

## FOOD SECURITY

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The first aspect of food security is the domestic availability of food grains. No country would ever be willing to depend on other countries for their requirement of food grains or agricultural commodities, unless it does not have any other option. Since Independence, India has travelled a long way towards the food security, from an importer of food grains, which has now achieved 'self-sufficiency' in food grains, through the increased domestic production.

**Buffer Stock of Food Grains**

India is one among the few countries in the world having government-held stock of food grains, for the following reasons:

- (1) Buffer for meeting natural calamities;
- (2) Price stabilization in case of crop failures;
- (3) Providing food grains under public distribution system.

The government has buffer stock norms for different months in a year. At present, the maximum stock of the food grains of wheat and rice are to be held by the government, as buffer stock is 27 million tonnes to meet the aforesaid objectives.

Food Corporation of India (FCI) has the prime responsibility of procuring the food grains and the procurement is done at minimum support price (MSP) and stored in its warehouses at different locations and from there it is supplied to the state governments in terms of requirement. FCI also sells in the open market to stabilize, if their prices turn volatile especially in periods of crop failures.

Certain issues which are around buffer stock operations are briefed as follows:

First, the government is currently holding many multiples more than that required under the norms of around over 50–60 million tonnes, even when higher stocks have been held in the past. Why does the government hold higher stocks than required? It is because of the MSP of food grains and also the procurement price; and at that price government is mandatorily required to procure whatever arrives to FCI. If there is a bumper crop, FCI will have to procure the entire stock. Even if the market price of the food grain is



higher, farmers prefer to sell to FCI because it procures in bulk. This leads in a buildup of stocks.

Second, FCI does not have enough storage capacity to hold the high levels of food grain stocks. At present, the entire capacity of FCI is around 60 million tonnes, while actual available storage, will not be more than 50 million tonnes. Even this storage is not appropriate. There is a tremendous wastage of around ₹ 50,000 crore annually by both on account improper and on inadequate storage facilities.

The other aspect under food security is around the public distribution system (PDS). Food grains are distributed to the state governments at an 'issue price' for their distribution to the poor through the PDS at prices, much below their economic cost (MSP with transportation and storage cost). As a result, the government has to bear the differential cost between the economic cost and the price charged in the PDS, as 'food subsidy' of over ₹ 75,000 crore.

PDS was a general entitlement for all the consumers or citizens, where a fixed amount of food grains, sugar and edible oil were distributed through the dedicated government-owned shops or outlets at a rate or price lower than the prevailing market rate. In a bid, to ensure focus of PDS towards the poor or for the economically backward families and in an attempt to stop pilferage and diversion of food grains to the open market, a 'Revamped Public Distribution System (RPDS)' was launched in June 1992 in 1775 blocks (mostly backward and remote areas) throughout the country.

Subsequently, the Targeted Public Distribution System (TPDS) was introduced effective from June 1997, which envisaged subsidized distribution of food grains to poor families (classified in India as below poverty line (BPL), above poverty line (APL) and poorest of the poor families identified as Antyodaya Anna Yojana (AAY). TPDS was amended with an intention to benefit around 6 crore (60 million) poor families for whom a quantity of about 7.2 million tonnes of food grains was earmarked annually.

The identification of the poor under the scheme is performed by the states as per poverty estimates of Planning Commission of India. In 2000, in view of the consensus on increasing the allocation of food grains to BPL families, and also to better target the program, the Indian government has increased the allocation to BPL families from 10 to 20 kg of food grains per family per month at 50 per cent of the economic cost and allocation to the APL families.

The number of BPL families has been increased by shifting the base to the population projections of the Registrar General as on 1 March 2000 instead of the earlier population projections of 1995. This has increased the total number of BPL families who are at present eligible for subsidized food grains. The allocation of food grains for the BPL families was further increased from 20 to 25 kg per family per month with effective from July 2001. Initially, the AAY families were provided 25 kg of food grains per family per month at the time of launching of the scheme in December 2000. The scale of issue of food grains under APL, BPL and AAY has been revised to 35 kg per family per month with effective as on 1 April 2002 with a view to enhance the food security at the household level.

Under the TPDS, all ration card holders have been segregated into APL and BPL families. The BPL families acquire food grains, sugar and kerosene at one-half of the price than that to the APL families.

