

**ASPA – 75TH ANNUAL FOUNDERS FELLOWSHIP ESSAY****THE CHALLENGE OF POLICY FORMULATION AND SERVICE DELIVERY IN THE  
21ST CENTURY****NATIONAL FOOD SECURITY ACT OF INDIA, 2013: IMPACT & IMPLICATIONS****By****Ms. Anbu Arumugam,  
Assistant Professor, Department of Public Administration,  
Annamalai University, Chennai, India****Executive Summary:**

The Global Hunger Index (GHI) in its latest report has estimated 842 million people who go hungry in 2011-2013. This figure is slightly lesser than the 2010-2012 estimates of 870 million people but India holds a quarter of them i.e. 210 million of hungry citizens. The three indicators used are: the proportion of people who are undernourished, the proportion of children under five who are underweight, and the mortality (death) rate of children younger than age five. The report has been brought out by the International Food Policy Research Institute (IFPRI), and two international charities Welthungerhilfe and Concern Worldwide. A recent survey of consumer expenditure said that nutritional intake measured in terms of calories declined from 2,153 kilocalories (Kcal) per person per day in 1993-94 to 2,020 in 2009-10 in rural areas and from 2,071 to 1,946 Kcal in urban areas. These shocking results are according to a report of the 66th round of survey done by the National Sample Survey Organization (NSSO). India continues in the "Alarming" category of countries classified by severity of hunger along with Ethiopia, Sudan, Congo, Chad, Niger, and other African countries. World Vision's recent assessment report "The Killer Gap: A Global Index of Health Inequality for Children" assessed 176 countries around the world according to the size of gap between those who have access to healthcare. The four indicators used for the study were – life expectancy, out-of-pocket expenses for using healthcare, adolescent fertility care and coverage of health services for population. India ranks 135th of the 176 countries assessed. In India more than 47,000 children die before they reach the age of five every day. The food security act is not a new phenomenon rather it is a legal entitlement of already existing food policies targeting different groups of the population and enabling food as a fundamental human right. Progress has been made in terms of the Food Security Bill and revamping of Integrated Child Development Services (ICDS) scheme, but the urgency to do more in terms of policy formulation and implementation is more at present. This paper is a preliminary analysis of India's domestic concerns with regard to food security and also the international (global) commitments with regard to World Trade Organization (WTO) which are in direct conflict due to the NFSA.

**NFSA 2013 – National Food Security Act 2013:**

Government of India has notified the landmark food security legislation, giving a legal right on highly subsidized food grains to 67 per cent of the country's population. The food law will provide food and nutritional security in human life cycle approach, by ensuring access to adequate quantity of quality food at affordable prices to people to live a life with dignity, it

added. The Centre has convened a meeting of state food ministers and secretaries to discuss the rules and regulations for implementing the world's biggest programme to fight hunger.

The new law guarantees 5 kg of rice, wheat and coarse cereals per month per person at Rs 3, Rs 2 and Re 1, respectively. It also guarantees the right to receive food security allowance in case of non-supply of the entitled quantities of food grains and nutritional support to pregnant, lactating mothers and children to prevent malnutrition. At Rs 1, 30,000 crore government support, the food security programme will be the largest in the world. It will require 62 million tonnes of food grains annually. Women of 18 years of age or above will be considered as head of household for purpose of issue of ration cards. Delhi, Haryana and Uttarakhand have announced implementation of the provisions of the law. Beneficiaries will be determined based on population estimates. State governments will prepare guidelines to identify priority households.

Most in the Indian media and some thinkers have portrayed the NFSA 2013 as a huge burden on the exchequer. Leading dailies have attacked the policy severely for the strain it is supposed to impose on the economy. For instance, *Business Line* (March 21, 2013) published an article titled "Food Security Bill will torpedo Budget". Another national daily claims that the Bill has a "fundamental flaw" that places "an unbearable burden" and "distorts agriculture" (*Indian Express*, March 19, 2013). In fact, the NFSA does little more than turning into legal entitlements pre-existing food security schemes such as the Integrated Child Development Services (ICDS) Scheme, Mid-Day Meal (MDM) Scheme, Public Distribution System (PDS) and maternity entitlements. The commitment under the NFSA some feel will lead to problems with the government gaining monopoly in the grain market etc. Under the PDS, ICDS and MDM, the government currently allocates about 58 million tonnes of grain. To meet this commitment, the government currently procures about 30 per cent of grain. The NFSA commits 62 million tonnes, i.e., an additional 4 million tonnes. The Budget of 2013-14 allocates Rs. 31,000 crore for two children's food schemes — school meals and the ICDS which reaches children under six. The Budget allocation for the food subsidy in 2013-14 is Rs 90,000 crore. According to our estimates, the food subsidy will increase from Rs 80,000 crore (in 2012-13) to Rs 1,11,221 crore, under the NFSA. Thus, the NFSA implies an increase of just over Rs 30,000 crores in financial terms and 4 million tonnes in real (grain) terms. According to the revenue foregone statement presented along with the Budget 2013-14, the revenue foregone from the gold and diamond industry for the previous financial year was Rs. 65,000 crore for the sector which employs around 1.8 million people. An industry that employs less than one per cent of the Indian workforce is currently enjoying tax benefits amounting to Rs 65,000 crore (nearly 20 per cent of all revenue foregone). The Food Bill will benefit 67 per cent of the population at an additional cost of Rs 30,000 crore, yet it is said that it will "torpedo" the Budget.

