

FOOD SECURITY: CHALLENGES AND IMPLICATIONS

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ABSTRACT:

India is developing rapidly in all aspects similarly with other countries and has been seriously competing with all other developed and developing nations, unfortunately India is struggling to provide two square meals a day to the people in bottom of the pyramid. It is really shameful to note that 48 percent of the children are suffering from malnutrition. According to Global Hunger Index 2013 in the catalogue of 120 countries India is occupying 63 positions. With introduction of Food Security Act, 2013 seems to luring. But it is to be seriously pondered whether this bill is truly going to address the issue of hunger, poverty and malnutrition. This conceptual paper presents comprehensive details on challenges of implementing Food Security Act, 2013.

KEYWORDS: *Implications, Challenges, food security, malnutrition, etc.*

INTRODUCTION:

The root cause of distortion of international trade in agriculture has been the massive domestic subsidies given by the industrialised countries to their agricultural sector over many years. This in turn led to excessive production and it's dumping in international markets as well as import restrictions to keep out foreign agricultural products from their domestic markets. Hence, the starting point for the establishment of a fair agricultural trade regime has to be the reduction of domestic production subsidies given by industrialised countries, reduction in the volume of subsidised exports and minimum market access opportunities for agricultural producers world-wide. While the Act envisages wideranging measures aimed at addressing aspects of food security, entitlements under the Public

Distribution System have attracted the greatest attention in the context of India's WTO commitments.

These ranged from a conservative estimate of Rs 1 Lakh crore to as high as Rs 3 lakh crore per year. However, most of these estimates are either exaggerated and include many other costs not related to the NFSA or are pure and simple fictitious numbers. The actual cost of the NFSA is expected to remain within the proposed limit of Rs 125000 cores as given in the financial memorandum of the bill. Under the provisions of the Act, priority households are entitled to 5 kgs of Food grains per person per month, and Antyodaya households to 35 kgs per household per month. The combined coverage of Priority and Antyodaya households (called "eligible households") shall extend "up to 75% of the rural population and up to 50% of the urban population". The PDS issue prices would be Rs 3/2/1 per kg for rice/wheat/millets, 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 thirty 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.

The implications of the Agreement would thus have to be examined in the light of the food demand and supply situation.

OBJECTIVES:

The objectives of study are to discuss the

1. Financial Challenges
2. Operational Challenges
3. Food Security act
4. The National Food Security Act and implications
5. Implications and Implementation of the agriculture.
6. Implementation of new policies

FINANCIAL CHALLENGES:

The large-scale subsidized grain distribution to almost two-thirds of the country's population of 1.2 billion implies massive procurement of food grains and a very large distribution network entailing a huge financial burden on the already burdened fiscal

system. 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.

OPERATIONAL CHALLENGES:

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.

India has been quite successful in ensuring ample availability of food in the country, be it basic staples like rice and wheat or other food products like edible oils, pulses, fruits and vegetables, milk and milk products, eggs, meat and fish, etc.

According to National Family Health Survey (NFHS-3) conducted in 2005-06, 20 per cent of Indian children under five years old were wasted (acutely malnourished) and 48 per cent were stunted (chronically malnourished). The HUNGaMA (Hunger and Malnutrition) Survey conducted by Nandi Foundation³ conducted across 112 rural districts of India in 2011 showed that 42 percent of children under five are underweight and 59 percent are stunted. All these estimates point to the existence of food insecurity at the micro-level in terms of either lack of economic access to food or lack of absorption of food for a healthy life.

FOOD SECURITY:

The Indian National Food Security Act, 2013 (also Right to Food Act), was signed into law on September 12, 2013. This law aims to provide subsidized food grains to approximately two thirds of India's 1.2 billion people. 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 (4.8¢ US) per kg

Wheat at ₹2 (3.2¢ US) per kg,

Coarse grain 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 in December 2012, promulgated as a presidential ordinance on July 5, 2013, and enacted into law in August 2013. 'Food Security' as a concept has continuously evolved over the last few decades. Originally the focus was on the *supply side* of the food equation concentrating on adequate '*availability*' of food at the national and international level.

