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RECENT TRENDS IN THE DEBATE ON INDIA’S NATIONAL FOOD SECURITY ACT (NFSA) – 2013: TRAGEDY OR TRIUMPH?

ABSTRACT. Present article follow up the recent debates that is being discussed in the country with respect to the National Food Security Act – 2013. Present article is based on the secondary sources of information collected through various books, magazines, journals, newspapers, government and non-governmental reports. The purpose of the article is to trace the discussion among various economist, planners, researchers and policy makers in order to analyse whether National food Security Act is a triumph for those who are in desperate need of it (poor and destitute), or a tragedy for those officials speaking against the Act. The main emphasis of the article is to discuss the cost of implementation of NFSA because it was believed that after its implementation it will put heavy burden on the government exchequer due to subsidies provided under it. Article also examines the challenges related to Food Corporation of India with respect to procurement, storage and distribution of foodgrains. Moreover, article also discusses the NFSA with respect to the Integrated Child Development Scheme, its affect on small and marginal farmers of the country, challenges related to public distribution system.


INTRODUCTION

After India’s independence in 1947 the major emphasis of the Governments both at the Central and the State level was to increase the foodgrain production for fulfilling the growing needs of its rapidly increasing population (Hashmi and Shakeel 2014). In the early 1960s the Government of India came up with seed-fertilizer technology known as Green Revolution. MS Swarminathan also known as father of Green Revolution in India has been credited for paving the way to success through introducing and further developing the biotech seeds in Indian agriculture especially of wheat. Fortunately, the Green Revolution came out as a big success leading to increase in foodgrain production of India from 82.02 million tonnes during 1960-61 to 108.42 million tonnes during 1970-71. The availability of foodgrain which was 408.22 grams per head per day in 1966 increased up to 468.77 grams per head per day in 1970 and later it
risen up to 472.6 gram per head per day in 1990. Warding off doomsday predictions of hunger and famine, India declared itself as a food self sufficient and self reliant country because of Green Revolution in the sixties, where we hardly had to resort to foodgrain imports except occasionally (Swaminathan and Bhavani 2013).

The seeds for providing food security to its people were already sown in the form of HYVs but its roots started spreading when the Government of India came up with Public Distribution System (PDS) for providing food to the needy in those areas where domestic agricultural production was low or nil. The main function of PDS after independence till 1992 was to distribute foodgrains to the urban scarcity areas and it prevented the rise in foodgrains prices and ensured access to food especially to urban consumers. Private trade was considered exploitative and the PDS was considered as countervailing power to private trade (Desai and Vannemam 2015). But in the opinion of some scholars PDS came out as a big failure because of its poor implementation, corruption and black-marketing. There are studies showing that the benefits which PDS was entitled to provide is not reaching to the poor and needy and the objectivity of food security through poverty alleviation remains unachieved (Radhakrishna and Subbarao 1997; Jha et al. 2013). Later, some big changes were too made in PDS but the situation remained more or less the same at all India level though in some states PDS proved to be good in alleviating people from food insecurity such as Chhattisgarh, Tamil Nadu and Kerala (Puri 2012; Paolo and Vandewaalle 2011; Bathla et al. 2015).

The facts related to food and nutrition security prior to the implementation of NFSA portrayed a very dismal picture. The child malnutrition and micronutrient deficiency in India was among the highest in the world, it was even worse than many much poorer countries. About 62% of pre-school children were deficient in Vitamin A leading to an estimated annual 330000 child deaths. More than 60% of the pregnant women, 63% breast feeding mothers and 70% pre-school going children were anaemic (Galvin 2012). According to NFHS-III (2005-06) at aggregate level the proportion of adolescent girls and boys in between the age of 15-19 suffering from anaemia was 56% and 30% respectively. At disaggregate level 2% of adolescent girls were severely anaemic followed by 15% and 39% moderate and mildly anaemic respectively. During NFHS-II (1998-99) the condition was more or less similar because 2%, 18% and 41% of the adolescent girls were severely, moderately and mildly anaemic, showing that there has not been much change in the trend (Dureja 2016). The Government of India came up with National Food Security Bill which later became an Act in 2013 for providing food to its people through its various schemes such as Targeted Public Distribution System (TPDS), Mid Day Meal Scheme (MDM) and Integrated Child Development Schemes (ICDS). Moreover, Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA) too was launched by the government to provide jobs to the unemployed for increasing their purchasing power because it is believed that in India the problem of food security is not because of unavailability of food but it is because of people’s inability to purchase the available food due to low income.

The government started to play on the front foot meaning thereby, with the help of its different department and ministries it is now administering a series of programmes that have direct and indirect influence on hunger and food insecurity. Remarkably, ICDS the most important wing of the Ministry of Women and Child Development have initiated the work for the improvement of the health and nutritional status of children and expecting mothers by providing bundle of benefits such as additional nutrition, health inspection, immunization, referral services etc under the aegis of NFSA through a group of cutting edge workers at the Anganwadi Centres. Moreover, the mega PDS a monumental programme of Ministry of Food and Civil Supplies also works under the aegis of NFSA for providing food at an affordable and subsidised rate to eligible households while Ministry of Rural development execute MNREGA with objective to ameliorate the household
income for better access to food. Another programme which needs to be emphasised is Mid Day Meal Scheme (MDM) being implemented under the Ministry of Human Resource Development is the world’s largest school feeding programme providing food to children up to middle school (class 8th) (Mishra 2016).

