Food Security: Issues and Policy Options
A Discussion in Light of India’s National Food Security Act
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Abstract
From its initial drafting to its eventual passage in the Indian Parliament and beyond, the National Food Security Bill has been extensively debated with a lot of animation by activists, economists, politicians and even corporate leaders. This article presents a brief summary of the debate in the backdrop of a discussion of the general issues related to food security and India’s past record of food grain management. Since the Bill has now been turned into an Act, it is suggested that the focus of attention should now shift to its implementation mechanism and suitable measures to mitigate the apprehended undesirable consequences of the proposed nationwide food security programme.

Key words: Food Security, Right to Food, Public Distribution System

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Introduction

Concisely food security may be defined as freedom from hunger and malnutrition. Food and Agriculture Organisation (FAO) of the United Nations describes food security as a state where “all people at all times have both physical and economic access to the basic food they need” (FAO, 1983: 33). Elaborating further the World Bank (1986) states that food security means “access by all people at all times to enough food for an active, healthy life; its essential elements are availability of food and the ability to acquire it” (World Bank, 1986: 1). The Bank also draws a distinction between chronic and transitory food insecurity. Chronic food insecurity refers to a state of “continuous inadequate diet caused by the inability to acquire food. It affects households that persistently lack the ability to either buy food or produce their own.” Chronic food insecurity is thus akin to abject poverty. Transitory food insecurity is defined as “temporary decline in the household’s access to enough food. It results from instability in food price, food production and household income – and in its worst form, it produces famine” (World Bank, 1986: 1). Transitorily food insecure people are therefore not necessarily very poor but vulnerable to market shocks and supply instabilities.

Thanks to the persistent follow-up of the international community, over the years ‘right to food has come to be increasingly and extensively accepted as a basic human right. Way back in 1948, it was stated in the article 25(1) of the Universal Declaration of Human Rights “everyone has the right to a standard of living adequate for health and well-being of himself and his family, including food”. Food and nutrition rights were subsequently reaffirmed in the article 11 of International Covenant on Economic, Social and Cultural Rights (1976), ”The States Parties to the present Covenant recognize the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing, and housing . . . ." Further, it was insisted that it is "the fundamental right of everyone to be free from hunger . . . ." (ICESCR, 1976: 4). FAO has been facilitating implementation of this right at country level. However, instead of enforcing a uniform standard of food security for all countries, the FAO has left interpretation and implementation of the ‘right to food’ to the countries concerned in their respective economic, social and cultural context. “States, as appropriate and in consultation with relevant stakeholders and pursuant to their national laws, should consider adopting a national human-rights based strategy for the progressive realization of the right to adequate food in the context of national food security as part of an overarching national development strategy, including poverty reduction strategies, where they exist” (FAO, 2005: 11). In India, measures such as the Public Distribution System (PDS), the Food for Work Programme, Antyodaya Anna Yojana,¹ Mid-Day Meal scheme for school-children, etc. have been in operation for some time to provide food security to the vulnerable sections of the society. The National Food Security Bill passed by the Indian Parliament in August 2013 now seeks to combine all such measures and expand them to a comprehensive package and to enshrine ‘right to food’ for all residents of the country as a legal entitlement.

The present paper is an attempt to summarise the various contentious issues that have surfaced in the public space in India in connection with the National Food Security Bill. However to contextualise the summary, some space is first devoted to a discussion of general issues related to food security and India’s past experience in dealing with these issues.

The Twofold Task in Ensuring Food Security

Food security is thus concerned with both production and distribution of food. The twofold task therefore consists of (a) securing sufficient production and/or supply and (b) ensuring everyone’s adequate access to that supply.

Ensuring Enough Supply

To achieve sustainable global food security, first there must be enough current and future

¹A programme for supply of food grains to the very poor households at a nominal price.
food production to meet the world population’s need for adequate nutrition. Despite prevalence of widespread hunger in several parts of the world, until recently adequacy of total global food production was not a major concern. Indeed, developed countries are known to pay their farmers to curtail or limit agricultural production to prevent price of markets from crashing. Shortage in the developing countries was thought to be a problem of inadequate capacity to produce locally and/or import from food surplus countries. However, the global food inflation of 2007 and again of 2010 came as wake-up calls and jolted the world community from complacency. Moreover, impending climate change concerns have also brought back some unease about sufficiency and stability of global food production. Apart from raising average global temperature, climate change is likely to manifest in more frequent occurrence of extreme weather-related phenomena. Such possibilities have aroused considerable uncertainty about growth, stability and geographical distribution of world food production in the future.

