

“Critical analysis of national food security act with context of global economy”

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I. Introduction

Neither in the history of human survival nor anywhere in this universe has any thought taken very tangible figure in the form of law. To deal with the starvation of lower class of Indians the National Food Security Bill which came through the ordinance is an implosives economic factor. The Food Security Bill cannot be passed just through the discussion in parliament; it is passed through the ordinance. It has also been destined by the politician as a trick.

The purpose of National Food Security Act was to give nutritional and food protection to the people. Through Food Security Bill people got right to obtain better quantity of food in very less price than compared to earlier years. The bill mostly focuses on the suppressed class of people which is the backward class people, women and children. After this bill has been passed if the government failed in supplying the food people will get Food Security Allowance.

India as a nation has made huge blunder on financial and monetary aspect from nearly 67 years after the India became as an independent nation, but passage of Food Security Bill must be the major till now. If the common people ignore the depressing fact of National Food Security Act it is a remarkable move of Indian government because for the first time it has taken step towards ensuring the dietary of Indian people. UPA government got huge success as the bill was passed in the Rajya Sabha though a voice note. After various amendments Food Security Bill was passed by the Lok Sabha on 26th August 2013. The main purpose of this act was to provide each and every person 5 kg of food materials per month and 35 kg per house to antodaya households or eligible households.

II. Food Security Bill 2013

It is an act to give protection regarding dietary and food to every common people by providing them good quantity and quality of food at much lesser price than the previous years so that people can live their life with comfort and without any tension of shortage of food. It covers almost two third of the Indian population.¹

In this act, the context otherwise requires:

- “Anganwadi” which is an improvement centre for the children’s growth and development which is set up under Integrated Child Development Services Scheme of the government².
- “Central pool” which basically is the collection of food materials which is:-
 - i. Controlled by the governing body by supporting minimum price system policy or by lessen the price of the basic food grains.
 - ii. By introducing “Public Distribution System” and various other schemes for the welfare of the society and the common people.
- “Eligible household” means the household which will be covered or comes under the election criteria for getting the profit from Food Security Act 2013. Antyodaya Anna Yojna is referred in Section 3(1) “Fair price shops which means only that shop can distribute commodities which has been given license from the government and which comes under Section 3 of Indian Commodities Act, 1955 which is only for the person who hold ration card
- Food security allowance means that if the government fails to give the promised quantity of food grains then that individual is entitled to get Food Security Allowance which comes under Section 8.
- “Minimum Support Price” which means that guaranteed price said by the governing body at which all the materials of food are being created.
- “Other Welfare Schemes” was also introduced by the Indian government for the welfare of the society.
- “Ration Card” means that the card which is being issued by the government to all the required person for the buying important food grains at very less price as compared to the earlier years.

¹ <http://online.wsj.com/public/resources/documents/CACPRreport.pdf>

² www.thehindu.com/multimedia/.../National_Food_Secu_1404268a.pdf

III. Entitlements of Food Security Act

- **Entitlements:**

1. Public Distribution System (PDS) :

It entitle that every individual should get 5 kg of commodities every month and Antyodaya household or eligible household to 35 kg per house per month. The combined ratio of Antyodaya and Priority household jointly covers 75% of village level population and 50% of town level population. The price of different food grain can be checked or revised after every 3 years.

2. Children Entitlements:

Children's coming between age group 6 months to 6 years is provided free meals and care through the government organization named "ANGANWADI". For children aged between 6-14 years there is a scheme named "MID DAY MEAL" which provide them free education and free mid day meals all working days.

3. Entitlements of Pregnant Women:

Every pregnant women s entitled to get free meal during pregnancy and even after the 6 month of baby from Anganwadi and also maternity relief of Rs. 6000.

- **Identification Of Eligible Household:**

The governing body decides the criteria of eligible household; it is not decided by the bill. It differs from state to state and s is decided on the basis of census record.³

- **Food Commissions:**

State Food Commission has been formed though this bill only. The main duty of this commission is to look over the execution of the act and to give suggestion to the governing body at state level regarding the act.

- **Transparency And Grivance Redressal:**

This act provides two level systems to deal with grievance and that is District Grievance Redressal Officer (DGRO) and State Food Commission. These two offices is to deal with the problem of the people and to look after it.