Now the enquiry is, even after the implementation of NFSA and the goals for which it has been applied have been achieved or not. The desire for providing food to each and every person of the country has been met or not. The International Food Policy Research institute (IFPRI) shows that India is suffering from alarming hunger, ranking 97th in the global hunger index out of 118 developing countries under study in 2016. India with respect to human development index ranks 130th in 188 developing countries in 2015 and country’s rates of malnutrition and starvation related disease and death remains staggeringly high. India ranks below several countries in sub-Saharan Africa such as Cameroon, Kenya and Niger. The countries like Chad, Ethiopia and Sierra Leone have better position than India even though the per capita income in these countries is much lower than India. Neighbouring countries such as Sri Lanka, Bangladesh, Nepal, Myanmar and China all are ranked above India. The Rapid Survey in Children shows that 38.7% children under the age of 5 are stunted, 19.8% are wasted and 42.5% are under weight. According to a survey 38.7% of the children under the age of 5 are suffering from stunting followed by 19.8% children suffering from wasting and 42.5% are under weight. The current data shows that from among the total, about 21% of the child deaths across the world are reported in India (Mishra 2016). India after the First Demographic Divide of 1921 has made a commendable progress in declining infant mortality rate but inspite of this nearly 760000 children die annually because of malnutrition, undernutrition and disease (Kumar 2016). NFSA faced severe criticism because immense importance and reliance has been given to already existing institutions such as PDS and ICDS which have established history of ineffectiveness.

OBJECTIVES OF THE STUDY

The main objective of the present article is to track the debates and discourses from the time when National Food Security Bill came in existence till the date it became an Act. Article also examines the development that took place even after the implementation of the Act. The NFSA was severely criticised by various scholars, planners and policy makers thus article tracks the debate on social, economic and political grounds. Moreover, the article discusses NFSA as a triumph and tragedy both, discussing whether it has fulfilled its objective of providing food to the people and making them food secure followed by discussion in the repercussions and failure of NFSA with respect to black marketing, corruption and inefficiencies. The article tries to analyse whether the cost incurred in the implementation of this Act is a wasteful expenditure or an investment in the country’s future. Whether NFSA will prove to be an asset for the poor and destitute or it will become a liability on the nation’s economy. It also discusses the queries which have been arisen out due to the implementation of NFSA like would subsidized foodgrains solve the problem of malnutrition? Is there any better choice other than food transfer in order to help the poor such as through investing in education and health or through cash transfer? Is the amount of subsidy provided to such a large number of people affordable? Should a country like India continue to invest money on the highly flawed PDS system?

MATERIALS AND METHODS

Present article is basically a review article based on the secondary sources of information collected through various books, magazines, journals, newspapers, government and non-governmental reports.

RESULTS AND DISCUSSION

Cost of Implementation and Subsidy Burden of NFSA

For the sceptics, Nation Food Security Bill before it was passed by both houses of parliament was and Nation Food Security
Act after its implementation is the most debated piece of discussion in years. The most important dimension of discussion of NFSA was and is mainly around the issue of the cost of its implementation and its impact on the nation’s economy. The cost of implementation of NFSA is estimated differently by various scholars. The first estimate incorporated in the study was given by Bhalla (2013) and his estimation of the cost was 44.0 billion US$ (3000 billion INR) (1 US$ is taken as 68.17 INR as on 27th May 2018) annually or 3% of the GDP and this figure is almost three times higher than the official estimate offered by the government. Bhalla in his article mentioned that the food security bill will increase costs of foodgrain subsidy by 336%. If the cost of the food security is 3% of the GDP, then a serious debate about affordability is necessary. Bhalla begins with assuming that subsidy provided in a year is 100. According to the NSS report, 45% of the population was accessing the PDS in 2011-12. The bill says that it will cover a total of 67%. In this condition the subsidy will be \( \frac{(100 \times 67)}{45} \) around 150 approximately, showing a 50% increase almost. Later he points out that, on the basis of NSS 2011-12 the average consumption of foodgrain from PDS was 2.1 kg per person per month but the bill says that it will provide 5.0 kg per person per month. The allocation of foodgrain has increased in the bill by more than 50%. In such condition the subsidy will be \( \frac{(150 \times 5)}{2.1} \) around 160 approximately. While analysing the subsidy price per kg of foodgrains he says that that subsidy will increase from Rs 13.5 per kg to Rs 16.5 per kg with market price staying constant at Rs 19. Under this situation the subsidy will be \( \frac{(357 \times 16.5)}{13.5} \) around 436 approximately. In 2011-12 total food subsidy was 10.56 billion US$ (720 billion INR) so after the implementation of the bill will be (720*1.16) around 12.46 billion US$ (850 billion INR) respectively which will stand around 1% of GDP. Sinha (2013) in her article criticising the estimate by Bhalla said that it is erroneous to assume present level of leakages as assumed by NSS will remain same in future. In the opinion of Bhalla, in order to provide 5 kg of grains per head per month to the people the government will have to allocate 8.3 kg of grains per head per month meaning thereby adding extra amount which go out through leakage and the subsidy on this higher amount of grain will be the government’s real expenditure. Another dimension which needs to be emphasised here is that, as Bhalla in his process of cost estimation said that the actual assigned quota of grains is 5kg but due to leakage only 3 kg grain reaches to the beneficiaries because 40% leakage has been held constant by Bhalla for estimating the cost. Thus, for assuring that beneficiary should get full 5 kg of quota, in the opinion of Bhalla, government should release 8.3 kg of grains so that 40% (3.3 kg) will be leaked in the process of distribution and 5 kg will reach to the beneficiary. This shows that, when government was
allocating 5 kg of grains per head per month to the people the actual amount received by the beneficiaries was only 3 kg meaning thereby that 2 kg (40%) was lost in leakage. To solve this problem, it was suggested that government should allocate 8.3 kg grains per head per month so that after a leakage of 40% the beneficiary should get 5 kg of grains meaning thereby now 3.3 kg is lost in leakage. In the opinion of the author in this process of solution there are more chances of leakage because earlier on the basis of 40% leakage, only 2 kg grain was leaking (5 kg minus 3 kg) but now by providing 8.3 kg of grains/head/month the government is providing the leakers a chance of leaking 5.3 kg of grains (3 kg minus 8.3 kg). So inspite of finding solution for leakage and corruption the system is incorporating these social evils as an integral part of NFSA and under such condition the leakage will increase with time and the amount reaching the poor will remain the same leading to increasing cost of implementation of the Act.

