodgrains to the consumers relative to the PDS. There are good reasons to believe that the system of food stamps may be better than the PDS.

For instance, there cannot be any chance of illegally diverting grains to the open market. Procurement and storage costs are also substantially higher in the PDS. All this suggests that the government experiment with this system in some areas.

3

Pathway to Food Security for All

M.S. Swaminathan*

The Hindu, March 29, 2010

The proposed Food Security Bill should adopt a three-pronged strategy that constitutes a Universal Public Distribution System for all, low-cost foodgrains to the needy, and convergence in the delivery of nutrition safety net programmes

In his latest budget speech, Finance Minister Pranab Mukherjee announced: “We are now ready with the draft Food Security Bill which will be placed in the public domain very soon.” Although no official draft has been made available as yet, several organisations and individuals have questioned the adequacy of the steps proposed to be taken under the Act to achieve the goal of a hunger-free India. Based on Article 21 of the Constitution, the Supreme Court has regarded the right to food as a fundamental requirement for the right to life.

Many steps have been taken since Independence to adopt Mahatma Gandhi’s advice for an *antyodaya* approach to hunger elimination. In spite of numerous measures and programmes, the number of undernourished persons has increased from about 210 million in 1990-92 to 252 million in 2004-06. India has about half the world’s under-nourished children. Also, there has been a general decline in per capita calorie consumption in recent decades. Grain mountains and hungry millions continue to co-exist.

Fortunately, we are moving away from a patronage-based to a rights-based approach in areas relating to human development and well-being. Acts relating to the Right to Information, Education, Land for Scheduled Tribes and Forest

Dwellers, and Rural Employment are examples. The Food Security Bill, when enacted, will become the most important step taken since 1947 in addressing poverty-induced endemic hunger in India. The impact of under-nutrition on health and productivity is well known.

Numerous programmes have been introduced by the Government of India from time to time to improve nutritional status. Under the Ministry of Women and Child Development these are Integrated Child Development Services (ICDS), the *Kishori Shakti Yojana*, the Nutrition Programme for Adolescent Girls, and the Rajiv Gandhi Scheme for Empowerment of Adolescent Girls. Under the Ministry of Human Resource Development come the Mid-day Meals Programme and the *Sarva Siksha Abhiyan*. The Ministry of Health and Family Welfare has the National Rural Health Mission and the National Urban Health Mission.

The Ministry of Agriculture has come forward with the *Rashtriya Krishi Vikas Yojana*, the National Food Security Mission and the National Horticulture Mission. The Ministry of Rural Development has initiated the Rajiv Gandhi Drinking Water Mission, the Total Sanitation Campaign, the *Swarna Jayanthi Gram Swarajgar Yojana*, and the Mahatma Gandhi National Rural Employment Guarantee Programme. The

* Emeritus Chairman and Chief Mentor, Centre for Research on Sustainable Agriculture and Rural Development

Ministry of Food has introduced the Targeted Public Distribution System, the *Antyodaya Anna Yojana*, and *Annapoorna*.

In spite of such an impressive list, the situation in the field of child nutrition remains bleak. The percentage of children below five years of age who are underweight is now 42.5 percent. The percentage of children below three years who are undernourished is 40 percent.

To ensure food security for all, we should be clear about the definition of the problem, the precise index of measuring impact and the road map to achieve the goal. Today, the discussion mainly centres on the definition of poverty and methods to identify the poor. India has the most austerely defined poverty line in the world and the official approach appears to be to restrict support to BPL families. The number of BPL families calculated (taking four persons as the average size of a family) varies from 9.25 crore (Suresh Tendulkar Committee) to 20 crore (Justice D.P. Wadhwa).

Food security, as internationally understood, involves physical, economic and social access to a balanced diet, safe drinking water, environmental hygiene and primary health care. Such a definition will involve concurrent attention to the availability of food in the market, the ability to buy needed food and the capability to absorb and utilise the food in the body. Thus, food and non-food factors (that is, drinking water, environmental hygiene and primary health care) are involved in food security.

In addition to the Central government schemes dealing with nutrition support, drinking water, sanitation and health care, most State governments have schemes such as extending support to mothers to feed newborns with mothers' milk for at least the first six months. Tamil Nadu and Kerala have universal PDS. Unfortunately, the governance of the delivery of such programmes is fragmented; a "deliver as one" approach is missing.

A life-cycle approach starting with pregnant women and ending with old and infirm persons is lacking in the development and delivery of nutrition-support programmes. India's unenviable status in the field of nutrition is largely because of the absence of a good governance system that can measure outlay and output in an

unbiased manner. Therefore, more than new schemes the governance of existing schemes needs attention.

The National Food Security Bill should be so structured that it provides common and differentiated entitlements. The common entitlements should be available to everyone. These should include a universal public distribution system, clean drinking water, sanitation, hygienic toilets, and primary healthcare. The differentiated entitlements could be restricted to those who are economically or physically handicapped. Such families can be provided with wheat or rice in the quantity decided at Rs.3 a kg, as is being proposed.

Even to BPL families, the availability of cheap staple grain will only help address the problem of access to food at an affordable price, but not economic access to a balanced diet. At the prevailing price of pulses, such families will not have access to protein-rich foods. Similarly, hidden hunger caused by the deficiency of micro-nutrients such as iron, iodine, zinc, vitamin A and Vitamin B12 will persist. The question then is: what do we want to achieve from the Food Security Bill? Should it enable every child, woman and man to have an opportunity for a healthy and productive life, or just have access to the calories required for existence? If the aim is the latter, the title "Food Security Bill" will be inappropriate.

Brazil's "Zero Hunger" programme takes a holistic view of food security. The measures include steps to enhance the productivity of small holdings and the consumption capacity of the poor. Our farmers will produce more if we are able to purchase more. Emphasis on agricultural production, particularly small-farm productivity, will as a single step make the largest contribution to poverty eradication and hunger elimination.

While universal PDS should be a legal entitlement, the other common entitlements could be indicated in the Bill for the purpose of monitoring and integrated delivery. This will help foster a "deliver as one" approach. The involvement of *gram sabhas* and *nagarpalikas* in monitoring delivery systems will improve efficiency and curb corruption.

What is desirable should also be implementable. The greatest challenge in

implementing the common and differentiated food entitlements under the Bill will be the production of adequate quantities of staple grain. The untapped production reservoir, even with the technologies now on the shelf, is high in irrigated and rain-fed farming systems. Doubling the production of rice and wheat in eastern India and pulses and oilseeds in rain-fed areas is feasible in this decade.

The 2010-11 budget indicates measures to initiate a “bridge the yield gap movement” in eastern India, and stimulate a pulses and oilseeds revolution through the organisation of 60,000 Pulses and Oilseed Villages. Here, concurrent attention will be given to conservation of soil and water, cultivation of the best available strains, consumption of local grain and commerce at prices that are fair to farmers. National and State efforts should be supported at the local body level to build a community food security system involving seed, grain and water banks.

The National Commission on Farmers (2006), in its recommendations on building a sustainable national nutrition security system, calculated that about 60 million tonnes of foodgrains will be needed to sustain a universal PDS. The differentiated entitlements for BPL families for

foodgrains at low cost will involve only additional cash expenditure. In fact, food stocks with the government may touch 60 million tonnes by June 2010.

For the government to remain at the commanding heights of such a food security system combining universal and unique entitlements, the four-pronged strategy indicated in Mukherjee’s budget speech should be implemented jointly by panchayats, State governments and Union Ministries speedily and earnestly.

Just as the Golden Quadrilateral initiative of the Atal Behari Vajpayee government electrified the national road communication infrastructure, we need a “golden quadrilateral” in the development of a national grid of modern grain storages. Will Manmohan Singh, too, leave his footprints on the sands of time by taking steps to ensure the safe storage of foodgrains and perishable commodities as an essential requirement for food security?

India should not lose this historic opportunity to ensure that it takes to a development pathway which regard to the nutrition, health and well-being of every citizen as the primary purpose of a democratic system of governance.

4

Differences Persist in Government over Food Bill Impact on Open Market Prices

*Prabha Jagannathan**

The Economic Times, August 10, 2011

Sharp differences persist in the government over whether and how much of an impact the impending food law is likely to have on open market food prices. At a time when input costs for farmers have already gone up significantly and threaten volatility in food prices, the food ministry has dismissed apprehensions voiced by Commission for Agricultural Costs and Prices (CACP) chairman Ashok Gulati on the issue.

Food Minister K V Thomas dubbed the difference between marketable surplus in grains and the total production as “marginal”. The difference between the two is a key criterion for deciding the price and demand-supply equations in the open market. Food ministry officials assert, however, that the food law will be “scale neutral.” However, Gulati, reacted by reiterating his apprehensions on open market prices of foodgrain and an availability crunch in drought years.

Speaking to ET, he stressed that the government will also have to boost its strategic buffer norm, in tandem with increased welfare commitment to 10mt, i.e., double its current level.

He pointed out that support prices for key crops, would have to go up exponentially this year in view of higher input costs, although meeting “full production costs” for crops would “remain a major challenge.” In view of that, the operational costs for the food law would also go up manifold.

But, he added, “I have no worries on how the needs of the food law will be met for the first year or two, given the huge stocks available with the government now.” Compared to stocks of only 19mt by the July 1 quarter in 2006, the government had 64mt this July 1.

“There is very little difference between the two. Any significant impact is unlikely because the law is not procuring to store but procuring to release into the market and cool down prices for both priority and the general category. If the latter, who have been procuring from the open market, find prices high, they will access grain from the food law allocation at lesser price to make up their food grain needs.

We are currently procuring 55mt of grain for welfare and PDS programmes. For the food law, we will be procuring 61mt, which is only a marginal increase in buys. The price or supply impact will be neutralised since 48 percent of rural (75 percent of the rural poor) and 28 percent of urban population will be covered. The laws of demand and supply will act to make the food law scale neutral,” a senior ministry official said.

Quite contradictory to the food ministry’s contention on marketable surplus of grain, the farm ministry’s Agricultural Statistics at A Glance registers marketable surplus of grain as a proportion of total production in states. In the three year period between 2005 and 2008,

* *Journalist, The Economic Times*

marketable surplus of rice was 74.35% of total production and for wheat, it was 60.95% of the total production, the publication says.

Gulati, co-author of a key IFPRI study gauging the impact of the food law on open market prices of grains and the participation of the private sector in grain buys (reported first in ET May 11) released earlier this year, pointed out, “Even priority consumers have to depend currently on the open market for around 5kgs of grain per person, over and above the 7 kgs per person that the food law will accommodate.

As for the general category, high value rice forms only a small proportion of total production. If the law doles out 3kg/person, that will mean that 8 kgs will have to be accessed from the open market. Logically, prices should go up with increased demand. If that happens, the pressure will increase on the food law allocations. If there is only one bucket of water available and most of that is with the government, obviously, the demand from that will intensify, and the price for what’s available outside will go up.

5

Punjab may Make Going Tough for Food Security Bill

*Urmi A Goswami**

The Economic Times, February 01, 2012

The Centre's National Food Security Bill could face some hitches, irrespective to which party forms government in Punjab as both the Congress and Akali Dal-BJP have promised to diversify agricultural production by moving towards cash or commercial crops.

The poll promise by political parties to influence Punjab farmer to also grow crops other than wheat and paddy gives further weight to agriculture minister Sharad Pawar's warning that implementation of food security law would be difficult unless agricultural productivity improves.

"Solution is that unless and until we increase production, we will not be able to implement (food security bill), we will not be comfortable to implement this," Pawar said. Punjab on an

average, accounts for 23% of wheat and 10% of rice production in the country. Estimates suggest that between 65 and 70 million tonnes of foodgrain would be required to implement the proposed food law. In 2010-11, wheat procurement in Punjab was around 102 million tonnes, and rice 93 million tonnes.

The state's contribution in maintaining the country's food security has had adverse impact on soil fertility and ground water situation of the state. As many as 209 blocks in the state have been designated as "black blocks", where the water table has dropped to below 600 feet. Many experts stress that if Punjab doesn't diversify its agricultural production the chances of desertification will increase.

* *Journalist, The Economic Times*

6

Food Security Bill will Benefit Multinational Corporations and Hurt Genuine Traders

Tejinder Narang*

The Economic Times, February 02, 2012

The charter of the proposed National Food Security Bill (NFSB) is reminiscent of the socialistic era from the 1960s through the 1980s where the state decided how much a person needed and at what price that should be made available, irrespective of the cost of production. That model of nationalisation of grain trade collapsed with the demise of the Soviet Union. Though the intent of NFSB is laudable, its foundation is neither based on sound economics nor does it take into account hazards of implementation.

For one, NFSB is an extension of the polluted distribution system - a realistic interpretation of the official public distribution system, or PDS - granting almost 65% population the right to access rice, wheat and maize at a minimum of 3-2-1 per kg, respectively, through central and state agencies. What is the basis of the 3-2-1 formula? Why not distribute all grains free? Why is the state encouraging parasitical tendencies for consumers on one side and promoting manipulative cravings for trade on the other side?

The current BPL price of rice and wheat is 6 per kg and 4 per kg, respectively. Net additional subsidy for these two cereals is, again, $(6 - 3 =) 3$ and $(4 - 2 =) 2$ per kg, and, therefore, 'net subsidisation', per se from the existing base is marginal - but the critical concern is the ever-

expanding spread between the economic cost of grains and 3-2-1 formula.

The current economic cost of wheat and rice is about 24 per kg and 16 per kg, leading to a net loss, or difference, of 21 per kg and 14 per kg. This spread will increase as the minimum support price (MSP) is hiked annually. Multiplicity of ration cards at the local level will thrive and rise exponentially. Beneficiaries of 'food security' will become retailers of these subsidised grains rather than consumers in the open market as most farmers and labourers in rural areas retain part of their agro-produce for personal consumption.

Another channel of middlemen will become active aggregators for these rural retailers who will dispose subsidised grains either in the market or recycle them to state procurement agencies. A bulk of the benefit will accrue to a string of middlemen - a system that policymakers have been attempted to demolish (via FDI), but will be reinforced through this food security Bill.

Even if the Centre intends to buy additional 10 million tonnes of grain for NFSB, states such as Uttar Pradesh, Bihar, Chhattisgarh and West Bengal will remain bereft of any procurement at MSP due to lack of a viable mechanism. Procurement of these crops is predominantly done in Punjab, Haryana and Andhra Pradesh despite paucity of scientific storages. If the intention is to mop up grains in these states by

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engaging large corporates such as ITC, Adani, Pepsi, Hindustan Unilever and others, banks will first need to liberally finance them.

Secondly, the purchase protocol will involve payment to farmers first followed by reimbursement from FCI or controller of accounts, and that would pose challenges. Corporates could be saddled with large arrears due to insufficient availability of funds in 'head of accounts', lack of compliance with procedures, complaints of payment below MSP, audit objections and so on, thereby constraining liquidity.

The availability of grains in the open market will shrink by extra procurement on government account as envisaged to the extent of 10 million tonnes. Logically, it should result in inflation, but no, it will be deflationary on account of much lower quotes offered by the intermediaries selling massive quantities of pilfered grains. It will be difficult for a genuine trader to survive when pushed to the brink by the 'subsidised forces'. They will be pressured to enhance bargain in the 'component of diversion'. Will government then set up a vigilance force to regulate that activity? The Lokpal Bill will be saddled with additional responsibility to track possible corruption under NFSB.

Historically, after almost every six years, India imports wheat due to poor agro climatic conditions. So far, import has ranged between 6-8 million tonnes and that can now cross 10 million tonnes when buffer norms and security

reserves are revised upwards. Since India announces its import requirement well in advance, it will be a golden business opportunity for Cargil, Glencore, Louis Dreyfus, Toepfer, ADM, Concordia and others to sell wheat of Russian/Australian/EU/Argentinian origin at elevated prices on Indian shores with little storage capacity in the interior. The need to import corn due to its inclusion in NFSB cannot be ruled out. Multinational corporations all over the world will be thrilled to strategise by exploiting the urgency of Indian sovereign demand.

State intervention in cereals is likely to induce severe imbalance in the production of oilseeds and pulses, resulting in substantially outsourcing of imports in the coming years. The current level of India's import of edible oil is around 10 million tonnes and pulses three million tonnes. Import intensity will intensify at higher prices creating inflationary pressures, and net beneficiaries will be MNCs such as Bunge and Wilmar, in addition to the countries of origin like Malaysia, Indonesia, Brazil, Argentina, etc., for oil, and Myanmar, Australia and Canada for pulses. India will then be an active consumption market for such basic necessities of food. Vegetable production too may be affected - pushing food inflation further.

The NFSB is a political master-stroke, but its economic viability and detailing of delivery could pose challenges. These have to be factored in before it is made a law.

Panel Suggests 5 kg of Subsidised Grain to 67% of Population

The Financial Express

January 18, 2013

A Parliamentary panel on the food security Bill has suggested providing legal entitlement of 5 kg of heavily-subsidised grain to each beneficiary per month, which would cover 67 percent of the country's population.

The Standing Committee on Food, Consumer Affairs and Public Distribution, headed by Vilas Muttemwar, also said the direct cash transfer in lieu of grain entitlements at this juncture may not be desirable, suggesting that banking infrastructure and accessibility to banking facility need to be made available throughout India before introducing the cash transfer.

"The beneficiaries should get rice, wheat and coarse grain at R3, R2 and R1 per kg, respectively.... We have suggested that there should be a single category of beneficiary with uniform entitlement of 5 kg per person per month," Muttemwar said after submitting the panel's report to Lok Sabha Speaker Meira Kumar. The coverage under the proposed law should be reviewed after 10 years and rates after five years, he added.

However, the panel's recommendations are contrary to the government's Food Bill that divides beneficiaries into two categories – priority households and general households – and also promises a beneficiary belonging to the priority household 7 kg of subsidised grain a month.

"The committee found that entitlement of 7 kg or 11 kg would not be feasible considering the current production and procurement trends," Muttemwar said.

At 5 kg per person per month, 48.8 million tonne of grain would be required for the public distribution system and another 8 million tonne for other social welfare schemes, he said, adding that this much quantity could be managed. The annual food subsidy requirement would also be lower at about Rs. 1,12,000 crore, he said.

"The report was adopted unanimously with one dissent note from CPM member TN Seema," Muttemwar said. The panel agreed to the Bill's provision to cover 75 percent of the rural and 50 percent of the urban population, he said.

Under the food Bill, a pet project of UPA chairperson Sonia Gandhi, the government has proposed that each beneficiary of the priority households get 7 kg of rice and wheat per month at R3 and R2 per kg, respectively. The general households would get at least 3 kg at 50 percent of the minimum support (MSP) prices of the grain. The Bill was introduced in the Lok Sabha in December 2011 and, then, referred to the Parliamentary committee.

The food ministry will now weigh changes proposed in the House panel's recommendations and firm up a final proposal for the cabinet approval. Earlier, food minister KV Thomas had said the Bill could be introduced in the forthcoming Budget season of Parliament.

Although the Bill is touted to be the UPA's biggest populist measure, several analysts have expressed concerns about its impact on government finances. A team of experts, headed by CACP chairman Ashok Gulati, says in a report

that the government's stated expenditure of Rs. 1,20,000 crore annually in the national food security Bill (NFSB) is merely the tip of the iceberg. The report says the government would have to shell out as much as Rs. 6,82,163 crore over three years to implement the Bill and would hurt the farm sector in the long run as well.

The government has budgeted Rs. 75,000 crore as food subsidy during 2012-13, but officials say the actual subsidy may cross Rs. 100,000 crore because of a hike in paddy and wheat procurement prices.

8

Pass Food Bill even Without Amendments

Amartya Sen*

The Hindu, May 07, 2013

Nobel laureate Amartya Sen is upset that disruption of Parliament has held up passage of important legislation including the UPA's flagship National Food Security Bill.

Nobel laureate Amartya Sen is upset that disruption of Parliament has held up passage of important legislation including the UPA's flagship National Food Security Bill.

He feels that if the Bill is not passed – even if without amendments – several hundred children will go hungry or die from under-nutrition. The Bill has been criticised as “limited” and “targeted” by activists such as Jean Dreze and Kavita Srivastava, who shared the dais with Prof. Sen to advocate its passage albeit with changes.

In the past, Prof. Sen too favoured the universal Public Distribution System but he said, “It is a moderate Bill and whether it goes far enough is another question but the case for passing it is strong.”

Even as Prof. Sen addressed a press conference here on the pitfalls of not getting the food security law through, there was a weak attempt in the Lok Sabha to debate the Bill through the opposition din demanding the resignation of certain ministers. The Treasury benches were nearly empty. It is learnt that in a new strategy the Opposition parties that want to move amendments will seek to get the Bill referred to a Select Committee.

Prof. Sen was hard on the Opposition for not allowing Parliament to function. “You can have a different view, but not having a debate goes against the tradition of democracy. Allow arguments, rather than kill arguments, and not

allowing Parliament to meet is killing arguments.” The media should “take an intelligent interest” in what was happening. “The media should, for instance, put out the cost of the Bill not being discussed and passed.”

He was, however, quick to add that this did not mean the government had no questions to answer on corruption or the killing of Sarabjit Singh but the Opposition demand could not take precedence over important legislation such as the Food Bill. “Killing debate raises the suspicion that the Opposition arguments are weak.”

What if the government were to take the ordinance route to legislate the food Bill? Prof. Sen said, “It will be sad if it goes through the ordinance route because Parliament did not do its job.”

The Bill provides for mandatory provision of subsidised rice (at Rs. 3 a kg) or wheat (Rs. 2) or coarse cereals (Re. 1) to 67 percent of the population at 5 kg per beneficiary a month. The beneficiaries will be identified by the State government as per the parameters set by the Centre.

It is being criticised for being targeted, for not specifying a time frame for rolling out the measure, for cutbacks in individual entitlements and for allowing entry of contractors and commercial interests in supply of food through the Integrated Child Development Services.

* Nobel Laureate, Thomas W. Lamont University Professor and Professor of Economics and Philosophy, Harvard University

9

Food Security: For Poor's Sake, Jholawalas must Speak Up

Akshaya Mishra*

Firstpost, June 14, 2013

Everybody hates *jholawalas* these days. This bunch - apparently Jurassic creatures with a fossilised worldview still hanging around in modern times for no apparent reason - is obsessed with all that is ugly and dirty in India. The *jholawalas* cannot stop talking about unsexy topics such as the poor, poverty, hunger, deprivation and malnutrition and they have the bad habit of being killjoys by delivering that pin prick of conscience when everyone is in a mood to celebrate the land of hope and happiness that is India. Their latest assault on the country's delicate sensibilities, as their staunchest critics would croak, is the Food Security Bill. But surprisingly, when it is under vicious attack from several quarters, the normally argumentative lot has gone silent and invisible.

This is being construed by rivals as defeat and the defeated, as is the rule, is despised even more. Actually, we don't hate the *jholawala* - despite his idiosyncratic ways isn't he still one of us? We hate the idea and the ideology he represents. It's his emphasis on the poor that infuriates us. Why won't they accept that the poor that is at the root of all problems in the country?

They are a big burden because they cannot manage their lives on their own. They need to be fed, educated, provided medical care, water and what not. The country has to ensure that they don't die. And all that requires money. The country's economy is in a mess because it

subsidises the poor too much. Fiscal deficit is in dangerous territory because they eat up too much money.

The country's progress has halted on the track because of them. The global minders of our economy keep reminding us that unless we cut subsidies for the poor we are headed towards doom. Rating agencies keep frowning on India's social sector spending. Global investors supposedly get the jitters about India when it turns 'populist'.

As if all the trouble from the poor were not enough we have this monster of an idea called rights based food security, conceived by the *jholawalas*. This lot is incorrigible indeed! Reuters But why don't they put up a fight? The critics of the bill don't have valid arguments - forget the fiction of numbers we get - against it. And their position reeks of hatred for the poor.

Let's look at a few of them. Four lakh crore is what it would cost the government and it certainly would ruin the economy, whine experts. Four lakh crore? Where did that number come from? But on that latter. First things first. Are the poor only people enjoying the subsidy in the country?

Let's check out the numbers. In 2010-11, the government surrendered potential revenue of Rs 4.6 lakh crore on account of various tax exemptions and incentives to the industry sector, read the rich. The amount surrendered the

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previous year was Rs 4.37 lakh crore and it was Rs 4.20 lakh crore in 2008-09. More than 76 percent of the estimated revenue from direct and indirect taxes was forgone in 2008-09. It means only a quarter of the assessed income came to the state's coffers.

The situation has not changed over the years. A CAG report says the revenue foregone on account of tax exemption has increased by 111.8 percent from Rs 65,587 crore in 2006-07 to Rs 1,38,921 crore in 2010-2011. Meanwhile, the spend on the subsidy to the poor and farmers hovers around Rs 1.50 lakh crore. The subsidy to the rich accounts for more than 7 percent of the GDP while that for the poor, with the Food Security Act, would account for 1.1 percent of the GDP. The rich get special tax rates, exemptions, deductions, rebates, deferrals and credits.

We don't call it subsidy; we call it incentives. Even the words used for the poor and the rich are different. Aren't the taxes foregone and the exemptions a burden on the economy? Don't they contribute to fiscal deficit?

The argument for the Incentives is they allow the rich to produce more wealth and lift the economy - there's no proof that these have worked that way in the country though. But isn't a well fed workforce population an asset for the country too? Now, the four lakh crore. Big numbers have the capacity to awe, impress and influence judgements.

Former CAG Vinod Rai has already proved it with his 'presumptive' loss calculation in the 2G spectrum and coal block allocations. Maybe a similar tactic is at play to discredit the food security legislation. The country spends around Rs 70,000 crore on food subsidies at present. This, according to the supporters of the bill, might go up by a maximum Rs 30,000 crore when the food security bill becomes an act.

The cost implication from the food security legislation is only Rs 20,000 crore, says Montek Singh Ahluwalia, Deputy Chairman of Planning Commission. Union Food Minister KV Thomas places the entire cost of food subsidy Rs 1,23,084

crore after the relevant bill becomes an Act. It's possible they are underestimating the cost, but the advocates of this bill argue that the architecture for the major money-guzzling components of this legislation such as the PDS system, mid-day meals, ICDS already exists. Thus the cost implications are highly exaggerated. So where does this Rs 4 lakh come from? Is it some kind of 'presumptive' loss estimate we are into?

The Food Security Bill has serious unresolved problems on procurement, transportation and distribution fronts. There is the valid question whether the government will be the biggest hoarder of foodgrains in the country after it comes into effect and whether it will severely distort the foodgrain market in the country. These call for intense debate. But pegging the entire argument on the impact on fiscal deficit is morally unjustified. If food subsidy to poor is bad economics then incentives to the rich is bad economics too. Most of the criticism of the food security provision has an undeniable political undertone.

The fear is, once the beleaguered UPA II manages to get it through, it will seize the moral high ground and approach the elections on a solid footing. It could be a game changer for the party. However, the same critics have been arguing that it's not the MNREGA but steady growth that ensured victory for the UPA I in 2009. High growth, they argue, implies intense economic activity, more jobs, more employed people and consequently, more goodwill for the government in power.

We are at a low growth phase right now and the government has to bear the consequences of it. If that is the case, what is the specific worry? Or is it that the experts are not so sure of the growth-electoral success connection?

The *jholawalas*, have gone unusually silent. Maybe it has to do with the political marginalisation of the Left. But their silence has allowed noise to overpower intellect and kill the wonderful concepts of perspective and debate. The poor need their spokesperson too, however flawed they are. The *jholawalas* must speak up.

10

Exclusion as Policy

T K Rajalakshmi*

Frontline, July 12, 2013

Attempts by the Congress-led UPA government to adopt the ordinance route to pass the Food Security Bill fail as the opposition parties are more or less united in seeking a Bill that provides universal PDS coverage.

The National Food Security Bill (NFSB), 2013, touted as the biggest game changer for the Congress-led United Progressive Alliance (UPA) government in the 2014 parliamentary elections, will go through yet another round of discussions before it is placed before Parliament in the monsoon session or in a specially convened session.

The Bill was cleared by the Union Cabinet on March 19 and was tabled in Parliament on March 22 in the Budget session itself. It purports to cover 67 percent of the population, providing priority households 5 kilograms of foodgrain a person every month, or 25 kg for an average family of five.

Repeated attempts by the Congress to push the Bill through in the form of an ordinance did not succeed, with its allies, the Nationalist Congress Party, the *Rashtriya Lok Dal*, the National Conference and the Indian Union Muslim League, opposing it. Expressing strong reservations over the Bill, the Samajwadi Party, which is supporting the UPA from outside, described it as anti-farmer. It is learnt that there were divisions within the Union Cabinet on using the ordinance mode.

On June 13, a three-member committee comprising Home Minister Sushil Kumar Shinde,

Parliamentary Affairs Minister Kamal Nath and Food and Civil Supplies Minister K.V. Thomas was constituted to hold consultations with the opposition to evolve a consensus on convening a special session of Parliament for the Bill's passage.

The Centre moved about 55 amendments, which it claimed were based on the recommendations of the Standing Committee and views expressed by several stakeholders. The automatic exclusion criteria would keep a fairly significant section of people out of the Public Distribution System, or PDS: 25 percent of rural and 50 percent of the urban population.

The priority and general classifications have been done away with, which gives the false impression that the scheme is universal. The amended Bill seeks to provide a uniform allocation of 5 kg of foodgrain to a person at a fixed rate of Rs.3 for 3 kg of rice, Rs.2 for 2 kg of wheat and Re1 for 1 kg of coarse grains covering 67 percent of the population (75 percent of rural and 50 percent of urban population). There is no change in the supply of 35 kg of foodgrain a month to every Antyodaya household.

Externally, the government blamed an intransigent opposition for stalling what it called an important piece of legislation and even tried

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to get the Bill passed in its present form by enlisting the support of high-profile individuals such as Nobel laureate Amartya Sen and some “civil society” organisations. These attempts failed.

As it is a one-of-its-kind Bill, seeking to make the right to subsidised foodgrain legal, it has to be comprehensive. However, the Bill in its present form with its exclusionary criteria is far from comprehensive.

Minimalist provision

Ironically, although the Bill’s objective is to “provide for food and nutritional security in human life cycle approach, by ensuring access to adequate quantity of quality food at affordable prices to people who live a life with dignity and for matters connected therewith”, its minimalistic provision of 5 kg to each individual does not guarantee food security, leave alone nutritional security, which would entail a basket of food items that go beyond cereals.

The entitlement of 5 kg is far below the food requirements prescribed by the Indian Council for Medical Research (ICMR) – 14 kg for an adult and 7 kg for a child. It also runs contrary to a Supreme Court ruling that below poverty line (BPL) households should not be given less than 35 kg a month. This entitlement covers only 10 percent of the population, that is, families under the Antyodaya scheme.

Several States have food security programmes that are much better than what is being offered in the Bill. Moreover, the Left parties, which were instrumental in the UPA government launching major welfare measures such as the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) and the Forest Rights Act, have opposed the Bill. They are planning to move amendments. The Bharatiya Janata Party (BJP), which was not opposed to the Bill initially, has now announced that it will move amendments. BJP president Rajnath Singh has termed the ordinance route “undemocratic”.

The Biju Janata Dal, the Trinamool Congress and the All India Anna Dravida Munnetra Kazhagam also plan to move amendments. Chhattisgarh’s BJP Chief Minister Raman Singh wrote to Prime Minister Manmohan Singh

suggesting, among other things, that the entitlement of foodgrain be made on a per household basis instead of per capita basis and that the limit of entitlement to eligible families be raised.

He reminded the Prime Minister of the recommendation of the Parliamentary Standing Committee on Food, Consumer Affairs and Public Distribution that the Centre work out State-specific exclusion criteria in consultation with State governments in a transparent manner while ensuring that the overall exclusion at the national level does not exceed 25 percent in the case of rural areas and 50 percent in the case of urban areas. The Bill seems to have incorporated this recommendation in part but has done an overreach as far as principles of federalism are concerned.

State governments’ reservations

The State governments that already have a better system and coverage in place have expressed their reservations about the Bill, which stipulates that the percentage coverage under the Targeted Public Distribution System in rural and urban areas shall be determined by the Central government and the total number of persons covered will be according to the Census estimates.

Raman Singh pointed out that the exclusion criteria should be fixed on the basis of the socio-economic conditions of every State. In his letter to the Prime Minister, he said: “Instead, the exclusion limit for a State, if at all, should be fixed keeping in view the socio-economic conditions of the State.” The provision of entitlements on a per capita basis would result in reduction of the entitlements of a large number of poor families with fewer than five members. “This would be detrimental to ensuring the food security of such poor families.

Therefore, the entitlements should be provided on a per household basis and not on a per capita basis,” the letter said. He also argued that the meagre allotment of 5 kg a person would not be sufficient to ensure food security in a meaningful way. He suggested a monthly provision of 35 kg for every poor household, which is the position the Left parties have taken, although they are

pushing for a universal PDS without the exclusion criteria.

Brinda Karat, Polit Bureau member of the Communist Party of India (Marxist), said: “It was surprising that the government was planning to take the ordinance route. We opposed it. For four years the government did not move. For the past two years, six crore tonnes of foodgrain have been rotting in the godowns and the government was unconcerned, and now they do not even want to wait for a month. The problem with the Bill is that it excludes 50 percent of India’s urban population with a new automatic exclusion category.

At a time when the number of urban poor is growing and a majority of the labour force is in the unorganised sector without a guaranteed income, it is highly unfair to have an automatic exclusion category. Similarly, in the rural areas, there is an automatic exclusion category of 25 percent. In other words the discredited system of targeting forms the basis of the Bill which will now become legal. We have moved amendments.”

The cost-sharing mechanisms between the Centre and the State, too, were problematic, she said, based as they were on a principle of “I decide, you pay”. The CPI(M) plans to move an amendment demanding that all cost-sharing be

done in consultation with the State governments. The per capita entitlement would be grossly unfair to families that get 35 kg under the PDS—in Kerala, for instance. The Left parties are opposed to the introduction of the scheme of direct cash transfer in the PDS, which they say is a ploy to do away with the system itself and force people to purchase foodgrain from the open market. This will in effect affect the farmers as procurement for the PDS will come down.

Left for universal PDS

The Left parties want nothing less than a universal PDS where every family gets 35 kg of foodgrain on the basis of the calorific criteria of the ICMR. One positive feature of the Bill is that it has done away with the two-child norm, which was earlier the criterion for excluding families with more than two children and as such, pregnant and lactating women, who were entitled to a free meal at the local *Anganwadi* centre and a maternity benefit of not less than Rs.6,000 prescribed by the Central government.

The Bill in its new avatar lacks a time frame for implementation. It has dropped the idea of providing community kitchens for the destitute and those on the brink of starvation.