Renewed concern about sufficiency of global food production has also revived interest in research on technology of food production. The next major technological breakthrough is likely to come in the form of genetically modified food crops. As of now, there is considerable public apprehension on issues related to safety of such crops, the form of business that may control distribution of seed/plants of such crops etc. Hence, even after the breakthrough will arrive, its acceptance, implementation and spread may take some time.

Given that there is adequate global production, it may not be essential for every country to be self-sufficient in food grain production in order to be food-secure. So long as a country has the capacity to import food in a regular and sustained manner, it can be food-secure without being self-sufficient in food production. Indeed many countries of the Middle East perhaps cannot aspire to be self-sufficient in food production. However, because they are rich otherwise, importing enough food in a regular basis is not a problem for them. However, dependence on other countries for food can be a strategic disadvantage, especially in time of international conflicts. Hence, many rich countries like Japan and South Korea are seen maintaining high cost agricultures so that at least partial self-sufficiency in food production is maintained.

Despite large percentage of population being engaged in agriculture, India used to be chronically deficient in food grain production until the advent of the Green Revolution in the late 1960s. Shortage of hard currency did not allow India to procure food from the international market during that period. The country had to depend on concessional import from USA under P.L. 480, which required to be paid in the importing country’s domestic currency, but to which political strings were often attached. During India-Pakistan conflict of 1965, the USA supported Pakistan and P.L. 480 supplies to India were stopped. This was accompanied by two successive years of drought, and independent India experienced its worst food crisis in 1965 and 1966. However, the technological breakthrough that arrived in the following years in the form of High Yielding Variety (HYV) seeds changed the situation dramatically. Adoption of the new technology, facilitated by public policy of input subsidisation, extension service and price support, ushered in the Green Revolution. Thanks to the Green Revolution, India was able to achieve sustained increase in domestic food production over the next two decades or so, thereby securing for itself self-sufficiency in production of cereals ever since, except for a few occasional years of bad monsoon in between.

During the 1990s, a slowdown in India’s agricultural growth had set in resulting from factors such as the adverse environmental consequences of the Green Revolution in the Punjab-Haryana-Western UP belt, rise in cost of cultivation, falling rate of returns, deficiency in public investment in agricultural infrastructure etc.

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1 P.L. 480 (Public Law 480) is a US Food Aid Programme also known as the Food for Peace Program.
The slowdown and stagnancy in agriculture has become a serious concern for the economy in general and food security of the country in particular. In the 10th and the 11th Five Year Plans (2002-2012), there were programmes for reviving public investment in agriculture and rural economy. Moreover, several programmes to extend the Green Revolution to new crops such as pulses and new areas such as the Eastern India have also been pursued. In the short and medium term, these initiatives have the potential of taking the country through some distance. Average yield of important crops like rice in India being only a half of what has been realised in China, there is a scope for stepping up food production by extending further the use of existing technological expertise. However, sustaining growth of food production in particular and that of the agriculture sector in general will ultimately hinge upon yield increasing technological breakthrough, especially as net area available for cultivation is likely to shrink in the future due to growing demand for land for non-agricultural use.

Ensuring Access

In order to ensure that all sections gain access to the national food stock requires that food is made available at affordable prices. Therefore, ensuring enough production requires ensuring remunerative prices for the farmers. To resolve the conflict subsidisation has to be resorted to, that is, food is to be distributed at prices lower than the prices at which grains are procured from producers. However, the size and administration of the food subsidy has been a matter of significant and sensitive public policy debate in India.

In India, Commission of Agricultural Cost and Prices (CACP) set support and procurement prices of grains. The Food Corporation of India (FCI) procures, stores and distributes food grains through Public Distribution System (PDS), comprised of network of ‘fair price shops’ and also through sale to the open market. The original idea was to procure in good harvest years so that farmers are protected from a crash of prices following bumper harvests and a buffer stock is raised to see the country through bad agricultural years. The buffer stock is meant for augmenting supplies in the bad harvest years so that the consumers are protected from acute food scarcity and high open market price of food in such years. However, thanks to the post-Green Revolution economic and political influence of the big farmers in Northwestern India, procurement has become regular with routinely hiked procurement prices every year. Therefore, what was originally designed as a sensible public policy for food grain management in the country turned into a handle for extracting benefits for the privileged class of big farmers. As a result, several undesirable trends surfaced in India’s food management system.