Taking the debate further, Mishra (2013) in her article estimated the cost of implementation of NFSA at 18.26 billion US$ (1245.02 billion INR) and estimated that the annual cost of the NFSA will be anywhere between 6.51 billion US$ (444.11 billion INR) to 11.21 billion US$ (764.86 billion INR) in 2013-14 and the total cost of grandfathering of existing beneficiaries would be around 3.0 billion US$ (204.74 billion INR). Moreover, in her article she mentions that the BPL population before the implementation of NFSA were getting 7 kg of grains per head but after the implementation of NFSA they will get 5 kg of grains. Meaning thereby, they will lose 2 kg of grains per head and the BPL households which were early getting 35 kg per household will not get the same quota. This shows that the existing APL (above poverty line) beneficiaries who move out of coverage would be worse off and the BPL (below poverty line) individuals whose entitlement is reduced by 2 kg would also loose. Thus, to ensure that no one should affected with respect to their current assigned quota or what they are currently getting an additional of 3.0 billion US$ (204.74 billion INR) will be required which Mishra has termed as the cost of grandfathering the existing beneficiaries. But Sinha criticising the fact said, that while calculation of extra grandfathering cost Mishra does not taken into consideration the fact that many states even now are not providing 35 kg to BPL households. Mishra further argues that 180 million APL beneficiaries moving out of coverage needs to be compensated by providing 3 kg of grains per head. Criticising this issue, Sinha said that firstly, it is not clearly mentioned in the study that how Mishra has arrived at these figures. Secondly; entitlement under APL category are actually given only in few states and the quantity provided also varies. Moreover, principal advisor to the Supreme Court commissioners on the right to food Mr. Biraj Patnaik rubbishes the claim and said that many economists in recent days have cited exaggerated figures. In his opinion, the implication on the food subsidy because of PDS will not be more than 3.66 billion US$ (250 billion INR).

Now the matter of concern is that after the implementation of NFSA what will be the scenario related to food subsidies provided in the Act. It might be argued that the foodgrain subsidy incurred by the Government of India for the PDS and other welfare schemes has been increasing over the years. Food subsidy bill represents the basic direct cost incurred by the Central Government on procurement, stocking and supplying of various food based safety nets such as PDS. During the last ten years, food subsidy has more than quadrupled from 3.38 billion US$ (230.71 billion INR) in 2005-06 to 15.47 billion US$ (1055.09 billion INR) in 2015-16 at current prices. As a percentage of agricultural GDP it has increased from 4.5% to 13.2% during the same period. Increasing economic costs of handling foodgrains, record procurements in recent years and widening differences between the economic cost of foodgrains and the central issue price have been the major factors leading to the ballooning food subsidy (Kumar 2017). The food subsidy accounted for about a third of total subsidies by the Government of India (which includes fuel, fertilizers, education, etc.) in 2011-12 and is likely to increase to about 40% due to the NFSA.
the foodgrains subsidy was expected to grow by 28% during 2013-14 to 2014-15 reaching to 20.7 billion US$ and with the advent of NFSA the amount will reach up to 24.3 billion US$ or about 1.2% of the GDP. It has been predicted that the NFSA would worsen the already compromised fiscal situation of the country. The Government of India fiscal deficit for 2013 was about 4.9% of GDP (approximately US$144 billion); The International Monetary Fund predicts India's total fiscal deficit (inclusive of state governments) to be 8.5% of GDP in 2014 (Varadharajan et al., 2014). As per the budget put forwarded by Government of India defines that food subsidy has rarely surpassed 1.0% of the country’s GDP during the last three decades with only year 2011-12 as an exception when the GDP slightly jumped above 1%. If India has finally decided to provide food security to all its citizens then it has to make sufficient financial provisions for food security programmes. Keeping in mind the huge population base followed by large proportion of malnourished and undernourished, spending 1 or 2% of the GDP is not a big amount to incur to end hunger and food insecurity (Swaminathan 2013).