- **Other Provisions:**

- i. PDS reforms:

It looks after the distribution of the commodities and it ensures the lucidity of the bill. It also includes or talks about the criteria on which the ration card will be distributed.

- ii. Obligation of government and local authorities:

The main obligation is to give the governing body adequate amount of food material and to ensure safety to them. Local governing bodies such as panchayats are there to look over the working of the bill or the enactment of the bill.⁴

- **Schedules:**

The Food security Bill deals with four schedules in which schedule I deals with creating cost for the PDS. Schedule II covers the quality of goods to be delivered to the student in mid day meal. Schedule III covers various lists related to advancement of security of food. And schedule IV deals with lowest food material allotment to each state.

IV. Impact Of National Food Security Act On International Trade And Business

The entire universe is working to encourage nutritional security among the people. To gain millennium development goals the year 2014 was very important year. This global topic of promoting nutritional security among the people cannot be discussed or promoted only on the basis of past experiences; it has to focus on future prospective also.⁵ Earlier there were about 1 billion people dying from starvation and hunger which has now been reduced to 842 million in the year 2013 which has been declared by FAO. South Asia and Africa South contains the most number of people dying from starvation which s about two third of the world's hungry people.

After the 2013 Food Security Bill was passed the concentration shifted at the global level where India have to persuade the negotiators especially U.S.A, at World Trade Organization meeting in Bali and have to

³ cac.gov.in/reports/rep_NFSB.pdf

⁴ www.tehelka.com/exclusive-summary-of-the-national-food-security-bill

⁵ ww.fao.org/worldfoodsituation/foodpricesindex/en/.

convince them that trade will not be affected due to this bill. India met WTO where India demanded amendment regarding Agreement on Agriculture (AOA). After this agreement limits India and other developing nations from exceeding “market distorting subsidies” which it provide to the farmer, not more than 10% of the total manufacture which is also known as de minimis support. About Rs.1.2 lakh is spent on “food subsidy” by India on annual basis. Due to lack of rain and poor monsoon the production of crops reduced from 259 million to 250 million. Due to heavy dependency on monsoon the international trade activities got affected and agricultural relations also got affected.

V. Sustainable Development Goals

Millenium Development Goals (MDG) has worked with the International community to work on the common issues and has common set of aim to achieve. Many political discourses has been influenced by it to set new development standards. MDG has already improved various factors such as improved quality of drinking water, providing subsidy and has highlighted its position at global level. But still MDG has not managed to eradicate poverty and hunger and to provide basic necessity which is food, healthcare and education to the children to the common people. Nowadays attention has been shifted towards the promotion of sustainable development goals (SDGs) which act as a model of future development and its foundation was structured by UN conference on Sustainable Development in Reo De Jenerio. Sustainable Development in agricultural productivity can be improved by an approach known as agricultural intensification. To increase the productivity of agricultural materials new inventions are required to made to develop sustainable development which will indirectly increase the agricultural productivity. Policy environment and large scale production will develop the agricultural productivity and will encourage th farmer to produce more and more.

VI. Economic Implication Of National Food Security Act

Around 22% of the India’s total population is malnourished despite the fact that India is highly developed in term of economic growth. The report given by the National Family Health Survey 2005-06 highlights that 40.4% student are underweight, 78.9% of the children between the age group 6-35 months are suffering from anemic and women aged between 15-49 have below normal body mass index. So the National Food Security Bill is till date considered as the best step taken by the government.

It is believed that f there will be better economic condition in the country or rather if economic growth of the country will be high then indirectly the health of the country will also increase. National Food Security Bill (NFSB) which is proposed by NAC have great impact on economic development of the country.

The economic implications of the National Food Security Bill, which has nowadays become law, are going to be vast. This theory points out that amount of money which will be required in starting or running any institution and the amount of money needed to come out from any political conflicts is equally important to the cost of food subsidy.

The food subsidy cost of implementing the National Food Security Act in total around Rs.124502 crore for the year 2013-14. This bill covers around 75% of the rural population and 50% of the urban population.

