

# The National Food Security Act and Impact on International Trade

<sup>1</sup>Suraj Singh and Ankit Kumar<sup>2</sup>

<sup>1</sup>Post Graduate Student, Department of Law, Law College, Dehradun, Uttarakhand, India

<sup>2</sup>Research Scholar, Department of Law, Law College, Dehradun, Uttarakhand, India

<sup>1</sup>Corresponding Author: surajsingh933@gmail.com

Received: 08-12-2021

Revised: 15-01-2022

Accepted: 22-01-2022

## ABSTRACT

The National Food Security Act (NFSA) 2013, which was just passed by the Indian Parliament, intends to ensure food security in India, primarily through delivering subsidized grains to around two-thirds of families through the Targeted Public Distribution System (TPDS). The cost of such an ambitious rights-based strategy in the midst of slowing economic development and mounting fiscal deficits has been the most common complaint leveled at the NFSA. We believe that, while food subsidies have been increasing over the last few decades and will continue to rise as a result of this act, the incremental costs, at roughly 0.2 percent of GDP, are not as significant as indicated. Furthermore, recent evidence of increased TPDS use and lower corruption lends credence to the act's assumption that considerable revenue transfers to impoverished households can be made, enhancing food security and nutritional diversification. Several issues remain to be addressed in the act's design and execution, including its projected coverage, a cereal-centric strategy, beneficiary identification, and state flexibility. If these issues are successfully handled, the act might be a huge step forward in India's long-running fight against malnutrition and food insecurity. Finally, the NFSA presents a new chance to reform and improve the TPDS, which has long been an important part of India's national strategy to attain food security.

**Keywords:** international trade, national food security, children rights, women rights

## I. INTRODUCTION

The National Food Security Act of 2013 (also known as the Right to Food Act) is an Indian law that aims to provide subsidized food grains to around two-thirds of the country's 1.2 billion citizens. On September 12, 2013, it was signed retroactively to July 5, 2013. Beneficiaries will be entitled to purchase 5 kg of grains per eligible person per month under the terms of the bill. <sup>1</sup>

Pregnant women, breastfeeding moms, and certain children are entitled to complimentary meals on a daily basis. The law has sparked a lot of debate. It was introduced into India's parliament in December 2012, and on July 5, 2013, it was published as a presidential edict and enacted into law. With 22% of the population undernourished, India's high economic development rate over the last decade has not been fully reflected in its people's health. According to the National Family Health Survey 2005-06, 40.4 percent of children under the age of three are underweight, 33% of women aged 15 to 49 have a BMI that is below normal, and 78.9% of children aged 6 to 35 months are anemic. These are troubling numbers that hint at a lack of nourishment. The National Advisory Council's proposal for a National Food Security Bill is perhaps the most significant national effort yet to address India's shortcomings. It's sometimes assumed that the link between economic growth and health is one-way, with bettering economic conditions leading to better health. In actuality, and as a recent study has demonstrated, the opposite is also true, and health is an "economic engine." That is, better health, which is an important goal in and of itself, contributes to and may be a required precursor for economic progress in some situations. In addition to being a goal in and of itself, the economic role of health and nutrition provides an additional and compelling reason for public policy to support well-funded nutrition-improving interventions in ways that are directly comparable to the support given to other forms of capital investment. The NFSB, as suggested by the NAC, is a potentially radical measure with significant economic implications. It has the potential to change people's lives if it is well-crafted and implemented.

## II. THE ACT'S OBJECTIVES

According to the Lok Sabha committee report, The National Food Security Bill, 2011, Twenty-Seventh Report, "food security involves the availability of sufficient food grains to meet domestic demand as well as access, at the entity level, to acceptable amounts of food at affordable costs."

The proposed legislation represents a paradigm shift in tackling food security, moving away from the existing welfare-based strategy and toward a rights-based one. People living below the poverty line (BPL) in the country would have access to subsidized food grains through the Targeted Public Distribution System.