Concerns related with Integrated Child Development Scheme (ICDS)

It is well known fact that that Food Security Bill was brought into existence by Congress-led United Progressive Alliance (UPA) and later it became an Act. During the time, the matter was highly debated in the Parliament by the Ministers of opposition BJP-led National Democratic Alliance (NDA) for the expansion of provisions, universalisation of the scheme and increase in the quantum of the entitlements. But after two years of implementation of the NFSA it was found that the programmes prior to the implementation of NFSA were not adequately addressing the problem of poor maternal nutrition and the situation even after the implementation of NFSA is more or less the same because it has been more than two years after the Act was passed, and the government has made no plans to implement it. A report by NITI Aayog entitled ‘Reforming Take Home Ration’ under ICDS scheme prepared a proposal to substitute THR with cash Transfer. It is mentioned in the report that the THR scheme is affected by leakages, poor quality food supplements and vested interests. Cash transfer will benefit the women in having better food, more rest to pregnant women and will improve birth weight among Indian children. At the same time the Union Minister Maneka Gandhi said that instead of providing food through anganwadis a much better option would be providing ‘nutrient packets’ (packets having dry mixture of peanuts, millets and micro-nutrients which can be consumed with milk, water and juice) which can be easily delivered to the children and mothers via Indian Postal Service (Bhuyan 2017). However, food experts opine that ready-to-use therapeutic foods (nutrients packet) cannot always be
a substitute for hot cooked meals because there is nothing better than a hot-cooked fresh meal. The Director General of Indian Council of Medical Research said that therapeutic food/nutrients packets can be used as an extra food for children suffering from acute malnutrition but these nutrients packets should not replace the normal diet. (The Indian Express 2017). Substituting THR with cash transfer is widely debated among the scholars and the cash transfer proposal faced severe criticism because according to Nation Nutrition Monitoring Bureau (NNMB) there is protein-calorie gap among children and providing supplementary nutrition with respect to THR is the best way out than cash transfer because in cash transfer their are chances that money may be spent in other things. The most important concern related to cash transfer is that it is not inflation indexed meaning thereby that cash transfer would fail to keep pace with the rising food prices (Nair 2017). Moreover, the secretary of the Women and Child Development Ministry said that thought debate is going on between THR and cash transfer but before coming to a final decision a pilot survey will be undertaken in some of the selected districts in order to test the efficacy of implementing the ICDS supplementary nutrition component through cash transfer (money will transferred in the Jan-Dhan account of the mother).

Underlying Accusations of Food Corporation of India (FCI)