Regular siphoning off supply from the market through public procurement means that open market prices of food grains remain high, which adversely affect all those who are rightly or wrongly left out from the state run PDS. Besides, the dual price system of food grains induces leakage from the PDS supplies and encourages speculative hoarding of the same to be resold to procurement agencies next year at the upwardly revised procurement prices – a phenomenon described as the ‘revolving door effect’ by Basu (2011).

From the macroeconomic point of view, the above-described development meant that the size of food subsidy rose steadily through the years. In the aftermath of the balance-of-payment crisis of 1990, which most experts linked to fiscal profligacy of the government in the preceding decade, regaining fiscal stability and curbing of subsidies assumed priority in structural adjustment programme of the Indian economy initiated in 1991. With a view to reign in the food subsidy, issue prices of PDS grains

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1 Curiously however institutional reform required to ensure more efficient use of agricultural land have not received due attention from the policy makers.
2 Minimum support price is the minimum price at which the government guarantees to procure produce. It is announced well before the harvest. Procurement price is the price at which the government actually buys food grain for PDS and for maintaining the buffer stock. Generally minimum support price is less than procurement price.
were gradually raised in the 1990s. However, as the gap between PDS price and the open market price started narrowing, buying food from ‘fair price shops’, which involves a number of inconveniences, became unattractive even for ration cardholders and PDS off take began to decline. Consequently, food grain stocks piled up in FCI go-downs while a significant section of population remained mal-nourished and hungry.

Policy response to this mismatch was to design the targeted PDS, under which households to be covered under PDS were classified into BPL (below poverty line) and APL (above poverty line) categories. It was decided to supply food grains to BPL ration cardholders at a much lower price than the APL cardholders. This resulted in better off take from fair price shops by BPL families. However, off take of APL households continued to remain low.

Two main shortcomings from which India’s PDS has been found to suffer are the large margin of error in selection of target beneficiaries and the substantial extent of leakage of grain from the distribution chain. Estimates based on National Sample Survey 61st Round data found exclusion errors (wrongly leaving out deserving beneficiaries) and inclusion error (erroneously including undeserving households as beneficiaries) to the extent of 50 per cent and 31 per cent respectively among BPL cardholders in 2004-05. Around the same time, one study estimated overall leakage of 44 per cent of food grains meant for distribution at subsidised prices through fair price shops (Khera, 2011a). The rate of leakage however was found to vary across states. In Tamil Nadu and Andhra Pradesh where PDS coverage has been nearly universal, the leakage was also limited to 10 to 20 per cent only. However, in states like Assam, West Bengal and Uttar Pradesh, the leakages were found to be as high as 80 to 90 per cent. More recent studies have indicated a drop in the overall leakage rate by about 10 percentage points, owing primarily to the improvement in PDS administration in some more states like Chhattisgarh and Himachal Pradesh (Khera, 2011b). Concomitantly there has been a rise in the rate of accessing of food grains from PDS by households in both rural and urban areas. Nonetheless, PDS inefficiencies and leakages are still beyond acceptable limits.

**The National Food Security Act 2013**

The National Food Security Bill, introduced in Indian Parliament in 2011 and finally passed in August 2013 by both houses after prolonged debate within and outside the parliament, has since become an Act in September 2013.

The main plank of the Act is the resolve to cover 75 per cent of rural population and 50 per cent of urban population under a programme of highly subsidised supply of food grains through the PDS. The percentage of population to be covered will actually vary from state to state according to the percentage of BPL population in the states. That is, the population coverage will be higher in states where the percentage of BPL population is higher. Each household in the beneficiary groups will be entitled for 5 kg of food grains per person per month at the nominal price of ₹3/2/1 per kg of rice, wheat and/or coarse cereal respectively (the price is subject to review after three years of operation of the programme). Very poor household entitled for receiving subsidised food grains up to 35 kg per month under the existing Antyodaya Anna Yojana will continue to enjoy the same entitlement, even if their entitlement at the standard rate of 5 kg per capita per month should be less. What is significant is the Act makes these entitlements of subsidised food grain a legal right. Hence, failure to provide the quota of ration will make the government liable for payment of cash compensation called ‘food allowance’.