The major goal of the bill is to ensure that all people have physical, social, and economic access to enough safe and nutritious food that meets their nutritional needs and food choices in order to live a happy and healthy life. People who are food insecure consume less than the dietary target of 2,100 calories per day per person. 2. With 246 million food insecure people, India leads the pack, accounting for about 29–30% of the total food insecure people in developing countries.

This bill proposes to expand the targeted public distribution system's coverage and provide discounted food to more than two-thirds of the country's population, or 1.2 billion people, as well as offer eligible beneficiaries legal rights to get food grains at subsidized prices. It also covers victims of natural disasters, the destitute, and the homeless so that they can obtain food grains at a reasonable cost. However, determining food availability is only one part of the bill, albeit the most important. The other components include awarding legal rights and encouraging individuals to exercise those rights in order to live a better and healthier life. This is the largest food security experiment ever conducted in a country with the world's second-largest population.

### **2.1 The Food and Security Act of 2013's Highlights**

1. For maternity reasons, pregnant women and breastfeeding mothers are entitled to a 600-calorie "take-home ration" and a benefit of at least Rs 6,000 each month.
2. The state determines the recipients' eligibility.
3. For three years following enactment, 75% of the rural population and 50% of the urban population are entitled to five kilograms of food grains per month.
4. The ration card is issued by the eldest female member of the household, who must be at least 18 years old.
5. The central government must safeguard the states' current food grain allocation.
6. In the event of a food crisis, the federal government will grant funding to the states.
7. Children aged 6 months to 14 years old are eligible for free hot meal "take home rations."
8. At the state and district levels, redress mechanisms will be developed.
9. Reforming the public distribution system is nine.
10. In the event of a lack of food grains, the state governments will pay a food security allowance to the beneficiaries. The destitute covered by the Antodaya Yojna would continue to be eligible for the 35 kg of grains set aside for them under the scheme.

## **III. ENTITLEMENTS**

### **3.1 System for Public Distribution**

Priority households are allowed 5 kilogrammes of food per person per month, while Antyodaya households are allowed 35 kilogrammes per household per month. Up to 75 percent of the rural population and up to 50 percent of the urban population will be covered under the combined coverage of Priority and Antyodaya homes (known as "eligible households"). Schedule I lists the PDS issue prices: Rice, wheat, and millet cost Rs 3/2/1 per kilogramme. After three years, they may be updated.

### **3.2 Pregnant and Lactating Women's Rights**

Every pregnant and breastfeeding mother is entitled to a free meal at the local anganwadi (during pregnancy and for the first six months after childbirth) as well as maternity benefits of Rs 6,000, paid in instalments.

The bill does not include a criterion for identifying households eligible for PDS benefits. The PDS coverage (percentage of rural or urban population) will be resolved by the Central Government on a state-by-state basis. Then, using Census population estimates, the numbers of eligible people will be calculated. State governments are responsible for identifying eligible homes according to the scheme's requirements for Antyodaya and an emphasis on guidelines to be "defined" by the state government for priority households. Within 365 days, qualifying families must be identified. The listings of suitable families must be made public and "displayed conspicuously."

### **3.3 Children's Rights**

For children aged 6 months to 6 years, the local anganwadi provides a free age-appropriate lunch. Every day (except on school holidays) in all government and government-aided schools up to Class VIII, there is one free mid-day meal for children aged 6–14 years. "Exclusive breastfeeding shall be encouraged" for children under the age of six months. Malnourished youngsters will receive free meals "via the local anganwadi."

### **3.4 Commissions in Charge of Food**

The bill establishes state food commissions. The State Commission's primary responsibility is to examine the Act's implementation, provide advice to state governments and their agencies, and investigate violations of entitlements. State commissions are also responsible for hearing appeals from district grievance redress officer orders and preparing annual reports.

### **3.5 Provisions for Transparency**

The mandatory transparency provisions include: (1) making all PDS-related records public; (2) conducting periodic social audits of the PDS and other welfare schemes; (3) utilizing information and communication technology "to ensure transparent recording of transactions at all levels"; and (4) establishing quick and committees at all levels to oversee all schemes covered by the Act.