Further, the ceiling price of rice in the year 2000, was fixed at ₹ 3 per kg.

Senior citizens are entitled to Pension Scheme.

## Issues in Targeted Public Distribution System

The main flaw in the food grains under TPDS is its lack of comprehensiveness.

The criteria for inclusion or under reported that persons having families are 'actual' are in the APL category. The grains from TPDS are not distributed to them.

Further, the BPL families are excluded as they are not eligible to be included. In the existing system, the liability of the government is only for those for whom it is responsible.

Clearly, it is not possible to identify those for whom it is responsible over ₹ 1.75 crore a year.

The other is the lack of market. Government is not able to supply food grains being the warehouses of food grains.

The TPDS in its present form cannot reach out to the poor in a country like India. Can this be known?

## National Food Security Act

Distinctly, inclusion is tried to address by the government. That of 'exclusion', of the 'National Food Security Act'.



Further, the central government has another scheme known as AAY launched during the year 2000, under which the bottom most 2.5 crore below poverty families get 35 kg of rice at ₹3 per kg and wheat at ₹2 per kg through the same fair price shops.

Senior citizens of 65 years of age and above if not covered under National Old Age Pension Scheme acquires 10 kg of food grains at free of cost.

### Issues in Targeted Public Distribution System (TPDS)—Reasons

The main flaw in the system that a large chunk of those who are eligible for subsidized food grains under BPL category have been left out leading to critically question comprehensiveness of TPDS.

The criteria for inclusion in the BPL list are solely economical which is often understated or under reported because lack of availability of national income data. There are allegations that persons having political patronage have found a place in the BPL list. Not all BPL families are 'actually' BPL, but are included. A large number of the very poor families are in the APL category and are thus denied their right for acquiring the subsidized food grains from TPDS.

Further, the BPL families graduating in terms of income criteria should technically be excluded as beneficiaries under BPL, however, they continue to do so. There is thus incentive to be classified as a BPL family; as a result no family would like this tag to go. In the existing system, there is 'no exit but entry' only, thus becoming an ever increasing liability of the government, in terms of increase subsidy bill and the benefits 'not exactly' those for whom it is intended.

Clearly, it is not the schemes but the delivery channel which has failed us. Starting from the identification of beneficiaries, bogus cards (in terms of a recent government survey over ₹1.75 crore are bogus cards). There is no attempt to review the ration cards which are issued.

The other is the large-scale black marketing, hoardings and their diversion to open market. Government resources, say that as much as 20 per cent of the food grains meant to be supplied under TPDS, find their own way in the open market. Even the quality of food grains being supplied under TPDS is of suspect, given the conditions of storage in the warehouses of FCI.

The TPDS in its current form is not only inefficient, but more importantly, it does not reach out to the poor people, besides wastage and diversion is rampant. It is ironical that a country like India has more than enough required buffer stock, excessive subsidization by the government, yet there is hunger and about 270 million poor people in the country. Can this be known as 'food security' in India?

### National Food Security Bill

Distinctly, inclusion of the people as been a major issue in TPDS and the government has tried to address by attempting a revamp of the TPDS, by moving away from 'inclusion' to that of 'exclusion', or including a larger percent of both rural and urban population as part of the 'National Food Security' bill.



This bill proposes to cover 75 per cent of the rural and 50 per cent of the urban population. It seeks to provide 5 kg of rice at ₹3, wheat at ₹2 and coarse cereals at ₹1 per month to each in the population covered. State government will be free to decide the criteria for coverage of population. The current scheme of Antodaya covers the poorest of the poor and would be continued.

This will demand food grain requirement of around 60 million tonnes and entail an annual subsidy of around ₹1.3 lakh crore or ₹1 billion annually.

### What can be the Issues around the Food Security Bill?

Food security should be envisioned around a 'basic nutrition basket of goods' aimed at getting rid of malnutrition and ensuring 'nutrition security' of its population. Mere inclusion of coarse cereals will not allow building nutrition security for its population. Various international reports have clearly mentioned that addressing, both hunger and malnutrition, should be accorded as the top most priority in India.

Both in terms of 'hunger' and 'malnutrition', India ranks poorly. In terms of a study by the International Food Policy Research Institute, India is ranked 67 out of 84 countries in the Global Hunger Index.