11

Food Security: Only Two Congress States Ready

*Iftikhar Gilani**

Daily News and Analysis, July 14, 2013

Most CMs list reasons to skip Aug deadline

Even as the Congress president Sonia Gandhi extorted Congress-ruled states to expeditiously implement the food security scheme, only two chief ministers committed to coincide the rolling out of the scheme with the birth anniversary of late prime minister Rajiv Gandhi on August 20.

Majority of chief ministers said identification of beneficiaries, setting of criteria and a leakage proof mechanism was proving a challenge. But even those chief ministers, who committed to roll out the scheme by next month, could not provide convincing figures, to support their assurance.

Insiders said Delhi chief minister Sheila Dikshit and Haryana chief minister Dhupinder Singh Hooda who boasted to roll out scheme on August 20 had to cut short their presentations, when food minister KV Thomas challenged their figures. Other chief ministers while appreciating the scheme did not commit to any timeline.

Dikshit's presentation was cut short by food minister, when she mentioned that 32 lakh beneficiaries of existing schemes would be covered by the food security ordinance. She was reminded that in Delhi 72 lakh people are estimated to gain from the food security scheme. She had mentioned that Delhi had 2.62 lakh BPL card holders and 2.21 lakh are in the rehabilitation colonies and other 40,500 are in slums. Even these figures made just 26 lakh persons. Delhi CM then added another 10 lakh

beneficiaries covered under the Antyodaya Ann Yojana and Anna Shri Yojana. She was told to undertake a fresh survey and draw the list of beneficiaries.

Similarly, Hooda also come out with a figure of just 39 lakh beneficiaries. He was also told that as per the population of his state, he needs to draw a list of not less than 1.69 crore.

The meeting was called by Congress President Sonia Gandhi to prepare a strategy for the implementation of food security ordinance, which is touted as a game changer ahead of the elections.

Others who attended included Prime Minister Manmohan Singh, Congress vice-president, Rahul Gandhi chief ministers of 14 Congress ruled States and other 34 top Congress leaders.

The meeting was told the ordinance empower 82 crores Indians with a legal right to food and will serve as a bulwark to fight against malnutrition and deprivation.

The leaders also expressed apprehension about poor condition of Public Distribution System and their transportation. Manipur chief minister Okram Ibobi Singh pointed out the problem of carriage of the foodgrains in the hilly areas, while Mizoram CM Pu Lalthanhawla raised the issue of financial constraint before the state but not specifically related to food security, the sources said.

* Head, Bureau of the Kashmir Times in Delhi

12

PDS: A Story of Changing States

Himanshu Bhagat*

Mint, August 05, 2013

Plugging leakages in the public distribution system requires nothing more than simple technical fixes

The National Food Security Bill (NFSB) has been finally tabled in the Lok Sabha. While the United Progressive Alliance (UPA) sees it as a game changer for its electoral fortunes, there is valid scepticism on the ability of the government to deliver on its promises. There are loose ends to be tied up such as restructuring of the public distribution system (PDS), identification of those for whom the law is meant; and putting appropriate regulatory and other measures for the smooth functioning of the system.

These are valid concerns and are important not because key provisions of NFSB relate to PDS but also because PDS is known to be leakage prone and inefficient. However, some of these concerns have lost ground since 2004-05 when most states started reforming PDS by implementing technical fixes along with expanding coverage and reduction in the prices of foodgrains under PDS.

Most of the criticism of PDS has emanated from a comparison of the data from the consumption expenditure surveys with the official off-take figures from the ministry of food and consumer affairs (MFCA). The latest round of consumption expenditure for the year 2011-12 was released recently. Data from the survey shows the extent of leakage for rice and wheat, taken together, is 35 percent only compared with 55 percent in 2004-05 using the same method.

Thus, within a span of seven years the reforms introduced by states have led to a significant reduction in leakages. What is also worth noting is not only the curbing of leakages but also the expansion in access to PDS. Only 23 percent households purchased cereals in 2004-05 and 39 percent in 2009-10. This number rose to 44.5 percent in 2011-12. In 2011-12, 50 percent of rural and 31 percent of urban population was purchasing cereal from PDS.

More than the all-India story, it is the states' performance that inspires hope. The traditionally low or negligible leakage states of Tamil Nadu, Andhra Pradesh and Himachal Pradesh continue to maintain an efficient PDS. However, Chhattisgarh and Orissa have now joined these states in showing a remarkable reduction in plugging leakages. For Chhattisgarh, the extent of leakage is negligible and Orissa managed to reduce it from 25 percent in 2009-10 to just 15% in 2011-12.

Most states have witnessed an increase in the percentage of population accessing cereals from PDS along with a reduction in leakage. This is most visible in states which reduced the prices of PDS foodgrains and/or expanded coverage. These states include Bihar, Kerala, Uttarakhand, Jharkhand, Madhya Pradesh, Assam and West Bengal.

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Among the states that have dramatically improved their performance in this respect, one state that stands out is Bihar. A former laggard in this respect, Bihar was the state with the highest leakage and lowest percentage of population accessing PDS has shown a surprising turnaround. Per person consumption of PDS cereals in Bihar was 0.66kg in 2009-10 as against the national average of 1.8kg per person. By 2011-12, per capita consumption of rice and wheat from PDS increased to 2.2kg per person, marginally higher than 2.1kg per person nationally. What about leakages? As against 65 percent leakage in PDS in 2009-10, Bihar has managed to reduce leakage in 2011-12 to only 12 percent.

While most states including traditional laggards such as West Bengal and Jharkhand have shown improvement in the functioning of PDS, there is one state which needs to be mentioned for deterioration in performance of PDS. The state which turns out to be the worst performer as far as functioning of PDS is concerned is Gujarat. Not only has the percentage of population purchasing from PDS declined from 26 percent in 2009-10 to 22 percent in 2011-12, the average consumption from PDS per person has also declined from 0.8kg per person to 0.6kg per person.

But the worst aspect of PDS performance in Gujarat is the fact that it is now the state with

the highest leakage in PDS in 2011-12: The figure rising from 45 percent in 2009-10 to 69 percent in 2011-12. Among big states, Gujarat had the highest leakage in 2011-12.

So how did Bihar achieve a turnaround and why is Gujarat doing poorly? Bihar used simple technological fixes such as computerisation, doorstep delivery of foodgrains and global positioning system to track foodgrain movement and improve transparency in the system. It also increased the coverage of households eligible for PDS cereals from 6.5 million to 12.3 million using its own resources. Last year, Bihar budgeted for Rs1,283 crore for food and civil supplies. As against this, Gujarat budgeted just one-third of that sum at Rs476 crore.

While both states have shown remarkable performance on measures such as growth rate, the real yardstick of governance is the ability of state governments to deliver basic services to the poor. A far more important lesson from the experience of poorer states such as Orissa, Chhattisgarh and Bihar is the successful transformation of a leaky PDS into an efficient vehicle for poverty reduction. In all the three cases, it was led by leaders who had political conviction and if these are any indication for how NFSB may be improved, there are certainly lessons to be learnt.

13

The National Food Security Ordinance: Five Misconceptions

Reetika Khera*

Ideas For India, August 07, 2013

The National Food Security Ordinance was promulgated in July 2013. The public debate that ensued, especially the criticism in the business media, has tended to be either devoid of facts or factually incorrect. This article attempts to correct the terms of the debate with relevant facts.

Misconception 1 - The National Food Security Ordinance (NFSO) will do nothing about under-nutrition: Many feel that the NFSO cannot do much to reduce under-nutrition, as it only provides cheap cereals. This is because of the overwhelming focus on the Public Distribution System (PDS) in public debate. In fact, the NFSO takes a life-cycle approach, half-hearted as it may be, to food security. Even these limited interventions are important for the following reasons.

First, the National Food Security Bill (NFSB) includes maternity entitlements (Rs. 1000 or approx. US\$16.67 per month for six months for pregnant women) which could go a long way in ensuring better nutrition in the womb.

Two, it includes supplementary nutrition for children under six through the Integrated Child Development Services (ICDS) scheme, including children in the 0-3 year age group, a crucial period for battling under-nutrition. Finally, even the PDS can contribute to better nutrition. There is a provision to supply more nutritious grain (for example, millets and maize) instead of wheat and rice. Some states (Andhra Pradesh, Chhattisgarh,

Himachal Pradesh, and Tamil Nadu) already provide nutritious commodities such as pulses and oil, and the NFSO may prompt others to follow.

Further, households may use the ‘implicit transfer’ from buying cereals at cheap prices to diversify diets and buy more nutritious food items. What remains true is that the NFSO is only a step ahead, where a leap was required.

Misconception 2 - The NFSO imposes a huge fiscal burden: The NFSO is expected to lead to an increase of about Rs 30,000 crores (US\$4.9bn) in the food subsidy, from the current Rs 90,000 crores (US\$14.7bn) to Rs 1.2 lakh crores (US\$19.6bn), which is around 1.2 percent of GDP. Estimates such as “3 percent of GDP” and “Rs. 6 lakh crores over three years”¹ are exaggerations (somewhat unusually, the latter estimate is presented aggregated over three years, whereas the convention is to present them ‘per year’.) Note also that the food subsidy is a combination of support to farmers and the consumer subsidy.

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The next question is whether we can afford a food subsidy of Rs. 1.2 lakh crores (US\$19.6bn) for the NFSO. To put the cost in context: in 2012-2013, tax revenues foregone amount to more than Rs. 5 lakh crores (US\$82bn) and the increase in the food subsidy (Rs. 30,000 crores or US\$4.9bn) is less than the subsidy given to the gold and diamond industry (Rs. 60,000 crores or US\$9.8bn).² Currently, the fuel subsidy is higher (Rs. 96,880 crores or US\$15.9bn) than the food subsidy (Rs. 90,000 crores or US\$14.7bn) and fertiliser subsidy is of similar magnitude (Rs. 65,974 crores or US\$10.8bn). It is also reasonably well accepted that the fuel and fertiliser subsidy do not go to the poorest. Viewed in this manner, the affordability of the food bill is ultimately a question of political commitment and priorities. Clearly, fiscal space does exist.

Misconception 3 - The NFSO is “anti-farmer” and will adversely impact agriculture: Today, the government commits 58 million tonnes of grain to the PDS, ICDS and Mid-Day Meal (MDM). This will increase by 5 million tonnes, to 63 million tonnes with the NFSO. The government procures about 30 percent of total production and only needs to continue to do so. The remaining 70 percent of grain trade in wheat and paddy in the private market will remain unaffected even after the NFSO is implemented. The overall requirement of grain and the share of public procurement in total production will change only marginally as a consequence of the NFSO. Consequently, the claim that India will become dependent on imports and that the NFSO will lead to higher prices for non-beneficiary households is baseless.

One political party has labelled the NFSB as “anti-farmer”⁵. When a senior spokesperson was asked to explain how in a televised debate, the only response he could manage was “we will do it in Parliament”! In fact, government procurement through the Food Corporation of India (FCI) is welcomed by farmers as it enhances their choices -to sell in the private market or to FCI. Without FCI, farmers would have no option but to sell to private traders. Some argue that the NFSO will further strain Punjab and Haryana’s agricultural sector.

Again, the facts tell a different story: procurement has become more decentralised since 2004-2005 and the combined share of non-traditional states (Andhra Pradesh, Chhattisgarh and Odisha) in paddy procurement has risen to 33-45%. Others feel that if grain is provided at Rs. 1-3/kg (0.2-0.3 US\$ approx./kg), those farmers who produce for self-consumption will stop doing so. Chhattisgarh’s experience with decentralised procurement and an expanded PDS does not corroborate this.

Finally, the Bill contains a provision for including millets and maize, so that there is scope for diversification of cropping patterns. That the agricultural sector needs urgent attention and reform is not in dispute, but the NFSO does not hinder that process.

Misconception 4 - The PDS is uniformly ‘leaky’ so the grain will not reach the poor: The NFSO will deliver grain and other commodities through the PDS. While it is true that the PDS has been plagued by corruption (between 2004-2005 and 2009-2010, overall leakage declined by 15 percentage points to 40 percent), some states have shown remarkable improvement – for example, in Chhattisgarh leakages are down to 10 percent (from 50 percent) and in Odisha 30 percent (from 75 percent) over the same period.

Even in states with high overall leakages (for example, in Uttar Pradesh leakages were just under 60 percent), the Below Poverty Line (BPL) and *Antyodaya Anna Yojana* (AAY) households seem to get their share. In a survey of BPL and AAY households in 2011, respondents in Uttar Pradesh reported getting 77-88 percent of their entitlements (see Khera 2011).

Apparently, it is the Above Poverty Line (APL) quota that is leaky. Let us understand why. Between 2000-2008, when APL prices of wheat and rice (Rs. 8-10 per kg or US\$0.13-0.16 per kg) were close to the market price, neither APL card holders nor state governments were interested. Over time, the APL card became not a ‘ration’ card, but a ‘*mitti ka tel*’ (kerosene) card. Around 2008-2009, market prices of grain nearly doubled (approximately Rs. 15-20/kg or 0.25-0.33 US\$/kg), and even APL grain became subsidised. Increased offtake under the APL and

“special *ad hoc*” quota in the past four years (ranging between 35-45 percent of total offtake) reflects renewed state interest in this quota. Many states use it to expand coverage, but in others (like Uttar Pradesh and Madhya Pradesh), APL card holders are unaware of their entitlements and many PDS dealers do not know that APL grain is being lifted. The lack of clarity and transparency has opened the door to corruption.

In such states, as the NFSO rolls out, many APL card holders will become ‘entitled’ households with clear entitlements (25kg per month at Rs. 1-2-3/kg). Grain flowing through the leaky APL “pipe” will be channelled through a transparent BPL-AAY ‘pipe’, with significantly lower cheating. The NFSO is an opportunity to end the large scale diversion of APL grain.

Misconception 5 – The NFSO requires a big expansion of foodgrain procurement and distribution: As explained above, the foodgrain

requirement of the NFSO is around 63 million tonnes, just 5 million tonnes more than the current commitment to the same programmes. Many believe that the NFSO entails a big expansion of procurement. This is not true. The reason why more people can be covered with the same foodgrain requirement is that a very large share of the grain currently is allocated through the APL, ‘*ad hoc*’ and ‘special *ad hoc*’ quotas. And the allocations (and offtake) under these quotas have been rising because the government has too much grain! Because these quotas are not regular allocations, as explained above, in some states, they get misused.

Those who label the NFSO as ‘populist’ seem to confuse the term with ‘popular’: as pointed out earlier, the NFSO makes a moderate claim on the budget. And if popular schemes win elections, it can only be regarded as an indication of ‘something gone right’ with India’s democratic system.

Food Security Bill to Provide Food and Nutritional Security in Human Life Cycle Approach

K V Thomas*

Odisha Diary, August 13, 2013

Report by Odisha Diary bureau, New Delhi: Proposed National Food Security Bill is unique initiative to provide for food and nutritional security in human life cycle approach, by ensuring access to adequate quantity of quality food at affordable prices. Nowhere in the world, such a social justice programme has been attempted at such a gigantic scale. This was stated by Prof. K.V.Thomas, Minister for Consumer Affairs, Food and Public Distribution while delivering the inaugural address at the 'South Asia Policy Dialogue on Regional Cooperation for Strengthening National Food Security Strategies' organised by the ESCAP, here today. Prof. Thomas said that the proposed Bill provides statutory basis for a framework which assures food security for every family below the poverty line in rural as well as urban areas of the country.

Listing out the important features of the Food Bill, Prof. Thomas said after the enactment two-third of the population will become legally entitled to receive highly subsidised food grains. Each entitled person will receive 5 kg of food grains per month i.e. rice, wheat or coarse grains at Rs.3, Rs.2 and Re. 1 per kg. respectively. The poorest of the poor who have been getting 35 kg of food grains, will continue to get 35 kg food grains per household per month under AAY. He said that with the aim of giving special focus to women and children.

The Act will ensure that the eldest woman of the household above 18 years is considered the head of the household for the purpose of issue of ration cards. Not only that pregnant women and lactating mother will get maternity benefit of Rs. 6000/- and pregnant women and children below 14 years of age will get nutritious meals, with higher nutritional norms for malnourished children.

On the issue of redressing grievances that may arise in implementation of such a massive social justice programme, it has been planned to give an increased role for *Panchayati Raj Institutions* and women's self-help group in programme-monitoring and social auditing. There will be provision for internal grievance redressal mechanism including call centres and help lines; and District Grievance Redressal Officers and State Food Commission for expeditious and effective.

Full text of Shri Thomas speech is as follows:-

"It gives me immense pleasure to be amongst this distinguished gathering at this 'policy dialogue' on a very important topic having relevance not just to the South Asian countries but to the whole world as each of us strive to ensure that the world becomes hunger-free in consonance with the initiative taken recently by

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the UN Secretary General to face “Zero Hunger Challenge.”

I congratulate the ESCAP South and South-West Asia Office in organising this South Asia policy dialogue on regional cooperation for strengthening national food security strategies to develop a common understanding of opportunities and challenges that confront us in the area of food security for our population. I also extend a warm welcome, on behalf of the people of India, to our guests from South Asian countries who have assembled here to exchange their views and to give us the benefit of their advice and suggestions on food security in South Asia.

The South Asian countries such as Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka have a common history and a distinct geographical identity. These countries are also united through culture and tradition. The South Asian countries account for about 34 percent of Asia’s population (or over 16.5 percent of the world’s population which is more than 1.6 billion of people) and are home to a vast array of peoples.

According to the Food and Agricultural Organisation (FAO), Asia would account for about one-half of the world’s undernourished population, of which two-thirds would be from South Asia, which remains a major cause for concern. Majority of the South Asian population lives in rural areas and most of them rely on agriculture for their livelihood. Being the most populous and the most densely populated geographical region in the world, the South Asian region naturally has a high stake in global efforts in confronting global hunger and malnutrition.

Declining investments in research and infrastructure, falling water tables, global warming and climate change are considered crucial factors that affect food security across the globe. Coming to South Asian region, the agriculture sector is confronted with various problems like low productivity, price fluctuations, low returns to farmers, diversion of agricultural land to other purposes, etc. The need of the hour is increased investment, policy reforms, innovations in agro-ecology to keep up with challenging times, et al.

These, I believe, may guide us to sustainable and yield-increasing techniques that may revolutionise our agriculture production.

Needless to say, regional cooperation in exchange of ideas, experiences and strategies that can bring in buoyancy in agricultural production will go a long way in further strengthening bonds and friendship among countries of the South Asian region.

I would like to say a few words about “Kuttanad below sea-level farming system” practiced in my home State Kerala, known as “God’s Own Country,” which will be of some interest to this august gathering. The farming system was formally declared as a Globally Important Agricultural Heritage Systems (GIAHS) by the United Nation’s Food and Agriculture Organisation. The farmers of Kuttanad have developed and mastered the spectacular technique of below sea-level cultivation over 150 year ago. They made this system unique as it contributes remarkably well to the conservation of biodiversity and ecosystem services, including several livelihood services for local communities.

I understand that the below sea-level farming practiced in Kuttanad is of great interests to countries such as Malaysia, Bangladesh and the Maldives. I wanted to mention about this because these are examples of unique and successful experiments in the field of agriculture production, on which one country may take guidance from another to take advantage of such innovative techniques.

A large part of the debate on Indian agriculture is concentrated around food security concerns of the people of the country. It is estimated that our country’s population will touch 1.3 billion by 2018. Therefore, while on the one hand, we have to take care of the present food needs of the people, we also have to plan to ensure that the challenges that the population increase poses, in terms of food needs, over the years is also kept in mind. We cannot grow land; but we can certainly find new techniques to grow more with the available land. India’s agriculture history can be traced back to at least 10 thousand years.

Now our country occupies the coveted second position in agricultural production in the world. The food grain production which was at 51 million tonnes in 1950-51 has touched 255.36 million tonnes in 2012-13, an increase in production by more than five times around a period of six decades. In respect of fruit and vegetables, the production had reached 240.84 million tonnes in 2012-13 from 134.27 million tonnes in 2003-04, a big leap within a decade. The full credit for this achievement must go to our farmers, agricultural scientists as also leaders who took up the challenge of leading the country and its people to prosperity.

Now, we look at the eastern part of our country which has enormous, untapped potential for agricultural growth. Therefore, in confidence, we aim at 'ever-green revolution,' – an attempt at increase in productivity, which must be perpetual and with least harm to our fragile eco system – and, it is only a matter of time before we achieve that, too.

Mahatma Gandhi ji said: *“There are people in the world so hungry, that God cannot appear to them except in the form of bread (food).”* The Election Manifesto, 2009 of the Congress Party heading the United Progressive Alliance which is in power in India made a commitment to the people of India. The commitment was to enact a new law - the National Food Security Act - that will provide a statutory basis for a framework which assures food security for every family below the poverty line in rural as well as urban areas of the country. I have great pleasure in informing this august gathering that the historic National Food Security (NFS) Bill has been moved in Parliament which is in the process of debating the same (currently an NFS Ordinance is in force), by which 67 percent of the population are made entitled to receive subsidised grains from the government every month. The most important thing about the Ordinance is that nowhere in the world, such a social justice programme has been attempted at such a gigantic scale. The Ordinance, which is soon going to be converted into an Act of Parliament, aims “to provide for food and nutritional security in human life cycle approach, by ensuring access to adequate quantity of quality

food at affordable prices to people to live a life with dignity.”

For the benefit of this illustrious gathering I would like to list out the important features of the Ordinance. They are:

(1) Right to food: i.e. two-third of the population become legally entitled to receive highly subsidised food grains;

(2) each entitled person will receive 5 kg of food grains per month (i.e. rice, wheat or coarse grains at Rs.3, Rs.2 and Re. 1 per kg. respectively;

(3) the poorest of the poor who have been getting 35 kg of food grains, will continue to get 35 kg food grains per household per month under AAY.

(4) with the aim of giving special focus to women and children, the Ordinance will ensure that the eldest woman of the household above 18 years will be considered the head of the household for the purpose of issue of ration cards;

(5) pregnant women and lactating mother will get maternity benefit of Rs. 6000/-, and

(6) pregnant women and children below 14 years of age will get nutritious meals, with higher nutritional norms for malnourished children.

On the issue of redressing grievances that may arise in implementation of such a massive social justice programme, it has been planned to:

(1) give an increased role for Panchayati Raj institutions and women’s self-help group in programme-monitoring and social auditing;

(2) make provision for
(a) internal grievance redressal mechanism including call centres and help lines; and

(b) District Grievance Redressal Officers and State Food Commission for expeditious and effective redressal of grievances.

So gigantic has been the attempt, the effort has not gone unnoticed by the world. Prof. Amartya Sen, the Nobel Laureate, had come strongly in favour of the ‘food security’ for the poor of the country, for Prof. Sen felt that that if the Bill was not passed, several hundred children would go hungry or die from under-nutrition.

Ladies and Gentlemen: the world has become a global village. No more can we do something in one country and not expect its vibrations and repercussions in some other parts of the globe.

The people of the South Asian countries share not just their past, but their future, too. Though poverty drags us down, we are not going to let it prevent our onward march to a brighter future for our peoples. Each country of the region has its blessings. All nations of the South Asian region can cooperate in understanding and appreciating our difficulties and in extending hands of friendship to one another.

Through this opportunity, I have great pleasure in extending to all the dignitaries from the South Asian region the promise that India, as the country which postulated from time immemorial, “*Lokah Samastah Sukhino Bhavantu*” (let the whole world be happy and prosperous), will not shy away from extending any help in terms of our expertise, wisdom, friendship, love and understanding”.

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Why Food Security Bill Makes Economic Sense

Arun Kumar*

Hindustan Times, August 20, 2013

The National Food Security Bill (NFSB) has raised a political storm in India. Many are worried about what its impact would be on farm prices, the growth rate and questions are being asked whether there would be a sharp rise in the subsidy bill and inflation rate once the NFSB is implemented. Such confusion persists because analysts ignore the impact the Bill will have on the economy.

Hunger is not an individual problem but has its roots in the country's macroeconomics: the nature of employment generation and the terms of trade between agriculture and the other sectors.

The government, through its policies, determines these macroeconomic variables. For instance, in spite of high growth after 2003, hunger persists. Only the government can provide the correctives and end hunger. So the NFSB is only a corrective measure to the other policies being pursued by the government; it does not solve the basic problem of income generation.

The NFSB will also raise demand for other goods and give the sluggish economy a much-needed boost. This is because the availability of cheap food grain will lower the food bill of families and they would spend the extra amount thus saved on other items. This amount could be substantial since the poor spend 50–60 percent of their budget on food.

If it is assumed that an additional 30 crore people would get the cheaper food, the demand for other items of consumption would rise significantly, giving the sluggish economy a boost.

The rate of inflation for the poor would also fall. But because the total consumption of food would rise, the free market price would also rise. That would hurt those not covered by the NFSB, like the lower middle classes.

The immediate rise in inflation, however, would be small because as of March 01, India's food stocks were 62.8 million tonnes and with the procurement in the new season these would have increased to above 80 million tonnes while the buffer stock norm for July 1 was only 27 million tonnes. The higher free market price would lead to a higher price for the farmers and this could lead to an increase in supply in coming years.

Some argue that the poor do not need more food grain but require other items of food. This is partially correct. Food grain availability (proxy for consumption) in India peaked in 1991 at 510 gms per person per day and declined after that (in 2001 by 18 percent).

This has been attributed to a shift in the consumption pattern. Whenever the monsoons have been bountiful and food prices have dropped, consumption has gone back to around 500 gms. This suggests that the consumption

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pattern has changed little and the need for more food grains remains substantial. The NFSB would help the poor stabilise their consumption.

It is estimated that the subsidy bill on food would be around Rs. 1,25,000 crore (around one percent of GDP). The additional amount over and above the current expenditure may be around Rs. 30,000 crore. But, the requirement of storage would decline since food grains would

be distributed rather than kept in the open where they rot, and that would reduce the subsidy. The real problem would be corruption and the identification of additional families to be covered and delivery to them. In macroeconomic terms, the NFSB is desirable (with some amendments) and would reflect the nation's commitment to its citizens.

We'll Meet Foodgrain Requirement under FSB

Sandip Das*

The Financial Express, August 21, 2013

The UPA government's ambitious National Food Security Bill is slotted for passage in the ongoing monsoon session of Parliament. The Bill envisages providing highly subsidised foodgrains to 67 percent of the country's population. The Food Corporation of India (FCI) is expected to play anchor in ensuring that sufficient foodgrain is available for the implementation of the mega food security scheme. C Vishwanath, chairman & managing director, FCI, spoke to Sandip Das on the challenges the corporation is likely to face.

What are the logistical arrangements FCI is making for the implementation of the food security legislation?

The annual requirement of foodgrains to meet the demand under the national food security law is estimated at 61.2 million tonne (mt). As on August 1, the available foodgrain stock in the central pool is 69.61 mt (40.38 mt wheat and 29.23 mt rice). The average procurement during the last 3 years has been 63.3 mt (29.6 mt of wheat and 33.7 mt rice). Hence, there is sufficient foodgrain to meet the requirements under the proposed law.

The storage capacity, as on July 30, stood at 74.6 mt for foodgrains from the central pool. This would be supplemented by about 20.3 mt with the creation of both conventional and silo capacities by private sector participation under the Private Entrepreneur Guarantee (PEG) scheme. We have already taken over facilities

totalling a capacity of 7.3 mt, while the rest is expected to be ready in the next couple of years. Further, FCI will be adding capacity of 0.6 mt, especially in the difficult terrain of the north-eastern states, as is envisaged in the 12th Plan. We also have the option of hiring capacities from private or public sector players, based on actual demands.

Coming to transportation, the estimated increase is about 15 percent, which would be met in close coordination with the Railways. FCI is fully geared to meet the logistics requirements for the implementation of the proposed food security law.

Commission for Agricultural Costs and Prices (CACP) chairman Ashok Gulati has stated that a chunk of foodgrains is wasted because of FCI's inability to store scientifically...

The storage issues have already been addressed. The stocks are stored by FCI in a scientific manner. Wheat stocks are stored in cover and plinth (CAP), which is a proven and time-tested method.

Relative to the quantum of our operations, the portion of grains that is considered spoilt or damaged is minuscule. For example, the total volume of grains damaged in 2012-13 was 3,145 tonnes, or 0.006 percent of the total quantity issued.

It is to be understood that grains are a perishable commodity. When we handle such large volumes and store them for long periods of time, a certain level of damage is inevitable. On

* *Leading Columnist, The Financial Express*

average, FCI moves about 3.5 mt of foodgrains every month over an average distance of about 1,500 km, many times in adverse weather conditions. However, we endeavour constantly to keep the operational losses and damages to the barest minimum.

Would there be a mechanism to ensure that foodgrains are available to FCI for procurement year after year notwithstanding decline in production?

The quantum of procurement is directly related to production and minimum support price (MSP). Over the last few years, the production of foodgrains has either been increasing or stayed steady. Though the current level of production and procurement is satisfactory, the government of India is aggressively pursuing the agenda of increasing production further, especially in the eastern states of the country where there is significant untapped potential. Concerted efforts are being made under the Bringing Green Revolution to Eastern India (BGREI) scheme to leapfrog foodgrain production. FCI is also playing its part in this by increasing the storage capacities in these states and strengthening the available procurement apparatus. We are confident that the supply position will match the requirements in the future.

Will the government have to import foodgrains for the implementation of the proposed food security legislation if domestic procurement falls short of the requirement?

Given the sturdy stock position and the increasing or steady trends in procurement, we do not foresee any such requirement. However, in the past, whenever there has been a shortage of foodgrain in the country, we have imported. We are committed to meet the requirements of the country and every possible action in this direction shall be taken as and when the need arises.

What improvements does the FCI need to make in its infrastructure to ensure timely supply to the states?

In the 50 years of its existence, FCI has never failed to meet the requirements of any state in

the country in terms of foodgrain supply. We are confident that we will keep this impeccable track record up in the future. Our infrastructure is constantly improving to meet increasing demands. For example, the storage capacity available for central pool stocks, which was 58.4 mt as on March 31, 2010, is expected to reach 81.1 mt by March 31, 2014, recording a growth of 39 percent over 4 years.

Please explain the financial implication of the implementation of the food security law.

We estimate an additional implication of about Rs 24,000 crore in food subsidy once the law is implemented. The impact of the Food Security Bill will stand at almost R19,000 crore for FCI, assuming that we will be supplying about 80 percent of the total quantity required. The remaining portion will come from states under the Decentralised Procurement (DCP)—this will be applicable to states where DCP has been implemented (like Madhya Pradesh, Chhattisgarh, Orissa, Karnataka, etc).

Given that pending dues from the Centre is in the excess of Rs 30,000 crore, how is FCI going to raise funds for its operations following the passage of the Bill?

We are requesting the government to allocate the arrears in a supplementary budget or through revised estimates. The government has given us a 'ways and means' advance of Rs10,000 crore to use till it clears its dues. We are also availing short-term loans up to Rs 20,000 crore. With an objective to reduce the cost of borrowing, we have already approached the government to increase the equity capital by Rs 8,000 crore and for providing guarantee for issuing bonds worth Rs 8,000 crore.

Will FCI's borrowings go up because of the implementation of food security law?

The additional subsidy requirement is estimated at around Rs 24,000 crore. If the government provides adequate budgetary support for this amount, there may not be any increase in the borrowings by FCI. Otherwise we will have to borrow more, either through increased food credit or through other options like short-term loans, bonds, etc.

Is FCI bringing in any structural or organisational changes for the implementation of the the proposed food security law?

FCI is already managing the public distribution system (PDS) of the country effectively. Hence, no major structural or organisational changes might be required to implement the National Food Security Ordinance. However, as part of our efficiency enhancement efforts, special emphasis is being given to capacity-building of the workforce. We have also launched a scheme nurture and mentor next generation leaders, wherein the young recruits will be mentored by the seniors for smooth and seamless assimilation into the organisation.

Will FCI need to recruit a large number of personnel for management of the requirements of the food security law?

This is one area where a lot of work is being done. At present, we have 26,716 employees against the sanctioned strength of 45,451. This massive shortage, of 18,735 employees, needs to be filled, especially considering the expected increase in the scale of operations for effective implementation of National Food Security Ordinance. Already, about 1,700 new recruits have joined the organisation and about 8,000 are expected to join by December 2013. We have set an ambitious target of filling the vacancies in this financial year itself.

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Food Security Bill: Why Blame the Poor and the Hungry?

Harsh Mander*

Live Mint, August 26, 2013

The case against the food security Bill – that it is costly and it mollycoddles the poor – is deeply flawed

The debates around the national food security Bill – which will create legal duties for the state to provide food to citizens – have become overheated and often deeply polarised. Some of the fiercest criticisms relate to the costs of the food legislation, suggesting that a floundering economy cannot afford the huge public expenditure required. It has also been argued that economic growth is a much more reliable and sustainable way to end hunger than public food provisioning.

The unease of those who worry that the law is wasteful and populist stems from the high costs of the food law – an estimated annual burden of Rs1.25 trillion, they argue, is profligate, and will inflate deficits and fuel inflation.

These need to be taken with a pinch of salt.

First, what is relevant is not the total but the marginal increase in public expenditure that the food Bill entails. This amounts to Rs25,000 crore, which seems a more reasonable expansion if we are convinced that what the law offers is a useful public investment. Second, we can manage public deficits if we are willing to tax more. India's tax to gross domestic product (GDP) ratio is lower than that of most industrialised market economies. Further, it is excessively reliant on indirect instead of direct taxes, something that

burdens the poor disproportionately. India also gives tax holidays amounting to Rs5 trillion every year to the corporate sector, and this is justified as necessary for wealth and job creation.

The overwhelming evidence from high growth years is that this has been a period of virtually jobless growth, which underlines that there is no substitute for public investment to enhance livelihoods. There is need also to enhance the integrity of India's tax efforts. All of this suggests there is considerable scope for taxing the rich to ensure investments in the nutrition, health and education of the working poor.

Also, we need to weigh the costs of not making these investments, the enormous costs of hunger, preventable diseases and deaths on the morale and productivity of several hundred million working people and growing children. Oxford economist Sabina Alkire in an article (This Bill won't eat your money, *The Hindu*, 29 July) offers a telling global comparison. She points out that India "has a higher proportion of stunted children than nearly any other country on earth, yet spends half the proportion of GDP that lower, middle-income Asian countries spend on social protection and less than one-fifth of what high-income countries in Asia spend."

* *Special Commissioner to the Supreme Court of India and Director of the Centre for Equity Studies. Ex member of National Advisory Council, where he convened the working groups on Food Security Bill.*

In lower, middle-income countries, these expenses are 3.4 percent of GDP. India's is a mere half of that at 1.7 percent and even this low level is reached largely because of the rural jobs guarantee programme that ensures 100 days of paid work to all poor households in villages. The average for upper, middle-income countries is 4 percent of GDP and 10.2 percent for high-income countries. Japan spends 19.2 percent and China, 5.4 percent. Even Singapore spends more than twice as much as India, at 3.5 percent of GDP.