It is a well known fact that the NFSA is largely dependent on FCI for procurement, storage and distribution of foodgrains to the people of the nation. The reason behind procuring foodgrains from the farmers is threefold. Firstly, the FCI procure foodgrains from the farmers to build an operational stock for supply under TPDS and other welfare schemes. Secondly, FCI procure foodgrains and build buffer stocks to meet any kind of emergency whether natural and manmade and thirdly, open market purchase and sale in order to stabilise the domestic prices and provide food security requirements through sale of subsidized grains. Government estimated that 61.2 million tonnes of foodgrains will be required annually after implementation of the NFSA from among which 54.7 million tonnes of foodgrains will be used to feed the TPDS scheme and 6.5 million tonnes to meet the other grain needs. This estimate was later revised slightly upwards to 61.4 million tonnes after the Census 2001 figures used for the earlier calculations were replaced with Census 2011 figures (Saini and Gulati 2015). So if FCI will procure foodgrains in such a huge amount then it will lead to inflation because the supply to the open market will decrease. Another problem that comes out is that of storage because the development in the infrastructure of storage has not kept pace with the increase in procurement and this has widen the gap between the storage capacity and actual foodgrains procured from 6 million tonnes in 2008 to 33 million tonnes in 2012. The increased level of procurement and distribution of the foodgrains as a result of NFSA requires higher storage and warehousing capacities. Though an initiative has been taken by FCI to make the storage capacity of 18.1 million tonnes through private entrepreneurship guarantee scheme out of which only 3.2 million tonnes of capacity has been completed until now (Jha and Tanksale 2015). For effective implementation of NFSA (creation of new storage capacity, maintaining, managing and transportation of foodgrains), there is an additional requirement of 22-32 million tonnes of storage capacity with cost upto 83 billion INR. It will surely impose a huge financial burden on the exchequer because of rising costs of managing these foodgrain stocks. Another problem which comes out is of maintenance of the grain stock because if the grains remained undistributed they will rot due to inadequate storage facilities and faulty storage techniques. Evidences shows that, even after the implementation of NFSA when the total food stock in FCI reached to 80 million tonnes against a buffer stock norm of 31.9 million tonnes (Patel 2017), nearly 25 million tonnes of the grains were kept in open storage and an estimated of about 21 million tonnes of grains got damaged eaten by rodents, pests and birds. It is believed that as much as 194 thousand tonnes of foodgrains worth crores of rupees kept in security were wasted between 2005 and 2013 (The Hindu 2016). In addition to the operational stocks
above, the Central Government is required to hold a stock of foodgrains at all the times to ensure food security during periods when production fall short of normal demand and during the times when an increased grain supply in the open market is needed to stabilise prices (strategic stocks). At present FCI maintains five million tonnes of grains (3 million tonnes of wheat and 2 million tonnes of rice) as strategic stocks in its granaries. Moreover, total economic cost and minimum support price (MSP) of the foodgrains during the past were on the rise but the central issue price (the price at which the Central government sell foodgrains to the state governments) and the price charged to the consumers at FPS (fair price shop) have remained almost the same. During the last decade the total economic cost of wheat has been raised from 0.12 US$ (INR 8) per kg to 0.24 US$ (INR 16.5) per kg but the central issue price for the BPL beneficiaries remained unchanged and kept at 0.06 US$ (INR 4.15) per kg. Thus, as the gap between the central issue price and the MSP will get widen (Jha and Tanksale 2015) and the average sale realization of FCI’s will be low as compared to the cost incurred, making it economically inefficient. Thus, the major financial implication comes from the fact that NFSA fixed the CIPs (central issue price) at INR 3/2/1 for three years since the commencement of the ACT and will result into increase in the subsidy burden on the government (Saini and Gulati 2015). Going through all these issues and challenges which FCI was facing, the BJP led National Democratic Alliance government set up a high level committee (Shanta Kumar Committee) in 2014 August in order to restructure, reorient and reform the FCI. Committee recommended that that the current PDS be replaced by cash transfer allowing FCI and the States free from procuring, storing and distributing the grains and in due course of time FCI can be completely dismantled and folded up. But the situation of food and nutrition security in India even after the implementation of NFSA presents a picture so grim that it seems unwise to dismantle the FCI all of a sudden. A more sensible way would be to increase the applicability and utility of the existing system (Basu and Das 2015).

Storage of Foodgrains

A high level committee set up by Government of India to look into the matter of restructuring FCI has suggested that the number of beneficiaries covered under NFSA should be reduced from 67% to 40%. This is because Government on one hand is increasing the MSP to support the farmers and on the other hand it is lowering the issue price for supporting the beneficiaries thus, it has been recommended by the committee that subsidy (in the form of low PDS price) and MSP should be linked and linking will support government in containing fiscal deficit. Though government will get benefit by interlinking PDS and MSP but the farmers will be the larger sufferers because the government will try to keep PDS price as low as possible for the beneficiaries which means that the increase in MSP would be minimum too which will severely affect the farmers (Sood 2012). The committee has also recommended that instead of FCI, let the private sector to procure and store the foodgrains in those states which are performing well in procurement because this will save the MSP paid by the government to the farmers and the amount of money saved can be directly transferred into the account of the farmers and the beneficiaries through adopting cash transfer system (Rajalakshmi 2017). Another point is that the FCI’s per unit storage cost is 30% higher, labour cost is almost four times higher for rice and seven times higher for wheat, interests payments are four times higher for rice and two and a half times for wheat due to longer storage periods (Sinha et al. 2011). The committee has suggested that if the Government avoid the cost on procurement, storage and distribution and adopt cash transfer method then it can save an amount 4.84 billion US$ (330 billion INR) leading to the reduction in the subsidy burden on the exchequer (Jitendra 2015).

Distribution of Foodgrains

More than 70% of the grains are procured by the northern states and rest procured the southern states. Northern zone accounts for as high as 67% of the total storage capacity followed by southern zone (14%), western
zone (11%), eastern zone (7%) and north-eastern zone (1%). While 64% storage space is available in five States (Punjab, Haryana, Uttar Pradesh, Chhattisgarh and Andhra Pradesh) 13% is in two States (Rajasthan and Maharashtra) and 23% is shared by 24 States and UTs (union territories). Moreover, the most important challenge with respect to distribution under NFSA is to check the leakage and corruption and ensure rigorous monitoring of foodgrains to the last mile distribution point i.e. up to the fair price shops (FPSs) from where the consumer takes his assigned quota during its transport from northern states to southern states. This involved heavy transportation costs. Moreover, it is mentioned in the NFSA that the issue price will remain for a period of three years and after its implementation the issue price will be revised in July 2016 to reduce the burden on the exchequer. Increasing the issue price will no doubt improve the Centre’s finances by reducing the subsidy component. However the increase in the cost of foodgrains supplied may face political pushback. The food subsidy bill under the antyodaya anna yojana (AAY) scheme has been climbing over the years and it rose to 1349.19 billion in 2015-16. This is largely due to the widening gap between the economic cost of foodgrains and the price at which it is issued by the FCI. As far as the economic cost is concerned, it was 0.45 (INR 30.9) per kg for rice and 0.32 US$ (INR 22.0) for wheat during 2015-16 up by 5.0% and 7.3% respectively. The MSP was too on the rise, for instance the MSP for wheat increased by 5.2% for 2016-17 to 0.22 US$ (INR 15.25) per kg as against 0.22 US$ (INR14.7) per kg (up by 4.3%) for rice. But, the issue price for the wheat and rice for Antyodaya scheme, BPL and APL card holders has not been revised by the government since July 2002 leading to put undue financial burden on the exchequer (Muthukumar 2016).