IMPLICATIONS OF AGRICULTURE:

Implications of the Agreement would differ from country to country and would depend largely on the overall agricultural scenario in the country. Indian agriculture is characterised by a preponderant majority of small and marginal farmers holding less than two hectares of land, less than 35.7% of the land, is under any assured irrigation system and for the large majority of farmers, the gains from the application of the science & technology in agriculture are yet to be realised. Farmers, therefore, require support in terms of development of infrastructure as well as extension of improved technologies and provisions of requisite inputs at reasonable cost. India's share of world's agricultural trade is of the order of 1%. There is no doubt that during the last 30 years, Indian agriculture has grown at a reasonable pace, but with stagnant and declining net cropped area it is indeed going to be a formidable task to maintain the growth in agricultural production. The implications of the Agreement would thus have to be examined in the light of the food demand and supply situation. The size of the country, the level of overall development, balance of payments position, realistic future outlook for agricultural development, structure of land holdings etc. are the other relevant factors that would have a bearing on India's trade policy in agriculture. Implications of the Agreement on Agriculture for India should thus be gauged from the impact it will have on the following:

1. Whether the Agreement has opened up markets and facilitated exports of our products.
2. Whether we would be able to continue with our domestic policy aimed at improving infrastructure and provision of inputs at subsidised prices for achieving increased agricultural production, domestic subsidy or domestic support.
3. investment subsidies which are generally available to agriculture in developing countries agricultural input services generally available to low income and resource poor producers in developing countries, Market access, export subsidy.

IMPLEMENTATION OF NEW POLICIES:

The fourth phase concerns the actual implementation of alternative policies. It is one thing to outline the parameters of new policies in principle; it is quite another to actually implement them in practice. Moreover, policies are not implemented in isolation, and actual implementation needs to involve relevant stakeholders, and might lead to some adjustments in the proposed solutions.

MINIMIZING IMPLEMENTATION COSTS OF TARGETED POLICIES

Implementation costs, or policy-related transaction costs, for targeted policies arise from information needs, identification of program recipients, monitoring of the programs progress and simply from the bureaucracy involved in handling claims and projects. Such costs may be high and rather visible and for that reason targeting may be difficult to achieve. But implementation costs are only one element among different costs and benefits, all of which should be included when a move towards more targeted policy instruments is being considered. While policy related transaction costs cannot be avoided, there are ways to minimize them, as suggested in OECD (2007c). Stability in policy is also important, so that with the experience gained over time programs are cheaper to manage.

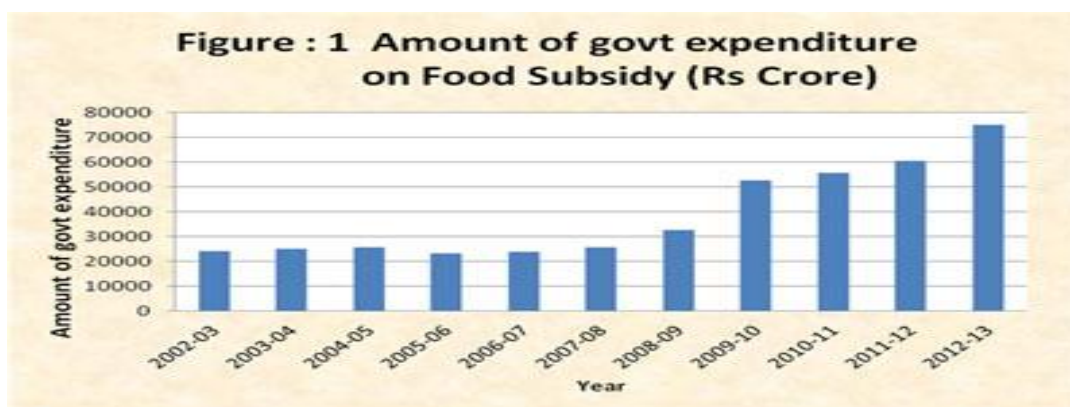
HOW TO IMPLEMENT NEW POLICIES?