The criticisms of an expanded public distribution system are sweeping but deserve careful consideration. Management guru Gurcharan Das feels that not only cheap food will disincentivise work, but the money that will go into financing the food provisioning could have been far better spent in providing public goods such as roads, schools, power and law and order. It would encourage entrepreneurs to start businesses, which would create sustainable jobs and raise the state's tax revenues. These taxes, he suggests, would make it possible to invest in more public goods. Thus, a virtuous circle would be created and lift the society's standard of living.

Again, such arguments miss the point. First, the belief that impoverished people will work less if they are able to access cheaper cereals fails to acknowledge both the hard toil that characterise

the lives of millions of India's poor, and the fact that like all of us they aim for much more than a full stomach. Moreover, spending on food is not a populist dole but an investment in India's greatest economic resource – its vast young population in the productive age-group – imperative for consolidating the gains of India's demographic dividend.

Every second child in India is malnourished, which means that the brains and bodies of every second young adult are not developed to their full potential. A well-nourished and well-educated workforce would be more productive and have higher morale, the best guarantee to sustain higher economic growth. The savings on the cost of cereals would place more disposable income in their hands, and this enhanced spending by millions would stimulate growth from below. An assured expanded national market could stimulate agriculture, which still employs the majority of India's food deprived people.

The point is to consider not only the costs of the national food security Bill, but also the costs of not investing in the better nourishment of millions of our people. Growth cannot be sustained much longer on the thin shoulders of hungry people.

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Truth vs Hype: Who's Afraid of the Food Security Bill?

Sreenivasan Jain*

NDTV, September 03, 2013

The Food Security Bill's passage in Parliament set off seismic levels of panic in the stock markets. The Government on the other hand seems to see it as a political game-changer. NDTV takes a hard look at 4 big questions surrounding the Bill.

Will the Food Bill Sink the Economy?

The cost of the Bill is highly contentious. The Government claims it's only going to cost marginally more than the existing food subsidy but others say hidden costs are not being considered.

According to Food Minister Thomas, the current food subsidy is Rs. 1.09 lakh crores. Adjusted according to the recent census, it will go up to Rs1.13 lakh crores. The Food Security Bill will according to him cost only another Rs. 10,000 crores.

The Bill hopes to increase coverage from 45 percent to 70 percent of the population with cheaper grain from Rs. 5 per kg to Rs. 2 per kg. But the minister says the grain needed is negligible. He says currently we need 60 million tons, and after the Bill, the increase will be 62 million tons, just 2 million tons extra. That's because the amount of grain being distributed is coming down.

According to Thomas, from 35 per kg to a family, it is down to 5 kg per person. So a wider

spread in terms of population, but a drop in the amount of grain. But not everyone is convinced by these numbers. The head of Government's Commission for Agriculture Prices, says their calculations suggest the government will spend not Rs. 1.25 lakh crores, but almost double, that is Rs. 2.4 lakh crores every year. The report claims the biggest expense: almost Rs. 66,000 crores spent on the first year to increasing agricultural production, to meet the Food Security Bill's demands.

Thomas says, "Are we not bound to invest more in agriculture? This investment in agriculture is not because the Food Security Bill has come. We are bound to invest more in agriculture because we are an agricultural country and we have to feed crores of people."

In balance, it is fair to say that the Food Security Bill will come at a cost, not significantly higher than what we already spend on the existing public distribution system. A more legitimate question to ask is, when poverty is shrinking, by the government's own estimates, why is the Food Bill expanding the scope of the Public Distribution System?

The Food Minister says the government was responding to pressure from states that refuse to accept the reduction in poverty. But activists like Reetika Khera say that the "Bill should not be linked to the poverty estimates because hunger and poverty are two different things. And even

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though both those things have been going down over a period of time, the fact is that many people still remain very vulnerable to hunger and their lives remain still very fragile.”

Will The Bill Solve Hunger?

Some argue that the problem of hunger in India has dwindled. The real problem is malnourishment which the Food Security Bill can't tackle since it provides only rice and wheat, not the more nutritious cereals and proteins needed to tackle malnutrition.

But defenders of the legislation claim it will. They say the bill includes maternity entitlements which will give Rs. 6000 for every pregnancy to women for nutritional needs.

Even the Integrated Child Development Scheme where children till the age of six get nutritional supplements like eggs, *daliya* in the *anganwadi*, is now a law under the Food Security Bill.

But there are concerns that the Bill will hasten the decline of nutritious coarse cereals like *jowar* and *bajra* (millets). Activist Milind Murugkar says, “In a state like Maharashtra from where I come or most of the dry land agriculture in India, the cereals are coarse cereals and these farmers are in arid and semi-arid areas without irrigation. The farmers there don't get any subsidy and on top of it, they have to face what we can call the dumping of subsidised PDS grain.”

Will the Food Bill Create a Grain Shortage?

Critics of the Bill worry that the additional demand of grain necessitated by the new law will create a food shortage. This in turn will push the government to import wheat and rice, which will hurt an already strained economy.

The government says 62 million tonnes needed to ensure food security for people targeted by this bill is only a third of India's annual production. The balance 70 percent will be available for the open market. But as some critics point out, making food an entitlement will need measures to ensure that there is no shortfall. This

may push up already high rates of agricultural labour.

But that may be an upside to this law as the Chairman of the Commission for Agricultural Costs and Prices Ashok Gulati points out.

“In the last three years the labour cost alone in agriculture the farm wages are increasing 20 percent per annum. Now that is great in one sense because the agriculture labour which is the bottom of the economic pyramid is getting wages which are much higher than the rate of inflation.” Gulati said.

Will the Food Bill Increase Corruption?

The backbone of the Food Bill is the public distribution system (PDS) which by the government's own admission is prone to corruption. But it's unclear how the Food Bill will repair the PDS, especially since this is in the domain of the states?

Food Minister KV Thomas says there is a nine-point programme in the Bill to modernise the PDS. But the steps like doorstep delivery, de-privatising ration shops are all in the nature of recommendations.

Activists who support the Bill say that the two compulsory clauses of the Bill - expanding coverage and reducing prices - can reduce corruption. “When you reduce the price from the current levels of 4 rupees and 6 rupees to 2 rupees and 3 rupees, what happens is that people become more interested in the system And therefore I am much more likely to you know to fight with the dealer and try to get my full quota from him. And we have seen this happening in states like Chhattisgarh and Orissa and to some extent, now even in Rajasthan,” Reetika Khera, an activist said.

Defenders of the Bill point to success stories like Chhattisgarh, which has brought down corruption dramatically by covering almost 70 percent of its population with rice at Rs. 3 per kg and wheat at Rs.2 per kg. And as NDTV found on the ground, it has meant a bigger rush on the ration shop and better accountability.

Chhattisgarh spends Rs. 1200 crores each year from its own pocket. But it's success is not just because of more coverage and cheaper grain.

The state is also taken a series of steps which are not mandatory in the Food Security Bill- like handing over control of the ration shops to gram *panchayats* and co-operatives, a highly efficient and heavily monitored back end supply chain, regular crackdowns on corrupt officials, all driven by the Chief Minister Raman Singh himself.

The success of states like Chhattisgarh, which have more to do with political will and less with a Food Bill, begs the question, how will a piece of national legislation ensure that states like Uttar Pradesh, with the highest levels of corruption in its public distribution system in India, ever become like Chhattisgarh?

UP currently has leakage of a whopping 57 percent, largely unchanged over the years. The new bill will at best ensure that the state can cover 70 percent of its population with steeply reduced rates of grain. But will this be enough to create enough pressure from below, to lessen corruption and fix the problems plaguing their PDS?

To witness these NDTV didn't have to go too far. About 70 kms away from Lucknow, in Unnao district is Andheliya, a village of mostly

landless Dalits. For years some the villagers have not got grain, like Ram Babu who has a family of 9 and was issued a card in 2006 but received no ration till 2011. Finally with the help of activists and RTI the villagers got the ration shop owner raided and suspended. But no new shop was appointed leaving them at the mercy of similar corrupt ration shop owners.

At the state government's godown which stocks PDS grain for Andheliya, NDTV found grain lying in the open and the person in charge with a political affiliation.

The bottom line is that there is no guarantee that the Food Security Bill will lead to basket case state's like UP improving their inefficient PDS system. But at least, by widening the coverage and reducing price, might nudge them in the direction of better performing states like Chhattisgarh and Tamil Nadu.

As Thomas told NDTV what was not a welfare measure is now a right. "There is a substantial change between coming with a bowl with a request 'Give me rice' and now I can say 'Bring the rice'. That is the difference."

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The Food, the Bad and the Ugly

P Sainath*

The Hindu, March 22, 2012

Average per capita net availability of foodgrain declined in every five-year period of the 'reforms' without exception. In the 20 years preceding the reforms – 1972-1991 – it rose every five-year period without exception.

The country's total foodgrain production is expected to touch a record 250 million tons this year (2011-12).

Union Agriculture Minister Sharad Pawar
PTI, February 17, 2012

Record foodgrain output of 235.88 million tonnes in 2010-11.

Sharad Pawar
PTI, April 6, 2011

India's foodgrain production hit a fresh record at 233.87 million tonnes in 2008-09.

Sharad Pawar, Lok Sabha
July 20, 2009

The Minister (Pawar) said food grain production in 2007-08 had reached a record 227.32 million tonnes and record production has been achieved in a number of crops.

Economic Times
April 23, 2008

"During 2006-07, the agriculture sector has posted new landmarks. The record production of 216 million tonnes of food grains..."

Sharad Pawar
November 13, 2007

Economic Editors' conference

Union Agriculture Minister Sharad Pawar doesn't just deal in foodgrain production, he deals in records. Landmarks he's fond of citing as foodgrain production rises every year. (Barring blips like those in 2009-10, of course). Sticking to absolute numbers helps him maintain a modest silence on another record he's been a big part of.

The daily per capita net availability of foodgrain has been falling steadily and dangerously during the "reform" years. If we take five-year averages for those years from 1992 to 2010 — *the figure declined every five years without exception* (see table "Declining per capita ..."). From 474.9 grams of cereals and pulses for the years of 1992-96 to 440.4 grams

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for the period 2007-2010 (The 2011 figure is yet to come). A fall of 7.3 percent. There has not been a single five-year period that saw an upward blip.

What about the 20 years preceding the reforms? That is 1972-1991? The per capita availability figure *rose every five-year period without exception*. From 433.7 for 1972-76, to 480.3 grams in 1987-91. An increase of 10.7 percent.

Not reaching the needy

Consider the average for the latest five years for which data are available. It was 441.4 grams for the period 2006-2010. That's lower than the corresponding period half a century ago. It was 446.9 for the years 1956-60. Not great news for a nation where malnutrition among children under five is nearly double that of Sub-Saharan Africa's. (A point the India Human Development Report 2011 – from a wing of the Planning Commission – concedes).

If production is rising, which it is; if the upper classes are eating a lot better, which they are; and if per capita availability keeps declining, which it does – that implies three things at least. That foodgrain is not getting to those who most need it. That the gap between those eating more and those eating less is worsening. And that food prices and incomes of the poor are less and less in sync.

It also tells us how disastrous the reforms-era policy of “targeting” through the Public Distribution System has been. The poor have not gained from “targeting” in the PDS. They have been the targets. The “reforms” period has seen more poor and hungry people shut out of the PDS in practice. The latest budget suggests that “targeting” is about to get more ruthless. A universal PDS covering all would cost much less than what the government gives away each year in concessions to the corporate sector.

Small wonder that Pawar sticks to aggregate numbers in his claims of records. He stays with production in absolute numbers, because that's rising. As the Big Boss of Cricket in India (and the planet) Pawar would not be satisfied with totalling up how many runs a batsman of his makes. He'd divide it by the number of innings

the batter has played. He'd perhaps even look at the number of balls he faced, strike rate and so on. But when it comes to his boss role on foodgrain, aggregate figures will do. The big numbers look so nice. Why complicate things by looking at how much foodgrain is available per Indian? That too, per day or year?

Economic Survey document

For those worried about food availability, though, it matters. The highest figure for any year in our history was the 510.1 grams for 1991. Aha! Chalk one up for the reformers? Not really. The data are based on the agricultural year – i.e. July to June. So the 1991 figure corresponds to the production of July 1990 to June 1991. Manmohan Singh made his speech launching the reforms on July 24, 1991. And the average for 2010, after nearly two decades of “reforms,” was 440.4 grams.

The decline across the reforms years has been dismal. Indeed, some five-year periods in this era compare poorly even with those in the pre-Green Revolution years. For instance, 2006-10 throws up worse figures than 1956-1960. All figures from 1961 are seen in the latest Economic Survey of 2011-12. (<http://indiabudget.nic.in/es2011-12/estat1.pdf> See A22, 1.17. *Last year's survey has data going back to 1951.*

This, of course, is the point at which someone pops up with: “It's all due to the population. The poor breed like flies.” Is it? The compound annual growth of population was much higher in pre-reform decades than it is now. But the CAGR for food production was always higher and ahead of it. Even in 1961-1971, when the CAGR for population was 2.24 percent it was 2.37 for grain production. In 2001-10, the figure for population was just 1.65 percent. But foodgrain production lagged behind even that figure, at 1.03 percent. (For the growth rate in foodgrain, we have not taken 2010-11 into account. We have only advance estimates for that year and these can vary quite a bit from final figures).

In all the southern states the fertility rate is either at replacement level or even below it. And the population growth rate is falling everywhere in the country, and at quite a rapid pace. Yet,

per capita availability has declined. So the population claim does not fly. There may be one-off years in which the growth rate of food production (or even per capita availability) gets better, or much worse. Hence, looking at five-year or decadal averages makes more sense. And the trends those show are awful.

This is a context where foodgrain production per capita is on the decline. Where, however, the buffer stocks with the government in fact show an increasing trend. So per capita availability is in fact declining at a faster rate. It means the poor are so badly hit that they cannot buy, or have access to, even the limited grain on offer.

GHI ranking

True, this will invite yowls of rage from the Marie Antoinette School of Economics (or ‘Let-them-eat-cake’ crowd). For them the decline only shows that people now care less for cereals and pulses. They’re eating much better stuff since they’re doing so much better. So much better that we’d be lucky to reach Sub-Saharan Africa’s rate of child malnourishment in a few years. Or

improve enough in the Global Hunger Index (GHI) to challenge an upstart Rwanda in a few years. Presently we rank 67 in the GHI (out of 81 countries with the worst food security status). Rwanda clocks in ahead of us at rank 60. India’s GHI value in 2011 was worse than it was 15 years before that in 1996.

We’ve spent 20 years promoting cash crops at the expense of food crops. No one knows quite how much land has been converted from the latter to the former, but it would run to lakhs of acres. As food crop cultivation has grown less remunerative, many have abandoned it. As farming tanks across large swathes of the country, more and more land lies fallow. The owners have given up on the idea of making a living from it. Close to seven-and-a-half million people quit farming between 1991 and 2001 (and we still await the figures for 2001-11).

Two decades of policies hostile to smallholders, but paving the way for corporate control, have seen public investment in agriculture crash. No surprise then that foodgrain production is “growing” only in absolute numbers but falling at an alarming rate in per capita terms.

Let us not Rush into Cash Transfers

The Hindu Business Line, December 27, 2012

We support cash transfers such as old age pensions, widow pensions, maternity entitlements and scholarships. However, we oppose the government's plan for accelerated mass conversion of welfare schemes to UID-driven cash transfers. This plan could cause havoc and massive social exclusion. We demand the following:

1. No replacement of food with cash under the Public Distribution System

The PDS is a vital source of economic security and nutrition support for millions of people. It should be expanded and consolidated, not dismantled.

2. Immediate enactment of a comprehensive National Food Security Act, including universal PDS

Instead of diverting the public's attention with promises of mass cash transfers before the 2014 elections, the government should redeem its promise to enact a National Food Security Act (NFSA).

3. Cash transfers should not substitute for public services

While some cash transfer schemes are useful, they should complement, not substitute for the provision of public services such as health care, school education, water supply, basic amenities, and the PDS. These services remain grossly under-funded.

4. Expand and improve appropriate cash transfers without waiting for UID

There is no need to wait for UID to expand and improve positive cash transfer schemes such as pensions, scholarships and maternity entitlements. For instance, social security pensions should be increased and universalised.

5. No UID enrolment without a legal framework

Millions of people are being enrolled for UID without any legal safeguards. The UIDAI's draft bill has been rejected by a parliamentary standing committee. UID enrolment should be halted until a sound legal framework is in place.

6. All UID applications should be voluntary, not compulsory

UID should never be a condition for anyone to access any entitlements or public services. A convenient alternative should always be available.

7. UID should be kept out of the PDS, NREGA and other essential entitlement programmes for the time being

Essential services are not a suitable field of experimentation for a highly centralised and uncertain technology. Other applications (e.g. to tax evasion) should be tried first.

* *Letter by various authors: Reetika Khera, Jean Dreze, Nikhil Dey, Bina Agarwal, C.P. Chandrashekhar, Hinamshu, K.P. Kannan, Lawrence Liang, R. Nagaraj, Medha Patkar and about 200 others.*

Explanatory Note:

Why we Oppose the Rush to Cash Transfers and UID: We support cash transfers such as old age pensions, widow pensions, maternity entitlements and scholarships. In fact, many of us have been part of struggles to expand social security pensions and improve their delivery. We also support appropriate, people-friendly uses of modern technology for this purpose.

However, we have serious reservations about the government's rush to link these cash transfers to "Aadhaar", the unique identity (UID) number. This is because the linking of these schemes can cause huge disruption – think of an old man who is currently getting his pension from the local post office, but will now have to run around getting his "UID-enabled" bank account activated and then may find his pension held up by fingerprints problems, connectivity issues, power failures, truant "business correspondents", and what not.

We are also firmly opposed to the introduction of cash transfers *in lieu of* food and other commodities supplied through the Public Distribution System, for many reasons. One, subsidised food from the PDS is a source of food and economic security for millions of poor families.

In 2009-10, implicit transfers from the PDS wiped out about one fifth of the "poverty gap" at the national level, and close to one half of it in States like Tamil Nadu and Chhattisgarh.

Recent experience also shows that it is possible to further revamp and reform the PDS without delay.

Two, the banking system in rural areas is not ready to handle large volumes of small transfers. Banks are often far and overcrowded. The alleged solution, banking correspondents, is fraught with problems. Post offices could possibly be converted into useful payment agencies, but this will take time.

Three, rural markets are often poorly developed. Dismantling the PDS would disrupt the flow of food across the country and put many people at the mercy of local traders and middlemen.

Four, there are concerns of special groups such as single women, disabled persons and the elderly who cannot easily move around to withdraw their cash and buy food from distant markets. Last but not least, inflation could easily erode the purchasing power of cash transfers. When the government refuses to index pensions or NREGA wages, how can it be trusted to index cash transfers to the price level?

The Kotkasim fiasco is a telling example of the potentially disruptive effects of inappropriate cash transfer schemes.

The experiment was launched with much fanfare and immediately projected as a "stunning success" based on the fact that kerosene subsidy expenditure had declined by 80 percent, but in fact, the main reason for this decline was the collapse of the entire kerosene distribution system.

An impression has been created that the government is all set to launch UID-enabled cash transfers on a mass scale before the 2014 elections.

This is very misleading, and looks like an attempt to make people rush to UID enrolment centres. This announcement also diverts attention from the government's failure to enact a National Food Security Act.

The Food Security Bill, very weak in the first place, has been languishing with a Standing Committee for a whole year. Meanwhile, food stocks are accumulating on an unprecedented scale.

The need of the hour is a comprehensive National Food Security Act, not a potentially disruptive rush for UID-driven cash transfers.

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Thomas for Private Help in Foodgrain Procurement

Business Standard, April 04, 2013

Private sector too cannot escape being blamed as they have tendency of not purchasing wheat and rice when supplies are abundant

Food Minister K V Thomas said a mechanism was being worked out with major industry associations to ensure that the participation of the private sector was enhanced in foodgrain procurement operations, as the government prepared for a surge in 2013-14 annual wheat procurement by almost 6-8 million tonnes as compared to last year.

“In 2013-14, the government is expected to procure around 44-46 million tonnes of wheat, which till last year, was around 38 million tonnes, while the requirement is just around 26-27 million tonnes. Hence, it is the government which has become the biggest buyer of foodgrains, as private companies are absent since the last two years from major wheat and rice producing regions, which has to change,” Thomas told reporters on the sidelines of a discussion on ‘India’s food security and the Second Green Revolution’. The discussion was part of the annual general meeting of the Confederation of Indian Industry.

Thomas said the private sector, too, could not escape being blamed, as it had a tendency of not purchasing wheat and rice when supplies were abundant and then want the government to liquidate its inventories at cheap rates. “Private traders, too, have some social commitment and you cannot purchase foodgrains at below Minimum Support Price (MSP) rates,” Thomas said.

“This is a scary situation and we cannot allow nationalisation of the country’s foodgrain trade, as we have stopped proper market operations and driven away private traders from India’s grain trade,” said Chairman of Commission for Agriculture Costs and Prices, Ashok Gulati. “The proposed National Food Security Bill seeks to achieve equity concerns through a price policy, which I as an economist feel is a major lacunae,” he said.

Agriculture secretary, Ashish Bahuguna, who also participated in the discussion, said, “Our farmers have ensured that India would remain a food-secure nation for some time to come...”, but that has not guaranteed income security to farmers. Average income from agriculture is much less than average income from non-agriculture sources. Therefore, we have to reduce the burden on farming and facilitate the migration of more and more people from rural areas or create adequate opportunities in the non-farm sector,” Bahuguna said.

He also stressed on the need for crop diversification and said the newly-announced National Mission on Crop Diversification would encourage farmers to switch to crops like maize and mustard in traditional wheat-growing areas. “Cash transfer would also form part of the Mission,” Bahuguna said.

Ajay Jakhar, chairman of Bharat Krishak Samaj, blamed the government’s policies for

being the greatest hindrance to crop diversification and higher farmers' income. "Why doesn't the government make farmers self-sufficient, so that the poor ones do not require a social security net like the National Food Security Bill?" Jakhar asked.

Criticising Ashok Gulati's contention that Minimum Support Price (MSP) cannot be just

decided by the cost of production, and the demand side of the produce will also have to be looked into, Jakhar said that while it is accepted that the cost of production alone cannot be the sole criteria for determining the MSP, it must also be understood that the production cost of farmers has increased manifold in the last few years."

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Food Security Ordinance – Analysis and Recommendations

*Byomkesh Lal**

Note by ActionAid, August 06, 2013

A couple of months ago, The Honorable President of India promulgated an Ordinance on the National Food Security that seeks to give legal rights to 67 percent of the population over subsidised grains every month.

The detailed version of ordinance can be found here. The beneficiaries will be identified by the States, which will also implement the programme under the Targeted Public Distribution Scheme.

The ordinance will have to be ratified within six weeks of the commencement of the next session of Parliament. As we prepare this note, the monsoon session of the parliament has just begun and this is certainly one of the most important of issues to find its space in the discussions in this session.

It is also important to note that in the election promises of United Progressive Alliance in 2009, ensuring Food security within 100 days of second-tenure, was high on the list. We are almost at the end of that tenure before the discussion has finally reached the parliament.

The food security act could have been a culmination of the long struggle to ensure a hunger and malnutrition free India.

However, in its present form, the Ordinance is being opposed by the Right to Food Campaigners (constituting a large number of grassroots organisations across India) on various counts.

The suggestions made by the campaigners include a further increase of entitlements that are being proposed as well as a broadening of the scope of the concept of ‘right to food’ itself, so as to include crucial issues such as land, agriculture and water.

It needs to be noted that, all this is happening in a situation where certain vested interests have stepped up their campaign in reducing the problem of mal-nutrition in India to an illusory one, resulting from bad measurement!

There have been strong criticisms about the government taking the ordinance route on an important issue like the Food Security. Some have even termed it a way of short-circuiting informed debate in the parliament.

An ordinance is an executive order to pass laws when Parliament is not in session. It remains effective for six months from the date of passage within which period it must be replaced with a permanent law that needs to be passed by both houses of Parliament.

However, various criticisms notwithstanding, the fact remains that even in its somewhat limited scope, this Ordinance is a groundbreaking one and will have a positive impact across the nation.

It could be seen as a first step towards the ultimate goal of a comprehensive (and universal) food security act. Experts also believe that access to subsidised food would help the poor beneficiaries save on food expenditures and leave

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more disposable income in the hands of the beneficiaries to do more spending on health and education.

In this context, it becomes exceedingly important that ActionAid India through its partners and ongoing campaigns take a proactive stand supporting the broad advocacy positions of the nationwide Right to Food Campaign, and its efforts to convince the government to make positive revisions in the Ordinance and incorporate a specific timeframe for implementation.

Limitations of the Current Version

The Ordinance's narrow vision on the prerequisites of food security, restricted mainly to grain entitlements under the existing Public Distribution System, need to change significantly.

According to NCRB data, more than 2,50,000 farmers have committed suicide after 1995 in rural India. In this situation, a right to food legislation that does not address the ongoing agrarian crisis in the countryside will remain severely limited in its scope.

In addition, it is observed by various advocacy groups across the country that the focus of the legislation remains only on the access and availability aspects of the right to food and not on the nutritional dimension.

More worryingly, important social determinants like access to healthcare, drinking water, sanitation, etc. have been completely ignored.

There are fears expressed from various quarters that commercial interests will be encouraged in the procurement and distribution of food entitlements in contravention to many existing Supreme Court orders.

It is indeed a grave situation and the 'Right to Food Campaign' needs to be strengthened with mobilisation of people and opinion around the issue, so that the problem of hunger is addressed by the government at a more fundamental level.

We endorse the various issues raised by the Right to Food Campaign in its recent press release which urged the UPA government to bring the Ordinance through only after sufficient debate and discussion in Parliament.

Recommendations

The broad aspects of the National Food Security Ordinance that need attention are listed out below:

- **Production & Procurement Issues:** The ordinance, even if it eventually becomes an Act, will remain a food entitlement Act and not legislation in line with the right to food. It fails to address the production or procurement related issues, issues related to relief to farmers, or the larger determinants to right to food. It must be noted that the key social determinants to malnutrition are left out completely from the legislation.
- **Endangering PDS?** - Even though UPA-2 promised to bring in a law that would ensure every household received at least 35kg of grain per month from the public distribution system, the current ordinance does not propose any return to universal PDS. Instead, it now creates a new classification that puts the cut-off at 67 percent. No more than 75 percent of the rural households, and 50 percent of the urban households, can come under the ambit of right to food.
- **Realistic Timelines to Map Eligibility:** Section 10 of the ordinance which discusses the identification of the eligible households mandates the state governments to identify the eligible households within 180 days after the commencement of the Ordinance. It is ironical when the central government has taken nearly 2 years to complete the socio-economic and caste survey (still not over) and expects states to identify the eligible households in a period of 180 days. Hurrying the beneficiary identification process will defeat the purpose of the Ordinance to provide food security to the poorer section of the population.
- **Risks of Unfair Exclusion:** These households will get only 5 Kg foodgrains per person per month and not 35Kg per household per month as promised before. The rest of the households are totally excluded from entitlements under PDS, and will have no right to food. Such targeting are indeed prone to well-known

errors of unfair exclusion and unjustified inclusion. What we need is a PDS free of all arbitrary cut-offs, and which is truly universal. It needs to be kept in mind that the ICMR norms recommend that an adult requires 14kgs of food grains per month. The minimum requirement of a person must be taken into account while the allocation of food grains is determined.

- **Section 32 is Welcome:** The ordinance says that State governments, if they want, can increase the coverage at their own cost. This is both meaningless and unfair to those State governments that already run a widespread, near-universal and efficient PDS like Tamil nadu, Kerala, Chhattisgarh and Orissa. It is feared that this legislation will affect the price at which the centre sells grain to the states, and those already with larger programmes will end up having to buy from the open market to top up their requirements. However, section 32 of the ordinance is a welcome step which states that this legislation does not preclude the state and central government from continuing or formulating other food based welfare schemes.
- **Ensure Local Production:** Section 23 of the ordinance which allows for fund transfer from the centre to states in situations of short supply of foodgrains is problematic, as it paves way for the central government to abdicate its responsibilities regarding foodgrain production. A situation where the changing climate makes food deficit years and drought years a recurring possibility, it would encourage a minimalist state buying its way out of a strong presence in agriculture. Rather, the central government should discuss and collectively work out a strategy and operational plan to ensure local food grain production. All the programmes/Missions on agriculture/food production such as RKVY, NFSM, MHM, etc. may be propelled in line of the Ordinance to realise the objective of food security in a time bound manner.
- **Address Vulnerable Groups:** The legislation has left out special provisions for marginalised

groups whose access is severely compromised which were addressed – albeit partially – in the previous versions of the Ordinance, whittled down subsequently. Section 30 of the ordinance which discusses needs more clarity in terms of government’s commitment to pay special focus to the needs of vulnerable groups residing in remote and difficult to access, hilly and tribal areas for ensuring their food security. Unless these groups are identified as eligible beneficiaries of this ordinance, they would not be able to benefit from this.

- **Mid-Day Meal During Holidays:** Section 5b of the ordinance talks about food and nutritional security of children up to class VIII. It should also provide free mid-day meal during holidays in the case of drought declaration/humanitarian emergencies like floods, and other natural calamities when the poor households need it the most.
- **Direct Cash Transfer Detrimental:** The food security allowance’s provision made in the ordinance is problematic. There is well-founded apprehension that the government, in the long run might abdicate the responsibility of supplying food grains and resort to cash transfers which would leave the poor beneficiaries at the mercy of the market forces. The clauses that allow for direct cash transfers in the place of food grains should be removed. Also, there is the risk of such a move undermining the production/yield potential of our farming community in the country whose farming rights and entitlements we have been relentlessly demanding for.
- **Address Nutrition Issues:** The Section 31 of the Ordinance which discusses provisions for advancing food security remains quite sketchy and unclear about the measures to be taken to progressively realise the objectives of advancing nutritional and food security in the Schedule III of the Ordinance. It seems that to pacify the demands of the farmers’ organisations and the national campaign, the schedule has been written in a vague manner without mention of any commitment from the

central government to protect the rights of the farmers and to address the plundering of resources like land, water and commons.

- **Decentralise Grievance Redressal:** The grievance redressal system mentioned in the ordinance places officials at district level, whereas the vast coverage of the Ordinance calls for further decentralising the process of grievance redressal by placing adequate number of human resource even at the panchayat level.

ActionAid India has been in complete solidarity with the nationwide movement for the Right to Food, over the last decade or so.

We have been an active part of the campaign demanding a comprehensive food security act – both at the national level and in terms of state level initiatives and public action.

Our partners and various peoples' formations promoted and supported by us have been strengthening the campaign across the country.

We urge everyone to be part of the public debates and campaigns that aim at strengthening the Ordinance, and help make this historic legislation more inclusive and responsive.

Section II

*Post-enactment of the
National Food Security
Act of India*

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Food Disaster Waiting to Happen

KD Singh*

The Pioneer, September 23, 2013

UPA2 regime's flagship programme on the 'right to food' is slated to create more problems than it will solve, once it kicks off across the country. A creaky public distribution system and the weak economy will not be able to sustain the scheme

In 2009, the UPA2 Government led by the Indian National Congress promised the country pro-people policies – policies which would first and foremost take into account the needs of the poor. Unfortunately, it has taken this regime almost four years to pass its first major pro-people policy (if we leave out The Right of Children to Free and Compulsory Education Act and the Mahatma Gandhi National Rural Employment Guarantee Act), when the Lok Sabha passed the National Food Security Bill, 2013.

Despite all the political baggage that the food security programme is intended to carry for the Congress and the UPA, it truly is a first example of 'noblesse oblige' displayed by the Government. The programme intends to guarantee five kilogram of rice, wheat and coarse cereals per month per individual at a fixed price of three, two and one rupees respectively, to nearly 67 percent of the population – that is almost 830 million individuals. According to Congress president Sonia Gandhi, this Bill will bring about an "empowerment revolution" fulfilling her party's promise to wipe out hunger and malnutrition.

At this point, the question needs to be asked: Can the programme in its present form actually attain this goal? On top of this, the timing as

well as the intent of the Bill are also questionable. The promise of food security was one of the major agendas of the UPA's 2009 election campaign. Then why was postponed till the end of the term? It only enforces the fact that the Congress-led Government is using this programme for some political traction in the coming elections. Also, the way the Bill stands right now; it clearly is just a repackaging of the already present Targeted Public Distribution System.

All this left aside; the Bill to some level is even desirable in our present context. But, as an objective observer you cannot help but notice the obvious cons of this policy. Let's keep the economic aspect aside and focus first on the implementation side of this policy. The food security programme will be implemented through the existing TPDS infrastructure. It is well-known and supported that our public distribution system is extremely 'leaky'.

India introduced targeted food subsidies in 1997. In the current TPDS, subsidies depend on whether the household is classified as above poverty-level, below poverty-level or poorest of poor or *Antyodaya Anna Yojana*. However, improper targeting, inclusion errors and illegal diversion of subsidised grains all add to massive leakages. According to an Asian Development

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Bank study in 2004-2005, 70 percent of the poor received no grain through the TPDS while 70 percent of those who did were non-poor.

In the same year, 55 percent of subsidised food grains leaked out along the distribution chain. In its decomposition of subsidies in India, the study estimates that income transfer to poor was a meagre 10 percent; on the other hand the non-poor received 19 percent. The Commission for Agricultural Costs and Prices also paints a grim picture of the present TPDS. According to them the public distribution system has leakages of 40 percent.

With this in mind, when in the next few months the food security programme is implemented by the States in full swing, the probable outcome would be more leakages. Unless in these few months the Government can somehow increase the participation rate of the poor; enhance the fraction of subsidy going to them; trim diversion and excess costs; and ultimately reduce programme waste.

The problem is, if these goals were not achieved in the past 15 years since the TPDS was first introduced, the addition of this Bill will only exacerbate the present condition. The drafters of the Bill should have taken lessons from successful implementation of food security from States like Chhattisgarh, whose Food and Nutrition Security Act of 2012, has been praised for reducing the amount of grain lost through corrupt practices.

The next important aspect, probably the most crucial one is the economic consequences that the food security programme will bring about. The Government estimates the burden on the exchequer at Rs 1,25,000 crore. But this estimate is contested by many. According to the CACP, the Government is looking at an expenditure of Rs 6,82,163 crore over a period of three years (Rs 2,27,387 crore/year). Others like economist Surjit S Bhalla peg the expenditure at Rs 3,14,000 crore per year, which is almost equivalent to three percent of India's GDP.

