
Food security in Agro based sector

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ABSTRACT:

Food security addresses one of human kinds most fundamental needs-access to a nutritious and adequate diet. Food security defines as a state-whereby all people, at all times, have physical access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and a healthy life. National food security act (NAFSA) is an important effort to ensure that the majority of India's population has access to an adequate quantity of food at affordable prices. The Sonia Gandhi led National Advisory council in 2010, drafted the bill originally and proposed legal food entitlement by 75% of India's population. The national food security act, 2013 (also known as Right to food act) was signed into law on Sept 12, 2013. To fulfil the act mandate, Government would need to procure a lot more food grain than they do currently from Indian farmers and perhaps, through imports. If India intends to be self sufficient in meeting food security requirements, our farmers must have an incentives to produce more reflected in higher procurement prices and access to better farming inputs. In most states, the PDS(Public Distribution System) is in tottering condition. The PDS is a leaky sieve. There are many inadequacies of PDS. As this mechanism suffers from, leakages, diversion, utilization, exclusion and inclusion errors, etc. The implementation of a food scheme is monumental task. There should be complete re-engineering of the whole process of production, storage, movement and distribution. The idea of food security should be based on string domestic output and not on imported grain. There is a need for ensuring remunerative price to farmers and procurement of hither to neglected coarse cereals. India itself at he crossroads where it must strike there at the crossroads where it must strike the right balance between quest for growth and inclusion.

NATIONAL FOOD SECURITY ACT, 2013 FOOD SECURITY

The **National Food Security Act, 2013** (also **Right to Food Act**) is an Act of the Parliament

of India which aims to provide subsidized food grains to approximately two thirds of India's 1.2 billion people. It was signed into law September 12, 2013, retroactive to July 5, 2013. Under the provisions of the bill, beneficiaries are to be able to purchase 5 kilograms per eligible person per month of cereals at the following prices:

- **rice** at ₹3 (4.9¢ US) per kg
- **wheat** at ₹2 (3.3¢ US) per kg
- **coarse grains (millet)** at ₹1 (1.6¢ US) per kg.

Pregnant women, lactating mothers, and certain categories of children are eligible for daily free meals. The bill has been highly controversial. It was introduced into India's parliament on December 22, 2011, promulgated as a presidential ordinance on July 5, 2013, and enacted into law on September 12, 2013.

RESEARCH METHODOLOGY

The research focus would be to evolve technologies and management options to suit the needs of small holders' agriculture and involve them in agriculture supply chain through institutional innovations. It mainly focuses on the availability of food but also the ability to food.

EVOLUTION OF IDEA OF FOOD SECURITY

Despite the president Mrs. Pratibha Patil's declaration for the first time in parliament on June 4, 2009 that a national food security act should be formulated, it took the central govt. More than four years to bring it through an ordinance. Let us recapitulate the recent beginning:

1) The Sonia Gandhi-led National advisory council in 2010 drafted the bill originally and proposed legal food entitlement for 75% of India population.

A panel led by C. Rangarajan recommended lowering entitlements & reforming PDS.

2) In Sept.2011, the food ministry a circulated a draft report for public comments.

3) In Dec 2011, food security bill first tabled in Parliament.

4) In 2012, bill goes to the standing committee of parliament Jean Dreze and some economists push plan -b, which removes distinction between priority groups. non-poor representation is also made to the standing committee to move towards individual entitlement

of 5 kg per person a month.

5) In Jan. 2013, standing committee submits recommendations. Final version of bill incorporates plan B and standing committees recommendations.

6) In May 2013, bill was tabled in Lok Sabha in budget session but not taken up due to chaos in Parliament. In July 2013.

7) In July, 2013 cabinet committee on economic affairs passes ordinance on food security covering 67% of the population and enacted into law in August 2013.

8) The National food security Act,2013 (also known as Right to food Act) was signed into law on September 12,2013.The NFSA is the fifth in a series of what might be called rights-based approach.

SALIENT FEATURES

- 1 75% rural and 50% of the urban population are entitled for three years from enactment to five kg food grains per month at ₹3 (4.9¢ US), ₹2 (3.3¢ US), ₹1 (1.6¢ US) per kg for rice, wheat and coarse grains (millet), respectively.
- 2 The states are responsible for determining eligibility.
- 3 Pregnant women and lactating mothers are entitled to a nutritious "take home ration" of 600 Calories and a maternity benefit of at least Rs 6,000 for six months.
- 4 Children 6 months to 14 years of age are to receive free hot meals or "take home rations".
- 5 The central government will provide funds to states in case of short supplies of food grains.
- 6 The current food grain allocation of the states will be protected by the central government for at least six months.
- 7 The state government will provide a food security allowance to the beneficiaries in case of non-supply of food grains.
- 8 The Public Distribution System is to be reformed.
- 9 The eldest woman in the household, 18 years or above, is the head of the household for the issuance of the ration card.

