

FOOD SECURITY ACT: A REVIEW

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In the Indian context, the underpinnings for food security of the people can be found in the Constitution, though there is no explicit provision on right to food. The fundamental right to life enshrined in Article 21 of the Constitution has been interpreted by the Supreme Court and National Human Rights Commission to include right to live with human dignity, which includes the right to food and other basic necessities. Under Directive Principles of State Policy, it is provided under Article 47 that the State shall regard raising the level of nutrition and the standard of living of its people and the improvement of public health as among its primary duties.

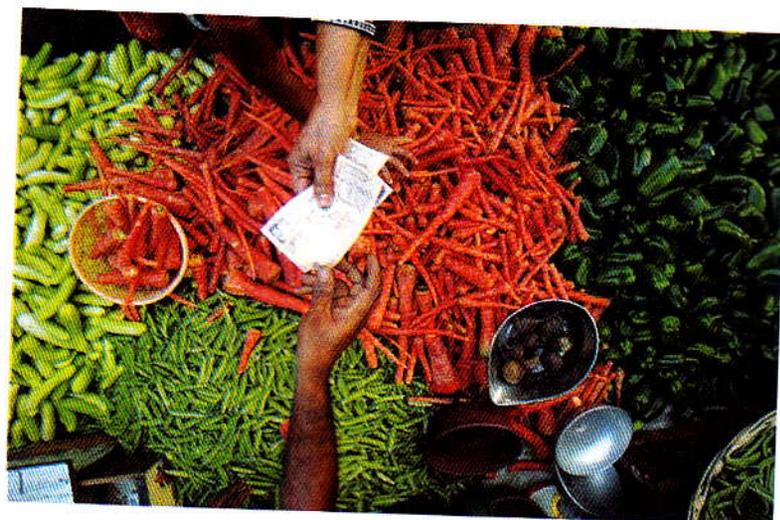
To further strengthen the efforts to address the food security of the people, the Government has enacted the National Food Security Act (NFSA), 2013. It marks a paradigm shift in approach to food security – from a welfare to rights based approach. The Act legally entitles upto 75 per cent of the rural population and 50 per cent of the urban population to receive subsidized food grain under Targeted Public Distribution System. About two-thirds of the population therefore, will be covered under the Act to receive highly subsidised food grain. There is a special focus in the Act on nutritional support to pregnant women and lactating mothers and children upto 14 years of age by entitling them to nutritious meals. Pregnant women will also

be entitled to receive cash maternity benefit of Rs. 6, 000 in order to partly compensate her for the wage loss during the period of pregnancy and also to supplement nutrition. Keeping in view the important role that women play in ensuring food security of the family, the Act contains an important provision for women empowerment by giving status of head of the household to the eldest woman of the household, for the purpose of issuing of ration cards.

NFSA provided for a period of one year after the commencement of the Act, i.e. up to 04.07.2014, for identification of eligible households for receiving subsidized foodgrains under Targeted Public Distribution System (TPDS). All 36 states/ UTs implemented the act since November 2016. Aspects which need focused attention of State Governments and UT Administration relate to



beneficiary identification in a fair and transparent manner so as to avoid errors on inclusion and exclusion, delivery of foodgrains up to door-steps of fair price shops computerisation of TPDS operations, strengthening of the mechanism of Vigilance Committees at various levels and effective grievance redressal mechanism. Such reforms measures are crucial to ensure a leakage and diversion free PDS and also to ensure that no needy person is denied benefits.



Challenges of NFSA:

The existing system of foodgrain management is characterized by the dominant presence of the government in all the basic aspects of marketing viz., procurement, storage, transport and distribution, with all these operations being bundled and carried out by the FCI. Currently, FCI's operations are intended to build buffer stocks to meet any exigency, open market purchase/sales to stabilize domestic prices and provide food security requirements through sale of subsidized grain. It procures, mainly wheat and rice, for the Central Pool at the MSP announced by the Government and distributes it through the State managed PDS. In addition, several states procure directly for decentralized procurement and distribution. Over the years, inefficiencies have been observed in the operations of FCI through concentration of procurement operations to a handful of States, an ever increasing central pool of stocks. NFSA throws various operational and financial challenges.

