
**FOOD SECURITY ACT: AN EFFORT TO WIPE OUT HUNGER AND
MALNUTRITION OF INDIA**

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On the historical day of 10th September 2013, Parliament received the assent of President on National Food Security Act, 2013. The said Act is an effort by legislature to fill the stomach of the people of India by ensuring access to adequate quantity of quality food at affordable price. To live a “life with dignity” as provided under Article 21 of the Constitution.

The Act categorised the population in to an Anantoday Anna Yojna (AAY) group, a priority group and excluded category. The extended priority group is defined under section 10 of the Act.

Since in India, there is already a Targeted Public Distribution System (TPDS) earmarked by Govt. of India which provides food grains, sugar and oil at highly subsidies price to poor, the question arises as to the need for such a bill (FSB). The main problem with existing TPDS that is does not effectively reach the poor, the main target of this distribution. The main reasons are-

1. PDS has a large exclusion error and does not reach most of poor who deserve it.
2. It provides only a part of food grains consumption of poor households.
3. The money value of income transfer through PDS grain is also modest.
4. More than 40% of PDS grains don't reach the consumer.

Since a large part of the poor are excluded, the FSB aims at effectively reaching all the poor.

One way to deal with this exclusion error is to go for universal right to food under which everyone is title to get subsidies food grains from PDS as proposed by National Advisory Committee. The FSB aims to cover up to 75% of rural households and 50% of urban ones. If there is an assurance the no poor person is excluded though many non-poor may be included, it may be right level of coverage of people to benefit. For proper implementation of Act it is essential that there should be effective measures to identify the poor who is actually entitled under this act. The solution to this problem may be if all those who pay income tax, those

who own motorized vehicle & all those living in organised sector, including Govt., with monthly income more than 15000 are excluded, the inclusion error could be reduced.

In India, there are approximately 35 million PAN card holders and 100 million registered motor vehicles. Since in rich houses there more have one PAN card the & motor vehicles and also belong to commercial establishment, it is difficult to calculate as to how many householders are disqualified on these grounds. A rough estimate is around 30-40 million house mentioned above. For the target can be achieved through self-selection if householders themselves required to purchase ration with an Aadhar Card as may relatively well-off don't even claimed even the ration. In such case the inclusions errors would be less than present PDS, where many poor were excluded and the undeserving which constituted 40% of all BPL card holders in 2005.

But in FSB the approach is to identify the rich and exclude them. For this purpose census on the basis of caste & socio-economic conditions in rural & urban India respectively has been carried out in 2011. The criteria of the census is such that 30% people in rural & 50% people in urban area are excluded own the ground of being owner of motor vehicles, ownership of certain amount of land, occupying homes of certain sizes etc. On the basis of this criteria it is sure that problem of identifying the deserving people for Antyodaya Households remain pending and some households may be disqualified being given the benefit, unless and effective way is found. In 2011, some 24.5 million household were granted the benefit of Yojna.

For the complete success of this Yojna it is immensely necessary that food grain production should be increased and Govt. should be able to cater to needs of poor to fill their stomach. In this, FCI can effectively procure food grains at MSP from all over the country. Farmers would have incentive to produce food grains. Since at present FCI largely operates only in few selected states, farmers in other States often get price lower than MSP. Those who were not covered earlier would now get a higher price and would have the incentive to produce more.

But if FCI is not able to preserve the more food grains due to fact that it operation are not expanded to cover the whole country. The farmers grow the crops for their consumption only, would stop growing and would like to use food grains from PDS because it will be profitable

for them & they will grow something else instead of food grains. Chhattisgarh is an example of it. In this way the total food grains production can collapse & Govt. may be forced to import the food grains, which may push up world price & increase our cost. So, until the FCI expand its coverage the task of Govt. under the bill may be very risky.