10 There will be state- and district-level redress mechanisms.

11 State Food Commissions will be formed for implementation and monitoring of the provisions of the Act.

The cost of the implementation is estimated to be \$22 billion(1.25 lac crore), approximately 1.5% of GDP.

12 The poorest that are covered under the Antodaya yojna will remain entitled to the 35 kg of grains allotted to them under the mentioned scheme.

INTENT

The intent of the National Food Security Bill is spelled out in the Lok Sabha committee report, *The National Food Security Bill, 2011, Twenty Seventh Report*, which states, "Food security means availability of sufficient food grains to meet the domestic demand as well as access, at the individual level, to adequate quantities of food at affordable prices." The report adds, "The proposed legislation marks a paradigm shift in addressing the problem of food security – from the current welfare approach to a right based approach. About two thirds(approx 67%) of the population will be entitled to receive subsidized food grains under Targeted Public Distribution System. In a country where almost 40% of children are undernourished the importance of the scheme increases significantly."

SCOPE

The Indian Ministry of Agriculture's Commission on Agricultural Costs and Prices (CACP) has referred to the Bill as the "biggest ever experiment in the world for distributing highly subsidized food by any government through a 'rights based' approach." The Bill extends coverage of the Targeted Public Distribution System, India's principal domestic food aid program, to two thirds of the population, or approximately 820 million people. Initially, the Lok Sabha Standing Committee on Food, Consumer Affairs and Public Distribution estimated a "total requirement of food grains, as per the Bill would be 61.55 million [metric] tons in 2012-13." The CACP calculated in May 2013, "...the requirement for average monthly PDS off take is calculated as 2.3 mt for wheat (27.6 mt annually) and 2.8 mt for rice (33.6 mt annually)..." When volumes needed for the Public Distribution System and "Other Welfare Schemes" were aggregated, the CACP estimated rice and wheat requirements to total an

"annual requirement of 61.2" million metric tons. However, the final version of the Bill signed into law includes on page 18 an annex, "Schedule IV", which estimates the total food grain allocation as 54.926 million metric tons.

The Standing Committee estimated that the value of additional food subsidies (i.e., on top of the existing Public Distribution System) "during 2012-13 works out to ...Rs.2409crores," that is, 24.09 billion rupees, or about \$446 million at the then-current exchange rate, for a total expenditure of 1.122 trillion rupees (or between \$20 and \$21 billion). However, the Commission on Agricultural Costs and Prices (CACP) calculated, "Currently, the economic cost of FCI for acquiring, storing and distributing food grains is about 40 percent more than the procurement price." The Commission added.

The stated expenditure of Rs 1,20,000 crore annually in NFSB is merely the tip of the iceberg. To support the system and the welfare schemes, additional expenditure is needed for the envisaged administrative set up, scaling up of operations, enhancement of production, investments for storage, movement, processing and market infrastructure etc. The existing Food Security Complex of Procurement, Stocking and Distribution- which NFSB perpetuates- would increase the operational expenditure of the Scheme given its creaking infrastructure, leakages & inefficient governance.

The Commission concluded that the total bill for implementation of the Bill "...may touch an expenditure of anywhere between Rs 125,000 to 150,000 crores," i.e., 1.25 to 1.5 trillion rupees.

SHORTCOMINGS

Criticism of the National Food Security Bill includes accusations of both political motivation and fiscal irresponsibility. One senior opposition politician, Murli Manohar Joshi, went so far as to describe the bill as a measure for "vote security" (for the ruling government coalition) rather than food security. Another political figure, Mulayam Singh Yadav, declared, "It is clearly being brought for elections...Why didn't you bring this bill earlier when poor people were dying because of hunger?...Every election, you bring up a measure. There is nothing for the poor."

The report of the 33rd meeting of the Technical Advisory Committee on Monetary Policy stated, "...Food prices are still elevated and the food security bill will aggravate food price inflation as it will tilt supply towards cereals and away from other farm produce (proteins), which will raise food prices further...Members desired that the Reserve Bank impress on the government the need to address supply side constraints which are causing inflationary pressure, especially on the food front." Dr. Surjit S. Bhalla warned, "The food security bill...if implemented honestly, will cost 3 per cent of the GDP in its very first year." The writer Vivek Kaul noted.

The government estimated cost of food security comes at 11.10%...of the total receipts. The CACPs estimated cost of food security comes at 21.5%...of the total receipts. Cost of food security comes at around 28% of the total receipts...Once we express the cost of food security as a percentage of the total estimated receipts of the government, during the current financial year, we see how huge the cost of food security really is.