In fact, the Government's estimates falls woefully short because, during the

implementation of a policy, various other costs get associated. Just to name a few, there would be an additional cost on warehousing-related aspects; logistical costs, agriculture production enhancement costs, infrastructural costs for setting up a grievance redressal mechanism. On top of these, costs relating to TPDS leakages and its reform also need to be considered. But, estimating the cost of a policy is not the important point and that is why there is the concept of revised estimates. What is important is the effect of that policy's expenditure on the economy of the country as a whole.

According to India's Budget Estimates for fiscal year 2013-2014, total receipts is pegged at Rs 11,22,799 crore and total expenditure at Rs 16,65,297 crore, leaving the country with a fiscal deficit of Rs 5,42,499 crore. So far, three months into the fiscal year the Government has only realised 11.1 percent of the estimated revenue receipts.

If we analyse the Government estimate for the food security programme, it comes up to 11.13 percent of the total receipts. The CACP's estimate puts the cost of food security programme at 20.2 percent. This gives us a fair idea of how large the expenditure under food security programme will actually be. Since the Government's realisation of receipts has been slow, the percentage of expenditure will only increase.

Given that the economy is on a bearish trend, the biggest concern for the Government, as before, will be the fiscal deficit. The expenditures on a large policy such as the food security programme will add a sizeable chunk to the fiscal deficit, which would need to be financed. There are various ways a Government can finance growing fiscal deficit. But, in a slow economy the solutions are even more difficult and can further add to the slump. One way or the other, in the foreseeable future, the introduction of the food security programme will hamper economic growth. Its prime goal of eliminating 'hunger and malnutrition' remains questionable.

North-eastern States Plead Inability to Roll Out Food Law

Gargi Parsai*

The Hindu, November 10, 2013

A majority of States in the northeast have conveyed to the Central government that it is not “practical” for them to roll out the United Progressive Alliance’s “game-changer” food security law for lack of resources, manpower and infrastructure.

Alarmed at the admitted ill-preparedness of these States to implement the food law, the Centre has deputed Union Food Minister K.V. Thomas to hold urgent consultations with them. The Minister is flying down to Guwahati with a high-level team of officials and has convened a two-day meeting with the Food Ministers of Arunachal Pradesh, Assam, Manipur, Mizoram, Meghalaya, Nagaland, Tripura and Sikkim.

No door delivery

Arunachal Pradesh, Assam, Manipur and Mizoram have candidly told the Central government that it is not possible for them to make door delivery at fair price shops as they do not have the resources or manpower. Nagaland has said that it is not practical for it to do door delivery due to the “topography” of the State. Tripura plans to introduce mobile vans. Only Sikkim said it had opened 25 godowns to store foodgrains for the public distribution system. Under the new system, States have to create intermediary points for storing four months’ of foodgrain stocks.

All the seven States and Sikkim have demanded more foodgrains allocation as they

have “negligible” local production of cereals. The government is bound by the Act to provide subsidised wheat or rice or coarse cereals to 75 percent rural and 50 percent urban population. Only identified beneficiaries are eligible to receive 5 kg of rice or wheat or coarse cereal at Rs. 3, Rs. 2 and Re 1 per kg every month.

Based on their offtake in the last three years, but for Manipur, the northeastern States will tend to lose their allocation under the Act. But the Centre has given an assurance in Parliament that it will not cut the allocation of any State for three years.

Implementation left to States

The Food Ministry has pointed out that under the new law, implementation of the programme is with the State governments through local self-government bodies, which must be strengthened. The States have to evolve a proper criterion and mechanism to identify the beneficiaries. They have to set up grievance redress bodies and vigilance committees at district and State levels.

It is incumbent upon States to computerise the PDS with digitisation of database and computerisation of the supply chain for implementation of the Act. So far only Delhi, Haryana and Uttarakhand have indicated their readiness to implement the law. Poll-bound Delhi has said it will do it in phases.

* Senior Journalist, *The Hindu*

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Food Subsidies Need Protection from Coercive WTO Rules: Sharma

Puja Mehra*

The Hindu, November 21, 2013

“An outcome in Bali that addressed only the proposals of the developed countries would not be acceptable to India.”

Unless India’s minimum support prices for farmers and food subsidies are safeguarded against the rules of the World Trade Organisation, the Ninth WTO Ministerial scheduled for next month in Bali could fail, Commerce and Industry Minister Anand Sharma has warned.

Mr. Sharma told WTO Director-General Roberto Azevedo on the phone that an outcome in Bali that addressed only the proposals of the developed countries would not be acceptable to India, according to sources in the government.

The Minister has sought an urgent meeting of the Cabinet Committee on WTO as the country’s administered MSP was at “serious risk of breaching” the WTO’s permissible subsidy levels. “Our estimation shows that India will exceed *de minimis*,” top Commerce Ministry officials told *The Hindu*.

Over the past weeks, India was locked in hectic negotiations in Geneva with the rich countries to find a way to permanently safeguard its food security and food subsidies from WTO

disciplines. One of the most fiercely contested proposals in the Bali package is the one on permissible levels of subsidies in agriculture.

India has not managed to have its preferred position included in the draft for Bali. Proposed amendments will be reviewed on the morning of December 5, after which the final text will be submitted for the Ministerial.

Though the draft did not offer a permanent solution, it did propose a peace clause that offered India a breathing space on its MSP and food procurement programme until the 11th Ministerial, the officials said adding that the clause provided that no country would be able to initiate action against another that was in breach of the WTO caps.

“The peace clause averts the possibility of India’s food security law running afoul of the WTO’s Agreement on Agriculture but not against the Agreement on Subsidies and Countervailing Measures for which negotiations are going on in Geneva,” an official said.

* Assistant Editor, *Businessworld*

India Rejects WTO Peace Clause Proposal

Puja Mehra*

The Hindu, November 23, 2013

In no situation can India's food security be dictated, says Manmohan

At a meeting between Prime Minister Manmohan Singh and Commerce & Industry Minister Anand Sharma it was agreed that India cannot agree to the Peace Clause for agriculture subsidies that the World Trade Organisation (WTO) Director-General Roberto Azevedo has proposed for Bali.

In no situation can India's food security be dictated, said Singh at the meeting, according to highly-placed Commerce Ministry sources. The Prime Minister's instructions are that "India will not agree to any deal at Bali until it is certain that the proposed interim solution will be available till a permanent solution to the issue of India's minimum support prices (MSP) breaching the WTO norms has been found and agreed to," the officials told The Hindu.

The Commerce Ministry plans to seek the Cabinet's approval for this position at Bali. "The food subsidies under the Food Security Act we are not even discussing...that's our sovereign space," Sharma told The Hindu. India is negotiating in Geneva safeguards for its administered MSPs. "The MSPs will only rise with the roll out of the Food Security Law," Sharma said.

The deal breaker for India is the lack of clarity on when the proposed Peace Clause, an interim safeguard for MSPs in breach of the WTO caps, will expire. India, said the officials, also cannot afford to not have any deal at all at Bali for then there will be no safeguards against the breaches of the WTO caps.

The text for Bali, a copy of which The Hindu has accessed, states that the Peace Clause "will remain in force until the 11th Ministerial Conference, at which time we will decide on next steps in view of the General Council's further report on the operation of this Decision and of the Work Programme decided in paragraph 7."

"The clause can imply that should no solution or agreement be reached at the eleventh Ministerial conference, the protection from the Peace Clause will end and its extension will have to be renegotiated – an eventuality India doesn't want," said a senior Commerce Ministry official.

Work programme

The Work Programme, according to the text, is to "be undertaken in the Committee on Agriculture to pursue this issue with the aim of making recommendations for a permanent solution."

The Peace Clause is conditional on full disclosures on the MSPs that are at risk or have breached the WTO limits and the annual procurements undertaken for food security purposes for each public stockholding programme.

On November 11, Sharma wrote to the United States Trade Representative Michael Froman "...excessive conditionalities imposed on a Peace Clause would lead to serious concerns that we will be required to change our domestic policy."

* Assistant Editor, *Businessworld*

Hungry for Change

The Hindu, November 24, 2013

In view of the National Food Security Act, World Food Programme's Executive Director Ertharin Cousin discusses the organisation's plans to assist India's fight against hunger

In the wake of the passing of the National Food Security Act, Ertharin Cousin, Executive Director of United Nations World Food Programme (WFP), visited New Delhi last week on the invitation of the Ministry of Agriculture. Seeking to engage and enhance WFP's strategic partnership in a country that is home to over a quarter of the hungry people in the world, and ranks 63rd on the Global Hunger Index released on 14 October 2013, Cousin met with a number of important policy makers, including K.V. Thomas, Minister of State (Independent Charge), Ministry of Food, Consumer Affairs & Public Distribution and Sharad Pawar, Minister for Agriculture and Food Processing Industries. Excerpts from an interview:

You've just returned from the Philippines. Tell us a little about the situation there; post-Haiyan, as well as the progress made by World Food Programme's rescue and rehabilitation efforts?

It's now almost two weeks since the typhoon in the Philippines. The emergency relief operation in the early days after the dramatic and devastating typhoon hit was very challenging. After the typhoon, WFP had only managed to reach 50,000 people. The devastation was such that the roads were not open, you couldn't get boats into the docks, and so we couldn't reach people. But as of yesterday, we have dispatched food to more than 2.5 million people in the areas

that are affected, together with our partners. That's the difference between where we were and where we are now.

Flying over Tacloban recently, I saw houses that were completely destroyed, and visited evacuation centres with more than 2000 families, but I also saw the roads cleared, people going back to houses and beginning reconstruction. The Philippines people are marching forward, and WFP is moving with them. We recognise that this is going to be a long road back and investment and effort is what is required. This is going to be a very complex operation, where you need cash for work and food for work programmes that you can give to people to support their food needs while they rebuild their house and livelihood.

In your opinion how does the world view the recently passed National Food Security Act by India?

The reality is that we as a global community recognise that we have the tools and the knowledge to eliminate hunger and food insecurity. The passage of the bill signals that the Indian government has the public will. It's this will that we are too often missing. You cannot create sustainable, durable solutions to food and security without government leadership. That is what we have now in India. As a number of ministers have reminded me, most of the programmes on the bill are not new, but all of

* *Interview with World Food Programme's Executive Director Ertharin Cousin*

these have been taken and put under one umbrella. They've been prioritised and it is that prioritisation and their focus on the issue that will make the change.

How do you compare and contrast the Indian situation to that in other parts of the world suffering from food insecurity and hunger?

I think there are a couple of contrasts. The primary contrast is the size of the country and while India has reduced the number of vulnerable poor people in the country in the past ten years, that percentage is still in whole numbers larger than entire countries. This size is a significant factor and challenge in India's goal of achieving food security and elimination of hunger. The similarity is the efficiency and effectiveness that's required in a public distribution system to eliminate leakages and duplications. We've seen those challenges in other places. We know the kinds of technology solutions that we can bring into India to assist in implementing programs that are much more effective and efficient and fit the target audience.

And a little bit about WFP's plans in India, with regards to policy making and implementation?

The best practice model that we developed for Targeted Public Distribution System reform becomes one tool that we can use. We are already supporting its scale up in Odisha. We can meet with other state governments and provide that as an option. We have talked to the ministry about potentially using an ICT (Information and communications technology) e-commerce tool as a pilot programme that we can introduce in different states. Like any pilot, we will measure going in, implement, measure coming out and then write about outcomes and put the

programme into practice in other states. The reality of what WFP can do is identify tools that have worked abroad as well as tools that have worked in India and pilot them in very diverse locations across the country.

I wouldn't call it handholding because this is a very sophisticated government in India. There are some contexts that you work in and you have to bring a level of technological and intellectual capacity. That's already in place in India. What India needs is help in implementation; in learning from best practices from within and outside of the country. WFP is the operational agency in the UN and what we have built our reputation upon is our ability to perform. Bringing that expertise to the implementation of policies is where we see the opportunity to assist.

During this visit you have had several interactions with ministers and representatives of various organisations. Have there been any concrete takeaways?

There have been a number of concrete takeaways. Professor Swaminathan hosted a round table discussion with eight different ministries where each of the ministers and secretaries presented opportunities where they could use WFP's assistance and the good part about that was that the World Bank was there and the representatives from UNDP as well as UNICEF were there. I don't want to identify any particular one but I can tell you that we are now developing a menu of opportunities for us to pilot projects and we will, over the coming weeks, work particularly with the Ministry of Agriculture and the Minister of Food to identify from that menu the key priority projects that they want us to focus on and we will create a programme plan on how to move forward.

Ambitious Agenda for Food Security

Sandeep Kandicuppa*

HIMAL South Asian, November 27, 2013

The 2013 Food Security Act is far-reaching in addressing hunger and malnutrition but comes up short in key areas due to the broader policymaking context.

The National Food Security Act is one of the most prominent pieces of legislation passed by the Indian Parliament in recent times. The passage of the Act is the culmination of a long process that started with the case filed by the People's Union for Civil Liberties (PUCL) in April 2001, which pointed out the general need to recognise the right to food as flowing from the right to life enshrined in the Indian Constitution. Notwithstanding the numerous valid criticisms that have been levelled against the Act, it is an important piece of legislation directed against the twin curses of hunger and malnutrition that still plague India. But before weighing the merits, it is worth asking why the Act is actually needed at all? And, what is different about this new legislation?

Hunger and malnutrition statistics in India leave little doubt about the need for drastic measures. In the 2013 Global Hunger Index, India is ranked 63rd out of 78 countries. The Hunger and Malnutrition (HUNGaMA) Report 2012 that covered 112 districts across some of the poorest states in the country estimated that 42 percent of the children below five years of age were moderately or severely underweight. The India State Hunger Index rated 14 states in 2008, and placed 12 in the 'Alarming' category

and one in the 'Very Alarming' category. India is also home to an overwhelming number of underweight and stunted children and anaemic women according to the National Family Health Survey-III. All these statistics point to the need for strong measures to combat hunger and malnutrition.

Significantly, the Act recognises food as a legal entitlement of the people; and in cases where people are unable to realise this entitlement, it provides redress mechanisms at different levels, in the form of District Grievance Redressal Offices and State Food Commissions. Marking another first, the Act brings myriad government programmes, such as the Public Distribution System (PDS) that comes under the Ministry of Food and Civil Supplies, the Mid-Day Meal programme vested with the Ministry of Education, and the Integrated Child Development Services (ICDS) administered by the Ministry of Women and Child Development, under one umbrella, governed by a single piece of legislation and subject to a common redress mechanism.

Further analysis reveals several laudable provisions in the Act. Section 1(5) includes millets in the definition of food grains. Millets, referred to as coarse cereals in official parlance, are nutritionally superior to rice and wheat in terms of proteins, minerals, fibre and micro-nutrients; and if supplied properly as per the Act, they have the potential to make a serious dent on rural malnutrition. The introduction of millets in

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government food programmes would also come as a boost to millet farmers; if assured procurement, the necessary infrastructure for storage and distribution, and a beneficial minimum support price, there is a strong likelihood that more farmers would be willing to take up millet farming.

Another salutary feature of the Act is that it includes provisions for enhancing food and nutritional availability to specific population segments. Sections 4, 5 and 6 talk about providing nutrition to pregnant and lactating women, children and malnourished children, respectively. Pregnant and lactating women are provided with meals free of charge during pregnancy and six months after the child birth. They are additionally entitled to a maternity benefit of at least INR 6000 (likely during the entire course of pregnancy, although this is not clarified in the Act). In the case of children, appropriate cooked meals will be supplied through Anganwadi (rural health) centres or through the Mid-Day Meal programme, free of charge, every day except during school holidays.

In the same vein, children with malnutrition are to be identified by the Anganwadi centres and provided with free meals until they attain the nutritional standards mentioned in Schedule II of the Act. All these are a step forward in addressing issues like child malnutrition and maternal mortality and morbidity by targeting especially vulnerable population groups.

Reforming the PDS is an important aspect of the Act. Section 12(2)(g) calls for supporting local public distribution models and grain banks. If adequately grounded, this could help in decentralising food distribution in India. Another important reform suggested is the diversification of commodities. Exactly what this entails is not mentioned; presumably it will include food products other than just cereals and sugar, such as pulses and oilseeds. Again, if implemented, this would be a significant step in enabling the poor to access a balanced diet and would also help farmers growing these crops get a decent price for their produce.

The Act talks about inviting local institutions like *Panchayati Raj* organisations, self-help groups and women's federations to come forward and take charge of fair price shops. This is a

departure from the current situation where entrepreneurs are asked to bid for the right to run a fair price shop, and has the potential to infuse the operations of these shops with greater transparency and accountability.

The creation of storage facilities at the district and block levels is another crucial provision. This would help in reducing the 'food miles' or the distance between farm gates and consumers' plates, and could potentially lead to a reduction in losses due to spoilage and pilfering. However, checks have to be put in place to ensure that the creation of storage facilities does not become yet another avenue for private contractors to step in. These storage facilities should ideally be created in close consultation with the members of rural communities, and the management of these storage facilities should be vested with these communities.

Manufactured debates

In light of the provisions mentioned above, the Act is a welcome move in the fight against hunger and malnutrition. However, there are severe shortcomings imposed by the larger policy environment, and these shortcomings offset, to a great extent, its many positives. The legislation should be critiqued against the backdrop of broader economic processes that have crippled Indian agriculture, which needs to serve as the underpinning of any Food Security Act in India. However, before going into these criticisms, it must be pointed out that the discussions on the Act in the mainstream media, for the most part, have been in poor taste.

Two arguments against the legislation that surfaced in the run up to and in the aftermath of its passage were that (1) the National Food Security Act would place a lot of strain on the national exchequer and might widen the current account deficit (CAD) and (2) that the availability of cheap food under the Act would make the poor lazy. Both of these arguments are flawed and need to be countered. First, regarding the Act's financial unviability, it is estimated that the Act would cost the national exchequer about INR 125,000 crores.

However, the food subsidy stands at about INR 90,000 crores at present, and these food

subsidies would be brought within the ambit of the Act. This implies an additional allocation of only INR 35,000 crores. With a total Gross Domestic Product of INR 55 trillion in 2012-13 (at 2004-05 constant prices, as per Ministry of Finance), if India cannot spare a mere two percent of total GDP for some of the poorest and most malnourished people on the planet, there is something fundamentally wrong with its priorities.

The second criticism, and one that featured in many popular TV debates by well-known free market proponents, is that the Act will make the poor lazy. However, these spokespersons of the free market conveniently ignore the huge doles to the rich in the form of tax holidays and exemptions. As per the data from the Ministry of Finance, in 2011-12, the revenue forgone by the government of India stood at a staggering INR 500,000 crores. The items that fall under the category of revenue forgone include customs duty, direct corporate tax, and export promotion concessions to name a few. These items largely impact the top quartile of the Indian population.

If this largesse has not made the rich lazy, there is no reason to think that a Food Security Act should make the poor of India lazy. Such an argument only reflects the fact that a certain segment of the Indian populace has become completely insulated from the harsh realities faced by the poor. In a country like India, with its high incidence of poverty and where the gulf between the rich and the poor is rapidly widening, the State should strive to enhance peoples' capabilities by enabling them to access affordable and nutritious food.

Limits of legislation

Aside from these shallow arguments, other critiques of the Act are worth taking seriously. The first is that the Act stops short of making food a fundamental right. Doing so would have made it constitutionally obligatory for the government to ensure that everybody in India has access to nutritious food. Unfortunately the Act avoids even mentioning the phrase 'right to food'. Therefore, while during the debates surrounding the legislation the government made it appear that the Act promotes the right to food, in reality

it is another example of the welfare-oriented approach that the Indian State has adopted over the decades, particularly with respect to food security and issues of rural poverty.

To elucidate this further, the legislation only talks about providing a certain quantity of food to the poor and creates a redress mechanism in case the State fails to deliver on its promise. But the Act does not even talk about the need to create an enabling environment wherein the poor, especially the rural poor, can enhance their own capacities to produce food or to access food that is locally produced. The legislation does not go beyond the conventional understanding of food security, wherein the State provides the food that it deems fit for the poor, or consider decentralised agricultural and food systems that allow people greater decision-making about what they are able to eat, what crops to grow and how to grow them.

At a deeper level, the Act is detached from the realities confronting Indian agriculture. The legislation includes coarse cereals in the definition of food grains, thus paving the way for the procurement of these important food grains. However, no thought has been spared on how the cultivation of these cereals will be encouraged, what steps will be taken to bring farmers back to these crops, and what model of farming will be followed in order to revive them.

Ministry of Agriculture data for 2011-12 shows a 40 percent decline in the area under millet cultivation, since the 1960s. There are several reasons for the stagnation or decline in the crops that were, for generations, the bulwark of dry land agriculture in India. The Green Revolution, which made India self-sufficient with respect to cereals, focused mainly on two crops, rice and wheat. These crops attracted a host of incentives, including a strong minimum support price, regular bonuses for farmers, subsidies for fertilisers and pesticides and an assured procurement by the State, all of which were absent in the case of millets and pulses.

Even in the dry land regions, the push has been toward paddy and wheat cultivation. The Green Revolution technologies that worked well initially were grounded in rainfed and irrigated pockets like Punjab and Haryana. Pursuing them in dry

land areas has had severe ecological effects and has made food cultivation more expensive.

As a result, millets, which were the predominant crops in the dry land areas have become marginalised and replaced by rice, wheat and maize and also by commercial crops like soybean, sugarcane and cotton. These crops are water-intensive and demand a high use of chemical inputs. This shift in cropping patterns has had severe ecological implications, including the depletion of groundwater resources and the pollution of soils and water bodies due to excessive use of chemical inputs.

Also, it has made farmers increasingly dependent on markets for all their agricultural inputs and has resulted in an unprecedented rise in the costs of cultivation. The need for instant cash with which to meet the growing costs of living – especially with respect to health, education, debt servicing, etc. – is pushing many farmers to adopt input-intensive agriculture and give up millet-based farming systems, which do not generate as much cash as the former. The Act is being introduced in this complex milieu.

The next critique flows from the aforementioned point; agriculture is one of the least remunerative occupations in India today. Analysts like P Sainath, Utsa Patnaik and others have pointed out that farmers are finding it extremely difficult to carry on with agriculture. The last large-scale survey that looked at the income of farming households was the National Sample Survey 59th Round conducted in 2003.

This survey indicates that the average annual income of the farmers in India stood at about INR 25,000, or a little over INR 2000 per month, and the monthly per capita expenditure of farming households was a paltry INR 503, most of which went towards meeting food expenses, leaving very little for savings. An assessment by T N Prakash Kammardi in *The Hindu Business Line* indicates the dismal state of farmers in the state of Karnataka. Looking at 2009-10 data on 19 principal crops, Kammardi finds that 14 did not result in any surplus. Barring red gram and some cash crops, all the other crops resulted in a net loss for the farmer.

Furthermore, except for a few cash crops, the minimum support price extended to the various crops did not even cover the cost of production.

While the analysis focused on Karnataka, it is a reflection of the situation confronted by farmers in the rest of the country. Thus, as Vijay Jawandia of Shetkari Sanghatana put it during a meeting, “We are concerned about food security without really looking into food producers’ security.”

It is only the farmer who is not assured of a minimum income. As P Sainath says, the people who produce our food are less and less in a position to afford it for themselves and their families. This, coupled with the indebtedness of farming households in India, is the cornerstone of the farm crisis that has come to grip the Indian countryside, a crisis manifested in the more than 250,000 farmers’ suicides across India since 1995. This is a major bottleneck for the Act. How can this kind of legislation succeed if the people who produce food are in the throes of a crisis and their livelihoods are not secure?

Unless measures are taken to improve incomes of farming households and incentivise production of food grains, especially dry land crops like millets, pulses, oilseeds and dry land paddy, the Food Security Act will not stop the process of farmers being pushed out of agriculture. Such a scenario can only benefit agri-business corporations, which are looking to establish a greater foothold in India’s food production.

The next shortcoming is that the Act lays down uniform nutritional standards for children and pregnant women across the country, and does not account for the fact that different regions might have different nutritional demands; those living in hilly regions, desert, undulating terrain and so on might require higher nutritional intake. A more nuanced specification of the nutritional requirements is needed.

While food rights activists and some political parties among the Left have been demanding the universalisation of the PDS, the Act proposes a different type of targeting. It talks of priority and eligible households, amounting to 67 percent of the total population of India. While the central government will determine the extent of support provided to each of the states, it is for the states to identify the households that would fall under the *Antyodaya* (‘poorest of the poor’) category and those who fall under the priority category. This means that effectively, there can be as many ways of identifying the priority households as the

number of states in India, which will only complicate an already controversial mechanism for identifying the poor.

Additionally, the Act does not talk about fixing the logistical problems in the distribution of food. In 2011, Food Minister K V Thomas stated that nearly 100,000 tonnes of food grains were lost to spoilage for the year. Yet, the need to fix the supply and storage problems of PDS is not mentioned. A key problem with the PDS is the inability to reach out to villages in the last mile. While the Act talks about working towards local distribution systems, the idea is not fleshed out. The challenge lies in realising this provision on the ground. Until that happens, the logistical challenges that have plagued the government food programmes will remain.

Two specific provisions in the Act are cause for serious concern. The first deals with providing wheat flour in case cereals are not available. With the kind of cereal production that India has clocked over the last four decades, the question of availability is frankly redundant. It is only a matter of having the will to procure and channel the grains into PDS.

The other disconcerting aspect is the talk of moving towards cash transfer. Doing so would absolve the Indian state of the responsibility for providing food to the poor and supporting food cultivation by extending the various incentives that have been discussed above. This move works in the favour of agri-food companies that would sell food to the needy and supply seeds and other agri-inputs to the farmers producing food.

Dominant decision-makers

The fact is that today, the larger policy environment is stacked against the 'rural' and the 'agricultural' and in favour of the 'urban' and the 'industrial'. One of the biggest factors behind the challenges facing Indian agriculture today is the highly centralised nature of agricultural policymaking in India. What crops should be supported by the government and to what extent is decided by the various departments of agriculture at the state level or the Ministry of Agriculture at the central level.

These decisions are made with very little input from farmers themselves. Extending special

incentives to farmers for various crops, distributing free seeds, and providing free input and seed kits under various programmes are all decisions made by the agricultural departments in various states; these incentives play a major role in determining the crops that farmers are likely to veer towards in a given year.

The other layer of decision-making occurs far away in the conference rooms of international agencies like the World Trade Organisation (WTO). In 1995, India signed the WTO Agreement, and subsequently, dismantled the Quantitative Restrictions that governed the import and export of agricultural produce. The years since have seen greater liberalisation of trade in agricultural produce. Consequently, cropping patterns are determined by what global markets want and not what local communities need. A case in point is the crisis faced by coffee farmers in India. Volatility in the global coffee market, for example due to frost or worker strikes in Brazil, has led to booms followed by busts that have adversely affected coffee growers in Kerala.

Not surprisingly, this situation has contributed to a spate of farmer suicides. Another example is that the minimum support price offered to Indian farmers has to meet the approval of the WTO, as must the Food Security Act, which currently violates certain commitments to the international trade body. Thus, notwithstanding the alarming hunger and malnutrition statistics of India and the numerous strictures passed by the apex court, India cannot provide for some of the poorest people on the planet without the approval of the WTO. This is an insidious and yet invisible form of centralisation.

Proposed legislation like the Biotechnology Regulatory Authority of India (BRAI) Bill and The Seed Bill suggest, in the coming years, a continuation of policymaking along the aforementioned lines. These bills are heavily loaded in favour of agri-tech industry and relegate local communities to advisory positions. They vest real decision-making power with government bodies and corporate houses, and propose to create centralised structures that would decide whether a given technology is safe or not, what kind of seeds would be released into the market, and how much information would be made available in the public domain. While such

legislation is couched in mostly conciliatory tones when it comes to farmers, they only serve to undermine the interests of the farmers. This is one of the reasons why the Food Security Act may be an exercise in tokenism.

A related point is the growing connections between the government and private enterprises. Various programmes of the government which entail the distribution of seeds, pesticides, fertilisers and so on, involve procuring huge quantities of agri-inputs from private enterprise. A handful of companies like Monsanto, Cargill, and Bayer to name a few exercise significant

control of global agri-business and have stakes in all aspects of agriculture through a dizzying series of cross-holdings. With India eagerly embracing these companies, chances are that the interests of Indian farmers will be sacrificed upon the altar of 'development' and 'technology upgradation'. This is the larger reality within which the Food Security Act is situated. If the needs of farmers are not given precedence over and above private, commercial interests, India will have squandered a golden opportunity to use the Food Security Act to address serious problems facing those who produce our food.

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India not to Compromise on Food Security: Sharma

The Hindu, December 02, 2013

On the eve of WTO ministerial meeting here, India said the interim solution on food security as currently designed is not acceptable and the country won't compromise its farmers' interest or succumb to mercantilist ambitions of rich nations.

There is a national consensus and complete political unanimity on this matter in India, Commerce and Industry Minister Anand Sharma said, adding: "It is therefore difficult for us to accept an interim solution as it has been currently designed.

"We can no longer allow the interests of our farmers to be compromised at the altar of mercantilist ambitions of the rich. The Bali Ministerial Meeting is an opportunity for the developing countries to stay united in resolve to demonstrate the centrality of agriculture in trade talks."

Developed countries have proposed an interim solution of four-year 'peace clause' during which period India would not attract penalty even if the 10 percent cap is broken.

As per the existing Agreement on Agriculture (AoA) of the Geneva-headquartered WTO, farm subsidy has to be capped at 10 percent of the total value of the farm production. India has raised issues regarding the way the cap value is benchmarked to the base price.

In a statement at a meeting of the G-33 in Bali on the eve of the 9th Ministerial Conference of the World Trade Organization, Sharma said that for decades, "handful of farm lobbies of some countries" have shaped the discourse and determined the destiny of millions of subsistence farmers of the developing countries.

"The massive subsidisation of the farm sector in the developed countries is not even a subject matter of discussion, leave aside serious negotiations," he said.

He further said that food security must be protected from all challenges in the WTO as it is not only a sensitive issue for India but also a critical social imperative.

India has its Way at WTO on Food Plan

Siddhartha*

The Times of India, December 07, 2013

The government claimed major gains at the World Trade Organisation as members accepted its demand on food security that will protect India and other developing countries from penalties for breaching the domestic subsidy cap of 10 percent of value of production. In return, India agreed to a new agreement on trade facilitation, the first since WTO was set up nearly two decades ago, that will ease controls at ports and airports and may provide a boost of up to \$1 trillion to the global economy.

“It’s a great day because. It’s a historic decision. It’s a victory not only for India but for all developing countries. It’s a victory for WTO and all countries who have come to a mature decision,” said an elated commerce & industry minister Anand Sharma while coming out of a meeting where the decision was circulated to WTO’s 159 members.

Politically, the Congress party will claim a major victory as it will help it roll out the UPA’s flagship National Food Security Act without any hurdles. In addition, it will help blunt any opposition from principal opposition BJP and the Left parties.

But the result was not easy as India shrugged off pressure and stuck to its demand. Trade ministers spent the last four days trying to bridge differences over a trade deal that has remained elusive for years. The Bali package, as it is being called, is the first success in the Doha Round of negotiations that started 12 years ago with a view to help developing and poor countries. For India,

the victory was particularly sweet as it managed to have its way despite major players China and Brazil backing out, leaving South Africa as the only major ally along with Argentina and some large African countries such as Kenya and Nigeria.

While members have virtually accepted the draft circulated by WTO, an endorsement is seen as a formality.

As demanded by India, developing countries will now be able to continue with their public procurement programmes without fearing a possible breach in the ceiling. A ruling in its favour will help the government roll out the food security law without any hurdles as procurement hiccups could have impacted the implementation of UPA’s flagship scheme.

Although India has still not exceeded the 10 percent limit, higher minimum support price and increased quantities of purchases are pushing up the domestic subsidy level as 1986-88 prices are used to calculate the level of support.

Civil society groups, however, pointed out that developing countries can still be dragged to WTO seeking penalties for violation of rules on subsidies. The government, however, refuted the charges. Countering their other charge, Sharma later told reporters that there are no restrictions on launching new food security schemes.

To get the food subsidy benefits, the government will have to comply with conditions such as the support offered by it and if it is

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nearing the 10 percent limit. In addition, the benefit will be available for all crops.

There were other gains for the developing countries such as Brazil, China and India more competitive in international markets. The least developed countries too got a package of sorts.

The trade facilitation agreement will, however, require changes in Indian laws, especially the Customs Act, a quicker transition to electronic payments across ports and a special set of rules to speed up courier flow at airports.

Application Process for Food Security Card Resumes

Vishal Kant*

The Hindu, December 21, 2013

The Delhi Government's Department of Food and Supplies has resumed the process of issuing food security cards to beneficiaries under the National Food Security Act, 2013.

The process of issuing smart cards to beneficiaries of the scheme, which was implemented from September 1, was stopped after the model code of conduct came into force for the Assembly elections.

The department issued a public notice asking ration card-holders to apply for new cards by January 10.

"Ration card-holders who are presently getting ration and who have still not applied for the new ration card under the National Food Security Act, 2013 have been requested to apply for it by January 10. The scrutiny of all such applications would be done in order to weed out fake ration card-holders. Smart cards would be issued to them gradually," said the department's Secretary-cum-Commissioner, S.S. Yadav.

A total of over 5 lakh families (around 32 lakh people) in the Capital currently hold ration cards under different schemes like Below Poverty Line, Antyodaya Anna Yojna as well as ration card holders living in slum *and resettlement colonies*.

All families holding ration cards are entitled for subsidised food grains at the rate of 5 kg per

member per month. While around 72 lakh people would ultimately be covered under the scheme in Delhi, the authorities have started the process of issuing new ration cards to the existing beneficiaries.

Officials said the renewal of the cards would also help in weeding out fake ration card-holders.

"We have already received applications from around 16 lakh households. Data entry of the received forms has been completed and electronic scrutiny of the applications has also begun. The applications are being collated with the data collected from other departments like transport, income tax, property details from MCD and power usage pattern from discoms. The next step would be field verification of the applicants, which is likely to begin," said Mr. Yadav.

Officials said the department is likely to start distributing the first set of smart cards by December-end.

"We had issued tenders for manufacturing the smart cards. We have already received bids for it. We will finalise the vendor within a week," said Mr. Yadav. Officials said all beneficiaries would be identified and covered under the scheme within the stipulated deadline of July 5, 2014.

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Food Security Act: Should Centre Emulate Chhattisgarh? – YES

*Reetika Khera**

The Hindu, December 28, 2013

A year after the Centre tabled a National Food Security Bill, on December 21, the Chhattisgarh Government enacted the Chhattisgarh Food Security Act (CFSA) which, in some ways, is better than the Centre's Bill.