### **NFSA & WTO Negotiations:**

Knowing that India's defiance of the WTO rules on food stocking can derail the outcome of the forthcoming WTO Ministerial to be held at Bali in the first week of December, the visiting WTO Chief Roberto Azevedo asked India to consider 'Peace Clause' as an option to protect subsidies under the proposed National Food Security Act. *"Food Security is a squarable circle. The line between price support and food security is very flimsy and not easily drawn. It is going to be a complex task,"* he said in New Delhi on Oct 7. Now it is the next sentence that is more worrisome: "What we have agreed in Geneva is we are going to be working on a Peace Clause ...

which allows negotiators to find a more permanent solution for the long term. He was addressing the Confederation of Indian Industry (CII). The *Indian Express* (Oct 8, 2013) says: *Negotiations for a deal at the Bali meet are struck over the tenure of an interim resolution on the demand by G-33 developing countries on food security. While the G-33 is demanding the tenure of the peace clause to be 10 years, developed countries such as US are ready to accept only a 2-3 year period.* The Peace Clause provided exemption for those countries that used export subsidies for agriculture beyond the permissible limit. These countries could not be challenged before the dispute panel during the 'Peace Clause' period. It expired in 2003. The compromise that India is therefore willing to exercise to ensure that the Bali negotiations proceeds ahead without any hiccup will now bring millions of hungry on the chopping block. It also threatens the livelihood security of millions of small farmers who receive an assured minimum support price for their crop produce. Already, as per WTO calculations, growers in India are getting 24 per cent more minimum support price for paddy crop since the base period of 1986-88. As per the *de-minimis* criteria, Article 6.4 (b) of the Agreement on Agriculture provides for total support not to exceed 10 per cent of the total value of production for most developing members (except for China, where it is 8.5 per cent as part of its accession commitments). There was a proposal to increase this to 15 per cent (In Rev 1 of the draft modalities as mentioned in TN/AG/W/4/Rev.1) but somehow this got removed in the next revision of the draft modalities. Indian negotiators are saying that an increase in *de-minimis* criteria from 10 to 15 per cent could be the possible solution. But India is under tremendous pressure from US/EU to either do away with the commitments of ensuring food security to 67 per cent of the population or agree to a Peace Clause that allows the issue to be deferred by another 2-3 years. Meanwhile, agricultural subsidies in the developed countries have risen from \$ 350 billion in 1996 to \$ 406 billion in 2011. Nobody is talking of reducing these monumental agricultural subsidies in the Western world. In fact, developed country farm subsidies are not even listed to be a topic of discussion in the negotiations at the Bali Ministerial.

### **Solutions:**

- 1.) The WTO negotiations would do better to change the reference year from 1986-88 to somewhere closer, especially after 2007 when the world witnessed a global food crisis that resulted in food riots in 37 countries. Considering that between 1986-88 and 2013, the price of rice and wheat have increased by more than 300 per cent, and prices of inputs like fertilizers has risen by 480 per cent in the same period (World Bank commodity price data).
- 2.) Food wastage should be studied with purpose and ways of reducing or eliminating food wastage should be implemented with a time frame. Some methods are source reduction, feed the hungry in shelters etc., feed animals, and recycle waste oils into energy, composting and land filling.
- 3.) Agriculture sector needs more focused impetus; it employs the most number of people and is also the most unorganized sector in India. India's economy cannot= be shifted from agriculture to industry or service based economy. Hence, a focused group such as National Advisory Council (NAC) should be set-up at the National, State, Local and Panchayat Level for proper administration in the short-term and long-term. This group should comprise of local community and civil servants to ensure optimum usage of resources for long-term prospects.

4.) Grain banks similar to ration shops must be setup in every community comprising of a few villages or block level and the local panchayat and civil servants must work together to ensure self-sufficiency of the community.

5.) Warehousing and storage level maintenance and wastage are a matter of huge concern in India. Centralization and decentralization of storage facilities and management should be balanced according to the regional disparities and need; or storage facilities should be improved according to existing standards for long-term protection.

6.) A separate service called Indian Agricultural Service should be created because agriculture is as much a science though it is a livelihood. This will enable to attract a new set of young budding agri-graduates into administrative stream and infuse better management of the agriculture sector in the long-term.

### **Conclusion:**

After all, it is India's responsibility to feed its hungry population as well as the ensure livelihood security for its 600 million farmers. Even if Bali Ministerial fails, India cannot compromise the fate of 2/3rd of its population. The hungry in India cannot be traded at the altar of development.

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