The Indian Ministry of Agriculture's Commission on Agricultural Costs and Prices warned that enactment of the Bill could be expected to "induce severe imbalance in the production of oil seeds and pulses," and "...will create demand pressures, which will inevitably spillover to market prices of food grains. Furthermore, the higher food subsidy burden on the budget will raise the fiscal deficit, exacerbating macro level inflationary pressures." The Commission argued further that the Bill would restrict private initiative in agriculture, reduce competition in the marketplace due to government domination of the grain market, shift money from investments in agriculture to subsidies, and continue focus on cereals production when shifts in consumer demand patterns indicate a need to focus more on protein, fruits and vegetables.

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- 1) Making availability of locally demanded food grains,
 - 2) Inclusion of millets and other items under PDS,
 - 3) Allowances in lieu of the loss of wage.

But this does not imply that PDS should be replaced by cash transfer. It is necessary to find ways to improve the quality of the PDS rather than destroying it through cash transfer. Given the social and administrative conditions, there is no guarantee of cash transfers given to the

needy and targeted people will be spent on essential items of food and that it will not be monopolised by the dominant family member, or even pent on harmful goods like alcohol. It remains doubtful whether the cash transfers will improve the consumption standards of the masses in India. There is indeed much that remains that remains to be done to reform the PDS but condemning it when it has shown the potential to work is irresponsible and motivated criticism.

SUGGESTIONS

The way ahead for the successful implementation of the NFSA. In order to achieve the ambitious objectives of the act, the government will need to achieve the ambitious objectives of the Act,

The government will get two things right; system/ process design to deliver this ‘services’ and implementation of this design. Following are some the steps which should be taken into account;

- 1) The govt. Will need to create a robust process and specific guidelines for the identification of priority families. State Governments have been entrusted with this responsibility.
- 2) Since the entitlements under act are dependent on the number of members in each family responsive system for updating family member for updating family details and resulting changes food grain entitlements will required.
- 3) A mechanism to eliminate to potential for the falsification food grain issuance records the fair price shop required to prevent large scale diversion of food grains from the TDPS.
- 4) States will need to issue a high detailed set of directives to the district and block level authorities responsible for on the ground implementation .These directives must provide pragmatic set of procedures target timelines and milestones. Constant monitoring evaluation of processes and outcomes will be required to ensure that the provisions of the envisaged system are not diluted during implementation.
- 5) Govt. Will need to invent sufficient resources and build resource adequate organisational capacity at the centre and state level to successfully execute this mammoth endeavour within reasonable time and cost.
- 6) It would incumbent to use the most critical resource-water. The focus, however, would

shift from yield per hectare to yield per litre of water

7) Problems are further aggravated by imbalanced application of nutrients (especially nitrogen, phosphorus and potash), and excessive mining of micro nutrients, leading to the deficiency of macro micro nutrients in the soil. The research and development challenge would be to stop further degradation and go in for rehabilitation of degraded lands and water resources in cost effective manner.

8) The challenges for a policy makers is to strike a balance between higher food grains production and the changing consumption pattern. It will thus require both vision as well as political will to take hard decisions to ensure that the farmers uses resources judiciously and invests in land and in right crops. It is estimated that 80% of India's agricultural investments come from the private sector and mostly from its small farmers.

9) To sustain such investments, it is crucial to have well functioning market for farmer's produce. Issues such as exports, levies and restrictions on stock holdings and interstate movement of food would come into focus. Indian agriculture is dominated by small farmers, having small landholdings for cultivation.

10) It should be possible to reform how food is procured, stored and distributed so as to increase efficiency and drastically lower cost while lowering the physical stocks held by the government so as to reduce the impact of the fiscal.

CONCLUSION

Whatever the disagreement on the National food security Act (NFSA) ,either on the political expediency which drove it, the size of the fiscal burden the govt. Has to shoulder, or the criteria used to identify its beneficiaries, one aspect is beyond question: to fulfil the Act's mandate, government would need to procure a lot more food grain then they do currently from Indian farmers and perhaps through imports. If India intends to be self sufficient in meeting food security requirements, our farmers must have an incentive to produce more, reflected in higher procurement prices, and access to better farming inputs.


The implementation of the food scheme is a monumental task. There should be a complete re-engineering of the whole process of production, procurement, storage, movement and distribution. The idea of food security in agro based sector should be based on strong

domestic output and not on imported grains. There is a need for ensuring remunerative prices to farmers and procurement of hitherto neglected coarse cereals. India finds itself at the cross roads where it must strike the right balance between its quest for growth and inclusion.

In this context, is profligacy to spend on the poor to ensure food security? The answer is probably 'no'. However what India needs above all is reform of its public institutions. Otherwise such ambitious legislation will become another Knee jerk populist attempt to a huge problem. The horse of public institution reform has to be put before the cart of legislation.

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