### **3.6 Transparency and Redress of Grievances**

The District Grievance Redressed Officer (DGRO) and the State Food Commission are both involved in the Bill's two-tier grievance redressed framework. State governments should also establish an internal grievance redress system, which might include contact centres, support lines, and other options.

### **3.7 Penalties and Restitution**

The Food Commissions have the authority to levy fines. If a DGRO order is disobeyed, the responsible authority or officer may be penalized up to Rs. 5,000. For this purpose, the Commission can appoint "any of its members" to function as an adjudicating officer. In the event that "the authorized quantities of food grains or meals are not supplied to entitled persons," such persons will be entitled to a food security stipend from the state government, as determined by the federal government.

### **3.8 Officers in Charge of Grievance Redress in Districts**

State governments will assign DGROs to each district to hear complaints and take mandatory action in accordance with state-imposed laws and regulations. If a complainant is unsatisfied, he or she may take the matter to the State Food Commission for review.

### **3.9 PDS Reforms**

The Bill states in Chapter V that the federal and state governments "shall endeavor to progressively undertake" various PDS reforms, such as: doorstep delivery of food grains; end-to-end computerization; leveraging "aadhaar" (UID) for unique identification of entitled beneficiaries; full transparency of records; preference for public institutions or bodies in licensing of fair price shops; management of fair price shops by women or their collectives; diversification of c

### **3.10 Government and Local Government Obligations**

The central government's primary responsibility is to provide food grains (or, failing that, money) to state governments at the prices specified in Schedule I in order to implement the essential entitlements. The Central Government has broad authority to issue rules "in collaboration with state governments."

The primary responsibility of state governments is to carry out relevant and vital initiatives in accordance with federal standards. State governments also have extensive rule-making authority. They are permitted to use their own resources to increase benefits and rights beyond those specified in the Bill.

Local governments and Panchayati Raj institutions are responsible for ensuring that the Bill is implemented correctly in their areas, and may be granted additional tasks and obligations by notification.

## **IV. THE EFFECTS OF THE FOOD AND SECURITY ACT, 2013**

### **4.1 Subsidies Increased**

The NFSB would require a lot of money and, as a result, a lot of subsidies from the government. Increased fiscal deficits (which feed inflation), greater revenue collection, or a transfer of cash from investment to subsidies could all be sources of these subsidies. The Green Revolution was the result of increased investments in technology, institutions (R & D), communication, and physical infrastructure, rather than subsidies. Public investment in agriculture has increased from 1.8 percent of agri-GDP in 2000–01 to 3.4 percent in 2010–11. However, input subsidies have grown faster than public investment, rising from 8.9% of agri-GDP in 2000-01 to 17.2% in 2009-10. Subsidies for food and fertilizer alone amounted to 12.4 percent of GDP (agri) in 2010-11, up from 6.0 percent in 2000-01. In comparison, public investment in agriculture is only about a quarter of this, illustrating the philosophical disparity between the use of subsidies and investments as policy instruments for

agricultural growth. It's worth noting that the agriculture sector has failed to achieve the modest aim of 4% growth in the last three five-year plans.

#### **4.4 International Trade Effects of the Food and Security Bill**

The AoA is the Agriculture Agreement, which was framed two decades ago. This agreement permitted market-distorting subsidies of up to 10% of total production. However, subsidies have expanded over the last two decades, and India expects to exceed the 10% level following the introduction of the Food and Security Act in 2013. As a result, India is requesting changes to the AoA in order to provide additional subsidies to the poor.

Not only that, but other countries believe India will turn the world market into a dumping ground for food grains as its stock grows exponentially.

India is likewise projected to cause a breach in aggregate support measurement, so it is seeking a solution in Geneva that would allow its programme operations to continue uninterrupted. The rupee fell even further after the bill was passed.