The CFSA covers the public distribution system, school meals, anganwadis (including take-home rations for pregnant/lactating women and children under three) and free meals for the destitute and homeless. It excludes 10 percent of households from the PDS.

The rest are divided into three groups: Antyodaya, Priority and General. Unlike the Central Bill, the size of these groups has not been capped artificially.

Antyodaya and priority households get 35 kg of grain at Rs 1-2/kg. Taking a cue from States such as Tamil Nadu, Andhra and Himachal Pradesh, the CFSA guarantees 2 kg of pulses at Rs 5-10/kg, an essential source of protein.

Notable features of the CFSA include: One, sensible use of technology (for example, full computerisation of PDS); two, greater transparency (public scrutiny of all records) and three, strengthening accountability (public institutions such as *Gram Panchayats* have priority in running ration outlets).

These reforms, in place since 2004 in Chhattisgarh, have yielded good results: Estimated diversion of PDS grain fell from half in 2004-05 to 10 percent in 2009-10.

The CFSA comes at a time when the Centre appears on the verge of renegeing on its promise of a National Food Security Act in favour of cash transfers. Doublespeak and confusion on the issue abound: While the Food Minister stated in Parliament that the failed Kotkasim kerosene cash transfer model will be applied to food in six Union Territories and Puducherry, other senior Congress leaders continue to deny this.

The benefits of computerisation (enhanced administrative capacity, better accounting) and banking (protection from corruption) are being marketed as the “magic” of *aadhar*. An impression is being created, perhaps unintentionally, that *aadhar* will create eligibility for welfare benefits.

In fact, today, *aadhar* is neither necessary nor sufficient for any government benefits. From January, it will become necessary for some benefits, without being sufficient. Setting aside political considerations, there is a strong case for such an Act: Economic and food security.

In Tamil Nadu, 60 percent of the “poverty gap” has been wiped out due to implicit transfers through the PDS; the figure for Chhattisgarh is 40 percent and nearly 20 percent at the all-India level.

The case against cash-for-food is equally strong: Poorly developed banking infrastructure and markets in rural areas, inflationary pressures and so on. The Chhattisgarh Government has other faults, but this is one lesson to learn from it.

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India's Plan to Feed 800 Million People is Either Amazing or Insane

Krista Mahr*

Time World, January 13, 2014

The jury is still out on this one

For decades, the Indian government has been distributing subsidised food to millions of poor. But last September, New Delhi went a significant step further: Parliament passed the National Food Security Act (NFSA), guaranteeing access to subsidized food to nearly 70 percent of the 1.2 billion population. In an unprecedented experiment, the central government is now legally bound to provide each of over 800 million people – just shy of the combined populations of the US and the European Union – 5 kg of subsidised food grains every month. (The poorest receive more, and states also run their own food-subsidy programmes.)

For these people, food is now a right, not a luxury, and it's up to officials to make sure they get it. The program, if successful, could give a major boost to the ruling Congress Party ahead of national elections this spring. The problem, critics say, is that the landmark legislation relies on an unwieldy network of farmers, buyers, storage facilities and sellers to provide some 60 million tons of subsidised grains each year.

In many ways, the system works: according to a recent study, in fiscal 2011–12, over 500 million Indians received 51.3 million tons of subsidised food, or more than 10 times the amount of direct food aid delivered by the World Food Programme in 2011. But in 2005 the government estimated that nearly 60 percent of its grain did not reach beneficiaries because of

theft, corruption and difficulties identifying the needy. More recent studies show that has improved somewhat, but over 17 percent of Indians are still undernourished, according to the 2013 Global Hunger Index.

Few would argue against getting food to more Indians. But not all agree the NFSA is the way to do it. The law is expected to cost the government about \$20 billion in fiscal 2013–14 as it rolls out across India. That's a moderate increase over what the government has already been spending on food programmes, and its supporters say it is nothing short of a moral obligation of the government to its citizens. "The question is not whether we can do it or not," Sonia Gandhi, leader of India's ruling Congress Party, said in a rare public speech to lawmakers before the bill's passage. "We have to do it."

But critics say that more spending on welfare programmes – especially when that spending relies on a flawed system – is reckless in an economy burdened by a weakened currency and a large fiscal deficit. Says Ashok Gulati, chairman of India's Commission for Agricultural Costs and Prices: "The economic inefficiencies and the losses incurred [in the system] will outweigh the welfare gains you are trying to achieve."

Can India's ambitious scheme work? Read the full story here, and read Michael Schuman's viewpoint on the law here.

* TIME's South Asia Bureau Chief and Correspondent in New Delhi, India

Prez Bats for New Tech in Farming

The Times of India, January 20, 2014

President Pranab Mukherjee said the future lay in technology-driven agricultural growth. He called upon the network of agricultural research, education and extension institutions to develop and implement newer technologies for more farm development.

He was speaking in Baramati after inaugurating a new Krishi Vigyan Kendra (KVK) building and a technology exhibition. Union agriculture minister Sharad Pawar, chief minister Prithviraj Chavan, and deputy chief minister Ajit Pawar were present.

“The National Food Security Act, 2013 provides legal guarantee for food grain at affordable prices to more than 800 million people. The rollout and successful implementation of the world’s largest social sector programme will depend on the success of our agriculture sector,” he said.

The Science, Technology and Innovation Policy, 2013 has laid down the importance of fostering innovations in agriculture. The policy has also envisaged a greater mentoring role for grassroot institutions like KVKs. The KVKs have to train growers and encourage them to form associations for collective bargaining in procuring inputs and selling their produce, he added.

The country, the President said, ranks first in milk and second in fish production in the world. Given the demand for both, a focused strategy is required to leverage their production potential. Technology-led growth in horticulture, livestock, dairy, and fisheries sectors would usher in a rainbow revolution in agriculture, he added.

Chavan said farmers must adopt new technology and KVKs would play big role in disseminating information.

The President also inaugurated the conference of vice-chancellors of agricultural universities and directors of the Indian Council of Agriculture Research (ICAR) institutes. He said agricultural universities should adopt and promote the latest technologies among farmers within the country and abroad.

Pawar says he wanted agriculture ministry

Union agriculture minister Sharad Pawar, in his speech, recalled how he preferred the agriculture ministry in UPA-I government in 2004. Pawar said, “The President may recollect that in 2004, when we took the decision to form UPA-I under the leadership of Manmohan Singh,

I recollect you came to my house and asked about my preference about the portfolio. I immediately replied that my interest is in agriculture. The President was the finance minister then and said he was surprised because he thought that I would ask for the defence, home ministry or some other portfolio.”

Mukherjee appreciated Pawar’s efforts in the agriculture ministry in the last 10 years. He said, “I was a bit surprised, because he had been the chief minister and was also the defence minister. I expected that he will give preference to home ministry, if not defence. But thanks to him and his choice of ministry, the country can rejoice that his policies are firmly established in agriculture.”

The National Food Security Act, 2013 provides legal guarantee for food grain at affordable prices to more than 800 million people. The rollout and successful implementation of the world’s largest social sector programme will depend on the success of our agriculture sector.

Policymakers, stuck to an engineering paradigm, do not recognise the effects of river linking, dams, deforestation and excessive use of fertiliser on food security.

The South Asian population has been growing at the rate of 1.5 percent per annum, and agricultural production at 2.5 percent per annum has been keeping pace with the demographic trends, thereby creating the necessary provision for food. Yet, the inherent problems of distribution have loomed large for South Asia.

India's National Food Security Act, 2013, emphasises defining certain target groups and highlights the importance of distribution. Agricultural policies in South Asia, including that of India, have always been vocal about production, marketing, pricing and, to an extent, about natural resource use, and the use of agricultural inputs.

Food-ecosystem linkage

However, in policy implementation, the inextricable linkage between ecosystems and food is often ignored. There is practically no recognition of the fact that, of the entire range of services provided by the ecosystem, food provisioning – either by natural operation or through human intervention – holds utmost importance.

Critical ecosystem services facilitate agricultural production, create income-generating opportunities, and provide energy for cooking.

The production aspect of food is explained by the fundamental dependence of agricultural systems on ecological processes. On the other hand, household-level access to income is facilitated by the production of agricultural goods and raw materials that can be sold. From the utilisation perspective, ecosystem services create provision of safe drinking water and food; provide fuels and energy for hygienic heating, cooking, and storage of food; the materials for sanitation and health care; and the micronutrients necessary for an adequate diet.

Another Perspective

Often, what is perceived as “damage” from a myopic economic perspective turns out to be a boon from the social-ecosystemic perspective and vice-versa. The Bihar floodplain in the Ganges sub-basin of India is a case in point. Apparently perceived as “flood damage”, the floodwater, upon receding, leaves behind rich silt and micronutrients that have helped in the natural creation of the most fertile agricultural land — also known as “rice bowl” of South Asia.

The opposite is also prevalent in the same basin. Further downstream, the Farakka barrage, constructed in 1975 to resuscitate the Calcutta port, has been witnessing ecosystem damages due to stream-flow depletion caused by its natural

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course. This has, in turn, affected the mangrove forests, fisheries production, fish catch (quantity and quality), and eventually the fishing community.

The traditional engineering paradigm has conveniently been oblivious of these ecosystems-food-livelihood linkages in the planning process. There are many such examples in South Asia. These ecosystem concerns have hardly featured even in the context of the grand plan of river interlinking, or while converting forest land for agriculture or other purposes.

Agricultural expansions during the last century have caused widespread changes in land cover, watercourses, and aquifers; thereby degrading the ecosystems and restricting their ability to support some services, including food provisioning. Some examples of this are the various major river basins such as the Ganges-Brahmaputra-Meghna (GBM) basin, Cauvery basin, Krishna basin, and so on.

Flawed approach

The management policy of many agro-ecosystems has essentially been based on the premise that they are delinked from the broader landscape. Crossing ecological thresholds leads to a regime change in the ecosystem and its concomitant services. Apart from reducing the ecosystem resilience, this restricts the sustainability of food provisioning.

Threats to the ecological foundation of agriculture arise from resources that are supposedly becoming scarce over time. The drivers of this process are competition over land and water, traditional resource-consuming agricultural practices, deforestation, and unsustainable pesticide use (that reduces the long-term soil productivity, and also contaminates groundwater), and climate change.

The critical knowledge gap here pertains to the relations between water and food. Food security has so far been thought of as a positive and linear function of water availability. While most experiments on the subject in the US and the EU have refuted the direct proportionality between water and food availability, such a knowledge base is yet to emerge in South Asia.

The US, the country which started the global trend of building large dams, began decommissioning dams that have caused egregious ecological impacts; thereby affecting livelihoods and the provisioning services of the ecosystem. Nearly 500 dams in the US and elsewhere have already been removed, with an aim to restore the ecosystem.

Towards sustainability

By 2050, food demand in South Asia is going to double. There is no doubt that in many cases, bringing land and water resources under the fold of agriculture will not be a viable option. With ecological thresholds being exceeded, food provisioning services of the ecosystem are being seriously affected; thereby, posing a threat to the nature's capacity to provide food for rural households.

South Asian river basins like the GBM present the most interesting paradox of the development theory – ample water, ample poverty. As has been proposed by Jayanta Bandyopadhyay and Nilanjan Ghosh in an article in *Economic and Political Weekly* in 2009, the prime reason for this paradox is a sheer de-recognition of the ecosystems-livelihoods linkage.

There is no doubt that increased water and land productivity (and not increased use) has to be the core of the solution. On the other hand, from a very regional food security perspective, trade in “virtual water” (or agricultural imports) can indeed play a crucial role. For serving the long-term needs of food security, a more holistic perspective is needed. This will entail an integrated approach for managing land and water resources and ecosystems, in order to support long-term food production.

There is a need to develop less-resource intensive practices (for example, system of rice intensification) for producing crops that have traditionally been high-resource-consuming. Moreover, policy documents need to look at water and land as an integral part of the global eco-hydrological cycle, and not as a stock of material resource to be used for the satisfaction of human requirements.

Subsidies for Beneficiaries as Karnataka & Chhattisgarh Implement NFSA

FnBnews, January 20, 2014

The implementation of the National Food Security Act, 2013 (NFSA) in Karnataka and Chhattisgarh took the number of states covered by it to seven. The other five are Delhi, Haryana, Himachal Pradesh, Punjab and Rajasthan.

The people identified as beneficiaries by the state governments will get rice, wheat and coarse grains at Rs 3 per kg, Rs 2 per kg and Re 1 per kg respectively. Each beneficiary will get 5kg foodgrain per month.

However, the existing entitlement to *Antyodaya Anna Yojana* (AAY) households (i.e. 35kg per household per month) will be protected, as they constitute the poorest of the poor.

The Centre made foodgrain allocations to these states as per the requirements projected by them for the implementation of the Act. It is expected that Uttarakhand and Chandigarh will join these shortly.

It also decided to protect the existing allocation to each state in case the allocation under the proposed legislation is lower than its current allocation. It will be protected upto the average offtake level during the last three years, at prices to be determined by the Centre.

The Act entitled pregnant women, lactating mothers and children between the age of six

months to 14 years would be to meals as per the nutritional norms prescribed under the Integrated Child Development Services (ICDS) and Mid-Day Meal (MDM) schemes.

Pregnant women and lactating mothers would also be entitled to receive a maternity benefit of not less than Rs 6,000. Higher nutritional norms have been prescribed for malnourished children upto six years of age.

The Act will also contribute significantly to women's empowerment in the country with its provision of declaring the eldest woman of the household, aged 18 years or above, the head of the household for the purpose of issuing ration cards.

The government notified the National Food Security Act, 2013 on September 10, 2013 to further strengthen the efforts to address the food security of the people.

The Act provided for coverage of upto 75 percent of the rural population and upto 50 percent of the urban population for receiving subsidised foodgrains under the Targeted Public Distribution System (TPDS), thus covering about two-thirds of the population.

Centre's Welfare Plans may Strain Finances of States: RBI Study

The Economic Times, January 24, 2014

States could bear the brunt of the Centre's policies such as the National Food Security Act, a Reserve Bank of India study on the finances of state governments has indicated.

Expressing concern over such policies, the central bank has said in its report 'State Finances: A Study of Budgets of 2013-14', released, "Some of the recent policy initiatives of the central government, like the restructuring of centrally-sponsored schemes and the implementation of the National Food Security Act 2013 would entail additional responsibility at the state level."

The continued decline in the outstanding state government liabilities-GDP ratio since 2004-05 continued in 2012-13 (revised estimates) and the ratio is projected to decline further in 2013-14.

The key deficit indicators of the consolidated state governments relative to GDP are budgeted to improve in 2013-14, with an increase in revenue surplus contributing to a reduction in gross fiscal deficit. Revenue surplus is budgeted in 22 out of the 28 states in 2013-14.

"The improvement in state finances will be largely due to improvement in primary account originating from stability in salary expenditure growth," said Devendra Kumar Pant, chief economist and head of public finance at India Ratings. "However, fiscal consolidation is

State of Affairs

Experts concerned over states going for fiscal consolidation at the cost of capital expenditure, which means expenditure on development projects and building assets is being curtailed, affecting long-term growth prospects of states

Debt/ GDP Ratio of Indian States (Average)	
'95-96 to '99-'00	21.8
'00-01 to '04-05	30.1
'05-06 to '09-10	27.6
'10-11 to '13-14	22.2
End-March 2013	21.7

The report also expresses concern over the narrowing of the growth-interest rate differential which could exert pressure in the medium term

happening at the cost of capital expenditure by states," he added.

This means expenditure on development projects and building assets is being curtailed to achieve fiscal consolidation, affecting long-term growth prospects of states. The capital outlay-GDP ratio, which had increased significantly to 2.3 percent in 2012-13 from 1.9 percent in the preceding two years, is budgeted to increase further to 2.4 percent in 2013-14.

Capital outlay is expected to constitute 15.2 percent of aggregate expenditure in the current fiscal. The report also expresses concern over the narrowing of the growth-interest rate differential which could exert pressure in the medium term.

The National Food Security Act vis-à-vis the WTO Agreement on Agriculture

Sudha Narayanan*

Economic & Political Weekly, February 01, 2014

Introduction

Recent commentaries on the National Food Security Act (NFSA) and its implications for India's international commitments express alarmist concern (Sukumar 2013; Correspondent 2013, for example).¹ This stems from a perception that in implementing the Food Security Act, India would need to initiate distortionary interventions in domestic foodgrain systems that would breach its international commitments under the World Trade Organisation (WTO) Agreement on Agriculture (AoA). A recent visit to India by the director general of the WTO and the salvo by the US ambassador to the WTO aimed at India's stand on food security has renewed these fears.²

The issue of India's external commitments under the WTO is indeed a complex terrain, rendered somewhat opaque by legalese on the one hand and by the complicated nature of the negotiation processes within the WTO on the other. While the government cannot afford to turn a blind eye to its international commitments, the issues at hand are perhaps far less cause for concern than imagined. This article discusses the implications of the NFSA for India's international commitments, focusing on select aspects of the NFSA in the light of India's relationship with the WTO since the AoA came into force in 1995. The attempt here is to lay out the areas where the instruments supporting the NFSA pose no problem and those where the government would

have to carve out a strategic path to ensure a fine balance between the implementation of the NFSA and its external commitments in the wake of a fresh round of trade negotiations. The focus will be the public distribution system (PDS), which has been the cynosure of public discussion.

This article suggests that the support that the NFSA would entail is unlikely to be substantially larger relative to current levels. Although over the past five years, India's support levels in the context of AoA have increased significantly relative to the pre-2005 levels, it is still well under the limits committed by India and within the span of permissible provisions under the WTO's AoA. These support levels correspond to a scale of operations that one would expect with the implementation of the NFSA. It seems unnecessary for India to seek special protection to enable the implementation of the NFSA and that negotiating on a few technical and substantive details within the existing framework would likely suffice.

Moreover, regardless of the WTO AoA, India would have to revamp and rationalise existing systems and establish a more nimble, transparent and cost effective food management system. This is desirable not only for its own sake, but would also enable India to temper the levels of support in ways that the committed thresholds are not breached.

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The first part discusses very briefly India's obligations under the WTO's AoA of 1995 at the time it came into force. The second examines in detail the implications of the PDS as envisaged in the NFSA and the third evaluates the way forward for India.

India and the AoA

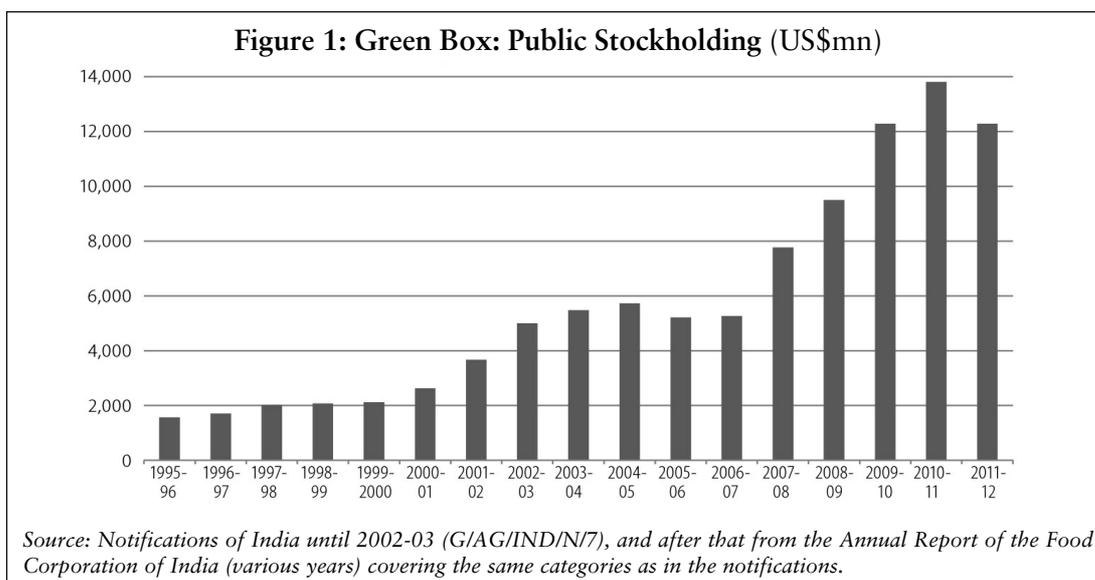
When the AoA came into force in 1995 after lengthy and contentious negotiations that were widely perceived to have sidelined all but a few powerful countries, it was the first worldwide effort to address agricultural trade issues. The goal was to reduce the high levels of protectionism in international agriculture so that the benefits from trade would accrue to exporting farmers, while benefiting poor consumers in importing countries. The three pillars that constituted the AoA comprised market access, domestic support and export subsidies. Market access entailed import liberalisation (through conversion of all quantitative barriers to tariffs and progressive reduction in these tariffs). In the context of domestic support, it was envisaged that countries would reduce in certain types of domestic support that would have spill-over impact that could potentially distort trade.

For example, this could entail payments by a national government to its farmers or price support that would keep its farmers in production in the absence of which they would not have produced, thus precluding the possibility of international trade. On the export front, a

reduction of export subsidies and barriers to exports would be addressed.

All interventions pertaining to these three pillars were grouped into amber, green and blue boxes. Green box measures would be exempt from reduction commitments; amber would have prescribed limits reduction commitments while blue box measures evolved as special category. All domestic support measures considered to distort production and trade (with some exceptions) fall into the amber box. These include measures to support prices, or subsidies directly related to production quantities. Any support that would normally be in the amber box is placed in the blue box if the support also requires farmers to limit production. Green box measures do not distort trade or cause minimal distortion. They have to be government-funded (not by charging consumers higher prices) and must not involve price support.

India's commitments at that time were minimal on many fronts (Gulati et al 1999; Hoda and Gulati 2008, 2013; Gopinath 2008). India excluded itself from reduction commitments on market access citing a balance-of-payments exemption. In the area of domestic support, India had in place a price intervention scheme and input subsidies both of which came under the purview of the AoA. However, India had no reduction commitments, since its product-specific and non-product specific domestic support were both less than 10 percent in the base period. As a developing country, it was also allowed exemption for domestic support and instruments under the



Special and Differential Treatment (often called the S&D box) towards developing countries, providing enough flexibility for its prevalent set of agricultural policies.

Further, India had no export subsidies other than those in which developing countries had been exempted from reduction commitments during the implementation period (see paragraph 4 of Article 9 of AoA). It was only in the area of market access that India committed to tariff-bound rates representing a ceiling on tariffs that could potentially be levied. In simple terms, it has not needed to alter its policies significantly in all but a few areas on account of the AoA. It is against this background of commitments (or lack of it) that the NFSA needs to be assessed.

NFSA: Entitlements and Implications

The NFSA was promulgated on 12 September 2013. While it envisages wide-ranging measures aimed at addressing aspects of food security, entitlements under the PDS have attracted the greatest attention in the context of India's WTO commitments. Under the provisions of the Act, priority households are entitled to 5 kg of foodgrains per person per month, and *Antyodaya* households to 35 kg per household per month. The combined coverage of priority and *Antyodaya* households (called "eligible households") shall extend "up to 75 percent of the rural population and up to 50 percent of the urban population". The PDS issue prices would be Rs 3/2/1 per kg for rice/wheat/millet, subject to revision after three years. To support these entitlements the government would procure and distribute foodgrains, estimated at 63 million tonnes annually, representing around 30 percent of the foodgrain production in the country. It is useful to focus on the different components of the process by which food is delivered from farmers to consumers – food production and procurement, stocking, transport and distribution, sale to beneficiaries through ration shops.

Stocking and Distribution

In the AoA, all food subsidies and public stocking of food are regarded as green box

measures and as such exempt from commitments. Specifically, the Agreement determines that public stockholding for food security purposes are exempt.

Expenditures (or revenue foregone) in relation to the accumulation and holding of stocks of products which form an integral part of a food security programme identified in national legislation. This may include government aid to private storage of products as part of such a programme (Annex 2, Clause 3).

While allowing countries the latitude to address food security, the AoA mandates however that these operations, which include programmes under which stocks of foodstuffs for food security purposes are acquired and released at administered prices, must be transparent and conducted in accordance with officially published objective criteria or guidelines. Similarly, for domestic food aid,

Expenditures (or revenue foregone) in relation to the provision of domestic food aid to sections of the population in need. Eligibility to receive the food aid shall be subject to clearly-defined criteria related to nutritional objectives. Such aid shall be in the form of direct provision of food to those concerned or the provision of means to allow eligible recipients to buy food either at market or at subsidised prices (Annex 2, Clause 4).

These two provisions quite explicitly provide room for the sort of food stocking and distribution programmes that India has had in place until now and will do so under the NFSA. India has regularly notified the WTO as required on the expenditures in these areas (Figure 1). As such the main architecture of food delivery systems under the NFSA are consonant with the WTO AoA.

Certain caveats however deserve attention. The first pertains to procurement according to established targets and the second alludes, somewhat subtly, to the question of coverage. While neither aspect poses serious problems currently, these could easily end up in the blindspot of policymakers.

Regarding the former, Annex 2, Clause 3 of the AoA states that

The volume and accumulation of such stocks shall correspond to predetermined targets related solely to food security. The process of stock accumulation and disposal shall be financially transparent (Annex 2, Clause 3).

In India, procurement of foodgrains serves three purposes – building up strategic reserves, price support operations and maintaining supplies for the PDS. As such these are permissible interventions under the AoA.

The AoA also states

...the provision of foodstuffs at subsidised prices with the objective of meeting food requirements of urban and rural poor in developing countries on a regular basis at reasonable prices shall be considered to be in conformity with the provisions of this paragraph (Annex 2, footnotes 5 and 6).

While this clause has left the notion of “food requirements” and “urban and rural poor” unspecified, the implications it has for an expanded reach of the PDS under the NFSA are unclear. This issue is enmeshed in the highly contentious issue of the poverty line and of identifying the poor. Until now, universal entitlements with regard to food have not been a subject of contention in the WTO. Nor is this likely to pose a significant problem given that the better off tend to select out of the PDS. Nevertheless, the government would need to have a clear sense of the actual beneficiaries who do access the PDS. Clause 4 of Annex 2 stipulates that eligibility to receive food aid shall be subject to clearly-defined criteria related to nutritional objectives. The NFSA merely fixes the overall limits in terms of the percentage of population and leaves it to the state governments to define the criteria. The implications of whether state governments would have to define the criteria related to nutritional objectives need to be addressed.

For India, the greater concern lies in the procurement operations. Even while permitting green box measures, the AoA contains clauses associated with each green box measure that

imposes restrictions on the procurement and open market sales of the stocks.

For instance, in the context of public stockholding for food security, the clause states Food purchases by the government shall be made at current market prices (Annex 2, Clause 3).

and elsewhere,

Food purchases by the government shall be made at current market prices and the financing and administration of the aid shall be transparent (Annex 2, Clause 4).

The procurement operations and the disposal of stocks in the open market, domestic and international via exports will invite scrutiny, especially in the context of a renewed commitment to ensuring that green box subsidies have “no, or at most minimal, trade-distorting effects or effects on production”.³ If procurement is done at current market prices or less, then there is no subsidy involved. If, on the other hand, the procurement is done at minimum support price (MSP), then a subsidy is involved and the requirement is that the difference between the acquisition price and the external reference price (ERP) should be accounted for in domestic support and therefore part of amber box measures.

Procurement Operations

In general, the AoA requires that procurement of foodgrains for maintaining stocks should be at market prices (implying that they should not be higher than market prices) and that it should not be protectionist in the sense that it should not exceed the world price (a predetermined ERP, committed as part of the AoA).⁴

The commitments under the WTO AoA are in the form of an Aggregate Measure of Support (AMS), which is the difference between government support price and a fixed ERP multiplied by the total quantity of agricultural product eligible for that support, represented as a percentage of total value of the production of the commodity (assessed at the administered price). The allowable limit for developing

countries (called the *de minimis* support) is 10 percent of the total value of agricultural production.

There are however a few technical issues involved in computation that are outlined in Annex 3 of the AoA. First, the ERP is fixed at the 1986-89 base period. For India, the ERP is fixed at Rs 3,520 (US\$262.5) per metric tonne for rice and Rs 3,540 (\$264) per metric tonne for wheat. India's base year notification (G/AG/AGST/IND) was denominated in Indian rupees (INR), although in later years, India used an ERP denominated in dollars to compute the AMS. Article I (h)(ii) of the AoA specifies that in calculating the current AMS the constituent data and methodology used in the original notification or supporting tables have to be used (Hoda and Gulati 2013). This use of a dollar ERP is therefore not in conformity with the requirements of the AoA.

It is expected that the Government of India will provide revised notifications. If the ERP is established in INR then the figures for domestic support would account for neither domestic inflation nor for changes in the dollar-rupee exchange rate. An ERP denominated in dollars would factor in exchange rate movements so that even if the ERP is fixed, the conversion of the domestic MSP into dollars would be at current exchange rates. This article computes support for rice and wheat using both methods for expository purposes.

Second, the reduction commitments with respect to the AMS imply different things for different members. For those WTO members who have undertaken reduction commitments because their domestic support exceeded the *de minimis* for the base period, the limits prescribed for support are with respect to the total AMS summed over all the commodities for which support is provided, expressed as percentage of the total value of production of these commodities. These countries thus have some flexibility in subsidising individual products as long as the overall committed level is not breached. In other words, the *de facto* limits of product-specific support for these countries is on the total AMS, so that within this total some products can in theory exceed the *de minimis* as

long as the total AMS does not breach the overall commitment levels.⁵

This is, however, not the case for countries that have not undertaken reduction commitments, including developing country members like India. For these countries, there are two separate elements in the obligation. First, that the product-specific support in respect of a particular product does not exceed 10 percent of the value of production of that particular product; and second that non-product-specific support does not exceed 10 percent of the value of the total agricultural production. In light of this interpretation India has to show that the subsidy on rice divided by the value of production of rice does not exceed 10 percent and thus too for Wheat. This is now settled WTO law, confirmed by the Appellate Body of the WTO in Korea- measures Affecting Imports of Fresh, Chilled and Frozen Beef.⁶ As Hoda and Gulati (2008:27) emphasis there us thus significant inequality in the AoA but this nevertheless establishes the contextual constraints for the NFSA.

According to the AoA, even though public stocking and domestic food aid are green box measures, even for these interventions,

The difference between the acquisition price and the external reference price has to be accounted for the AMS (Annexure 2, Clause 3, footnote 5).

The relevant question now is whether with the implementation of the NFSA, the AMS will breach the 10 percent *de minimis*, especially considering that in the recent past, the procurement volumes are already at levels that would be required under the NFSA.

In order to understand the implication of the NFSA for India's domestic support commitments under the AoA, we compute support for rice and wheat using both the method that is mandated by the AoA and that which the GOI has followed for the notifications until 2003-400.⁷ Table 1 presents the AMS for rice and wheat using these two methods– the first where the ERP is denominated and fixed in dollars (not conforming to the AoA), and the second where the ERP is denominated and fixed in rupees (as per the base

period notification). The total AMS is not presented here since the focus is only on two major commodities, rice and wheat. In general, India notifies the WTO on domestic support for only the commodities for which there is active intervention: rice, wheat, cotton, jute and coarse cereals, among others. Until 2007-08, the support for both rice and wheat was systematically negative (Figure 2, p 44).

Since 2008-09, however, rice support has turned positive while wheat support has mostly been negative. Rice support has increased steeply

over the years. That said, until now, even in the years where the procurement prices have been high and volumes procured have exceeded the annual requirements under the NFSA, product-specific support neither to wheat nor to rice has exceeded 10 percent of the value of wheat and rice production, respectively (Table 1). Given that the current levels of procurement are consistent with full implementation of the NFSA, the support levels are unlikely to be much higher than the figures provided.

Table 1: Support to Rice and Wheat under Different Methodologies

Year	1 Fixed ERP (in \$)		2 Fixed ERP (in INR)		3 Inflation Adjusted ERP (in INR)		4 Moving ERP (In \$)	
	Government of India		WTO Method as Per Base		'Due Consideration'		Changing the Base Year	
	Notification Method for Later Years		Year Notification					
	Rice	Wheat	Rice	Wheat	Rice	Wheat	Rice	Wheat
1995-96	-55.4	-132.4	38.2	6.8	-29.7	-95.6	-100.6	-82.7
1996-97	-10.1	-17.3	6.9	3.0	-3.8	-7.5	-14.1	-5.8
1997-98	-10.7	-14.9	8.8	4.3	-4.2	-8.3	-15.4	0.2
1998-99	-9.8	-18.0	7.6	6.3	-2.4	-10.0	-8.5	2.6
1999-2000	-11.1	-18.0	11.0	7.2	-3.1	-9.8	-3.9	2.8
2000-01	-14.3	-22.8	14.0	9.9	-4.8	-13.2	-0.9	1.3
2001-02	-13.6	-29.2	13.2	12.2	-5.5	-16.7	-3.5	-3.9
2002-03	-12.5	-29.9	13.1	12.4	-5.2	-18.7	-3.7	-3.6
2003-04	-11.8	-20.3	15.0	9.6	-7.0	-15.5	-8.3	-3.2
2004-05*	-12.0	-20.9	17.5	10.9	-9.8	-19.3	-15.8	-1.7
2005-06*	-10.8	-17.0	17.9	9.7	-11.1	-17.9	-17.4	-6.6
2006-07*	-9.9	-7.2	17.1	6.4	-8.3	-8.5	-18.8	-6.6
2007-08*	-2.7	-0.9	22.0	9.2	0.5	-4.7	-50.7	-4.4
2008-09*	3.6	-3.5	26.3	18.9	1.5	-9.4	-30.6	1.3
2009-10*	6.1	-4.3	27.5	21.3	0.3	-11.4	-19.6	1.1
2010-11*	7.2	-0.7	27.9	18.1	-0.3	-10.4	-23.2	-6.0
2011-12*	7.4	0.5	27.0	21.6	1.7	-11.7	-22.1	-5.0
2012-13*	9.4	-2.6	32.4	30.5	1.1	-17.4	-17.7	-10.3

1. Sources and Notes: The ERP in (1) is that in G/AG/N/IND/7 India's notifications to the WTO and for (2) and (3) as in Schedule XII (G/AG/AGST/IND).
2. For 1995-96 to 2003-04, data for (1) comes from India's notifications to the WTO, for the years after (denoted by *) the estimates are derived following the same method with data from the same sources.
3. The fixed External Reference price is the 1986-88 average reference price assessed at exchange rate of Rs 13.409/\$ under the original agreement.
4. The applied administered price is the minimum support price in Rs per tonne expressed in \$/tonne using the official annual exchange rate – from the *Agricultural Statistics at a Glance*, 2013 and *Economic Survey*, various years. For MSP, the paddy MSP is converted to rice using a ratio of 1.5 and the marketing and crop years are maintained as in the notifications.
5. Eligible production refers to the procurement volume except for the year 1995-96 which is the year when the URAA came into force; here, it is total production. The source is *Agricultural Statistics at a Glance*, 2013. The total rice production for 1995-96 is assumed to be the same as eligible production for the sake of consistency. For all other years it is the actual production from *Agricultural Statistics at a Glance*, 2013.
6. For inflation-adjusted estimates, the method followed has been that of Hoda and Gulati (2013). The inflation rate uses WPI (all commodities) for financial year applied to the base ERP from the *Economic Survey* (various years).
7. For moving reference price, the external reference prices are from World Bank Pink Sheets, Thai 25 percent broken for rice and US HRW for wheat. The estimates are imprecise because the marketing year and financial year might not coincide.