The benefits of agricultural support programmes tend to be highly concentrated in specific groups, while the costs are spread widely across society. This reality of the political economy suggests that there is little countervailing lobbying pressure for reform (OECD 2004a). Distributional concerns can inhibit reform, as there will inevitably be some losers from the policy change. Adjustment measures must be carefully designed. They should be time bound with a clear exit strategy, they should be decoupled from production and from factors of production, they should aim at reintegrating displaced workers if such displacement is expected, they should harness, and as far as possible be compatible with, general adjustment and safety net measures available generally in the economy and should be transparent and accountable.

CHALLENGES OF PDS:

One of the support systems for food security which India has been using since the world war is Public Distribution System. PDS provides rationed amounts of basic food items (rice, wheat, sugar, edible oils) and other non-food products (kerosene, coal, standard cloth) at below market prices to consumers through a network of fair price shops

disseminated over the country. With a network of more than 4.99 lakh fair price shops (FPS) distributing commodities worth more than Rs 30,000 crore annually to about 160 million families, the PDS in India is perhaps the largest distribution network of its kind in the world.



FISCAL IMPLICATIONS: 2013-14 TO 2015-16:

The National Food Security Bill (NFSB) was passed by both houses of Parliament, and was given a nod by the President on September 12, 2013, and has now become an Act. The legislation is a landmark, and perhaps the largest food security program in the world. The Act is indeed an important effort to ensure that the majority of population in India has access to adequate quantity of food at affordable prices. It proposes to cover 75 percent of the rural population, and 50 percent of the urban population with an entitlement of 5 kg per person per month of food grains at issue prices of Rs. 2 and 3 per kg for wheat and rice respectively. The poorest households will receive an additional 10 kilograms of food grains per household to protect their existing allocations. The statewide inclusion ratios are determined by the Planning Commission based on a national-level cut-off for per capita consumption to cover 75 percent and 67 percent of rural and urban populations respectively. This article establishes that fiscal implications of the Food Security Act (FSA) are likely to be significant. The food subsidy cost of implementing the FSA is estimated at Rs. 124,502 crores for the fiscal year 2013-14. The cost is estimated to increase to Rs. 140,192 and Rs. 157,701 crores in 2014-15 and 2015-16 respectively. The “incremental” food subsidy over and above the existing Targeted Public Distribution System (TPDS), which is the additional cost to the budget, is estimated at Rs. 23,951 crores. This is equivalent to 0.2 percent of GDP.

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IMPLEMENTING THE FOOD SECURITY ACT:

Ensuring food security and eliminating mass malnutrition is perhaps India's biggest and most serious development problem and challenge for policy makers. Food is the first among many basic human needs, and it is for this reason that "the human right to food is recognised in several instruments under international law (UN 1999)." Specifically, Article 11 of the International Covenant on Economic, Social and Cultural Rights recognises "the fundamental right to freedom from hunger and malnutrition (ibid.)." In the last decade, a strong movement emerged in India – led by left political parties, academics and non-governmental organizations --- for establishing a universal right to food. It was this pressure that culminated in the drafting of the National Food Security Bill 2011, which was eventually passed by Parliament in September this year, becoming the National Food Security Act, 2013. The Food Security Act is a first step in ensuring the universal right to food. While I have reservations about the Act, and specifically about targeting and the exclusion of a substantial section of the population from the right to food, I shall focus first on the pressing issue of implementation of the Act. In implementing the Food Security Act, there are some important lessons we can learn from the Brazilian experience.