#### **4.2 Inflationary Pressures on Food Prices**

In the face of record food grain output, healthy buffer inventories, and increased agricultural resilience to monsoon uncertainty, India has recently seen high food inflation. The prolonged price pressure on protein-rich foods has been a distinguishing feature of current food price increases (pulses, milk, fish, meat, and eggs). According to the RBI, the inflationary impact of the NFSB will be determined by how much it raises demand for food grains in comparison to normal supply increases. This will create demand pressures that will inevitably affect food grain market prices. Furthermore, the increased financial burden of food subsidies on the budget will increase the fiscal deficit, intensifying macro-inflationary pressures. Furthermore, the requirement to buy large quantities would necessitate a constant increase in the MSP of food grains to incentivize their production, adding to inflationary pressures. This would exacerbate macroeconomic inequalities. The NFSB's focus on cereals is anticipated to cause a serious imbalance in oilseed and pulse output, resulting in significant imports in the coming years. In 2011-12, India imported edible oils worth US \$9.7 billion (Rs 46,242 crore), a 47.5 percent increase over the previous year, and pulses worth US \$1.8 billion (Rs 8767 crore), a 16.4 percent increase over the previous year. Farmers are encouraged to produce cereals rather than diversify their production baskets because of guaranteed procurement. At high costs, import intensity will increase, causing inflationary pressures. Food inflation could be exacerbated if vegetable production is harmed.

#### **4.5 The Pros and Cons of the Food and Security Bill, 2013**

While the goal is admirable, according to a 2010 World Bank report, 32.7 percent of India's population, or 400 million people, live on less than \$1.25 per day. According to the research, 47 percent of children in India are malnourished, and India has the world's largest number of underweight children, even surpassing Sub-Saharan Africa. In these situations, it is more sensible to enact legislation that guarantees a fixed amount of food grains at significantly reduced costs that the poor can pay.

However, the issue that arises is the government machinery tasked with enforcing this ordinance's poor implementation. The PDS system contains massive leaks, with unrestricted food grain recycling from state agency depots. Food grains either do not reach fair price shops at all or are sold by shop owners to private dealers for hefty profits, rather than reaching the needy.

Another difficulty is the production of food grains. Meeting demand at the current rate of population growth would be extremely difficult. This could result in a fiscal imbalance where the MSP for rice and wheat is increased every year yet the selling price is very low, putting the government under an increased food subsidy burden. Additionally, because the target population has grown, additional administrative machinery in terms of people, warehouses, logistics, and other factors would add to the economic cost of foodgrains.

However, the true worth of this historic bill will be determined by its outcomes. Its usefulness will be determined by how many and how quickly it can assist the poor in moving from a condition of continuous food insecurity to one of food security. In addition, due to the lack of a better alternative at the moment, the Food Security Law appears to be the best instrument we have for reducing India's massive levels of poverty.

#### **4.6 The Absorption Pillar of Food Security is Affected**

The NFSB also aims to improve the nutritional status of the general public, particularly women and children. However, research has shown that the key to boosting absorption is to link nutrition to health, education, and agriculture activities. Women's literacy and access to sanitation facilities are revealed to be important variables in malnutrition. Malnutrition has been identified as a critical problem by the Indian government in every strategy document. However, the lack of a comprehensive and functional national nutrition strategy is a significant concern. 4, direct nutrition intervention is currently in place to address the nutritional needs of children and women through the Special Nutrition Program under the Integrated Child Development Scheme (ICDS; now called the Supplementary Nutrition Program) and the Mid-Day Meals

Scheme (MDMS) and would continue to be the channel through NFSB. Though no in-depth examination of these plans was done for the purpose of this paper, it is important to note that malnutrition is a multi-faceted problem that requires a multi-faceted solution. The key foundations for increased nutrition are women's education, access to clean drinking water, and the availability of sanitary sanitation services. Massive financial expenditures as well as helpful and effective tactics are required to build such rural and urban infrastructure.