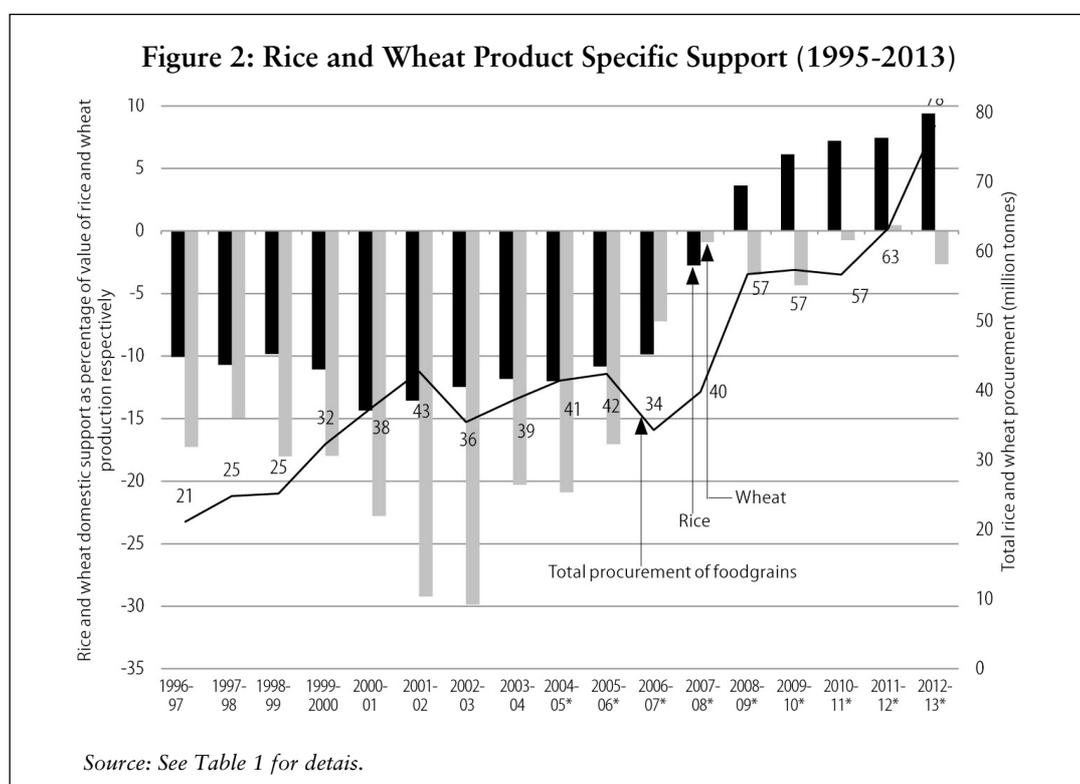
However, as stated previously, the method followed by the GoI for the notifications until 2003-04 does not conform to the requirements of the AoA which specifies that the methodology should be consistent with that used for the base year notification.⁸ Table 1 also presents the method that is consistent with the requirements of the AoA. With this fixed ERP denominated in INR, it is evident that the product-specific support for rice breached the 10 percent limit way back in 1999-2000 and has been increasing since then. For wheat too, the 10 percent limit was breached on several occasions in the past decade, long before procurement volumes reached the levels comparable to those that would be under the NFSA.

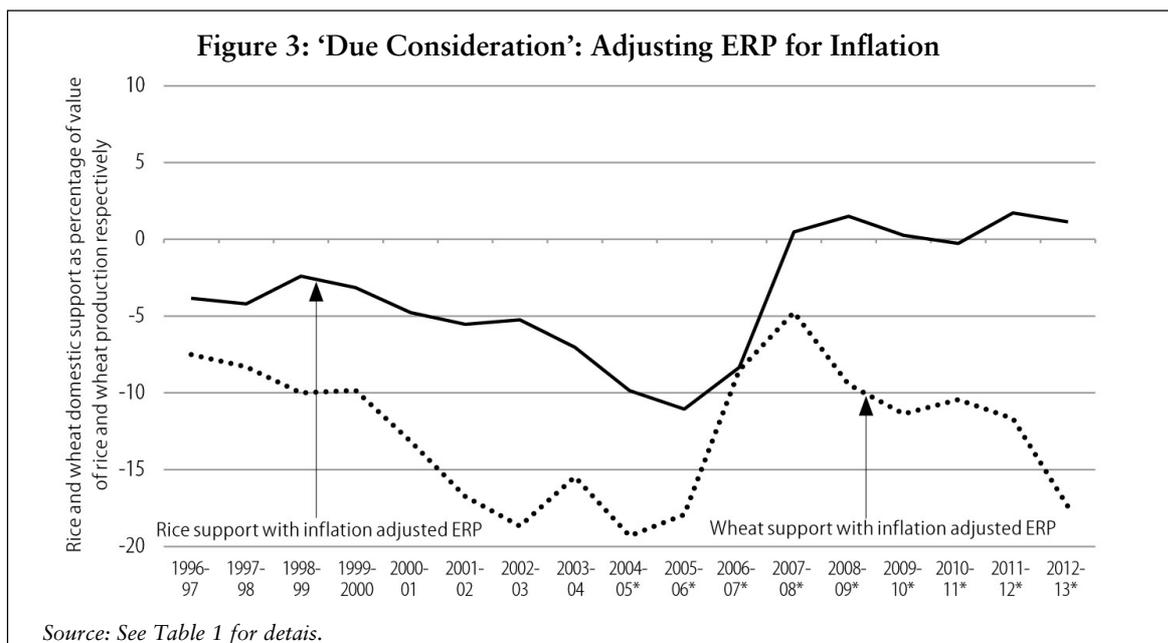
The concerns relating to India's commitments under the AoA therefore predate the NFSA, if one considers the methodology of the base period notification that the GoI ought to have followed.

Whatever the method, from the perspective of procurement to support the NFSA, certain provisions in the AoA lend support to India's policy interventions in rice and wheat markets, under specific circumstances. Part XI, Article 18 (Review of the Implementation of Commitments, Clause 4) of the AoA suggests that in the review

process "Members shall give due consideration to the influence of excessive rates of inflation on the ability of any member to abide by its domestic support commitments". The US and several other countries are of the view that members cannot get the benefit of inflation automatically and that the committee has to determine what "due consideration" is as laid down in Article 18.4. This issue is now likely to be deliberated upon in the work programme that the Bali ministerial meeting is likely to approve.

Figure 2 maps the estimate of the product-specific support for rice and wheat, where the ERP is adjusted for inflation, using the method that strictly conforms to the base period notification. According to these figures, although the figure for rice has turned positive it is evident that one gives due consideration for inflation, the support levels are little cause for concern. As Table 1 shows, in 2012-13, support to rice and wheat combined, as a percentage of total value of rice and wheat production was -6 percent (a positive 1.1 percent for rice and -17.4 percent for wheat). These are consistent with estimates by Hoda and Gulati (2013) using the same method that adjusts the ERP for inflation reveals that in 2010-11, the product-specific





support to wheat was -10.22 percent of the total value of wheat production and for rice it was -2.87 percent of total value of rice production. If due consideration is indeed provided for inflation, then even with the NFSA India is unlikely to breach its commitments at current levels of procurement.

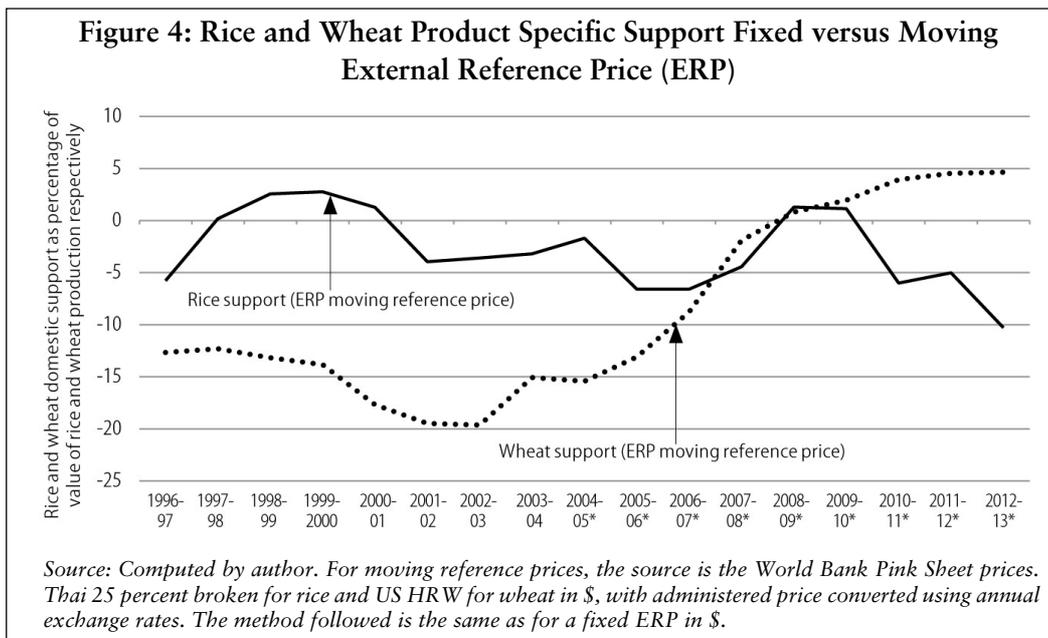
If such flexibility with respect to inflation is obtained, India would merely have to ensure that the product-specific subsidies do not grow so rapidly as to breach this threshold. This could happen in two scenarios. The first scenario is when large rises in MSP (or bonuses) are offered without a commensurate and counter balancing increase in either overall production or depreciation in the exchange rate. The second is open-ended procurement that goes well beyond the required levels, as this would inflate the eligible production for support and contribute to higher AMS. As it turns out both these aspects of food management have come under criticism, regardless of the WTO commitments. These aspects demand attention anyway.

As long as the government has a coordinated approach to procurement and pricing policy, it is quite feasible to maintain support levels well below the *de minimis* of 10 percent given due consideration. Indeed, even if commitments are converted to commodity specific *de minimis* levels of 10 percent with judicious policy, India could

conceivably meet its WTO AoA commitments without undermining the NFSA.

There has long been a discussion on revising the base year from the original 1986-88 to a later year to reflect contemporary circumstances better. The reference price was originally fixed at the 1986-88 base period which were regarded as years of relatively low prices. But the food price crisis in 2008 and after has seen much higher prices reign in wheat and especially in rice markets. An examination of the support to rice and wheat using the same methodology but a varying reference price (Figure 4, p 45, Table 1) suggests that India in fact continues to record negative support for most of the years even for rice, suggesting that in the coming negotiations the choice of base year for an ERP could become a rallying point. The choice of a new base year will however necessitate an amendment in the AoA, which would be more difficult. On the other asking for full automatic adjustment for inflation under “due consideration” is likely to be easier as it will involve only a decision by the Committee of Agriculture under Article 18.4.

Also, should the issue of a higher *de minimis* levels with product-specific *de minimis* be discussed this is an area that India could argue to retain some bandwidth. Overall, while the GoI would do well to keep a watchful eye on the numbers, stoking fears that India would



be breaching commitments because of the NFSA, seem unfounded if one acknowledges that the current levels of procurement already match those demanded by the NFSA and considering that by the method followed in the base year notification and the unfortunate choice of currency unit, the thresholds were crossed in the early part of the decade, when procurement was around 30 million tonnes.

Foodgrain Export

In the context of India's commitments to the WTO, the more contentious issue would be India's idiosyncratic export (and import policy). The AoA requires that

sales from food security stocks shall be made at no less than the current domestic market price for the product and quality in question (Annex 2, Clause 3).

Similarly, the clauses on export subsidies explicitly forbid dumping in international markets. The recent condemnation of the G-33 proposal by the US ambassador to the WTO, Michael Punke voices fears that the food management strategies of India would distort world trade (worrying that first India's stocking will push up world prices and then later that cheap exports would affect farmers' interests worldwide). While Punke's evidence base is flimsy and contestable⁹ the underlying point is that

India's trade policy (both exports and imports) would have serious impacts on global prices and trade and an idiosyncratic "stop-go" policy would raise hackles. The implications of government food management practices, or mismanagement as some would have it, for India's commitments need careful attention.¹⁰

Under the WTO AoA, transgressions were protected by what came to be known as a peace clause or due restraint under Article 13. The peace clause, which expired in 2004, allowed domestic support measures and export subsidies to not be challenged by other WTO members. Since its expiry in 2004 it has left countries exposed to the possibility that other member countries could push for retaliatory measures should there be evidence that the interventions cause a breach or/and therefore a distortion in world trade.

Non-Product Specific AMS: Input Subsidies

Non-product specific support, i.e., input subsidies on fertiliser and electricity to agriculture have posed a greater problem for India from a fiscal perspective and continue to do so, in contrast to the product-specific support. This past decade has seen fertiliser and power subsidies burgeon in the wake of extraordinarily high international urea prices. So far, India has

reported that proportion of these subsidies going to low income and resource-poor farmers as green box measures, by assigning a part of the budgetary subsidies as accruing to small-holders (G/AG/IND/N/7, Gopinath 2008). India's base year notification states that 98 percent farms are of low income and resource-poor farmers; it has notified all input subsidies as covered by exemptions. In later years, that part of input subsidies presumed to go to larger farmers is counted as part of non-product specific support and this figure was well under the *de minimis* non-product specific support of 10 percent until recently (*ibid*). Despite the recent increases in fertiliser and credit subsidies through interest rate subventions, it is unlikely that this will be cause for concern. However, should there be major changes proposed in this area in the impending talks that impose restrictions on input subsidies, this would be an additional area of concern. To the extent that curtailing input subsidies might also impinge on food production, the GoI would have to work on a coordinated policy on these different fronts.

The Way Ahead

This article suggests that the support that the NFSA would entail is unlikely to be substantially larger relative to current levels. Over the past five years, India's support levels in the context of the AoA have increased significantly relative to those during the late 1990s or early 2000s. It is however within the span of permissible provisions under the WTO's AoA, if due consideration is given for inflation. The unfortunate choice of India to denominate the base period notification in INR is perhaps at the heart of this. With an ERP denominated in dollars, the support levels at current levels of procurement are within the *de minimis* threshold for developing countries. While the observation made by Gopinath and Laborde (2008) that India has ample flexibility in setting and implementing domestic support policies is perhaps less valid today, there is enough room

within the framework of the AoA for an intervention such as the NFSA, given that current support levels pertain to the scale of operations commensurate with the full implementation of the NFSA.

In this context, how can India move forward as the Ninth WTO Ministerial Conference in Bali unfolds? The contours of the negotiations process have shifted quite a bit since the global food price crisis and fears of high rice prices. In general it saw a host of grain exporting countries resort to various sorts of controls to keep food prices down. The Doha Development Agenda had already promised not to give food security a short shrift. But these issues are likely to be heavily contested. The recent G-33 "non-paper" on food security by India and other countries seeking special measures to protect policies supporting food security has attracted much criticism from developed countries and grain exporters.

There is some discussion on whether to establish a "peace clause" that would provide developing members with food security issues with an exemption linked to their programme. An alternative to seeking special protection to enable the implementation of the NFSA would entail negotiating on a few technical and substantive details, such as due consideration for inflation, *de minimis* levels that allow enough buffer, a revised ERP, all within the existing framework.¹¹ Some of these would be harder to obtain than others, especially those that require an amendment of the AoA. It is worth reiterating that the NFSA would not represent a market intervention that is substantially larger relative to current levels. It stands to reason however that regardless of the pressures implied by the WTO's AoA, India needs to revamp its food management systems in a way that ensures transparency, accountability and predictability. Further, it would entirely be to India's benefit to achieve more cost-efficient methods of procurement, storage and transport. This would be essential not only to fulfil the mandate of the NFSA but to enable India to meet its international obligations, in both letter and spirit.

Endnotes

1. Others include Venu (2013), Sharma (2013), etc.
2. See for instance, www.thehindu.com/business/Economy/food-subsidy-issues-need-to-be-addressed-wto/article5210832.ece; www.thehindubusinessline.com/economy/india-may-settle-for-compromise-solution-to-food-security-issue-at-wto/article5210230.ece, accessed on 15 October 2013. For a transcript of the speech by Punke, US ambassador to the WTO, see <http://www.ustr.gov/about-us/press-office/speeches/transcripts/2013/april/amb-punke-statement-wto-tnc>, accessed on 15 October 2013.
3. WT/MIN(05)/DEC, para 5.
4. This would be different for exporting and importing countries, i.e. free on board for a net exporter and freight including cost, insurance and freight for an importing country.
5. Part IV, Article 6.
6. WT/DS161/AB/R; WT/DS169/AB/R.
7. India has not filed notifications on domestic support for the years after 2003-04.
8. This is based on the WTO method but as reported in the Supporting Tables Relating to Commitments on Agricultural Products contained in Schedule XII (G/AG/AGST/IND). This differs from India's reporting formats for subsequent years.
9. In the absence of evidence, one could easily argue the opposite. One could claim, for instance, that India's stocking policy would help poor countries because in its absence, India might import grains that would push up global prices. Alternatively, one could claim that when India exports, it keeps food prices low for net food importing countries. The basis of such arguments rests on one's point of view and not much else.
10. www.ustr.gov/about-us/press-office/speeches/transcripts/2013/april/amb-punke-statement-wto-tnc
11. The Draft Modalities of 2008, which documents some of these proposals, suggests the limit of support for developing country members as measured by AMS, be 20 percent of the average total value of agricultural production in the 1995-2000 or 1995-2004 period as may be selected by the member.

Exhibit-1

The National Food Security Bill, 2011
Right to Entitlement to Food and Nutrition

The National Food Security Bill, 2011 *Right to Entitlement to Food and Nutrition*

On December 22, 2011, the Union Minister of State (Independent Charge) for Consumer Affairs, Food and Public Distribution introduced the National Food Security Bill in the Lok Sabha (the Lower House of the Indian Parliament). On January 05, 2012, the Bill was referred to the Parliamentary Standing Committee on Consumer Affairs, Food and Public Distribution. This Committee is expected to submit its report to the Parliament in the first week of April 2012.

The Bill which aims “to provide for food and nutritional security in human life cycle approach, by ensuring access to adequate quantity of quality food at affordable prices to people to live a life with dignity” marks a “shift from the current welfare approach to right-based approach to address the problem of food security”.¹

The Bill at a Glance

Highlights

- ◆ Creates a right for some sections of the population to certain entitlements to food and nutrition
- ◆ Mandates reform in the public distribution system (PDS) including addressing its transparency and accountability aspects
- ◆ Endeavours to empower women and other marginalised sections of the society
- ◆ Sets up national and sub-national bodies for grievance redressal as well as monitoring the implementation of the Bill
- ◆ Tries to address issues related with revitalisation of agriculture – procurement, storage and movement of food grains and other important elements for the advancement of food security

Lowlights

- ◆ Limited treatment of “food security” as an understood concept; focuses only on entitlements, and ignores production and trade aspects
- ◆ Division among three groups – priority, general and excluded – and adopting a complex, impractical and politically contentious ‘inclusive’ criteria that too to be provided at later stage
- ◆ Fails to design a decentralised mechanism for procurement, storage and distribution of food grains and letting *status quo* to continue
- ◆ Non-inclusion of more nutritious food items such as pulses and oil in the benefit package
- ◆ Not proposing a much-needed pan-political body for monitoring the implementation of the Bill
- ◆ Non-inclusion of farmers and community-based organisations in the National and state food commissions as members
- ◆ Provisions related with revitalisation of agriculture in the context of advancing food security have important missing elements such as the impact of climate change and soil health on agricultural productivity

INSIDE

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- ◆ General Issues
- ◆ Specific Issues
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Introduction

The Right to Food was first recognised in the United Nations Declaration of Human Rights, 1948. In the United Nations Guidelines for Consumer Protection, 1985, the right to food was mentioned as the first right under the Right to Basic Needs.

In 1996, the formal adoption of the Right to Adequate Food by the World Food Summit paved the way for the possibility of a right-based approach to food security.²

In India, Article 47 of the Constitution of India, *inter alia*, provides that “the State shall regard raising the level of nutrition and standard of living of its people and the improvement of public health as among its primary duties”.

The present Bill is a result of these international and constitutional obligations. The Bill is about some specified entitlements to “right to food and nutrition” to certain sections of the population.

This brief does a critique of several provisions of the Bill, highlights some contentious issues and makes some recommendations for its improvement.

General Issues

Food Security: A Misnomer

Although the efforts that are being made by the Government of India to enact the National Food Security Bill, 2011 is laudable, its nomenclature (food security) is a misnomer.

The present internationally acceptable definition of food security, as adopted by the 1996 World Food Summit, states: “Food security exists when all people, at all times, have physical and economic access to sufficient safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life”.

From this definition, four major dimensions of “food security” are as follows:

- Physical *availability* of food
- Economic and physical *access* to food
- Food *utilisation*
- *Stability* of the above three dimensions over time

For the realisation of *food security* objective, all the four dimensions must be fulfilled *simultaneously*.³

The definition of “food security” as provided in Section 2(7) of the Bill

clearly fall short of the internationally accepted definition.⁴ First, the Bill does not adequately address ‘physical availability’ of food – the supply-side of food security.

Schedule III of the Bill, read with Section 39, apart from being deficient in many other respect, contains mere “best endeavour” provisions that are non-enforceable, amounting to non-obligation on the part of the Centre and state governments.

Secondly, the Bill is deficient with respect to “economic and physical access” because of its ‘non-universal in coverage’ and ‘inadequate procurement and distribution mechanism’, although it contains some positive provisions about reforming the PDS.

Not only the present accepted definition, but through out all the stages of evolution, the notion of “food security” has included “all people, at all times” approach.⁵

Even the version of the Food Security Bill dated July 2011 prepared by the National Advisory Council, headed by Sonia Gandhi tends to follow the universality of access approach to food security.⁶

Table 1: Four Dimensions of Food Security

Physical AVAILABILITY of food	Food availability addresses the “supply side” of food security and is determined by the level of food production, stock levels and net trade.
Economic and physical ACCESS to food	An adequate supply of food at the national or international level does not in itself guarantee household level food security. Concerns about insufficient food access have resulted in a greater policy focus on incomes, expenditure, markets and prices in achieving food security objectives.
Food UTILISATION	Utilisation is commonly understood as the way the body makes the most of various nutrients in the food. Sufficient energy and nutrient intake by individuals is the result of good care and feeding practices, food preparation, diversity of the diet and intra-household distribution of food. Combined with good biological utilisation of food consumed, this determines the <i>nutritional status</i> of individuals.
STABILITY of the other three dimensions over time	Even if your food intake is adequate today, you are still considered to be food insecure if you have inadequate access to food on a periodic basis, risking a deterioration of your nutritional status. Adverse weather conditions, political instability, or economic factors (unemployment, rising food prices) may have an impact on your food security status.

Source: *An Introduction to the Basic Concepts of Food Security; United Nations Food and Agriculture Organisation, 2008*

Later, a Committee headed by C. Rangarajan, Chairman of the Economic Advisory Council to the Prime Minister rejected this approach, presumably because of expected fiscal stress that it would bring to the exchequer.

Thirdly, “food utilisation” aspect is also weak in the Bill. While nutrition requirements for pregnant women, lactating mothers and children have been mentioned, those belonging to “priority and general household” have been skipped.

For instance, among other things, access to safe drinking water, which is necessary for better biological utilisation of food, finds place only in Schedule III, a non-obligation on part of the state.

Finally and as far as ‘stability’ aspect is concerned, the Bill does not reflect upon the possible effects of climate change on agricultural productivity, which is recognised as a major challenge.

On the contrary, the government has kept itself out of liability for *force majeure* conditions, including flood and drought which are happening more frequently in recent years understandably due to, among other causes, climate change.

More so, the Bill is weak with respect to the more modern concept of ‘sustainable food system’ that has correlation with ‘stability’ and includes ‘climate change’, ‘land use’ and ‘soil’ as important ingredients.⁷

In light of this analysis, it is clear that the use of “food security” as the title of the Bill is misplaced and liable to confuse people as well as national and international institutions working on food security issues.

The Bill, in its present form, can at best be called “the Right to Entitlement to Food and Nutrition Bill”.

Inclusion vs. Exclusion

Even after accepting constraints on part of the government to provide

universal entitlement for access to food, an important question remains: whether to follow a complex approach of identifying those who are to get such entitlements (as is the case of the present Bill) or to follow a more simple approach to exclude those who are not entitled by defining an exclusion criteria. There is a general consensus across the board on adopting the latter approach.

The Bill segregates households into three groups: priority, general and excluded to have major entitlements, token benefits and nothing, respectively – Section 3(1).⁸ Furthermore, entitlements will be extended up to 75 percent of rural and 50 percent of urban population, provided not less than 46 percent of rural and 28 percent of urban population are designated as “priority household” at all India level – Section 3(2) and Section 14(1).

There can be differences in such percentages in different states, which would be determined by the Centre – Section 14(2). The Centre may prescribe guidelines for identification of priority and general households and exclusion criteria and states (or any other agency decided by the Centre) would have to identify such households in accordance with the said guidelines – Section 15(1) and Section 15(2).

The task of periodically updating the lists of eligible priority and general households will be carried out by states but in a manner prescribed by the Centre – Section 17.

Any person having some knowledge on contemporary issues of Centre-State relations in India would understand the kind of problems that the above-stated approach will invite. First, there will be tension with respect to mandates of Centre and states in the covered subject areas.

Secondly, it is expected that there will be disagreement about the number of eligible households that a state will count and its acceptance by the

Centre, and this tension will be in perpetuity because such counting would have to be a dynamic exercise.

Even if the Centre decides to assign this task of counting eligible households to an independent agency, states may object because of the normative nature of the subject.

A good policy is the one that takes into account probable gaps that could arise during its implementation. True that it is impossible to visualise an exhaustive and mutually exclusive list of implementation gaps while formulating an act, but several observable fact from the implementation of similar welfare schemes in India points to some possible gaps in the present case. They should be avoided and addressed at this stage itself for better implementation of the Bill.

A simple framework for counting eligible households, which is practical, transparent, equitable and politically appealing and suggested by many experts, is to “abolish the distinction between general and priority groups and give all households a common minimum entitlement under PDS unless they meet well defined exclusion criteria”.⁹

The definition of ‘entitled households’ could be: “those households which do not meet the exclusion criteria given under section...” It would be better to have categories as “entitled households” and “excluded households” as against the present three categories.

A dynamic mechanism should be in place so as to enable “entitled households” to self-declare their graduation from subsidised entitlement.

As far as constraints related to food production and procurement (and this formed an important basis, apart from fiscal stress, for capping entitlements and adopting a calibrated approach to such entitlement by the Rangarajan

Committee) is concerned, it can be addressed under a two-tier system as well.

Depending upon the capacity of the government to procure (say 30 percent of total production) and subsidise (say ₹17 per kg of rice and a total subsidy of say ₹100,000 crore a year), an exclusion criteria can be formed and revised periodically by taking into account changes in the given constraints.

Even the Minister for Consumer Affairs, Food and Public Distribution has reportedly said that the financial burden would not be “unusually big” if an approach of eliminating the Above Poverty Line category is followed.¹⁰ The idea is: *simpler the framework, lesser the likelihood of implementation gaps.*

Procurement and Distribution
Regarding “procurement and distribution” there is a duality in the Bill. According to Section 30(5) of the Bill, the Centre is mandated to procure food grains for the Central pool and subsequently allocate food grains to the states for the purpose of meeting the entitlements.

At the same time it demands the Centre, the State and local authorities to strive to progressively realise decentralised procurement – Schedule III (2)(a) and Section 39 of the Bill. The difference between the two provisions is that while the former is enforceable, the latter is non-obligatory.

It is recommended that not only the procurement be done by the states and the institutions of local governance but also the responsibility of storage and distribution be vested in them.

Even a note dated March-April 2010 from Union Finance Ministry meant for the concerned Empowered Group of Ministers

seems to advocate locally bought grain “to the extent possible” in the context of PDS reform.¹¹

This will not only save significant transportation costs of foodgrains, but could also make “the expansion of rakes and line capacity of railways” – Schedule III (2)(d) of Bill – unnecessary or at least less prioritised.

Most importantly, this will empower farmers, a vast majority of whom are not able to make use of the present centralised public procurement system of foodgrains consequently obtain much lesser remuneration than even the minimum support price (MSP) from non-state buyers.

State governments should maintain a certain portion of procured food grains in a reserve pool and that cannot be used for forward trading and other speculative activities.

The Centre’s role in this regard should be, as far as possible, limited to the creation of a national grid for coordinating food distribution (from surplus to deficit states) and its price (that a deficit state will pay a surplus state).

The modalities of defining MSP are to be relooked. State governments may be left to decide the MSP of a product, which should be remunerative to farmers (say average cost of production plus its 50 percent). To compensate any additional fiscal stress on this count, subsidies on inputs (fertiliser etc.) can either be reduced or eliminated all together.

Specific Issues

- The definition of “food grains” under Section 2(6) does not include ‘pulses’, which is an important source of protein and integral to daily dietary

preference of all Indians. At least half-a-kg of pulses per person per month should be included in the entitlement even if it requires cutting on entitlements to other food grains. If possible some quantity of cooking oil may also be added to the package. This will not only make the programme more nutritious but will also incentivise farmers to grow more pulses¹² and oil seeds.

- Link benefits to lactating mothers with obtaining birth certificates for their child – Section 4. *Anganwadi* workers need to be trained to flag this to such mothers when they start receiving benefits on account of their pregnancy, and subsequently facilitate in obtaining it.
- Instead of providing cooked meal in schools, if feasible, there could be a centralised facility (e.g. community kitchen) at the *anganwadi* level – Section 5(1)(b) and Section 5(2). It has been observed that cooking in schools is adversely affecting the quality of education, a national concern. As far as possible, the cooking of meals should be physically managed by “special groups” – Section 8 and Section 10. Apart from managing cooking, destitute persons should be engaged in other community services, particularly in urban areas, such as cleaning.
- Food security allowance as under Section 13 should be coupled with proposed reforms in the PDS. There should be well-defined mechanism to disincentivise “excluded groups” from entering into “entitled groups” who would be eligible for cash entitlements.

- Proposed reforms in the PDS are a welcome step – Section 18. However, much more are needed. The PDS should be linked with the local procurement and storage system as far as possible – Section 18(2)(g). Consumer cooperatives should be encouraged to manage the public distribution – such an in-built mechanism for public action will make it more transparent and accountable.
- Proposed structure for grievance redressal (Chapter IX) is good but it should be taken to the level of local governance institutions. Those who will be engaged with the procurement, storage and distribution of food grains (including managing the PDS at the local level) should not be part of the institution of grievance redressal.
- The penalty as provided under Section 41 against defaulting public servant and/or authority is low and should be increased to have a minimum threshold level of deterrence.
- Section 52 should read “any other act of God” instead of “any act of God” as flood, drought, cyclone, earthquake are included in “act of God”.
- There should be a mandatory review clause in the Bill, which will make it mandatory to review its implementation after a certain time period, say five years.
- Provisions under Schedule III should be looked at as part of an enabling environment for addressing the ‘stability’ aspect of food security and they should be dynamically monitored with some additions and rearrangements, such as:
 - ◆ A new section on “climate change and agriculture”

- ◆ Add provisions for ‘improving soil quality’ as part of revitalisation of the Indian agriculture
- ◆ Make ‘ensuring remunerative prices for farmers’ a standalone provision
- ◆ Irrigation and energy requirements should be placed under separate provisions from financial issues like credit and insurance
- ◆ Specific provisions should be made underlining the importance of public investment in agriculture (particularly in respect to developing new and large irrigation facilities, research and development, and agricultural extension services) and its complementarity with private investment (including investment in minor irrigation)

Conclusion

Although it took a long time for the government to adopt a right-based statutory approach to address the issue of food security in India and despite being deficient on several counts, the effort of the government should be applauded in a non-politicised and non-dogmatic manner.

As discussed earlier, the Bill, in its present form, cannot be called an expected Act on ‘food security’ understood as a concept. But with some suggested amendments the Bill would eventually lead the country toward attaining the goal of universal food security.

Critics of the Bill should be more objective in their critique. A popular criticism is that there may not be

enough food to fulfill the proposed statutory entitlements and it would increase food grain prices in the open market.

According to an estimate done by the Department of Consumer Affairs, Food and Public Distribution, Government of India, at present about 30 percent of India’s food grain production is procured (mainly for public distribution) and the rest is available in the open market.

As per this estimate (which is made up to the year 2040), there will be no shortage of food grains to fulfill statutory entitlements as well as in the open market.

This is not to say that in future food grain prices will not increase but that (price increase) is happening and will happen unless anticompetitive practices in the Indian food grains markets and its procurement system are addressed.

Another criticism is that the proposed Bill will put more fiscal burden to the Centre and state governments. Again, as per an estimate of the Department of Consumer Affairs, Food and Public Distribution, Government of India, annual fiscal subsidy requirement for implementing the Bill in its present form will be between ₹100,000 to 120,000 crores, which represents just over one percent of India’s gross domestic product. Even the revenue forgone by the government is five times this amount.¹³

Also it is to be noted that at present India spends ₹60,572 crores for the existing food supply programme under the Targeted PDS, which is pegged to the 1993-94 estimate and the population figure of the year 2000 census.

Application of the year 2011 census and updated poverty estimate for the purpose of targeted PDS will raise food subsidy to ₹109,795 crore even if this Bill does not come into force.¹⁴

Therefore, it is clear that India's fiscal deficit is not likely to become unmanageable following the

enactment of the National Food Security Bill.

Moreover, in the long-run, as more and more households are expected to self-declare their exclusion from such entitlement at subsidised rates and as they get mainstreamed into revenue-generating activities, proportional

subsidy burden is expected to decrease.

To conclude, let this Bill be enacted with some necessary amendments and let its implementation be monitored in a non-politicised and non-dogmatic manner. Long-term expected returns are too high from this social and economic investment.