VII. India’s Tryst With Wto With Special Reference To Agricultural Subsidies

Agreement on Agriculture:

To create fare and market oriented agricultural trading system during extensive progressive decline in agricultural sustain and protection which results in correcting and imposing boundaries in world agricultural markets. Three areas of agriculture and trade policies are covered in the deal signed by WTO on agreement on agriculture:

i. Market Access:

Market Access consists or focus on providing opportunities to the people regarding agriculture and also about tariff reduction and tarrificaton. Tarrification means that all non tarrif barrier need to be converted into equitable tarrif and non tariff barrier consists of quotas, import and export license, and minimum import prices etc. In case of developed countries 36% over 6 years normal tarrif is to be reduced and in case of developing nations the average is 24% over 10 years

ii. Domestic Support:

The main purpose or objective of domestic support is to identify the technique or tools which will be profitable to the farmers. Aggregate measurement of support (AMS) is the mechanism during which all domestic support is quantified. The entire protection given in 1986-88 calculated by AMS was to be abridged by 20% in developed counties for the sake of domestic support policies. Reduction Commitments put emphasis on the entire level not on any individual supplies⁶. It basically means the quantity of subsidy granted to the nation

⁶ http://commerce.nic.in/wtojun2k_2.htm

related to agricultural products. For the developing countries there is a stipulation named as Special and Differential Treatment. This provision is to supply goods or subsidies at the minimum possible price.

iii. Export Subsidizing:

Reduction committee applies various kinds of subsidies on coming under agreement related to agriculture. From the year 1986 the developed nations were asked to decrease their export subsidy rate by 36% and volume by 21% in 6 years and for the developing nations it is 24% and 14% respectively.⁷

iv. Issues Affecting Indian Agriculture In Context Of Global Agriculture Subsidy In India

Subsidies are the main factor in terms of the development of agriculture. If subsidies were withdrawn then it is assumed that world agriculture would also be distorted. At the present international price India cannot import food grains as it is said that if a larger buyer like India would enter then the price would automatically be hiked up. Per capita consumption of India is far below the other countries; so there is an urgent necessity to improve it. In developed countries agricultural productivity does not contribute more than 10% in the GDP; so due to this less number of people are employed in the agricultural sector in the developed countries. In India subsidies are evaluated totally from financial angle. There is a view of New Economic Policy that many of the old subsidies are now neither financially suitable nor economically justifiable so they need to be discontinued. In India agriculture represents the culture of the nation; agriculture here is much more than the matter of national security.

The main reason behind the difference in perception or thinking regarding subsidy regime between the country like India and other developed nation is the lack of knowledge of importance of agriculture among the people. India's per capita food consumption is considered a lowest in the world so it is highly needed to increase the food consumption. Government fixes MSP which rate is higher than the normal market price. Due to such high rate food became expensive and out of the reach of common people. Another reason behind poor thinking of subsidy regime is ignorance of size of the subsidy regime. Despite India being one of the largest production of food still approx 26% of India's population is below poverty line that is around 260-300 million people are below poverty line and did not get proper consumption of food. So Public Distribution System (PDS) needs to distribute food among the people. Farmers are suppressed in the nation and they did not get the correct price for their good and due to this around 50,000 farmers had committed suicide. Another issue raised is that there is a misconception that there are many countries which can import food grains at very low price which means that the nation has to lower the subsidy price which indirectly affects the farmer and due to this only agricultural development also hampers.

v. Impact Of Subsidy Regime

There is lots of misconception among the people regarding agriculture and subsidy regime due to lack of information about it which later on results as conflict, debate among the people and lack of development in agricultural sector. And due to this only government is not able to solve various problems regarding subsidy regime. India being a victim of misconception, the government is not even able to understand the reason behind downfall of agricultural sector. Quantum of subsidy regime given to the Indian farmer by the government is comparatively very low as compared to the other developed nations. This issue is affecting the interest of agricultural sector which is directly affecting 600 million Indian people and which later on indirectly harm the national interest of Food Security Bill. In the other economy sector 7-8% growth rate has been recorded but in the agricultural sector from past 3 years very less growth rate has been recorded. Due to this negative growth rate in past years two third of the population which depends on agriculture have not been beneficiary⁸. While the other sectors have improved and their conditions became much better whereas in agricultural sector due to subsidy regime the condition has deteriorated. The main reason behind the declining condition of agricultural sector is less productivity and this is because the farmers of India consume less fertilizer as compared to the other nations⁹.