Addressing Food Access Through Public Distribution System (TPDS)

In the contemporary times the core problem related with India’s food insecurity is not related with food availability or domestic food production but it is related with its distribution. On an average India is producing more than 250 million tonnes of foodgrains annually and more than 60 million tonnes on an average has been kept in stock all the time in the recent past for emergencies and government procure enough food grains from the farmers in order to distribute it among the needy. But TPDS is unable to achieve the objective which it was meant for. The NFSA is also challenged as far as the TPDS is concerned because the identification of eligible household is left to the discretion of the State Government. In the absence of the eligibility criteria for the selection of the beneficiaries, no one is really entitled to anything as a matter of right this defeat the purpose of an Act (Dreze 2013). Moreover, the very basic debate that exists is between ‘targeted’ and ‘universal’ distribution system. Few believe that targeting is unfair because it divides the population into permanent social division of APL and BPL and it is true that the crux of NFSA is not to create class conflict. Targeting is also and divisive and it prevent the emergence of a cohesive public demand for a functional PDS and a vocal demand is very important for the success of the PDS (Dreze 2016). The crux of PDS whether targeted or universal is to provide food and nutritional security to the masses and this aim is not likely to come cheap. Many scholars have estimated the cost of NFSA will be more than one lakh crore rupees but a nation where close to 40% of children are stunted and 20% wasted, with an overwhelming 79% of children aged between 3 months and 3 years being anaemic, any strong step to cope up with mass undernourishment is bound to be expensive and to pay such a price to protect everyone from hunger and food insecurity is not much. Therefore, scenario after the implementation of NFSA on the basis of Economic Survey Report 2014-15, out of 55.44 billion US$ (3780 billion INR) which accounts for 4.2% of the GDP was spent on key subsidies during the financial year March 2015. Out of this amount, 18.04 billion US$ (1230 billion INR) which accounts for 1.14% of the GDP was spent on food subsidy which increased to 18.18 billion US$ (1240 billion INR) during 2015-16. According to FAO the percentage of undernourished population in India during 2010-12 and 2014-16 was 15.6% and 15.2%. Thus if we
compare the amount of money spent of food subsidy and decline in the percentage of undernourished then there is no doubt in saying that India’s welfare system is suffering with leakages. Policy makers and researchers are of the opinion that in a situation when food subsidy is on the rise and the benefits of distribution is on the fall then amendment must be done in order to make an efficient use of public resources. Widespread corruption has diverted the benefits of the poor to the pockets of the intermediaries and officials. Neither the system covers the genuine beneficiaries, nor does it support the recipients with total of benefits (Lenka 2017). Thus, it becomes necessary to analyse whether Government should focus in improving the current PDS by reducing cost, plugging leakages and bringing effectiveness or replacing the PDS with food stamps and cash transfer. Moreover, as mentioned in the NFSA that Central government will take the responsibility of procuring, storing and delivering foodgrains at the doorstep of the State Warehouses thus, it is the responsibility of State Government to identify the beneficiaries and certify that the entitlements are enforced amongst the beneficiaries. In case the State fails to provide grains (legal entitlements) to the beneficiaries then it is supposed to pay the ‘Food Security Allowance’ in cash form. This lead to serious matter of debate and some of the scholars opined that if we provide cash to the people directly then FCI could make itself free from the operations like procurement, storage and distribution of grains because after getting cash people can buy the grains directly from the market.