Production and Yield:

The trend in the area, production and yield of food grain during 1952-53 to 2014-15 is described in Table 1. During 1952-53, 102.09

million hectares were covered under foodgrain. The total foodgrain production achieved in 1952-53 was 59.2 million tonnes with a per hectare yield of 580 kilograms/hectare. Between 1952-53 and 2014-15, only 20.01 million hectares were added

Table 1: Area, Production and Yield of foodgrain in India

Year	Area (Million Hectares)	Production (Million Tonnes)	Yield (Kg/Hectare)
1952-53	102.09	59.20	580
1962-63	117.84	80.15	680
1972-73	119.28	97.03	813
1982-83	125.10	129.52	1035
1992-93	123.15	179.48	1457
2002-03	113.86	174.77	1535
2009-10	121.37	218.20	1798
2010-11	126.70	244.50	1930
2011-12	125.00	257.40	2059
2012-13	126.20	264.40	2095
2013-14	126.00	264.80	2101
2014-15	122.10	252.70	2070
2015-16		253.16	

(Source: Directorate of Economics and Statistics, Department of Agriculture, GOI).

Table 2: Average Yields of Major Crops in India (kg/ha)

Crop	1970-71	1980-81	1990-91	2000-01	2010-11	2013-14	2014-15
Rice	1123	1336	1740	1901	2239	2416	2390
Wheat	1307	1630	2281	2708	2989	3145	2872
Pulses	524	473	578	544	691	764	744

(Source: Directorate of Economics and Statistics, Department of Agriculture, GOI).

Table 3: Inflation in WPI Food Groups (in per cent) (Base: 2004-05)

	Weights	2012-13	2013-14	2014-15	2015-16 (April- December)
All Food	24.3	9.3	9.4	4.9	1.9
Food Articles	14.3	9.9	12.8	6.1	3.0
Foodgrains	4.1	14.6	9.1	4.0	6.7
Cereals	3.4	13.4	12.8	3.6	-0.3
Pulses	0.7	19.6	-5.5	5.9	39.5

(Source: Office of Economic Adviser, DIPP)

to the existing area under food grain cultivation. However, due to the impact of Green Revolution and the use of modern agro services, the total production increased from 59.20 million tonnes in 1952-53 to 253.16 million tonnes in 2015-16 and yield increased from 580 kilograms/hectare to 2070 kilograms/hectare in the intervening period. Table 1 also indicates that since 2003-04, the area under foodgrain has remained more or less stagnant with a relatively stagnated yield rate.

The average yields of major crops have shown impressive growth over the decades from 1970-71 to 1990-91 as shown in Table 2 but the percentage change in average yields has been fluctuating. From 2010-11, the percentage changes in average yields of rice, wheat and pulses are showing declining trends, which is a cause for concern. In the absence of a continuous follow up to the green revolution of 1960s and the dearth of a suitable technological breakthrough in Indian agriculture in the post-Green Revolution era, there has been a continuous decline in the total factor productivity of Indian agriculture. Annual rate of growth in GDP in agricultural and allied production reduced from 4.9 per cent in 2007-08 to -0.2 per cent in 2014-15 (RE).

Volatility in Prices:

Because of the low price elasticity of demand for food staples and the thinness of markets, problems in food availability translate into large increase in domestic prices and reductions in real incomes of poor consumers. The affordability

dimension of food security is influenced by the price movement of foodgrains in the country. The food inflation based on Wholesale Price Index (WPI) at 2004-05 prices experiences wide fluctuations during 2012-13 to 2015-16 (Table 3) This volatility in prices creates uncertainty in the 'economic access' pillar of food security.