But even when FCI expand its coverage to the whole country, the task is daunting. It is unlikely that FCI can gear up to this task in less than 2 years, if at all. The risk of breakdown of FCI operations severe local hardship & unrest should not be underestimating. The lower price of the distributed food grains would certainly increase the consumption. But the task is to preserve the food grains and also to pay better prices to farmer otherwise it will like USSR where bread prices were not changed for 15 years, and the farmers were compelled to feed bread to animals. So it is necessary that for the purpose of wiping out the hunger of people of India through FSB, there should be proper and effective food procurement agency. Now its procurement operations are effectively carried out in few states and districts only. Thus market price in rural areas of many states is less than MSP. So those persons who are not covered by existing TPDS would have larger benefit. The impact on reduction of rural poverty & by implication hunger will depend on the additional coverage & is difficult to access but it likely to be small.

Even if additional income is spent on nutritious food, malnutrition would not be wiped out. An extremely important factor in malnutrition in India is diseased environment to which children are exposed. It is estimated that within a square kilometre, some 200 person ease openly. Until it is control, the increasing food consumption could have only marginal impact on malnutrition even among richer class. Right to latrine may be more important than FSP for reducing malnutrition.

On the other hands if farmers decide not to produce food for self-consumption because they will get food at throw away prices under FSB, production will may seriously affected. Since FSB is only providing supporting income, a direct cash transfer would be a better way in such a case. As it would be helpful in eliminating all the distortions in food production and market that FSB would involve in. Those who support food grains distribution in kind argue that it would increase consumption. As shown by Himanshu & Sen (2013) that food in kind has a higher impact on consumption of cereals than cash transferred? However, cash transfer can be twice as large as income support provided by PDS with the same outlay by the Govt. as

the cost of operating cash transfer would be much smaller. With this the impact on cereal consumption would be similar to in kind, as per the provision by PDS. For this Smart Cards and coupon's which were issued by Economic Survey in 2009-10. A person can go to any shop and buy a designated food items at market price paying part of cost through Smart Cards or food coupons. The trader can exchange the coupon for money from any Bank. These coupons would eliminate the diversion of PDS grains by traders. In fact, it will eliminate the PDS itself. But however, it will involve the problem of printing and distribution of coupons to the poor for this poor are to be identified.

This will eliminate the problem of procuring and distributing more than 50 million tonnes of food grains every year. Of course with cash transfer the problem of traders charging higher market price in remote areas can be real one. In such selected areas, co-operative societies may be encouraged to run fair price shop which stick to price announced by the Govt. weekly. There is an international experience of Mexico where 22000 co-operative stores in remote areas are selling food and other necessary at lower prices and is also providing the competition to private traders in thin market of such remote areas.

The question arise is should entitlement be linked to purchase of food grains or should one do cash transfer? Linking transfer to purchase to food grains increases the transaction cost for consumer which will encourage self-selection and better off consumer will stay away. A problem of linking and entitlement to Aadhar Card is that the entitle women or person may be unable to go to a shop due to sickness or some emergency. But this can be solved by permitting two members of a household to avail such entitlement.

An unlinked cash transfer will enable the family to spend money as it wishes say on milk, or sending the child in a better school. Moreover, transfer should be made in the name of women to empower her. But it is only when it is through Aadhar Card and she can only use that transfer in her family.

Since cash transfer linked to Aadhar Card can significantly reduce if not eliminate diversion the total outlay even with near universal coverage can be much smaller than present outlay. Thus Rs.100000 crore can provide Rs. 5000 per year to each of 200 million households.

If recourses required for implementing FSB have to be found it would be great if the Govt. can find these by eliminating many others subsidies, such as given on diesel and LPG. If this

step is not taken FSB will only add inflation, increase poverty and hunger and neutralising any benefit that may accrue to poor from FSB. The purpose of FSB will be futile.

Above all FSB is a good start towards elimination of hunger of people. But my mind it all depends on the honesty of the PDS to run in a smooth way.

References

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