• Economic Analysis Of Wto Bali Round Decision:

Bali round decision took place on 7th December 2013¹⁰. The world trade organization Bali conference is the conference of different nations coming together on the same platform and primarily concerned on the issues of economy to boost and enhance the economies of smaller nations whose economy is weak and to make provisions for upgrading their economy.

⁷ <http://commerce.nic.in/writereaddata/publications/wto-may.pdf>

⁸ www.ictsd.org/bridges-news/.../indian-farm-subsidy-regime-secs-growth

⁹ www.merionews.com/article/yet...subsidy-regindian-farm-subsidy-regime-secs-growth

⁹ me/15897606.shtml

¹⁰ twinside.org.sg/title2/twe/2013/539/3.htm

➤ **Economic Analysis on Bali Round Decision:**

Bali round decision was considered as the first chief decision given by the members of WTO. It focused on removing discrimination related to trade for better trade facilities. Bali round decision forms a small component of much wider Doha Development Round agenda. The main agenda of Bali round decision was publication of a series of information related to introduce duties and measures, including where probable all the way through the internet; establishing inquiry points; superior notification of new measures; timely and priority management of fragile goods; definite appeals and evaluation procedures; freedom of transportation; border agency and civilization collaboration.¹¹In this conference agreement was made regarding the actions related to tariff rate quotas (TRQs). The method of working of TRQ was also modified in this conference. In Bali round decision it was declared that the developed nations have to provide “duty-free and data free” coverage mainly to the least developed countries (LDCs) to provide better market access to the LDCs. In Bali round decision WTO members were asked to make a serious effort to expand their method of origin applicable to import from LDCs according to the guidelines prescribed by the member of Bali round decision. And these guidelines must be transparent in nature.

Minimum support price based system with reference to ‘due restraint’ clause:

Minimum support system basically means the price at which the government purchases the crops from the farmers no matter what is the price of the crops. It is a government of India scheme announced for the first time in the year 1966. The main motive of introducing the minimum support system is to help and to protect the interest of the farmer. Suppose after massive harvest of a particular crop the price of crop goes down so at that point the government buys the crop at a minimum price and then price of that crop cannot go down beyond that so the intention of the government here is to protect farmer.

Impact on Indian economy on allowing 100%FDI:

Allowing 100%FDI in Indian agriculture is a great issue of concern and whether government should allow it or not or any type of investment is controversial. Indian economy has been growing over last two decades through a decent rate. However the agricultural sector is still a growing sector in India and with the policy of moving 100%FDI in agricultural sector the government is trying to boost up the investments in this sector. On the other hand farmers are disappointed and distressed with this move of the government and in want of another way to fix this problem. The main concern of the farmers are that they are not able to sold out the domestic product to the world market , the profit margin for the farmers is very less, total failure from the government to provide farmers with minimum support price system. With this allowance government is trying to interact the foreign investors with Indian market for the welfare of Indian farmers. Government wants to allow proper flow of income to the rural parts of the country in a manner to promote the weaker sections of the society residing in the villages and whose occupation is agriculture. It can safely be concluded from the above that allowing 100% FDI will not increase the GDP of the country but also improve the conditions of farmer and help in interacting Indian agriculture sector with the world economy. FDI in agriculture should be dealt precautionous because it has a direct impact on the large number of population¹².

Economic implications of National Food Security Act, 2013 and its international trade impacts:

After the introduction of Food Security Act, the annual price on consumption of food was very low as compared to the earlier years which itself reflects the success of National Food Security Act. Global food price indicators do not constantly reflect country-level realities. For illustration, in China and India, where a huge share of the world’s deprived and malnourished people live, food prices rose considerably in 2013, particularly for high-nutrient foods such as vegetables.¹³If government provides appropriate resources and ammend proper policies and laws then by 2025 starvation and malnutrition can be completely eradicated from India. India shows “income policy” approach rather than “price policy” approach which signifies equality among the people. Despite the fact that India is among the top ten wheat producing countries still India does not have a powerful presence in international trade market. There is a huge financial burden on India as it has to supply food gains to almost 1.2 billion people. For the enhancement of production, maintaining market infrastructure, observation of movement additional expenditure is needed to support the welfare schemes. In the recent years food subsidy has increased four times from Rs.17,494 crore in 2011-12 to Rs.72,823 crore in 2011-12 at current prices.