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1The contribution of PDS purchases to total consumption in 2009-10 shows a considerable rise compared to 2004-05 for both rice and wheat. The PDS share in rice consumption increased from 13 per cent in rural areas and 11 per cent in urban areas in 2004-5 to 23.5 per cent in the rural sector and about 18 per cent in the urban sector in 2009-10. For wheat, the respective percentages improved from 7 per cent and 3.8 per cent to 14.6 per cent and 9 per cent (Government of India, 2013).
Further, the Act provides for additional nutritional support to vulnerable sections like mothers and children. Pregnant women and lactating mothers will be entitled to a nutritious ‘take home ration’ yielding 600 calories per day and a maternity benefit of at least ₹6,000 within six months. Children aged 6 months to 14 years of age are to receive free hot meals or ‘take home rations’ in lieu.

Some other notable features of the Act are the following:

(a) The eldest woman in the household, 18 years or above is the head of the household for the purpose of issue of the ration card; a measure supposed to ensure greater total availability and more equitable distribution of food within the household.

(b) There will be state and district level redress mechanisms for non-compliance of the provisions of the Act; and

(c) State Food Commissions will be formed for implementation and monitoring of the provisions of the Act.

While the central government will make available the food grain stock to be distributed from its procured stock, the state governments will be responsible for implementing the programme at the ground level. In particular, the state government will have to identify the households to be excluded. The Act does not spell out the exclusion criteria. However, the initial idea was that exclusion would be made on the basis of a multiple indicators based score of a household calculated from information gathered from the nationwide socio-economic census of households conducted in 2012.

Debates on the National Food Security Act (NFSA)

The National Food Security Act has been extensively debated — even outside the Parliament — in the media and in the academic platforms.

One group of critics contends that the Act does not go far enough. First, the Act is concerned with only provision of enough calories and does not guarantee fuller nutritional security. The supporters of the Act argues that fuller nutritional security will be indirectly served, as beneficiary households will be able to spend money saved from buying cereals from PDS instead of the open market on procuring other nutritional foodstuffs such as pulses, milk, eggs, etc. A programme for supplying a complete basket of food items through PDS for fuller nutritional security to all Indians perhaps will be too ambitious at the moment for the country even to think about. However, the issue deserves some attention in the light of the recent findings from National Sample Survey that in recent years average calorie consumption across all income categories has declined (Chand and Jumrani, 2013) and the percentage of people declaring themselves to be involuntarily starving has also come down sharply. The findings have been interpreted by some scholars as a reflection of reduced calorie requirement for an average Indian in view of changes in lifestyle, mode of transportation, nature of work and mechanisation of agriculture. To the extent, this interpretation is tenable; the focus of food policy in the country should shift from provision of enough cereals for meeting old estimates of calorie requirements to imparting a better balance in the food basket for promoting overall nutritional security.

The other criticism of this group is that to be truly meaningful the Act should have gone for universal coverage under PDS. There are two strong arguments for universal coverage. First, this will obviate the need to identify beneficiaries, and hence will avoid exclusion and inclusion errors from which India’s PDS is widely reported to suffer in the past. Second, it has been found that leakage from PDS is the least in states of Tamil Nadu and Andhra Pradesh where the coverage has been universal or near universal. The intuitive logic for this is that when a programme is meant not just for the voiceless poor but covers other groups who are empowered enough to voice against non-delivery, the system is under in-built pressure to deliver.

The detractors of the Act have several arguments about its fallouts and implementation.
There is a widespread concern that the enhanced food subsidy will aggravate the already delicate fiscal situation of the country. Though there are contesting calculations of the impact of the Act on fiscal deficit (Bhalla, 2013; Sinha, 2013), there is no denying that there is going to be some adverse impact on the fiscal situation. It is worthwhile to note that a large fiscal deficit can aggravate inflation and current account deficit leading to depreciation of both internal and external value of the Indian rupee. Moreover, high fiscal deficit worsens public debt position, which can prompt international agencies to downgrade India’s credit rating, which in turn can affect India’s attractiveness as a destination of investment. It is however to be noted that fiscal deficit situation is not dependent on the size of the food subsidy alone but more generally on overall governmental revenue-expenditure process, and managing of the deficit calls for wider subsidy, expenditure and tax reforms.

Another concern with the NFSA is that it might adversely affect food grain production in the country. Some recent studies have shown that in general the rates of returns on food grain production in India in recent years have been extremely low and even negative in many cases (Narayanmooty, 2013). Yet a large number of small and marginal farmers continue to cultivate their land to ensure a measure of food security for themselves. With food grains being available virtually free, they may be inclined to discontinue their un-remunerative crop cultivation and deploy their land and labour for alternative, more remunerative activities. While this may seem to bring higher wellbeing for them at the micro level, for the country as a whole this may mean a fall in total production, which in turn may jeopardise implementation of the Act itself.