Cash or In-Kind Transfer

Some of the scholars support the idea of cash transfer rather than the in-kind transfer (food transfer). In a study it was found that when the poor were provided with food transfer they consumed more food than in cash-transfer (Gentilini 2007). Fraker (1990) analysed that the consumption of food in food-transfer increased from 17.0 to 47.0% when a dollar of food stamp was increased but in case of cash transfer the increase experienced was nominal from 5 to 13% at the same amount. Similarly, Barret in 2002 in his study found that the household’s nutrient availability increases by 2-10 times in food transfer than similar value of cash in cash transfer. But in the opinion of Sharma (2006) cash-transfer is much better than that of in-kind transfer because in cash transfer the beneficiary is free to use the money other than the purchase of foodgrains. It might be possible that he/she may improve the quantity, quality and diversify their consumption basket. Moreover they can also use the money in health and education. In Uruguay, while providing unrestricted cash assistance to pregnant women resulted into decline in the frequency of low birth weight followed enhanced maternal nutrition and weight gain during pregnancy (Amarante et al. 2011). It is believed that crediting subsidies into bank accounts will reduce leakages, delay etc. During 2017-18 the Centre’s food subsidy bill is expected to go down by 3.66 billion US$ (250 billion INR) due to the direct benefit transfer arrangement. Baye et al. (2014) gives a mixed opinion, in their study they though came at conclusion that the households receiving cash had better dietary diversity but these households preferred to receive a mixed of food and cash rather than cash alone. Because the cash may be spent on non-staples food such as fruits, vegetables etc. Relying on the cash transfer alone means that the beneficiary’s household will have to depend on the free market to meet all their food needs. The stabilising effect from inflation which is the main function of PDS would come to an end. But cash transfer is also not an easy task because for providing money at household level the financial infrastructure should be very high for installing banks, automated teller machines (ATMS) and post offices at village level which is a very tough task. Cash transfers thus are only a partial substitute to the PDS.

As debated whether cash transfer is more beneficial and productive or the food transfer but one cannot deny the fact that PDS in India contributed positively and beyond expectations in the State like Chhattisgarh, Tamil Nadu, Punjab and Kerala. The state of Chhattisgarh has experienced a transmogrified change in its PDS system because it used to have a very inefficient
and corrupt system (Vydhianathan and Radhakrishnan 2010). Using information and communication technology the State has brought all the PDS related operations on the web and one can easily check the mobility and the location of foodgrains within the chain. The fair price shops (FPSs) was ‘de-privatised’, earlier the FPSs was owned by a private owner but now the FPS are run by community based organizations such as gram Panchayat, self help groups (SHGs), Van Suraksha Samitis (Forest Cooperatives) and other cooperative societies (Dreze and Khera 2010; Bathla et al. 2015). The motto behind this was when the people will be run their own ration shop the chance to cheat will be minimised to least and if cheating still prevails this means that they are cheating themselves.

The government has computerised the full chain from the procurement of grains from the farmers to the distribution to target consumers. Chhattisgarh now cover more than 80% of the rural population under PDS and it has it from ‘targeted’ to ‘quasi-universal’ PDS (Puri 2012; Dreze 2016). So at the time when many experts were of the opinion that PDS should be replaced with food coupons and cash transfer the Chhattisgarh model provided some key lessons on making this system work. Similarly, Tamil Nadu instead of following a targeted approach follows a universal approach and more than 93% of the FPSs are under the hands of cooperative societies. Involvement of women-self help groups and others of the same village has checked corruption and leakage and has ensured safety, transparency and accessibility in the system (Paolo and Vandewaalle 2011). The state of Punjab too has renovated the PDS. Under the new system the farmers sell their produce to the ‘artiyas’ (foodgrain traders) who then sale the grains to market and from here the grains are packed in bags weighing 30 kg and transferred to the civil supplies inspector who distributes these grains to the beneficiaries. In the old PDS system the grains were procured from the farmers then transferred to the FCI’s warehouses and then from here to the state warehouses and then to FPSs. This new system saved almost 190 per quintal of wheat distributed and it includes the savings on transportation, administrative costs and maintenance and custody charges. State of Punjab on an average distributes 8700 thousand tonnes annually and this new system of distribution leads to a saving of roughly 1.65 billion annually (Puri 2014). Thus instead of bringing cash transfer scheme in full fledge it is better to improve the existing PDS because one cannot ignore the above success stories and these already set examples and achievement can be extend across the country. Undoubtedly, there are benefits of cash transfer but the infrastructure required for mass transfer in cash would take a long time to build but PDS is already in the place so why not make use of a system already in place without delay. The main concern currently should not be on ‘cash versus food’ but to provide people with income support and social security as soon as possible (Dreze 2013). Through implementing the right administrative and process reform, the corruption, leakage, mismanagement wastage and inefficiencies can be checked.

Concerns with Checking the Corruption

It is mentioned in the NFSA that for checking the corruption and black marketing application of information and technology tools will be taken in order to prevent diversion. Aadhar Card (Unique Identification Card) will be used as unique identification and the entitled beneficiaries will be linked with biometric information for proper targeting and distribution of foodgrains. But the problem of linking entitlements with Aadhar card is that the entitled women or the person may be unable to go to a shop due to sickness or some emergency then they will be devoid-off the benefits. Keeping this point under consideration some of the scholars are of the opinion that instead of using Aadhar Card the government should provide food coupons to the beneficiaries. Producing these food coupons to any shop they could get the food and later the keeper of the shop after submitting the coupon to the respected government offices could get the money back.