Action Points

- Change the title from “the National Food Security Bill” to “the Right to Entitlement to Food and Nutrition Bill” and specify that “it does not create a fundamental right to food for citizens” if the present form of the Bill is retained
- Abolish the distinction between general and priority groups and give all households a common minimum entitlement under the PDS unless they meet well-defined exclusion criteria
- Have explicit provisions for decentralised procurement, storage and distribution of food grains through institutions of local governance
- Include pulses, oil and other nutritious food items in the entitlements, thus increasing nutritious value of the benefit package
- Make chief ministers and Prime Minister *ex officio* chairperson of state food commissions and National Food Commission, respectively, and include at least a farmer and a community representative as members in both institutions
- Bestow more emphasis, as done for the PDS reforms, to the provisions under Schedule III of the Bill including adding provisions with respect to climate change, soil health and a built-in mechanism for monitoring the progress on key elements mentioned therein

Endnotes

- 1 Preamble to the National Food Security Bill, 2011; Statement of object and reasons, annexed to the Bill
- 2 United Nations Food and Agriculture Organisation, Policy Brief, June 2006, Issue 2
- 3 An Introduction to the Basic Concepts of Food Security, United Nations Food and Agriculture Organisation, 2008
- 4 Section 2(7) of the Bill: “food security” means the supply of the entitled quantity of food grains and meal specified under Chapters II, III and IV
- 5 The FAO in 1983, World Bank in 1986, World Food Summit in 1996, FAO again in 2001 adopted definitions of “Food Security” that have “all the people, all the time” as the coverage
- 6 See the Preamble and Section 4 of NAC’s Food Security Bill
- 7 See, for example, *Looking Back, Looking Forward: Sustainability and UK Food Policy 2000-2011*; Sustainable Development Commission, UK
<http://www.sd-commission.org.uk/publications.php?id=1187>
- 8 Dreze, Jean, *Just Target The Rich*, Times of India, February 04, 2012
- 9 *Ibid*
- 10 Zia Haq, *Government likely to tweak food bill to widen coverage*, Hindustan Times, February 29, 2012
- 11 *How 3 pages changed government approach*, Mint, February 01, 2012
- 12 National Sample Survey data show that there is a steady decline in protein intake by the Indian population
- 13 In the financial year 2010-11, total revenue forgone on account of income tax, excise and custom duty was ₹511,630 crore – www.indiabudget.nic.in
- 14 *Supra* 10

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Exhibit-2

From Bill to Act
A Brief Overview

Salient Features	National Advisory Council's Draft National food Security Bill	Expert Committee Report	National Food Security Bill, 2011	Parliamentary Standing Committee Report	The National Food Security Act of India, 2013
Legal entitlement/coverage	Legal entitlement to subsidised food grains should be extended to at least 75 percent of the country's population- 90 percent in rural areas and 50 percent in urban areas.	The Expert Committee recommends that the entitled population may be defined as the percentage of population below the official poverty line + 10 percent of the BPL population. Using the Tendulkar poverty line, this works out to 46 percent rural and 28 percent urban population. These percentages are the same as those recommended by the NAC for categorisation as the 'priority' households. This captures not only the poor but also some at the margin, which is desirable given the objectives of the NFSB.	The entitlement of food grains at subsidised prices shall extend up to 75 percent of rural population and 50 percent of the urban population. Provided that not less than 46 percent of the rural and 28 percent of the urban population shall be designated as priority households.	The committee agreed to the proposed coverage of 75 percent population in rural areas and 50 percent in urban areas. Committee further recommended that the state governments may be given the flexibility to extend the coverage beyond the numbers prescribed under the proposed Bill out of their own resources so as to cover more population, but not less population as envisaged in the proposed Bill.	The combined coverage of priority and <i>Antyodaya</i> households making 'eligible households' shall extend up to 75 percent of the rural population and up to 50 percent of the urban population.
Food entitlement	The priority households should have a monthly entitlement of 35kgs at a subsidised price of Re. 1 per kg for millets, Rs 2	The expert committee argued that the NAC's recommendation on the food entitlement is flawed since the projected foodgrain	Every person belonging to priority households and general households, shall be entitled to receive every month from State Government, under TPDS,	The committee was of the view that estimated food requirement at 7kg per person per month for 75 percent rural and 50 percent of urban population would	Every person belonging to priority households shall be entitled to receive 5 kg of foodgrains per person per month at subsidised price specified in Schedule I from

	<p>for wheat and Rs. 3 for rice.</p> <p>The general households should have a monthly entitlement of 20kgs at a price not exceeding 50 percent of the current Minimum Support Price for millets, wheat and rice.</p> <p>NAC recommends the entitlement of 7kg per capita to the 'priority' households (46 percent in rural and 28% in urban areas) and restrict the grain entitlement to 4kgs per capita for the 'general' households(44% in rural and 22% in urban).</p> <p>(what is first and final phase as suggested by NAC?)</p>	<p>availability will be short by 3.5million tonnes and 5.3 million tonnes in first and final phase respectively.</p> <p>Rather the option favoured by EC is to restrict the assured delivery of foodgrains at Rs 2 per Kg for Wheat and Rs 3 Per Kg for Rice, to the really needy¹ households and cover the rest through an executive order with varying quantum depending on the availability of foodgrains.</p> <p>It further emphasis that as production and procurement improve, the coverage can be increased through executive orders.</p> <p>Moreover the actions of the government through the OMSS (Open Market Sale Scheme), when undertaken, help to keep the market prices of foodgrains under check, which benefit the non-entitled category.</p>	<p>7 Kg of foodgrains per person per month for priority households and not less than 3 Kg per person per month for general households at subsidised price</p> <p>Subsidised prices for Priority households shall not exceed Rs 3 per kg for rice, Rs 2 per kg for Wheat, and Rs 1 per kg for millets coarse grains.</p> <p>And for general households it shall not exceed 50 percent of the MSP for Wheat and millets, and not exceeding 50 percent of derived MSP for rice.</p>	<p>be beyond the 'realm' of feasibility. Similarly 3kg per person per month in not adequate for sustenance of a person. Therefore, it recommended that the population to be covered under TPDS in the Bill should be a single category with uniform entitlement at 5 kg per person per month.</p> <p>The committee feel that the subsidised prices cannot be fixed for all times to come and may need revision in future. Therefore, it recommends that the government may review the prices of subsidised foodgrains every five years and depending upon the production, procurement, stock position etc. of foodgrains, revise the prices, if required, so that the amount of food subsidy does not put heavy burden on the national economy.</p>	<p>the State Government under the Targeted Public Distribution System.</p> <p>Priority households are entitled to 5 kg of foodgrains per person per month, and <i>Antyodaya</i> households to 35 kgs per household per month.</p> <p>The PDS Issue prices are given in Schedule I: Rs 3/2/1 per kg for rice/wheat/millets respectively</p>
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1. As given in the legal entitlement section above.

Entitlements for Women and children	<p>1) Universalisation of ICSD (as per Supreme Court orders);</p> <p>2) Counselling and support for optimal Infant and Young Child Feeding;</p> <p>3) Nutrition take-home rations for children under 3 and pregnant/lactating mother;</p> <p>4) Cooked midday meals up to Class 8 in government and government-aided schools;</p> <p>5) Maternity entitlements of Rs 1000/- month for 6 months for pregnant women.</p>	The EC suggest in its report that the government should aim to ensure that the market in general functions better.	<p>1) Meal free of charge, during pregnancy and six months after the child birth, through the local <i>anganwadi</i>, so as to meet the nutritional standards specified in the Bill.</p> <p>2) Maternity benefit of Rs 1000/- per month for a period of six month in accordance with a scheme, including cost sharing, payable in instalments as prescribed by central government.</p> <p>3) One mid-day meal, free of charge in all schools run by local bodies, government and government aided schools up to class 8.</p> <p>4) Facilities for centralised kitchen shall be used whenever required as per the guideline issued by central government.</p>	The committee recommends that the pregnant women should be eligible for the maternity benefit of Rs. 1,000 per month after three months into pregnancy. It further recommends that the maternity benefit of Rs. 1000/- shall be admissible up to the birth of second child only in order to encourage stabilisation of population.	Every pregnant and lactating mother is entitled to a free meal ² at the local <i>anganwadi</i> (during pregnancy and six months after child birth) as well as maternity benefit of Rs. 6,000/- in such instalments as may be prescribed by the Central government.
				<p>It also noted that the amount of Rs. 1000/- should be indicated in the Schedule and not in the body of the Bill so that subsequent revision in the amount would not require amendment to the Act.</p> <p>Due to inadequate ‘anganwadi’ infrastructure and services the committee noted that as of now it can’t be relied with the services to the pregnant women therefore, it recommends that</p>	<p>For children in the age group of 6 months to 6 years, the Bill guarantees an age-appropriate meal, free of charge, through the local <i>anganwadi</i>. For children aged 6-14 years, one free mid-day meal shall be provided every day in all schools run by local bodies, government and government aided-schools, upto class 8. For children below six months, “exclusive breastfeeding shall be promoted”.</p>

2. Notes: 1) “Meal” is defined in the Bill as “hot cooked meal or ready to eat meal or take home ration, as may be prescribed by the Central Government”. All “meals” have to meet nutritional norms specified in Schedule II. (2) The entitlements of women and children are to be delivered by state governments through schemes “in accordance with the guidelines, including cost sharing” to be prescribed by the Central Government. (3) Every school and *anganwadi* is to have “facilities for cooking meals, drinking water and sanitation”. (4) For purposes of issuing ration cards, the eldest woman in the household (not less than 18 years of age) shall be considered head of the household.

<p>Children who suffer from malnutrition will be identified through the local anganwadi and meals will be provided to them free of charge “through the local anganwadi” .</p>	<p>The Bill calls for establishment of the facilities of centralised kitchens in urban areas for cooking meals and using them whenever required, as per guidelines issued by the central Government.</p>
<p>pregnant women should be given an additional 5kg of foodgrains per month during pregnancy and till two years after the child birth so as to meet her nutritional requirement, both post-delivery and during lactation.</p>	<p>The Committee recommended that the children below the age of two years who will be entitled to 5kg of foodgrains under the provisions of the Bill need not be provided the free meals as they will be fed by their mothers who have already been recommended additional 5kg of foodgrain till two years of the child birth vide previous recommendation.</p> <p>It further recommended that under sub-clause 5(1) (b), a new Clause 5</p> <p>(1)(c)May be added as under:-</p> <p>Clause 5 (1) (c) In the case of all adolescent girls, age appropriate meal in the form of hot cooked meals or take-home rations as per the nutritional standards mentioned in Schedule II.</p>

Special groups	<ol style="list-style-type: none"> 1) Daily, free cooked meal for destitute persons; 2) Portable entitlements for migrants; 3) Community kitchens (subject to successful pilots) for homeless persons and urban poor; 4) Emergency relief for disaster-affected persons; 5) Unconditional protection from starvation. 	<p>_____</p>	<ol style="list-style-type: none"> 1. Daily, free cooked meal for destitute persons; 2. Portable entitlements for migrants; 3. Community kitchens (subject to successful pilots) for homeless persons and urban poor; 4. Emergency relief for disaster-affected persons; 5. Unconditional protection from starvation. 	<p>The committee noted that it would be difficult for the administration to identify destitute and homeless persons who may be given such benefits under the provisions of the Bill. Further, there is a risk of breaking the social fabric as non-earning members of the family may be pushed out of homes to feed for themselves.</p> <p>Therefore, committee recommended inclusion of this category of persons in the inclusion category and clause 8 to be deleted from the Bill.</p>	<p>The clause relating to the 'special groups consisting of all destitute persons or homeless persons' have been deleted from the National Food Security Act 2013.</p>
Household coverage	<p>The expert committee suggest that the number of people identified in the entitled category is within the ceiling of BPL +10 percent of BPL, the central government must indicate the cutoff numbers of the rural and urban population percentages to the states.</p> <p>The expert committee is of the opinion that this process will ensure that the number of persons identified by the states as</p>	<p>Identification of priority and general households is to be done by the State Governments or such other agency, in accordance with guidelines for identification prescribed by the Central government, provided that no household falling under exclusion criteria will be included either in the priority or general households.</p> <p>The Bill itself does not specify the criteria for</p>	<p>The committee feel that it is not desirable to have multiple categories as mentioned in the Bill which is bound to complicate the identification process.</p> <p>The committee accordingly recommended that the Government may consider devising clearly defined criteria in consultation with the State Governments for exclusion of 25 percent population in rural and</p>	<p>The Act does not specify criteria for the identification of households eligible for PDS entitlements. The Central government is to determine the state-wise coverage of the PDS. The identification of eligible households is left to state governments, subject to the scheme 'Antyodaya Ann yojana' guidelines, and subject to guidelines to be 'specified' by the state government for priority households.</p>	

Reforms in PDS and TPDS	The Bill emphasise PDS reforms to plug leakages and enhances accountability. These key reforms are i) decentralised procurement and storage; ii) community management of PDS outlets; iii) doorstep delivery of grain to PDS outlets; iv) revision of PDS commissions;	The Expert committee feels that it will add better value if it just drew attention of the government to two interventions which can make the maximum impact namely comprehensive of the PDS and introduction of smart cards for the beneficiaries. It further suggested that as an alternative to the existing PDS we may	entitled do not exceed the state wise prescription and are totally within the overall all India coverage figure of 46 percent rural and 28 percent urban population. In other words the central government will indicate the percentage of the entitled population, while the actual identification of the beneficiaries will be the responsibility of the states.	categorisation of the population into priority and general household and also does not specifies as to how the priority and general households will be identified.	50% population in urban areas and the rest of the population i.e. 75 percent population in rural areas and 50 percent in urban areas should uniformly get entitlements without distinction. The committee strongly urge that Central Government to take special care in coordination with the State Government in the identification of households for entitlement under TPDS under the NFSB and ensure that deserving persons may not get excluded from the coverage of Public Distribution System and other social welfare schemes.	The identification of eligible households is to be completed within 365 days. The lists of eligible households are to be placed in the public domain and 'displayed prominently'.
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	<p>v) Application of Information, Communication Technology (ICT) including end-to-end computerisation of the PDS</p> <p>vi) full transparency of records and social audit etc.</p> <p>It has to be noted that the PDS entitlements are not to be reduced in any manner until at least the end of the 12th FYP period. Other entitlements cannot be reduced by amendment of the Act.</p>	<p>switch over to the use of smart cards which simply means that the food subsidy may be directly transferred to the beneficiaries instead of to the owners of PDS stores.</p> <p>The introduction of the smart card system described above can be in two stages:</p> <ol style="list-style-type: none"> 1. In the first stage, keeping the current method of foodgrain allocation to the FPS unchanged we can introduce smart cards for the beneficiaries only. 2. Depending on the success of the first stage the scheme can be extended to non PDS retail shops in the second stage. A pilot of the stage 2 can be introduced even now in a few metropolitan areas which is likely to have a large network of retail shops. 	<p>tools including end-to-end computerisation in order to ensure transparent recording of transaction at all levels, and prevent diversion;</p> <p>iii) Leveraging 'aadhaar' for unique identification, with biometric information of entitled beneficiaries for proper targeting of benefits under this Act;</p> <p>iv) Full transparency of records;</p> <p>v) Preference to public institutions or public bodies such as Panchayats, self-help groups, co-operatives, in licensing of fair price shops and management of fair price shops by women or their collectives;</p> <p>vi) Diversification of commodities distributed under PDS over a period of time;</p> <p>vii) Support to local public distribution models and grain banks;</p> <p>Introducing schemes, such as, cash transfer, food coupons, or other schemes, to the targeted beneficiaries in order to ensure their foodgrain entitlements specified in the Act, in such area and manner</p>	<p>to the TPDS outlets'.</p> <p>2. As per provisions contained in the Clause 18(2) 'application of information and communication technology..? the committee recommends the following:</p> <ol style="list-style-type: none"> a) CCTV cameras should be installed in the storage godowns of wheat, rice sugar etc. b) All the storage points should be connected with internet system installed at the district HQ. c) The distribution of PDS commodities should be made through computer generated bills which should connect with the respective states HQ. d) Government should consider installing GPS devices in vehicles carrying foodgrains. e) With respect to the schemes like Direct cash transfer, the committee recommends that the government should ensure that banking infrastructure and accessibility to banking facility are made available in all parts of the country including remote, rural 	<p>order to ensure transparent recording of transaction at all levels, and prevent diversion;</p> <p>iii) Leveraging 'aadhaar' for unique identification, with biometric information of entitled beneficiaries for proper targeting of benefits under this Act;</p> <p>iv) Full transparency of records;</p> <p>v) Preference to public institutions or public bodies such as Panchayats, self-help groups, co-operatives, in licensing of fair price shops and management of fair price shops by women or their collectives;</p> <p>vi) Diversification of commodities distributed under PDS over a period of time;</p> <p>vii) Support to local public distribution models and grain banks;</p> <p>viii) Introducing schemes, such as, cash transfer, food coupons, or other schemes, to the targeted beneficiaries in order to ensure their foodgrain entitlements specified in the Act, in such area and manner.</p> <p>It is to be noted that the clause relating to the 'reforms in the TPDS' in National Food Security Act 2013, has been unchanged from the NFSB</p>
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Essential Provisions	To ensure that food entitlements are realised, grievance redressal provisions include: 1. Strict transparency standards for all food-related schemes. 2. Swift fines for any violation of the Act. 3. 'Duty to fine' whenever	—	The Bill states that the Central Government and the State Government shall put in place an internal grievance redressal mechanism which may include call centres, help lines, designation of the nodal officers, or such other mechanism as may be prescribed by the respective Governments.	On the provisions of the expenditure incurred by the state governments, they have shown their discontent, thus, the committee desired that the Department should discuss the matter with all the State Governments/ UT administrations and find out an amicable solution with regard to sharing of expenditure on establishment	2011, i.e; it does not reflect any changes or recommendation from the Parliamentary committee report. and hilly tribal areas before introducing cash transfer in lieu of food subsidy. The committee, further, noted that the FPS dealers who play a key role in the distribution of foodgrains rightfully deserve to be provided a reasonable margin for their sustainability and viability. Besides this, the committee recommends the government to impress upon the state governments/ UTS that besides considering suitable increase in the commission, to also allow the FPS licenses to enlarge the basket of commodities for sale in order to enhance their viability.
			The Bill provides for a two-tier grievance redressal structure, involving the District Grievance Redressal Officer (DGRO) and State Food Commission. State governments must also put in place an internal grievance redressal mechanism which may include call centres, help lines, designation of nodal officers, "or such other mechanisms as may be		

	<p>irregularities are found.</p> <p>4. Principle of 'vicarious responsibility'</p> <p>5. Compensation in the event of any loss of entitlement.</p>		<p>The Bill proposes to appoint District Grievance Redressal Officer, for redressal of grievances of the aggrieved persons in matters relating to distribution of entitled foodgrains under various provisions of the Bill.</p> <p>The Bill also proposes that the State Government shall provide for the salary and allowances of the District Grievance Redressal Officer and other staff appointed, and such other expenditure as may be considered necessary for their appropriate functioning.</p>	<p>of redressal mechanism in the states.</p> <p>In addition to this, the committee recommended that the Bill should have provision for grievance redress at Block/ Village Panchayat level also with elected women representatives for easy access of the people living in village and remote areas. Further, it adds on stating, adequate representation of Panchayat members is also desirable in the District Planning Committees with a view to ensuring people run and people oriented grievance redressal mechanism.</p>	<p>prescribed".</p> <p>Note: The National Food Security Act 2013, does not reflect the recommendation of the Parliamentary committee on the establishment of the Block/ Village Panchayat level grievance redressal bodies.</p> <p>The change reflected in the Act from the Bill is that, Bill proposes the Central Government and State Government to put in place an internal grievance redressal mechanism, (clause 20) Where in the final Act, it proposes to all the State Governments to put in place an internal grievance redressal mechanism. (Clause 14)</p>
<p>Institutional Setup</p>	<p>All food-related schemes will come under a common grievance redressal framework, involving;</p> <ol style="list-style-type: none"> 1. Block-level facilitation centres; 2. District Grievance Redressal Officers; 3. State-and national-level Food and Nutrition Commissions 	<p>_____</p>	<p>The Bill pertains to composition of the State Commission which consists of a Chairperson, five other Members and a Member-Secretary who shall be appointed from amongst services and people having knowledge and experience in matters relating to Food Security, policy making and administration in the field of agriculture, civil</p>	<p>The committee desire that the State Food Commission should have at least one representative from the farmer's community, considering the views/ suggestions received and also the fact that a large percentage of our population constitutes farmers who are both producers as well as consumers. The government may consider amending the relevant provisions of the Bill accordingly.</p>	<p>The Bill provides for the creation of State Food Commissions. Each Commission shall consist of a chairperson, five other members and a member-secretary (including at least two women and one member each from Scheduled Castes and Scheduled Tribes).</p> <p>The Act provides for the creation of State Food Commissions. The main function of the State</p>

			<p>supplies, nutrition, health or any allied field.</p> <p>The Bill proposes that there shall be one person belonging to the Scheduled Castes and one person belonging to the Scheduled Tribes, whether Chairman, Member or Member-Secretary.</p> <p>It also provides that the local authorities shall be responsible for the proper implementation of this Act in their respective areas.</p>	<p>The committee find that the term 'Local authority' is vague and may be replaced by 'Local institutions of self-government'. Further, role and responsibilities of local authorities have not been clearly spelt out in the Bill.</p> <p>The committee desire that a detailed list illustrating the functions to be devolved to the elected local bodies under the National Food security Bill, both in rural and urban areas may be annexed to the Bill.</p> <p>The Committee further recommended that in Clause 34 of the Bill the following sentence may be added after the existing sentence: 'the state government shall make available the required funds and functionaries to the institutions of local self-government to enable them to perform the responsibilities vested in them under the Act.'</p>	<p>Commission is to monitor the implementation of the Act, give advice to the state governments and their agencies, and inquire into violations of entitlements. State commissions also have to hear appeals against orders of the District Grievance Redressal Officer and prepare annual reports.</p> <p>Note: the recommendation on the inclusion of the sentence in the Clause relating to the implementation of the Act through the local authorities, and adding the sentence on assuring financial assistance by the state government, has not been taken into account in the final copy of the NFS, Act 2013.</p>	<p>Food Procurement</p> <p>NAC estimated the entitled food grain requirement (PDS) for Phase 1 at 49.36 million tonnes and for final phase at 55.59</p> <p>Scenario 1: Based on the two assumptions of the foodgrain offtake by AAY and BPL households and for year of implementations i.e.;</p> <p>Excluding the requirements for Buffer and Open Market Sales Scheme (OMSS), total requirement of foodgrains, as per the Bill would be</p> <p>The food procurement reached 73.2 MTs in 2011-12 which is about 37 percent of the production. As such, the current level of procurement at 37 percent of</p>
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Enabling Provisions	It call on the central, state and local governments to strive towards progressive realisation of (inter alia): (1) revitalisation of agriculture and food	<p>million tonnes.</p> <p>Population projections used are for year 2010 for both the phases.</p> <p>2011 for first phase and 2013 for final phase. The entitled foodgrain requirement (PDS) for phase 1 works out to 54.04 million tonnes and for the final phase to 58.58 million tonnes.</p> <p>Scenario 2: Current issue prices are higher than what is proposed in NFSB thus, implementation of this bill is likely to increase the consumption. On this basis the foodgrain requirement for the two phases works out to be 58.76 million tonnes and 63.98 million tonnes.</p> <p>Scenario 3: If we add foodgrain requirement for other welfare schemes and for maintain the buffer stock it works out to be 68.76 million tonnes for phase 1 and 73.98 million tonnes for phase 2.</p> <p>—</p>	<p>61.55 million tons in 2012-13.</p> <p>Though the Long term trend in procurement has been lower, the average annual procurement as percentage of production during 2006-10 has been above 30 percent.</p>	<p>production of wheat and rice, it would be possible to meet the foodgrains requirement under the National Food Security Bill, it also implies that the average annual procurement level will have to be sustained in order to meet the food grains requirement in the years to come.</p> <p>Further, the committee noted that for revitalisation of agriculture, the plan allocation for agriculture should be in commensuration with the future requirements.</p>	
			<p>The Bill divides the obligations of the Central Government and the State Government for Food security, into Chapter 10 and 11 respectively.</p> <p>Where the Central</p>	<p>For the effective implementation for the national food security Bill, the committee notes that the respective departments of the States/UTs should consult the Finance Commission with regard to the additional</p>	<p>The National Food Security Act, noted an addition of the Sub-clause 22 (4) (d) which urges Central government to provide assistance to the State Government in meeting the expenditure incurred by it towards intra-State</p>

	<p>production;</p> <p>(2) universal access to safe drinking water and sanitation;</p> <p>(3) universal health care;</p> <p>(4) universal access to crèche facilities;</p> <p>(5) special nutrition support for persons with stigmatised and debilitating ailments;</p> <p>(6) Provision of pensions for the aged, disabled, and single women.</p>		<p>Government is liable to: procure foodgrains for the central pool through its own agencies and the State governments and their agencies, allocate the procured foodgrain to the states, also provides for the transportation of foodgrains. In addition to this, the Bill proposes for the creation and maintenance of required modern and scientific storage facilities at various levels.</p> <p>In addition to the implementation role of the central government the Bill also urges the State government, as their Duty under TPDS, to take delivery of foodgrains from the designated depots of the central government, organise intra-state allocation for delivery of the allocated foodgrains through their authorised agencies at the door step of FPS, also to ensure actual delivery of the foodgrains to entitled persons at the prices specified in the Bill.</p> <p>The Bill pertains to the provision that, this Act</p>	<p>expenditure required to be borne by the respective administrations so that they may allocate sufficient funds in their respective Budgets for the implementation for the Final act.</p> <p>The committee noted that in Decentralised Procurement States (DCP), obligation of the Central and State Governments sometimes overlap.</p> <p>The Committee recommends that the Central Department should impress upon all States/UT administrations to make every possible effort to create scientific Storage facilities up to Block Levels by taking advantage of the Private Entrepreneurs Guarantee (PEG) Scheme. In this regard, it further recommends that the Central government may provide financial assistance to the States/UTS for creation of modern scientific storage facilities.</p> <p>As preparedness to implement the Act should provide for allowing States/UTs, a reasonable time limit, which could be one year,</p>	<p>movement, handling of foodgrains and margins paid to fair price shop dealers, in accordance with such norms and manner as may be prescribed by the Central government.</p> <p>Note: in the Act, the clause(30)(3) relating to the annual revision of the allocation of the foodgrains, in the prescribed manner based on the actual or estimated population has been removed.</p> <p>In cue of the recommendation by the parliamentary committee on the clause 40 of the bill, the final Act reflects the addition of a sub-clause 32(2) as under: ‘Notwithstanding anything contained in this Act, the State Government may continue with or formulate food or nutrition based plans or schemes providing for benefits higher than the benefits provide under this Act, from its own resources.</p>
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			<p>shall not preclude the Central governments or the State Governments from continuing or formulating other food based welfare schemes.</p>	<p>within which they will be required to complete the preparatory work, at the end of which the Act will come into force in all States.</p> <p>If any State/UT is in a position to implement the ACT earlier than the stipulated time, they can do so.</p> <p>The committee asked for details as to the course of action to be followed and time schedule within which all the provisions will be done.</p> <p>The committee further, desire that the Government should consider amending the following provision in Schedule III of the Bill: 1)(c) may be modified as ‘ensuring livelihood security to farmers by way of remunerative prices, access to inputs, credit, irrigation, power, crop insurance, etc.’ .</p> <p>The committee recommended to modify the clause (40) under the Bill as: ‘Necessary changes should be made in provision of the Bill based on the impact assessments regarding change in health</p>
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<p>Transparency and accountability</p>	<p>All food-related schemes will have to meet common standards of transparency. These include:</p> <ol style="list-style-type: none"> 1. All information in the public domain; 2. Pro-active disclosure of essential information; 3. Web-based MIS with conversion to Janata Information System at the village level; 4. Open office, open inspection, open records' regime; 5. Mandatory social audits; 6. Mandatory provision of individual transaction records to all beneficiaries <p>RTI within 15 days at no more than photocopying cost. At least 1% of the cost of food-related schemes</p>	<p>_____</p>	<p>The Bill includes the mandatory transparency provisions which includes:</p> <ol style="list-style-type: none"> 1. Placing all TPDS-related records in the public domain and keeping them open for inspection to the public; 2. Conducting periodic social audits of the PDS and other welfare schemes; 3. Using information and communication technology (including end-to-end computerisation of the PDS) 'to ensure transparent recording of transactions at all levels'; 4. Setting up vigilance committee at state, district, block and fair-price shop levels to supervise all schemes under the act. 	<p>indicators etc. with the roll out of the food security plans, every 5 years by the Central government”</p>	<p>The Act also includes the mandatory transparency provisions which includes:</p> <ol style="list-style-type: none"> 1. Placing all TPDS-related records in the public domain and keeping them open for inspection to the public; 2. Conducting periodic social audits of the PDS and other welfare schemes; 3. Using information and communication technology (including end-to-end computerisation of the PDS) 'to ensure transparent recording of transactions at all levels'; 4. Setting up vigilance committee at state, district, block and fair-price shop levels to supervise all schemes under the act.
<p>The committee note that</p>	<p>The committee feel that the Food Security Bill should be looked upon as a vehicle which will contribute to reduction in the level of malnutrition. Therefore, it desire that the focus on impact assessment may be strengthened through institutionalisation of independent evaluations of outcomes, with fixed periodicity in coordination with the Ministry of Health for measurement of nutritional outcomes with a frequency of 3-5 years, covering the entire country. The committee, therefore recommend to insert in Clause 40 of the Bill as under:</p> <p>‘Necessary changes should be made in provision of the bill based on the impact assessments regarding changes in health indicators etc. with the roll out of the food security plans, every 5 years by the Central government.’</p>	<p>The committee note that</p>	<p>The committee note that</p>	<p>The committee note that</p>	<p>The committee note that</p>

Subsidised ration	<p>will be ear-marked for transparency measures.</p> <p>According to the NAC projections total subsidy will work out to Rs 71,837 crores in the first phase and Rs 79,931 crores in the final phase.</p> <p>The priority households should have a monthly entitlement of 35kgs at a subsidised price of Re. 1 per kg for millets, Rs 2 for wheat and Rs. 3 for rice.</p> <p>The general households should have a monthly entitlement of 20 kgs at a price not exceeding 50% of the current Minimum Support Price for millets, wheat and rice.</p>	<p>Figures needs to be revised upwards if we change the population figures (scenario1) and assume 100% offtake. If then increases to Rs 85,584 crores and Rs 92,060 crores respectively.</p> <p>Further the infrastructure facilities from scaling up of the procurement, warehousing and supply chain operations needs to be quantify as they account for financial implications. In addition as the entitlements become legally enforceable there needs to be scaling up in the procurement by large increase in the MSP or imports.</p>	<p>The quantum of food subsidy estimated for 2010-11 was Rs. 65,045 crores which is likely to increase to Rs. 77,637 crores during 2011-12 and further to Rs. 88,977 crores during 2012-13 (without taking into account carrying cost of stocks held in Central Pool, but not issued).</p> <p>As per the provisions of the National Food Security Bill (NFSB) the food subsidy for 2011-12 would have been Rs. 98,842 crores and will increase during 2012-13 to Rs 1,12,205 crores.</p>	<p>Clause 52 of the Bill states that if there is a natural calamity such as war, flood, drought, fire, cyclone, earthquake or any other act of God which leads to failure to supply of foodgrains, neither the Central government nor the State government, as the case may be, shall be held liable. Committee feel that this clause should not stand part of the Bill and may be deleted.</p>	<p>At the proposed coverage of entitlement, total estimated annual foodgrains requirement is 612.3 lakh tons and corresponding estimated food subsidy for the Bill at 2013-14 costs is about Rs. 1,24, 724 crore.</p>
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Exhibit-3

*National Food Security Act
of India, 2013*



भारत का राजपत्र The Gazette of India

असाधारण

EXTRAORDINARY

भाग II — खण्ड 1

PART II — Section 1

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

सं० 29] नई दिल्ली, मंगलवार, सितम्बर 10, 2013/ भाद्र 19, 1935 (शक)
No. 29] NEW DELHI, TUESDAY, SEPTEMBER 10, 2013/ BHADRA 19, 1935 (SAKA)

इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।
Separate paging is given to this Part in order that it may be filed as a separate compilation.

MINISTRY OF LAW AND JUSTICE

(Legislative Department)

New Delhi, the 10th September, 2013/Bhadra 19, 1935 (Saka)

The following Act of Parliament received the assent of the President on the 10th September, 2013, and is hereby published for general information:—

THE NATIONAL FOOD SECURITY ACT, 2013

No. 20 OF 2013

[10th September, 2013.]

An Act to provide for food and nutritional security in human life cycle approach, by ensuring access to adequate quantity of quality food at affordable prices to people to live a life with dignity and for matters connected therewith or incidental thereto.

BE it enacted by Parliament in the Sixty-fourth Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

- (1) This Act may be called the National Food Security Act, 2013.
- (2) It extends to the whole of India.
- (3) Save as otherwise provided, it shall be deemed to have come into force on the 5th day of July, 2013.

Short title,
extent and
commencement.

2. In this Act, unless the context otherwise requires,—

Definitions.

(1) "anganwadi" means a child care and development centre set up under the Integrated Child Development Services Scheme of the Central Government to render services covered under section 4, clause (a) of sub-section (1) of section 5 and section 6;

(2) "central pool" means the stock of foodgrains which is,—

(i) procured by the Central Government and the State Governments through minimum support price operations;

(ii) maintained for allocations under the Targeted Public Distribution System, other welfare schemes, including calamity relief and such other schemes;

(iii) kept as reserves for schemes referred to in sub-clause (ii);

(3) "eligible households" means households covered under the priority households and the Antyodaya Anna Yojana referred to in sub-section (1) of section 3;

(4) "fair price shop" means a shop which has been licensed to distribute essential commodities by an order issued under section 3 of the Essential Commodities Act, 1955, to the ration card holders under the Targeted Public Distribution System;

10 of 1955.

(5) "foodgrains" means rice, wheat or coarse grains or any combination thereof conforming to such quality norms as may be determined, by order, by the Central Government from time to time;

(6) "food security" means the supply of the entitled quantity of foodgrains and meal specified under Chapter II;

(7) "food security allowance" means the amount of money to be paid by the concerned State Government to the entitled persons under section 8;

(8) "local authority" includes Panchayat, municipality, district board, cantonment board, town planning authority and in the States of Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura where Panchayats do not exist, the village council or committee or any other body, by whatever name called, which is authorised under the Constitution or any law for the time being in force for self-governance or any other authority or body vested with the control and management of civic services, within a specified local area;

(9) "meal" means hot cooked or pre-cooked and heated before its service meal or take home ration, as may be prescribed by the Central Government;

(10) "minimum support price" means the assured price announced by the Central Government at which foodgrains are procured from farmers by the Central Government and the State Governments and their agencies, for the central pool;

(11) "notification" means a notification issued under this Act and published in the Official Gazette;

(12) "other welfare schemes" means such Government schemes, in addition to the Targeted Public Distribution System, under which foodgrains or meals are supplied as part of the schemes;

(13) "person with disability" means a person defined as such in clause (t) of section 2 of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995;

1 of 1996.