The Food Security Bill (FSB) passed by Lok Sabha provides for 5 Kg per person per month of cereals – rice, wheat and coarse grains at RS 3.00, RS, 2.00 and RS 1.00 per kg respectively- to priority households and 35 kg per month to Antyodaya households. The persons covered may be as many as 75 percent of rural and 50 percent of urban population. A number of questions arise concerning

1. Need, Coverage, Beneficiaries, Effectiveness, impact on, Hunger, Malnutrition.
2. Food grains production, cost and financial implications.

Also, one wonders if this is the best way to reach the objectives. What was the need for the Food Security Bill (FSB)? Since we have the Targeted Public Distribution System (TPDS), which provides food grains, sugar and oil at highly subsidized prices to the poor what is the need for the FSB? The main problem with the TPDS is that it does not effectively reach the poor. The effectiveness of PDS in reaching the poor consumers was first examined by me (Parikh, 1993) based on household level NSS data for the year 1986-87 Even though the National Food Security Act (NFSA) has been passed by the parliament and notified by the government, concerns about the benefits of the NFSA continue to linger. It has neither satisfied the activists who had fought a long struggle to get this act passed nor has it

satisfied the sceptics who see this as mere populism and a waste of public money. Nonetheless, the fact that the bill was adopted unanimously by both houses of parliament with support from most political parties does imply that the NFSA even with its limitations is seen as an effective tool in India's fight against malnutrition and food insecurity. For the sceptics, much of the debate that preceded the enactment of the NFSA revolved around the issue of cost of the NFSA and its impact on the economy. These ranged from a conservative estimate of Rs 1 Lakh crore to as high as Rs 3 lakh crore per year. However, most of these estimates are either exaggerated and include many other costs not related to the NFSA or are pure and simple fictitious numbers. The actual cost of the NFSA is expected to remain within the proposed limit of Rs 125000 crores as given in the financial memorandum of the bill.

FINANCIAL IMPLICATIONS:

For more than three decades now, the Indian economy has grown at an impressive rate of almost 6.5 percent per annum (and has been second only to China in this respect over the comparable period), drawing much attention, if not adulation, at large. However, in spite of the country's admirable economic growth (as measured by GDP), it also continues to suffer from a whole range of serious deprivations with respect to basic needs, in particular, and among the worst of such deprivations, happens to the fact of widespread food insecurity. In fact the situation is so grim that India has often been described as the capital of 'extreme hunger and severe malnutrition' in the contemporary world. It is in this context that the above cited passage is a sombre reminder to the corridors of policy establishments not only in India but several countries in the world. The recent enactment of the Food Security Act, by India's government is certainly a step forward to mitigate the above noted deprivation. The National Food Security Act, 2013 (henceforth NFSA) promises to provide foodgrains (cereals only) to 67 percent of citizens (75 percent in rural areas and 50 percent in urban areas) at a price Rs. 3, 2 and 1 for a kilo of rice, wheat and millets, respectively. Further, the said Act provisioned that the quantum of cereals should be 5 kgs. per month per person who belong to the 'priority household', and 35 kgs. of foodgrains to households belonging to Antyodaya Anna Yojana.

CONCLUSION:

In countries population the majority of people are contended to agriculture though our needs for food are not exceeding green revolution. On basis of present situation a permanent definition should be taken it should be a part from politics, by keeping politics aside and extracting the number of poor people by all this things it is not a big matter to

being food security to them, by preventing the river water mixing in seas & constructing reservoirs it is a good omen to security bill. This article examined the performance, challenges, and policies in food security in terms of availability, access, and absorption or nutrition. It may be noted that all three are inter-related. For example, availability and access to food can increase nutrition among the households. Food availability is a necessary condition for food security. India is more or less self sufficient in cereals but deficit in pulses and oil seeds. Due to changes in consumption patterns, demand for fruits, vegetables, dairy, meat, poultry, and 39 fishery products has been increasing. There is a need to increase crop diversification and improve allied activities. It may be noted that the slowdown in agriculture growth could be attributed to structural factors on the supply side, such as public investment, credit, technology, land and water management, etc.,

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