Implementing such a scheme at a massive level, without addressing the inefficiencies in the delivery system, relative ability of the state governments, can well defeat the very purpose of the scheme, of reaching out to the poor.

Procurement of food grains of such magnitude would require not only augmenting but also scaling-up storage capacity and improving the facilities in storing them. India may well need to import food grains which would impact global food prices and also impacting their prices in India.

It is not about the magnitude of the subsidy bill and their provision made in the present budget. It is the continuous and the increasing liability of any government in perpetuity. How long can it be sustained in the future? Will such a scheme not provide complacency to its population, of shying away from work with the 'assured food available' without working to earn to buy the food?

### What Needs to be Done as a Part of Food Security?

Initially, there is a need to have a mechanism to identify the beneficiaries or the poor people. BPL cards are of conclusive proof of them being beneficiaries, but 'not a conclusive proof of being below poverty line'. This is the biggest challenge in addressing food security in India.

The government has set up the Unique Identification Authority of India, the first of its kind in the world with the ambitious objective of allotting biometric twelve digit unique ID number to each and every person in the country under 'Aadhaar project'. However, the talks about the project will provide only a unique 'identity' to the people but not enable ascertaining 'income or consumption expenditure' of the people, which is required for identification of beneficiaries.

The best method, of targeted beneficiaries, to be excluded from the category may be decided by other state. But through a process...

As mentioned, grains to the poor should be not...

The entire distribution mechanism through the government's 'Aadhaar scheme'...

Storage capacity, immediate steps for streamlining the delivery chain...

Any subsidy, what efforts are being provided by the government of say ₹15 per...

The poor people, the government should be credited. All poor people for...

Finally, at a poor person...

The central government, India has to work on their relative ability to consume. Food chain so that 'assured' is ensured.

Government should take those incapable of the government...

Food security has been addressing inefficiencies at improving living...



The best way, which the government is proposing, is by following the 'exclusion method', of excluding certain categories as beneficiaries, rather than identifying the targeted beneficiaries. However, even this will require broad consensus on the categories to be excluded and cannot be left to the state governments for uniformity purposes. One category may be excluded by one state but the same category may be included by some other state. Broad parameters of exclusion should be spelt out by the central government through a process of consensus and leave the fine tuning to the respective state governments.

As mentioned earlier, food security should be seen as 'nutrition security' providing food grains to the people with 'mal nutrition' is a bigger damage. Objective of the government should be not only to 'feed' but also have a 'fit' population.

The entire TPDS operations of procurement, storage, movement and its ultimate distribution to the poor should be computerized with a technology leveraged tracking mechanism throughout the country. Even though it is a difficult task, it can be created by the government with the help of creating a data base of the entire population, through the 'Aadhaar scheme'. It is also feasible to have an efficient food management system.

Storage capacity has to be increased at least by about 15-20 million tonnes in the immediate short run. There is a need to adopt the public private sector partnership (PPP) for streamlining storage, storage facilities transportation and establishing an efficient delivery chain.

Any subsidy mechanism is always inefficient as there is bound to be leakages, no matter what efforts are made, to plug them. The only better way to reach out to the poor people is providing direct income support, to the extent subsidy is to be given. For example, if the government desires to give to the poor people rice at ₹3 per kg as against a market price of say ₹15 per kg in the market.

The poor people can be provided an income support of ₹12 per kg. This is possible if the government has both their identity and access to their account where the amount can be credited. Alternatively, smart cards with embedded monetary values can be given to the poor people for purchasing food grains at market prices.

Finally, at a more fundamental level, food security should be, as well said, 'Never give a poor person a fish to eat but rather teach him how to fish'.

The central problem in India is creating employment opportunities for the people. India has to work around it, as larger part of sustainable food security for the people, of their relative ability to earn a livelihood with which, they can purchase what they wish to consume. Focusing on improved agricultural productivity, work around the supply chain so that 'availability of the minimum nutrition basket at reasonable prices is always ensured'.

Government should provide subsidized food basket, to those physically handicapped, those incapable of entering employment stream, senior citizens and other such classes as the government may deem fit, 'but as matter of exception rather than a rule'.

Food security has to be seen in broader context covering hunger, malnutrition, absolute poverty, addressing inefficiencies in the delivery channel, stream lining identification of beneficiaries, all aimed at improving living conditions of the people and getting rid of absolute poverty from the country.