(14) "priority households" means households identified as such under section 10;

(15) "prescribed" means prescribed by rules made under this Act;

(16) "ration card" means a document issued under an order or authority of the State Government for the purchase of essential commodities from the fair price shops under the Targeted Public Distribution System;

(17) "rural area" means any area in a State except those areas covered by any urban local body or a cantonment board established or constituted under any law for the time being in force;

(18) "Schedule" means a Schedule appended to this Act;

56 of 2007.

(19) "senior citizen" means a person defined as such under clause (h) of section 2 of the Maintenance and Welfare of Parents and Senior Citizens Act, 2007;

(20) "social audit" means the process in which people collectively monitor and evaluate the planning and implementation of a programme or scheme;

(21) "State Commission" means the State Food Commission constituted under section 16;

(22) "State Government", in relation to a Union territory, means the Administrator thereof appointed under article 239 of the Constitution;

(23) "Targeted Public Distribution System" means the system for distribution of essential commodities to the ration card holders through fair price shops;

(24) "Vigilance Committee" means a committee constituted under section 29 to supervise the implementation of all schemes under this Act;

10 of 1955.

(25) the words and expressions not defined here but defined in the Essential Commodities Act, 1955, or any other relevant Act shall have the meaning respectively assigned to them in those Acts.

CHAPTER II

PROVISIONS FOR FOOD SECURITY

3. (1) Every person belonging to priority households, identified under sub-section (1) of section 10, shall be entitled to receive five kilograms of foodgrains per person per month at subsidised prices specified in Schedule I from the State Government under the Targeted Public Distribution System:

Right to receive foodgrains at subsidised prices by persons belonging to eligible households under Targeted Public Distribution System.

Provided that the households covered under Antyodaya Anna Yojana shall, to such extent as may be specified by the Central Government for each State in the said scheme, be entitled to thirty-five kilograms of foodgrains per household per month at the prices specified in Schedule I:

Provided further that if annual allocation of foodgrains to any State under the Act is less than the average annual offtake of foodgrains for last three years under normal Targeted Public Distribution System, the same shall be protected at prices as may be determined by the Central Government and the State shall be allocated foodgrains as specified in Schedule IV.

Explanation.— For the purpose of this section, the "Antyodaya Anna Yojana" means, the scheme by the said name launched by the Central Government on the 25th day of December, 2000; and as modified from time to time.

(2) The entitlements of the persons belonging to the eligible households referred to in sub-section (1) at subsidised prices shall extend up to seventy-five per cent. of the rural population and up to fifty per cent. of the urban population.

(3) Subject to sub-section (1), the State Government may provide to the persons belonging to eligible households, wheat flour in lieu of the entitled quantity of foodgrains in accordance with such guidelines as may be specified by the Central Government.

4. Subject to such schemes as may be framed by the Central Government, every pregnant woman and lactating mother shall be entitled to—

Nutritional support to pregnant women and lactating mothers.

(a) meal, free of charge, during pregnancy and six months after the child birth, through the local *anganwadi*, so as to meet the nutritional standards specified in Schedule II; and

(b) maternity benefit of not less than rupees six thousand, in such instalments as may be prescribed by the Central Government:

Provided that all pregnant women and lactating mothers in regular employment with the Central Government or State Governments or Public Sector Undertakings or those who are in receipt of similar benefits under any law for the time being in force shall not be entitled to benefits specified in clause (b).

Nutritional support to children.

5. (1) Subject to the provisions contained in clause (b), every child up to the age of fourteen years shall have the following entitlements for his nutritional needs, namely:—

(a) in the case of children in the age group of six months to six years, age appropriate meal, free of charge, through the local *anganwadi* so as to meet the nutritional standards specified in Schedule II:

Provided that for children below the age of six months, exclusive breast feeding shall be promoted;

(b) in the case of children, up to class VIII or within the age group of six to fourteen years, whichever is applicable, one mid-day meal, free of charge, everyday, except on school holidays, in all schools run by local bodies, Government and Government aided schools, so as to meet the nutritional standards specified in Schedule II.

(2) Every school, referred to in clause (b) of sub-section (1), and *anganwadi* shall have facilities for cooking meals, drinking water and sanitation:

Provided that in urban areas facilities of centralised kitchens for cooking meals may be used, wherever required, as per the guidelines issued by the Central Government.

Prevention and management of child malnutrition.

6. The State Government shall, through the local *anganwadi*, identify and provide meals, free of charge, to children who suffer from malnutrition, so as to meet the nutritional standards specified in Schedule II.

Implementation of schemes for realisation of entitlements.

7. The State Governments shall implement schemes covering entitlements under sections 4, 5 and section 6 in accordance with the guidelines, including cost sharing, between the Central Government and the State Governments in such manner as may be prescribed by the Central Government.

CHAPTER III

FOOD SECURITY ALLOWANCE

Right to receive food security allowance in certain cases.

8. In case of non-supply of the entitled quantities of foodgrains or meals to entitled persons under Chapter II, such persons shall be entitled to receive such food security allowance from the concerned State Government to be paid to each person, within such time and manner as may be prescribed by the Central Government.

CHAPTER IV

IDENTIFICATION OF ELIGIBLE HOUSEHOLDS

Coverage of population under Targeted Public Distribution System.

9. The percentage coverage under the Targeted Public Distribution System in rural and urban areas for each State shall, subject to sub-section (2) of section 3, be determined by the Central Government and the total number of persons to be covered in such rural and urban areas of the State shall be calculated on the basis of the population estimates as per the census of which the relevant figures have been published.

State Government to prepare guidelines and to identify priority households.

10. (1) The State Government shall, within the number of persons determined under section 9 for the rural and urban areas, identify—

(a) the households to be covered under the Antyodaya Anna Yojana to the extent specified under sub-section (1) of section 3, in accordance with the guidelines applicable to the said scheme;

(b) the remaining households as priority households to be covered under the Targeted Public Distribution System, in accordance with such guidelines as the State Government may specify:

Provided that the State Government may, as soon as possible, but within such period not exceeding three hundred and sixty-five days, after the commencement of

the Act, identify the eligible households in accordance with the guidelines framed under this sub-section:

Provided further that the State Government shall continue to receive the allocation of foodgrains from the Central Government under the existing Targeted Public Distribution System, till the identification of such households is complete.

(2) The State Government shall update the list of eligible households, within the number of persons determined under section 9 for the rural and urban areas, in accordance with the guidelines framed under sub-section (1).

11. The State Government shall place the list of the identified eligible households in the public domain and display it prominently.

Publication and display of list of eligible households.

CHAPTER V

REFORMS IN TARGETED PUBLIC DISTRIBUTION SYSTEM

12. (1) The Central and State Governments shall endeavour to progressively undertake necessary reforms in the Targeted Public Distribution System in consonance with the role envisaged for them in this Act.

Reforms in Targeted Public Distribution System.

(2) The reforms shall, *inter alia*, include—

(a) doorstep delivery of foodgrains to the Targeted Public Distribution System outlets;

(b) application of information and communication technology tools including end-to-end computerisation in order to ensure transparent recording of transactions at all levels, and to prevent diversion;

(c) leveraging "aadhaar" for unique identification, with biometric information of entitled beneficiaries for proper targeting of benefits under this Act;

(d) full transparency of records;

(e) preference to public institutions or public bodies such as Panchayats, self-help groups, co-operatives, in licensing of fair price shops and management of fair price shops by women or their collectives;

(f) diversification of commodities distributed under the Public Distribution System over a period of time;

(g) support to local public distribution models and grains banks;

(h) introducing schemes, such as, cash transfer, food coupons, or other schemes, to the targeted beneficiaries in order to ensure their foodgrain entitlements specified in Chapter II, in such area and manner as may be prescribed by the Central Government.

CHAPTER VI

WOMEN EMPOWERMENT

13. (1) The eldest woman who is not less than eighteen years of age, in every eligible household, shall be head of the household for the purpose of issue of ration cards.

Women of eighteen years of age or above to be head of household for purpose of issue of ration cards.

(2) Where a household at any time does not have a woman or a woman of eighteen years of age or above, but has a female member below the age of eighteen years, then, the eldest male member of the household shall be the head of the household for the purpose of issue of ration card and the female member, on attaining the age of eighteen years, shall become the head of the household for such ration cards in place of such male member.

CHAPTER VII

GRIEVANCE REDRESSAL MECHANISM

14. Every State Government shall put in place an internal grievance redressal mechanism which may include call centres, help lines, designation of nodal officers, or such other mechanism as may be prescribed.

Internal grievance redressal mechanism.

District
Grievance
Redressal
Officer.

15. (1) The State Government shall appoint or designate, for each district, an officer to be the District Grievance Redressal Officer for expeditious and effective redressal of grievances of the aggrieved persons in matters relating to distribution of entitled foodgrains or meals under Chapter II, and to enforce the entitlements under this Act.

(2) The qualifications for appointment as District Grievance Redressal Officer and its powers shall be such as may be prescribed by the State Government.

(3) The method and terms and conditions of appointment of the District Grievance Redressal Officer shall be such as may be prescribed by the State Government.

(4) The State Government shall provide for the salary and allowances of the District Grievance Redressal Officer and other staff and such other expenditure as may be considered necessary for their proper functioning.

(5) The officer referred to in sub-section (1) shall hear complaints regarding non-distribution of entitled foodgrains or meals, and matters relating thereto, and take necessary action for their redressal in such manner and within such time as may be prescribed by the State Government.

(6) Any complainant or the officer or authority against whom any order has been passed by officer referred to in sub-section (1), who is not satisfied with the redressal of grievance may file an appeal against such order before the State Commission.

(7) Every appeal under sub-section (6) shall be filed in such manner and within such time as may be prescribed by the State Government.

State Food
Commission.

16. (1) Every State Government shall, by notification, constitute a State Food Commission for the purpose of monitoring and review of implementation of this Act.

(2) The State Commission shall consist of—

(a) a Chairperson;

(b) five other Members; and

(c) a Member-Secretary, who shall be an officer of the State Government not below the rank of Joint Secretary to that Government:

Provided that there shall be at least two women, whether Chairperson, Member or Member-Secretary:

Provided further that there shall be one person belonging to the Scheduled Castes and one person belonging to the Scheduled Tribes, whether Chairperson, Member or Member-Secretary.

(3) The Chairperson and other Members shall be appointed from amongst persons—

(a) who are or have been member of the All India Services or any other civil services of the Union or State or holding a civil post under the Union or State having knowledge and experience in matters relating to food security, policy making and administration in the field of agriculture, civil supplies, nutrition, health or any allied field; or

(b) of eminence in public life with wide knowledge and experience in agriculture, law, human rights, social service, management, nutrition, health, food policy or public administration; or

(c) who have a proven record of work relating to the improvement of the food and nutrition rights of the poor.

(4) The Chairperson and every other Member shall hold office for a term not exceeding five years from the date on which he enters upon his office and shall be eligible for reappointment:

Provided that no person shall hold office as the Chairperson or other Member after he has attained the age of sixty-five years.

(5) The method of appointment and other terms and conditions subject to which the Chairperson, other Members and Member-Secretary of the State Commission may be appointed, and time, place and procedure of meetings of the State Commission (including the quorum at such meetings) and its powers, shall be such as may be prescribed by the State Government.

(6) The State Commission shall undertake the following functions, namely:—

(a) monitor and evaluate the implementation of this Act, in relation to the State;

(b) either *suo motu* or on receipt of complaint inquire into violations of entitlements provided under Chapter II;

(c) give advice to the State Government on effective implementation of this Act;

(d) give advice to the State Government, their agencies, autonomous bodies as well as non-governmental organisations involved in delivery of relevant services, for the effective implementation of food and nutrition related schemes, to enable individuals to fully access their entitlements specified in this Act;

(e) hear appeals against orders of the District Grievance Redressal Officer;

(f) prepare annual reports which shall be laid before the State Legislature by the State Government.

(7) The State Government shall make available to the State Commission, such administrative and technical staff, as it may consider necessary for proper functioning of the State Commission.

(8) The method of appointment of the staff under sub-section (7), their salaries, allowances and conditions of service shall be such, as may be prescribed by the State Government.

(9) The State Government may remove from office the Chairperson or any Member who—

(a) is, or at any time has been, adjudged as an insolvent; or

(b) has become physically or mentally incapable of acting as a member; or

(c) has been convicted of an offence which, in the opinion of the State Government, involves moral turpitude; or

(d) has acquired such financial or other interest as is likely to affect prejudicially his functions as a member; or

(e) has so abused his position as to render his continuation in office detrimental to the public interest.

(10) No such Chairperson or Member shall be removed under clause (d) or clause (e) of sub-section (9) unless he has been given a reasonable opportunity of being heard in the matter.

17. The State Government shall provide for salary and allowances of Chairperson, other Members, Member-Secretary, support staff, and other administrative expenses required for proper functioning of the State Commission.

Salary and allowances of Chairperson, Member, Member-Secretary and other staff of State Commission.

Designation of any Commission or body to function as State Commission.

18. The State Government may, if considers it necessary, by notification, designate any statutory commission or a body to exercise the powers and perform the functions of the State Commission referred to in section 16.

Joint State Food Commission.

19. Notwithstanding anything contained in sub-section (1) of section 16, two or more States may have a Joint State Food Commission for the purposes of this Act with the approval of the Central Government.

Powers relating to inquiries.

20. (1) The State Commission shall, while inquiring into any matter referred to in clauses (b) and (e) of sub-section (6) of section 16, have all the powers of a civil court while trying a suit under the Code of Civil Procedure, 1908, and, in particular, in respect of the following matters, namely:—

5 of 1908.

(a) summoning and enforcing the attendance of any person and examining him on oath;

(b) discovery and production of any document;

(c) receiving evidence on affidavits;

(d) requisitioning any public record or copy thereof from any court or office; and

(e) issuing commissions for the examination of witnesses or documents.

(2) The State Commission shall have the power to forward any case to a Magistrate having jurisdiction to try the same and the Magistrate to whom any such case is forwarded shall proceed to hear the complaint against the accused as if the case has been forwarded to him under section 346 of the Code of Criminal Procedure, 1973.

2 of 1974.

Vacancies, etc., not to invalidate proceedings of State Commission.

21. No act or proceeding of the State Commission shall be invalid merely by reason of—

(a) any vacancy in, or any defect in the constitution of, the State Commission; or

(b) any defect in the appointment of a person as the Chairperson or a Member of the State Commission; or

(c) any irregularity in the procedure of the State Commission not affecting the merits of the case.

CHAPTER VIII

OBLIGATIONS OF CENTRAL GOVERNMENT FOR FOOD SECURITY

Central Government to allocate required quantity of foodgrains from central pool to State Governments.

22. (1) The Central Government shall, for ensuring the regular supply of foodgrains to persons belonging to eligible households, allocate from the central pool the required quantity of foodgrains to the State Governments under the Targeted Public Distribution System, as per the entitlements under section 3 and at prices specified in Schedule I.

(2) The Central Government shall allocate foodgrains in accordance with the number of persons belonging to the eligible households identified in each State under section 10.

(3) The Central Government shall provide foodgrains in respect of entitlements under sections 4, 5 and section 6, to the State Governments, at prices specified for the persons belonging to eligible households in Schedule I.

(4) Without prejudice to sub-section (1), the Central Government shall,—

(a) procure foodgrains for the central pool through its own agencies and the State Governments and their agencies;

(b) allocate foodgrains to the States;

(c) provide for transportation of foodgrains, as per allocation, to the depots designated by the Central Government in each State;

(d) provide assistance to the State Government in meeting the expenditure incurred by it towards intra-State movement, handling of foodgrains and margins paid to fair price shop dealers, in accordance with such norms and manner as may be prescribed by the Central Government; and

(e) create and maintain required modern and scientific storage facilities at various levels.

23. In case of short supply of foodgrains from the central pool to a State, the Central Government shall provide funds to the extent of short supply to the State Government for meeting obligations under Chapter II in such manner as may be prescribed by the Central Government.

Provisions for funds by Central Government to State Government in certain cases.

CHAPTER IX

OBLIGATIONS OF STATE GOVERNMENT FOR FOOD SECURITY

24. (1) The State Government shall be responsible for implementation and monitoring of the schemes of various Ministries and Departments of the Central Government in accordance with guidelines issued by the Central Government for each scheme, and their own schemes, for ensuring food security to the targeted beneficiaries in their State.

Implementation and monitoring of schemes for ensuring food security.

(2) Under the Targeted Public Distribution System, it shall be the duty of the State Government to—

(a) take delivery of foodgrains from the designated depots of the Central Government in the State, at the prices specified in Schedule I, organise intra-State allocations for delivery of the allocated foodgrains through their authorised agencies at the door-step of each fair price shop; and

(b) ensure actual delivery or supply of the foodgrains to the entitled persons at the prices specified in Schedule I.

(3) For foodgrain requirements in respect of entitlements under sections 4, 5 and section 6, it shall be the responsibility of the State Government to take delivery of foodgrains from the designated depots of the Central Government in the State, at the prices specified in Schedule I for persons belonging to eligible households and ensure actual delivery of entitled benefits, as specified in the aforesaid sections.

(4) In case of non-supply of the entitled quantities of foodgrains or meals to entitled persons under Chapter II, the State Government shall be responsible for payment of food security allowance specified in section 8.

(5) For efficient operations of the Targeted Public Distribution System, every State Government shall,—

(a) create and maintain scientific storage facilities at the State, District and Block levels, being sufficient to accommodate foodgrains required under the Targeted Public Distribution System and other food based welfare schemes;

(b) suitably strengthen capacities of their Food and Civil Supplies Corporations and other designated agencies;

(c) establish institutionalised licensing arrangements for fair price shops in accordance with the relevant provisions of the Public Distribution System (Control) Order, 2001 made under the Essential Commodities Act, 1955, as amended from time to time.

CHAPTER X

OBLIGATIONS OF LOCAL AUTHORITIES

Implementation of Targeted Public Distribution System by local authority in their areas. **25.** (1) The local authorities shall be responsible for the proper implementation of this Act in their respective areas.

(2) Without prejudice to sub-section (1), the State Government may assign, by notification, additional responsibilities for implementation of the Targeted Public Distribution System to the local authority.

Obligations of local authority. **26.** In implementing different schemes of the Ministries and Departments of the Central Government and the State Governments, prepared to implement provisions of this Act, the local authorities shall be responsible for discharging such duties and responsibilities as may be assigned to them, by notification, by the respective State Governments.

CHAPTER XI

TRANSPARENCY AND ACCOUNTABILITY

Disclosure of records of Targeted Public Distribution System. **27.** All Targeted Public Distribution System related records shall be placed in the public domain and kept open for inspection to the public, in such manner as may be prescribed by the State Government.

Conduct of social audit. **28.** (1) Every local authority, or any other authority or body, as may be authorised by the State Government, shall conduct or cause to be conducted, periodic social audits on the functioning of fair price shops, Targeted Public Distribution System and other welfare schemes, and cause to publicise its findings and take necessary action, in such manner as may be prescribed by the State Government.

(2) The Central Government may, if it considers necessary, conduct or cause to be conducted social audit through independent agencies having experience in conduct of such audits.

Setting up of Vigilance Committees. **29.** (1) For ensuring transparency and proper functioning of the Targeted Public Distribution System and accountability of the functionaries in such system, every State Government shall set up Vigilance Committees as specified in the Public Distribution System (Control) Order, 2001, made under the Essential Commodities Act, 1955, as amended from time to time, at the State, District, Block and fair price shop levels consisting of such persons, as may be prescribed by the State Government giving due representation to the local authorities, the Scheduled Castes, the Scheduled Tribes, women and destitute persons or persons with disability.

10 of 1955.

(2) The Vigilance Committees shall perform the following functions, namely:—

(a) regularly supervise the implementation of all schemes under this Act;

(b) inform the District Grievance Redressal Officer, in writing, of any violation of the provisions of this Act; and

(c) inform the District Grievance Redressal Officer, in writing, of any malpractice or misappropriation of funds found by it.

CHAPTER XII

PROVISIONS FOR ADVANCING FOOD SECURITY

Food security for people living in remote, hilly and tribal areas. **30.** The Central Government and the State Governments shall, while implementing the provisions of this Act and the schemes for meeting specified entitlements, give special focus to the needs of the vulnerable groups especially in remote areas and other areas which are difficult to access, hilly and tribal areas for ensuring their food security.

31. The Central Government, the State Governments and local authorities shall, for the purpose of advancing food and nutritional security, strive to progressively realise the objectives specified in Schedule III.

Steps to further advance food and nutritional security.

CHAPTER XIII

MISCELLANEOUS

32. (1) The provisions of this Act shall not preclude the Central Government or the State Government from continuing or formulating other food based welfare schemes.

Other welfare schemes.

(2) Notwithstanding anything contained in this Act, the State Government may, continue with or formulate food or nutrition based plans or schemes providing for benefits higher than the benefits provided under this Act, from its own resources.

33. Any public servant or authority found guilty, by the State Commission at the time of deciding any complaint or appeal, of failing to provide the relief recommended by the District Grievance Redressal Officer, without reasonable cause, or wilfully ignoring such recommendation, shall be liable to penalty not exceeding five thousand rupees:

Penalties.

Provided that the public servant or the public authority, as the case may be, shall be given a reasonable opportunity of being heard before any penalty is imposed.

34. (1) For the purpose of adjudging penalty under section 33, the State Commission shall authorise any of its member to be an adjudicating officer for holding an inquiry in the prescribed manner after giving any person concerned a reasonable opportunity of being heard for the purpose of imposing any penalty.

Power to adjudicate.

(2) While holding an inquiry the adjudicating officer shall have power to summon and enforce the attendance of any person acquainted with the facts and circumstances of the case to give evidence or to produce any document which in the opinion of the adjudicating officer, may be useful for or relevant to the subject matter of the inquiry and if, on such inquiry, he is satisfied that the person has failed to provide the relief recommended by the District Grievance Redressal Officer, without reasonable cause, or wilfully ignored such recommendation, he may impose such penalty as he thinks fit in accordance with the provisions of section 33.

35. (1) The Central Government may, by notification, direct that the powers exercisable by it (except the power to make rules), in such circumstances and subject to such conditions and limitations, be exercisable also by the State Government or an officer subordinate to the Central Government or the State Government as it may specify in the notification.

Power to delegate by Central Government and State Government.

(2) The State Government may, by notification, direct that the powers exercisable by it (except the power to make rules), in such circumstances and subject to such conditions and limitations, be exercisable also by an officer subordinate to it as it may specify in the notification.

36. The provisions of this Act or the schemes made thereunder shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force or in any instrument having effect by virtue of such law.

Act to have overriding effect.

37. (1) If the Central Government is satisfied that it is necessary or expedient so to do, it may, by notification, amend Schedule I or Schedule II or Schedule III or Schedule IV and thereupon Schedule I or Schedule II or Schedule III or Schedule IV, as the case may be, shall be deemed to have been amended accordingly.

Power to amend Schedules.

(2) A copy of every notification issued under sub-section (1), shall be laid before each House of Parliament as soon as may be after it is issued.

38. The Central Government may, from time to time, give such directions, as it may consider necessary, to the State Governments for the effective implementation of the provisions of this Act and the State Governments shall comply with such directions.

Power of Central Government to give directions.

Power of
Central
Government
to make rules.

39. (1) The Central Government may, in consultation with the State Governments and by notification, make rules to carry out the provisions of this Act.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

(a) scheme including cost sharing for providing maternity benefit to pregnant women and lactating mothers under clause (b) of section 4;

(b) schemes covering entitlements under sections 4, 5 and section 6 including cost sharing under section 7;

(c) amount, time and manner of payment of food security allowance to entitled individuals under section 8;

(d) introducing schemes of cash transfer, food coupons or other schemes to the targeted beneficiaries in order to ensure their foodgrains entitlements in such areas and manner under clause (h) of sub-section (2) of section 12;

(e) the norms and manner of providing assistance to the State Governments in meeting expenditure under clause (d) of sub-section (4) of section 22;

(f) manner in which funds shall be provided by the Central Government to the State Governments in case of short supply of foodgrains, under section 23;

(g) any other matter which is to be, or may be, prescribed or in respect of which provision is to be made by the Central Government by rules.

(3) Every rule made by the Central Government under this Act shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

Power of
State
Government
to make rules.

40. (1) The State Government may, by notification, and subject to the condition of previous publication, and consistent with this Act and the rules made by the Central Government, make rules to carry out the provisions of this Act.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

(a) guidelines for identification of priority households under sub-section (1) of section 10;

(b) internal grievance redressal mechanism under section 14;

(c) qualifications for appointment as District Grievance Redressal Officer and its powers under sub-section (2) of section 15;

(d) method and terms and conditions of appointment of the District Grievance Redressal Officer under sub-section (3) of section 15;

(e) manner and time limit for hearing complaints by the District Grievance Redressal Officer and the filing of appeals under sub-sections (5) and (7) of section 15;

(f) method of appointment and the terms and conditions of appointment of Chairperson, other Members and Member-Secretary of the State Commission, procedure for meetings of the Commission and its powers, under sub-section (5) of section 16;

(g) method of appointment of staff of the State Commission, their salaries, allowances and conditions of service under sub-section (8) of section 16;

(h) manner in which the Targeted Public Distribution System related records shall be placed in the public domain and kept open for inspection to public under section 27;

(i) manner in which the social audit on the functioning of fair price shops, Targeted Public Distribution System and other welfare schemes shall be conducted under section 28;

(j) composition of Vigilance Committees under sub-section (1) of section 29;

(k) schemes or programmes of the Central Government or the State Governments for utilisation of institutional mechanism under section 43;

(l) any other matter which is to be, or may be, prescribed or in respect of which provision is to be made by the State Government by rules.

(3) Every rule, notification and guidelines made or issued by the State Government under this Act shall, as soon as may be after it is made or issued, be laid before each House of the State Legislature where there are two Houses, and where there is one House of the State Legislature, before that House.

41. The schemes, guidelines, orders and food standard, grievance redressal mechanism, vigilance committees, existing on the date of commencement of this Act, shall continue to be in force and operate till such schemes, guidelines, orders and food standard, grievance redressal mechanism, vigilance committees are specified or notified under this Act or the rules made thereunder:

Transitory provisions for schemes, guidelines, etc.

Provided that anything done or any action taken under the said schemes, guidelines, orders and food standard, grievance redressal mechanism, or by vigilance committees shall be deemed to have been done or taken under the corresponding provisions of this Act and shall continue to be in force accordingly unless and until superseded by anything done or by any action taken under this Act.

42. (1) If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order, published in the Official Gazette, make such provisions, not inconsistent with the provisions of this Act, as appear to it to be necessary or expedient for removing the difficulty:

Power to remove difficulties.

Provided that no order shall be made under this section after the expiry of two years from the date of commencement of this Act.

(2) Every order made under this section shall be laid, as soon as may be after it is made, before each House of Parliament.

43. The services of authorities to be appointed or constituted under sections 15 and 16 may be utilised in the implementation of other schemes or programmes of the Central Government or the State Governments, as may be prescribed by the State Government.

Utilisation of institutional mechanism for other purposes.

44. The Central Government, or as the case may be, the State Government, shall be liable for a claim by any person entitled under this Act, except in the case of war, flood, drought, fire, cyclone or earthquake affecting the regular supply of foodgrains or meals to such person under this Act:

Force Majeure.

Provided that the Central Government may, in consultation with the Planning Commission, declare whether or not any such situation affecting the regular supply of foodgrains or meals to such person has arisen or exists.

Ord. 7 of 2013.

45. (1) The National Food Security Ordinance, 2013 is hereby repealed.

Repeal and savings.

(2) Notwithstanding such repeal,—

(a) anything done, any action taken or any identification of eligible households made; or

(b) any right, entitlement, privilege, obligation or liability acquired, accrued or incurred; or

(c) any guidelines framed or directions issued; or

(d) any investigation, inquiry or any other legal proceeding initiated, conducted or continued in respect of such right, entitlement, privilege, obligation or liability as aforesaid; or

(e) any penalty imposed in respect of any offence,

under the said Ordinance shall be deemed to have been done, taken, made, acquired, accrued, incurred, framed, issued, initiated, conducted, continued or imposed under the corresponding provisions of this Act.

SCHEDULE I

[See sections 3(1), 22(1), (3) and 24 (2), (3)]

SUBSIDISED PRICES UNDER TARGETED PUBLIC DISTRIBUTION SYSTEM

Eligible households shall be entitled to foodgrains under section 3 at the subsidised price not exceeding rupees 3 per kg for rice, rupees 2 per kg for wheat and rupee 1 per kg for coarse grains for a period of three years from the date of commencement of this Act; and thereafter, at such price, as may be fixed by the Central Government, from time to time, not exceeding,—

- (i) the minimum support price for wheat and coarse grains; and
- (ii) the derived minimum support price for rice,

as the case may be.

SCHEDULE II

[See sections 4(a), 5(I) and 6]

NUTRITIONAL STANDARDS

Nutritional standards: The nutritional standards for children in the age group of 6 months to 3 years, age group of 3 to 6 years and pregnant women and lactating mothers required to be met by providing “Take Home Rations” or nutritious hot cooked meal in accordance with the Integrated Child Development Services Scheme and nutritional standards for children in lower and upper primary classes under the Mid Day Meal Scheme are as follows:

Serial number	Category	Type of meal ²	Calories (Kcal)	Protein (g)
1	2	3	4	5
1.	Children (6 months to 3 years)	Take Home Ration	500	12-15
2.	Children (3 to 6 years)	Morning Snack and Hot Cooked Meal	500	12-15
3.	Children (6 months to 6 years) who are malnourished	Take Home Ration	800	20-25
4.	Lower primary classes	Hot Cooked Meal	450	12
5.	Upper primary classes	Hot Cooked Meal	700	20
6.	Pregnant women and Lactating mothers	Take Home Ration	600	18-20

SCHEDULE III

(See section 31)

PROVISIONS FOR ADVANCING FOOD SECURITY

(1) Revitalisation of Agriculture—

(a) agrarian reforms through measures for securing interests of small and marginal farmers;

(b) increase in investments in agriculture, including research and development, extension services, micro and minor irrigation and power to increase productivity and production;

(c) ensuring livelihood security to farmers by way of remunerative prices, access to inputs, credit, irrigation, power, crop insurance, etc.;

(d) prohibiting unwarranted diversion of land and water from food production.

(2) Procurement, Storage and Movement related interventions—

(a) incentivising decentralised procurement including procurement of coarse grains;

(b) geographical diversification of procurement operations;

(c) augmentation of adequate decentralised modern and scientific storage;

(d) giving top priority to movement of foodgrains and providing sufficient number of rakes for this purpose, including expanding the line capacity of railways to facilitate foodgrain movement from surplus to consuming regions.

(3) Others: Access to—

(a) safe and adequate drinking water and sanitation;

(b) health care;

(c) nutritional, health and education support to adolescent girls;

(d) adequate pensions for senior citizens, persons with disability and single women.

SCHEDULE IV

[See section 3(I)]

STATE-WISE ALLOCATION OF FOODGRAINS

S. No.	Name of the State	Quantity (in lakh tons)
1	2	3
1.	Andhra Pradesh	32.10
2.	Arunachal Pradesh	0.89
3.	Assam	16.95
4.	Bihar	55.27
5.	Chhattisgarh	12.91
6.	Delhi	5.73
7.	Goa	0.59
8.	Gujarat	23.95
9.	Haryana	7.95
10.	Himachal Pradesh	5.08
11.	Jammu and Kashmir	7.51
12.	Jharkhand	16.96
13.	Karnataka	25.56
14.	Kerala	14.25
15.	Madhya Pradesh	34.68
16.	Maharashtra	45.02
17.	Manipur	1.51
18.	Meghalaya	1.76
19.	Mizoram	0.66
20.	Nagaland	1.38
21.	Odisha	21.09
22.	Punjab	8.70
23.	Rajasthan	27.92
24.	Sikkim	0.44
25.	Tamilnadu	36.78
26.	Tripura	2.71
27.	Uttar Pradesh	96.15
28.	Uttarakhand	5.03
29.	West Bengal	38.49
30.	Andaman and Nicobar Islands	0.16
31.	Chandigarh	0.31
32.	Dadra and Nagar Haveli	0.15
33.	Daman and Diu	0.07
34.	Lakshadweep	0.05
35.	Puducherry	0.50
	Total	549.26

DR. SANJAY SINGH,
Additional Secretary to the Govt. of India.

Glimpses of the Debate

“It is a moderate Bill and whether it goes far enough is another question but the case for passing it is strong.....If the Bill is not passed- even if without amendments- several hundred children will go hungry or die of malnutrition.”

– *Amartya Sen*

“Fortunately we are moving away from a patronage-based to a right based approach in areas relating to human development and well-being. The Food security Bill, when enacted, will become the most important step taken since 1947 in addressing poverty-induced endemic hunger in India. The impact of under-nutrition on health and productivity is well known.”

– *M S Swaminathan*

“The NFSB is a political master-stroke, but its economic viability and detailing of delivery could pose challenges. These have to be factored in before it is made a law.”

– *Tejinder Narang*

“Our under nutrition levels are among the worst in the world and have barely improved in recent years. Such a law could help focus the national's energies on this burning issue.....the entitlements must be backed by adequate funds and strong grievance redressal systems. Perhaps this is a tall order. But India has already set an outstanding example of bold social legislation with the NREGS- it can be done again with the right to food act.”

– *Jean Dreze*

“The point is to consider not only the costs of the national food security Bill, but also the costs of not investing in the better nourishment of millions of our people. Growth cannot be sustained much longer on the thin shoulders of hungry people.”

– *Harsh Mander*

“In the foreseeable future, the introduction of the food security programme will hamper economic growth. Its prime goal of eliminating 'hunger and malnutrition' remains questionable.”

– *K D Singh*

“Those who label the NFSO as 'populist' seem to confuse the term with 'popular': as pointed out earlier, the NFSO makes a moderate claim on the budget. And if popular schemes win elections, it can only be regarded as an indication of 'something gone right' with India's democratic system.”

– *Reetika Khera*

“With India eagerly embracing the MNCs, chances are that the interests of Indian farmers will be sacrificed upon the altar of 'development' and 'technology upgradation'. This is the larger reality within which the Food Security Act is situated. If the needs of the farmers are not given precedence over and above private, commercial interests, India will have squandered a golden opportunity to use the food security Act to address serious problems facing those who produce our food.”

– *Sandeep Kandicuppa*