¹¹ http://www.kiep.go.kr/eng/publications/pub08_view.jsp?no=185921&sCate=010000

¹² www.ictsd.org/.../success-in-bali-sparks-questions-over-doha-wto-future

¹³ <http://www.ifpri.org/gfpr/2013/food-policy-201>

➤ **Impact Of 2013 Act On Exports And Measures By Which Supply Will Meet The Demand:**

Under Targeted Public Distribution System every person belonging to priority household and general household shall receive food grains promised by Government, for priority household it is 7 kg food grains per person per month and for general household it is 3 kg food grains per person per month. In all the distribution total cost appears is approx Rupees seventy nine thousand eight hundred crore.¹⁴ India has spent Rs. 1.2 lakh approximately on food subsidy. It was published that in the coming years India will start exporting food inflation to the poor countries like Bangladesh and Indonesia. As the income security of the small farmers is in danger India will have to preserve its right to subsidies.

“Price policies” aims at equity and is has subsidized food such as rice and wheat as well as agricultural inputs such as fertilizers so the poor people can easily afford it. But it does not fully succeeded in achieving equality as it led to high distortions in grain markets and led to huge price in handling food grains which have resulted in large efficiency losses. Various criticism also aroused on subsidies as subsidies are open to corruption and mismanagement.

Impacts are:

1. Increased power to BPL families: After implementation of Food Security Bill family below poverty line used to get food gains at very lower price as compared to the earlier years.
2. Better intake of nutrition: The Bill enables to save money as the food grains were at very less price, o that saved money was used in providing better health care.
3. Special relief to women and children: After the enactment of the Bill children use to get free meals from services like mid day meal and anganwadi and pregnant women also get health care facilities.

➤ **Comparison Between Livelihood Security And Food Security Legislation:**

Food security: It is a quality of the human being to make sufficient food on day to day basis. Lack of food grains is the primary reason behind starvation. Food security basically is when all the people have required amount of assets to produce food, economically sufficient to manufacture food. It has basically three components:

- a. Food availability: It means the physical appearance of the food. It is when there is required quantity of food grains produced with the domestic methods or food stocks consistently available.
- b. Food access: Access means having required amount of resources to produce required amount of food grains for a nutritious diet. It basically means human being having adequate amount of money with them for the consumption of nutritious food.
- c. Food utilization: Utilization means the actual amount of food consumed by human being. It means that an individual having proper knowledge about the storage of food facility, protection off women and children.

Livelihood Security: Livelihood basically means having required means of living, enhance its assets, provide livelihood opportunities to itself and as well as for the next generation. The main focus of livelihood security is on household matters such as if the individual have potential to educate children, providing nutritious food grains to the people. Two primary components are:

- a. Livelihood means consisting of required assets to live properly.
- b. Livelihood will then be said as sustainable when it can recove from shock and surprise. Livelihood securities are based on future prospects where as food security does not. For successful food security there is a need of livelihood security.

➤ **Economic implications of adopting a ‘rights based approach’ through the 2013 Act:**

Human right is the right given to every human being on the basis of Universal Declaration of Human Rights and it is associated with many of the treaties. Right to Food is that everybody has full right to grow crops. Right to Food makes sure that nobody interferes with right to use to food and to provide food to the poor people in time of need.

Right to food comes under Article 25 of Human Declaration of Human Right which depicts minimum standard of living.¹⁵ Right to food is said to be complete when every human being in a community have economic access at all time for adequate amount of nutritious food. Right to adequate foods is considered as very significant step towards making India a poverty free nation. Effective accountability of Right to Food is the major challenge to prevent from violation of Right to Food. Human rights basically protect human dignity and ensure human beings long term capacity to feed themselves. Security and fulfillment of human rights is the chief obligation of all states, they moreover bear the compulsion to ensure those human rights are upheld by those parties in use within and from their province of jurisdiction and efficient control.¹⁶

¹⁴ <http://online.wsj.com/public/resources/documents/CACPRReport.pdf>

¹⁵ <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC2696644/>

¹⁶ <http://www.fao.org/fsnforum/protracted-crises/rights-based-approaches-food-security-protracted-crises>

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