Access to Public Distribution System :

The long established PDS has played a vital role in partially meeting the essential food and fuel needs of households in India. The operation of the PDS is supplementary in nature and does not meet the entire food requirements of any household. However, it does effectively protect the household by providing a basic entitlement at affordable prices and at convenient locations through its wide network of Fair Price Shops. The proportion of food grains accessed through the PDS in the total household consumption provides an indicator of the effectiveness of the PDS in ensuring food security in India.

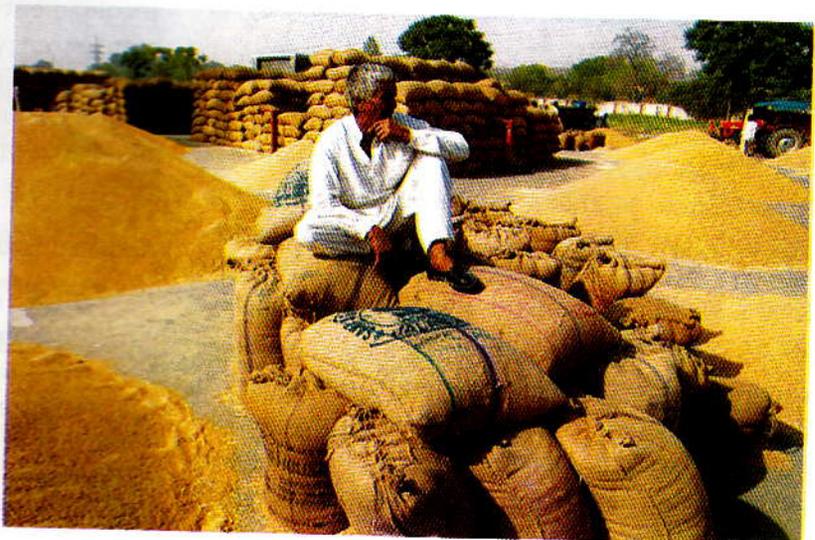


Table 5: Rice and Wheat Purchase from PDS (per capita per month)

State	Rice (in kg)		Wheat (in kg)	
	Rural	Urban	Rural	Urban
Assam	3.57	3.29	0.21	0.06
Bihar	2.67	2.27	1.8	1.81
Chhattisgarh	6.49	6.6	1.32	1.59
Karnataka	4.26	3.49	1.43	1.4
Uttar Pradesh	4.56	4.52	1.58	1.53
West Bengal	2.48	2.16	1.01	1.11

(Source: NCAER 2015)

In 2004–05, 100 per cent of the sample BPL cardholders lifted grain from the PDS in Assam and West Bengal, while the proportion was 80 per cent in Karnataka (GOI 2005). The magnitudes were comparatively lower in Bihar (25 per cent) and Uttar Pradesh (54 per cent). In 2011–12, the proportion of AAY and BPL cardholders purchasing grain from the PDS was as high as 90 per cent at the national level. In 2014–15, 100 per cent of the AAY (Antyodaya Anna Yojana) cardholders purchased grain from the PDS in the six selected states, while the proportion ranged from 98 per cent in West Bengal to 100 per cent in Assam and Chhattisgarh among BPL/PHH (Priority Households) cardholders (Table 4).

Table 4: Usage of PDS among Ration Cardholders (in per cent)

State	APL	BPL/PHH	AAY
Assam	93.25	100	100
Bihar	NA	99.65	100
Chhattisgarh	94.38	100	100
Karnataka	NA	99.42	100
Uttar Pradesh	77.08	99.52	100
West Bengal	98.35	97.93	100

(Source: NCAER 2015)

Among the six selected states, Bihar has experienced a significant rise in PDS usage, which can be attributed to two reasons. First, the coverage has increased significantly over the past decade. Second, there has been an improvement in the PDS

delivery programme because the state adopted strict measures in 2011–12 starting with a system for tracking food coupons. The Bihar government also has put in efforts since 2013–14 to cancel old ration cards after new cards were issued under the NFSA. Chhattisgarh and Karnataka, two good performer states in public distribution that allocate food grain from the state's own food security scheme on top of the NFSA entitlement, have adopted a significant change in grain entitlement from May 1, 2015. Chhattisgarh, burdened with a considerable proportion of fake cards and a consequently huge subsidy burden on the state exchequer, has switched from household-based allotment to individual allotment of food grain. Karnataka has made a similar shift from household entitlement to an individual allotment of 5kg of food grain per person.