Challenges related to Nutrition Security

As mentioned in the NFSA that it will provide 5 kg of foodgrains per person but the Indian Council of Medical Research recommends that an adult needs a minimum of 14 kg of
grains per month. Moreover, the Act seems to be giving priority to fine cereals (wheat and rice) and neglecting pulses, coarse cereals and oilseeds. Though the Act may prove good to provide food security but as far as the question of nutrition security is concerned the Act is unanswerable and fully ignores the nutritional security of the population. Pulses are given less emphasis under NFSA is because the production is low and demand is high and sometime for fulfilling the local demand need arise to import pulses. The reason is low MSP for the pulses but Shanta Kumar Committee has recommended that the MSP should be revised and the focus should be given on pulses and oilseeds. Moreover, Famous economist Jean Dreze said that the fundamental problem related to food in Indian context is of undernutrition and this act though protect everyone from hunger and can make a significant contribution to the elimination of undernutrition. But ending undernutrition apart from cereal availability also requires health care, safe water and sanitation. UNICEF too is of the opinion that the fundamental problem which India is currently facing is of malnutrition because there are 61 million children chronically undernourished and 8 million children suffering from severe acute malnutrition. Therefore, the focus of the planners and policy makers should be on right to adequate nutritional security rather than simply on food security (Jha 2013).

Impeachment Regarding Small and Marginal (S&M) Farmers

Agricultural Census of India 2010-11 reveals that S&M farmers (less than 2 hectares of land) account for 85% of the total 138.35 million operational holdings and 44.46% of the total cultivated area. Considering average five members in a family of small and marginal farmer 75% of the small and marginal families will qualify as beneficiaries under NFSA. According to the Working Group on Agricultural Marketing Infrastructure and Policy Required for Internal and External trade (Eleventh Plan), S&M farmers consume nearly 60% of their production and keeping 40% for market. Apart from one/third family consumptionthey too have to pay for permanent and temporary farm labour, also for feeding farm animals, for payment in kind of farm equipment, customary dues, repayment of loans and irrigation charges etc from the same 60% which they have kept for the family consumption. Since most of S&M farmers are qualifying for NFSA beneficiary and will receive subsidised grains thus they will switch to crop cultivation other than foodgrain which will affect the 40% of foodgrain production which they are producing through using 44.46% of cultivated area. Thus, S&M farmers if covered under NFSA will shift their agriculture to commercial crops and horticulture affecting the foodgrain basket of India and the NFSA too (Kalkoti 2017). Farmer’s organization too speaking against the bill said that since the larger share of their agricultural produce is purchased, stored and sold by the government leads to nationalisation of agriculture. This will also disturb the market mechanism and lessen the bargaining power of the farmers. Further present bill too do not have any provision for small and marginal farmers.

The NFSA is an act of providing food aid to the people which in context of India though has kept people alive but it has little to address the underlying causes of food insecurity and the associated loss of productivity, cognition and good health. It is a matter of great concerns that providing food as an aid to the masses is the final solution to food insecurity. Is it not so that when people will receive food as an aid it will hamper their efficiency of doing work and contribute to the nation and economic development. On the one hand it is mentioned in NFSA, that an Antyodaya household (poorest of the poor) is eligible for 35 kg of foodgrain per household per month at a rate of Rs 3 per kg of rice and Rs 2 per kg of wheat. This means for purchasing 35 kg of grains a person requires a maximum of 105 Rs only. On the other hand MNREGA which was launched to guarantee at least 100 days of work a year for every household has improved the purchasing power of the rural household. Under MNREGA, the revised wages shows that the average wage is about 2.93 US$ (200 INR) per day (The Indian Express, 2016). Thus, if a person is getting 2.93 US$ (200
INR) per day and he spends only 1.54 US$ (105 INR) then he could easily purchase the ration for full month. So if a person is getting full month quota of grain only by working one day will he be going on to the field for rest of the six days a week is a matter of concern. This condition only prevails when the implementation of MNREGA is up to the mark. But there are studies which show that the number of jobs under MNREGA is less and the money which they get after the work is also below the fixed amount which is not sufficient for running their livelihood. Thus providing food as an aid is not the final solution because food aid will make people sick and lethargic and it will curtail their ability to do work. People getting food as an aid permanently or for a longer period of time makes them slaves of the system and even if they are getting employment for a shorter duration of time there is somewhere hidden in their mind that if the condition of food insecurity will prevail the governments, the authorities and organisations will look after them providing them food. Aid makes people deprive of taking initiative towards betterment, it undoes the teaching of self help and makes population spoon fed.

CONCLUSION

National Food Security Bill with the passage of time has now become an Act but the debate on its suitability and sustainability is open. The article concludes that there is wide range of variability regarding the cost of its implementation. However, the government is still moving ahead with an aim to eradicate hunger and food insecurity through updating the existing programmes like TPDA, ICDS and MDM which has earlier characterised by widespread corruption and improper implementation. Going through the weaknesses and virtue described above, the NFSA does not pledge to enhance the food and nutrition security of the country by decreasing the proportion of population suffering from hunger and food insecurity. However, NFSA tries to expand the existing programmes to cover more and more population under the umbrella of TPDS. The most important thing one should keep in mind that India is the second most populated country in the world after China thus a programme like NFSA cannot eliminate hunger and food insecurity in just one attempt. No programme in any field of development is free from challenges and it is clear that NFSA is also surrounded by challenges thus, as the new challenges are coming out a systematic reform is required for the better implementation and better outcome.

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