

A case for a revamped, need-based PDS

The recent Economic Survey has flagged the issue of the growing food subsidy bill in India. As per the government's own admission the food subsidy bill is increasingly becoming unmanageably large.

National Food Security Act:

- The National Food Security Act (NFSA) came into force in July 2013.
- It extended entitlements of food grains to almost two-thirds of the country's population.
- The law requires the authorities to provide to each beneficiary 5 kg of rice or wheat per month.

The withdrawal of food grains by States from the central pool under various schemes has increased over the years.

- During the last three years, the quantity of food grains annually drawn by States has hovered around 60 million tonnes to 66 million tonnes.
- However, by December 2020, the Centre set apart 94.35 million tonnes to the States under different schemes including the NFSA and additional

allocation, meant for distribution among the poor free of cost.

Concerns:

1. Rising food subsidy:

- Food subsidy has been on a perpetual growth trajectory.

- During 2016-17 to 2019-20, the subsidy amount, clubbed with loans taken by the Food Corporation of India (FCI) under the National Small Savings Fund (NSSF) towards food subsidy, was in the range of Rs. 1.65-lakh crore to Rs. 2.2-lakh crore. In future, the annual subsidy bill of the Centre is expected to be about Rs. 2.5-lakh crore.

- The COVID-19 pandemic has further expanded this with the revised estimate of the food subsidy pegged at about ₹23-lakh crore, excluding the extra-budgetary resource allocation of ₹84,636 crore.

2. Issue prices:

- Though the NFSA in 2013, envisaged a price revision after three years, the Central Issue

Price (CIP) has remained at Rs. 2 per kg for wheat and Rs. 3 per kg for rice for years now.

3. Political compulsions:

• It would be extremely difficult to reduce the economic cost of food management in view of rising commitment towards food security and the government's reluctance to not disturb the NFSA norms or increase the prices owing to political compulsions.

4. Financial viability:

• The insistence of keeping the retail prices of food grains at fair price shops at the present low levels, even after the passage of nearly 50 years and achieving substantial poverty reduction in the country goes against the financial sustainability of the system.

• As per the Rangarajan group's estimate in 2014, the share of people living below the poverty line (BPL) in the 2011 population was 29.5% (about 36 crore).

• The mere increase in the CIPs of rice and wheat without a corresponding rise in the issue prices by the State governments would only increase the

burden of States, which are already reeling under financial stress.

Way forward:

- PDS is a useful tool to counter the challenge of extreme poverty and hunger and hence the dismantling of it is not a solution.

- Also, given the fact that the PDS system helps support the farmers through government procurement of their produce, it might not be advisable to replace the in-kind provision of food subsidy of the PDS system with Direct Benefit Transfer (DBT).

- The Centre should have a relook at the overall food subsidy system.

1. Revising NFSA coverage:

- The centre should revisit NFSA norms and coverage. The government could look at decreasing the quantum of coverage under the law, from the present 67% to around 40%.

- For all ration cardholders drawing food grains, a "give-up" option, as done in the case of cooking gas cylinders, can be made available.

- Though the States have been allowed to frame criteria for the identification of PHH cardholders, the Centre can play a critical role in nudging the states into pruning the number of beneficiaries under the NFSA system.

2. Relook at the pricing mechanism:

- With respect to the pricing mechanism, the existing arrangement of flat rates should be replaced with a slab system. Leaving the poor and needy sections, other beneficiaries can be made to pay a little more for a higher quantum of food grains.

Conclusion:

- A revamped, need-based PDS is required not just for cutting down the subsidy bill but also for reducing the scope for leakages. There should be a political will to take the necessary steps.

Lessons from India's food security response

-India has achieved self-sufficiency in food production.

- Record harvests over the last few years.
- In 2020, India produced over 30 crore tonnes of cereals and had built up a food stock of 10 crore tonnes.
- India has also achieved record exports of rice and wheat in FY21.

-Issues

- Large degree of variability between the different regions as well as sections of the population when it comes to nutritional security
- The COVID-19 pandemic seems to have only exacerbated this nutritional insecurity.

-Impact of the COVID-19 pandemic:

- Disruptive impact on the food security of the poor and marginalized sections.
- Escalation in global hunger in 2020.
- "The State of Food Security and Nutrition in the World" estimates that around a tenth of the global population - up to 81.1 crore persons - were undernourished in 2020.

-Governmental efforts:

- India's Targeted Public Distribution System (TPDS)
 - distribution of subsidized and free food grains
- Increased the entitlements given to National Food Safety Act (NFSA) beneficiaries in 2020 under the Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY)
- Under the Atmanirbhar Bharat package, 8 crore migrants were provided 5 kg of foodgrains per month, free of cost.
- One Nation One Ration Card (ONORC) scheme will allow the beneficiaries to access their food entitlements from anywhere in the country.

-Recommendations:

1. Supporting the vulnerable:

• Food support intervention should focus on at-risk groups, including PwDs, the elderly, single women-led households, transgender persons, HIV-affected persons, displaced persons, refugees and orphan children.

2. Climate proofing agricultural sector:

- Eg : Use of efficient irrigation systems, and the promotion of crops as per the agro-climate zones.

3. Tackling food losses and wastage:

- A third of all food produced is wasted.
- It also accounts for around 3.5 gigatonnes of the CO₂ equivalent annual greenhouse gas emissions.

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* Reimagining food systems with lessons from India

- Global Hunger:

- Global food systems are in a state of crisis in many countries.
- Severely affected poor and the vulnerable.
- It is projected that the pandemic would double the global hunger figure.
- The State of Food Security and Nutrition in the World report estimates that around a tenth of the global population was undernourished in 2020.

- UN Food Systems Summit (UNFSS) 2021:

- To find solutions and to transform the way the world produces, consumes, and thinks about food and help address rising hunger.

- The food system transformation is essential in achieving (SDGs) 2030.
- 11 out of 17 SDGs are directly related to the food system.
- Five identified action tracks namely:
 - Ensure access to safe and nutritious food for all
 - Shift to sustainable consumption patterns
 - Boost nature-positive production
 - Advance equitable livelihoods
 - Build resilience to vulnerabilities, shocks, and stress.

- Concerns:

- Climate change and unsustainable use of land and water resources

- Dietary diversity, nutrition, and related health outcomes are other areas of concern as focus on rice and wheat has created nutritional challenges of its own.
- Despite being a net exporter and food surplus country, India has a 50% higher prevalence of undernutrition compared to the world average.
- Food wastage in India exceeds ₹1-lakh crore.

– Lessons from India:

- India's greatest contributions to equity in food is its NFSA 2013.
 - Includes (TPDS), (MDM), and the (ICDS).
- India's food safety nets collectively reach over a billion people.
- Fortify rice supplied through PDS with iron.

- Agri research institutes are about to release varieties of many crops having much higher nutrition .
- The proportion of the undernourished population declined

2004-06	21.6%
2018-20	15.4%

- Conclusion

- The Nobel Peace Prize 2020 conferred on the UN WFP highlighted the importance of addressing hunger to prevent conflicts and create stability.