The average monthly per capita rice and wheat purchase from the PDS is given in Table 5. The average rice purchase is the highest in Chhattisgarh as expected. The state, which is the best performer as far as public distribution of food is concerned, also has the highest relative coverage of beneficiaries. While many other states have stopped allocation for APL households under the NFSA, Chhattisgarh still supplies food grain to this group at prices that are significantly lower than market prices.

However, there are wide interstate variations in the performance of PDS that it has performed much better in meeting household requirements in some states as compared to others. Tamil Nadu follows universal PDS system and the involvement of women-SHG, has ensured safety, transparency and accessibility in the system along with reduction in transaction costs. The improved functioning of the PDS would become most essential for effective implementation of NFSA.

Centralized Procurement Model:

NFSA mandates Central Government to procure from the Central Pool. State Governments are responsible for further distribution. Decentralized Procurement System (DCP) was introduced in 1997-98 in view of the practical difficulties faced by the Central Government/FCI to procure on its own. Under DCP, States

were invited to assist in the procurement and distribution of foodgrains under the TPDS. This experiment has been quite successful in Madhya Pradesh & Chhattisgarh as far as augmenting the level of procurement is concerned. NFSA seems to be suggesting a retrogressive step of going back to centralized procurement model which was found unsustainable in the first place.

Food Subsidy:

Food subsidy bill represents the basic direct cost incurred by the central government on procurement, stocking and supplying to various food based safety nets such as PDS. During the last ten years, food subsidy has more than quadrupled from Rs. 23071 crore in 2005-06 to Rs crore 105509.41 in 2015-16 at current prices. As a percentage of agriculture GDP, it has increased from 4.5 per cent to 13.2 per cent during the same period (Table 6). Increasing economic costs of handling foodgrains, record procurements in recent years and widening difference between the economic cost of foodgrains and the central issue price have been the major factors leading to the ballooning food subsidy.

Table 6: Food Subsidy in India

Year	Food subsidy (Rs. In crore)
2005-06	23071.00
2006-07	23827.59
2007-08	31259.68
2008-09	43668.08
2009-10	58242.45
2010-11	62929.56
2011-12	72370.90
2012-13	84554.00
2013-14	89740.02
2014-15	113171.16
2015-16	105509.41

(Source: Department of Food and Public Distribution)

Distribution between Centre & States:

The Central Government has limited its responsibility to procure for the central pool and delivery to the State government for distribution through the TPDS. The State Government is



made responsible for collection of foodgrains from FCI depots and further ensure that the legal entitlements are enforced. If the Central Government is unable to provide foodgrains from its Central Pool, it has to provide funds to the extent of short supply of food grains from its central pool to the State Government that also as determined by itself. But if the State Government is unable to provide the entitled grains, then it has to pay a "Food Security Allowance" to the excluded beneficiaries. It would be very difficult for state governments to distribute that cash to ultimate beneficiaries without developing a proper financial structure.

Increased Requirement of Marketing and Processing Infrastructure:

Almost 100 per cent market arrivals of wheat and common paddy are already procured by government in Punjab and Haryana. So growth will have to happen in newer territories especially from Eastern states. Many of these states have a very scanty level of market infrastructure with lower market surpluses and handling per market. The states need much investment in the market infrastructure to facilitate procurement.

Increased Requirement of Storage Capacity:

The increased level of procurement and distribution of the food grains as result of the Act requires higher storage and warehousing capacities. For the effective implementation of NFSA, there is requirement of storage capacity for additional 22-32 million tonnes with cost up to Rs. 8500 crore.

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