Nevertheless, the strongest criticism of the Act arises from the lack of faith in the ability of the beleaguered PDS of the country to deliver an expanded nationwide programme of distribution of food grains. Though the Act talks about reforming PDS by involving community-based organisations, NGOs and self-help groups, it is not convincing that such reforms will greatly improve its efficiency of the system. The delivery mechanism of the national food security programme is an area of major concern. It deserves attention of policymakers, administrators, media and academics.

Perhaps the delivery mechanism of the national food security programme can be made more efficient by replacing the monolithic FCI by decentralised and regionalised procurement and distribution systems. Scholars suggest that these systems taken together are expected to be less expensive and more effective (Sinha, 2013).

In another study, Bhagwati and Panaghariya (2013) advocate direct cash transfer of the food subsidy to beneficiary households, leaving the households to buy food by themselves from the open market. Concomitantly they recommend that the FCI, notorious for inefficiency and corruption, be disbanded or at least scaled down substantially, while PDS must be limited to areas not served by markets and procurements be confined to maintaining the buffer stock needed for price and supply stabilisation operations over the cycles of good and bad agricultural years. Critics of cash transfer however argue that the scheme may lead to diversion of the cash received to non-food expenditures, and that the transfer may even be frittered away in drinking and gambling. To this, they point out

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1Fiscal deficit is the excess of total government expenditure over its non-debt receipts during a period. Thus, it is the part of government expenditure that is financed by fresh net borrowing.

2Current account deficit is the excess of a country’s payment for imports of goods and services and remittance of income and transfers outward over its receipts from export of goods and services and income and transfer remittances received from abroad.

3About 30.4 per cent of total cereal consumption and 10.6 per cent of total pulse consumption in rural India in 2009-10 came from home-grown stock (Government of India, 2013).

4As per National Sample Survey, results the share of home produce in total consumption of households fell from 30 per cent to 25 per cent for rice and from 40 per cent to 37 per cent for wheat between 2004-05 and 2009-10.
that such diversion can take place otherwise too, as subsidised food grains can easily be sold in the open market to pocket the price difference in cash.

While on paper the cash transfer may seem to be efficient and effective, as of now there are some practical problems in its nationwide implementation. To receive cash transfers each household will be required to have a bank account and easy access to banking services. A large number of Indian households yet do not have a bank account.\(^1\)\(^2\) Universal financial inclusion of households and penetration of banking services through expansion of conventional and unconventional modes of reaching out will have to take place before cash transfer of food subsidy and similar other benefits can be seriously brought into practice in a nationwide scale.

In the longer run, moving over to direct transfer of benefits will perhaps be the better option. Meanwhile, as programme cannot be done without the PDS, it will be a good idea to try to reform the delivery mechanism of the PDS system. In doing so, the country can learn from the experience of those states where the system has worked better than in most other states. As Dreze and Sen (2013: 212) summarise the debate, “the really important issue, however, is not ‘cash versus kind’— it is to put in place an effective system of income support and economic security, whether it is based on cash transfers or the PDS (or a combination of the two). Leaving poor people to their own devices is neither socially just nor smart public policy.”

Conclusion

Now that the National Food Security Bill has been passed by both the houses of the Indian Parliament and the Bill has since become an Act, the focus of the debates should shift from its intents and contents to its implementation mechanism and the measures to mitigate the apprehended undesirable consequences from it. Successful implementation of this ambitious food security program will weave a meaningful safety net for a vast majority of Indians who eke out their living in the unorganised sector \(^3\) virtually devoid of any social security system to fall back upon.

About the Author

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\(^1\)As per 2001 Census of India, only 35.5 per cent household in India had any form of bank accounts counting in even the post office saving bank accounts. The percentage was as low as 30 in rural areas. Assam was one of the least financially included states, with only 20 per cent of households having bank accounts – the percentage was as low as 15 in rural areas. (Bhavani and Bhanumurthy, 2012: 79-80).

\(^2\) As per 2011 census, about 58.7 per cent households, comprising of 54.4 per cent rural households and 67.8 per cent urban households, had reported availing banking facilities.

\(^3\)The unorganised sector, comprised of most of agriculture, the rural non-farm sector and the urban informal sector, is characterised by easy entry, cut throat competition, low wages, low productivity, financial exclusion and virtual absence of social security provisions such as sick leave, provident fund and pensions. It employs about 90 per cent of India’s work force but contributes less than 30 per cent of India’s GDP.


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