#### **4.7 A Comparison of the Livelihood Act and the Securities Act, 2013-14**

The livelihood act's main goal is to offer essential services such as lodging, certifying merchants, and providing them with livelihood opportunities. The term "livelihood" refers to the ability to earn a living. The livelihood act emphasizes income, whereas the food and security act emphasizes earnings.

The food and security act aims to provide legal rights to people living below the poverty line, which includes not only these people but also victims of natural disasters, the destitute, those who are homeless or exploited, whereas the horizon of livelihood act focuses solely on providing livelihood rights and social security to street vendors.

There is no such thing as a "correct approach" when it comes to the livelihood act, and the entire responsibility for developing schemes is vested in the state's local municipalities, which violates the basic goal of the legislation.

In the vendor zone, vendors are supplied with distinct lodging facilities, separating them from the general public. The objective of the food security bill, on the other hand, is to provide an equal chance for all people to have a similar level of living rather than to separate the poor from the rest of the population. People can seek redress through the redress procedures if their rights are violated for whatever reason, according to the terms of the security statute. On the other hand, the public is protected by the livelihood security act. The vendors' licence can be revoked if they do not follow the restrictions outlined in the "conditions of the certificate."

If a District Grievance Redressal Officer (DGRO) order is not followed, the responsible authority or officer can impose a fine of Rs. 5,000. However, if a seller sells in violation of the certificate's restrictions, he can be fined not more than Rs. 2000.

In the case of the Food and Security Act of 2013, the government is held culpable. However, in the case of the Livelihood Security Act of 2014, the general public, i.e., the vendor, is held liable.

According to the provisions of the livelihood security act of 2014, the town vending committee is responsible for conducting surveys every five years, and according to the provisions of the food and security act of 2013, the state government is responsible for determining the eligible beneficiaries of the legislation. For the latter, the loophole will be filled by the federal government, and putting all of the obligations in the hands of the town vending committee violates the objective of the law.

## **V. CONCLUSION**

The bill's aim is to make an all-out attempt to make food available to all eligible recipients; nevertheless, the government is totally in charge of determining who eligible, which violates the law's purpose is. The bill's goal is to rebuild the public distribution system, which will benefit the poor. There will be some distortion, but it will be less than in an effort to make food available solely to B.P.L.s and not A.P.L.s.

Tamil Nadu has successfully implemented a mid-day meal programme, or "take home ration", for children under the age of six, which has considerably reduced malnutrition in the state.

The bill, however, is not without flaws. The bill totally absolves the government of any duty deriving from a food scarcity caused by a natural disaster, sometimes known as "force majeure." Where is the food grain when there is a scarcity?

Chhattisgarh, which was historically one of the poorest and most corrupt states in the country, has taken a highly significant step. However, the situation has drastically changed; currently, a major portion of the population receives 35 kilogrammes of rice per month. This demonstrates that the food security bill's aim is not unrealistic or unachievable. If something can be adopted in one part of the country, then efforts should be made to expand its coverage.

The central government's modus operandi is totally vested in it, leaving little room for the state government to make changes to the Targeted Public Distribution System's distribution plans. The state government is in charge of the rest of the functions under the food security act, such as collecting food grains from the central pool and distributing them to the rightful beneficiaries. If the central government is unable to deliver food grains from its central pool, it must reimburse the state government with cash to compensate for the limited supply of food grains from its central pool, as determined by the centre. If the state government is unable to provide the grains, the excluded beneficiaries must be paid a "Food Security Allowance." What method will the state government use to pay the money? Is there a sufficient financial mechanism in place for this? The answer is still a mystery.

Critics have exaggerated the bill's estimated cost and attempted to block it on the same grounds. However, leaving the poor to fend for them in a country where the government's primary goal is to ensure the welfare of its citizens would not be a socially responsible or economically prudent approach. Despite the fact that the bill was first proposed as an ordinance in 2013 as a political gimmick, its ultimate goal is welfare.

## REFERENCES

1. Brahmanand PS, Kumar A, Ghosh S, Roy Chowdhury S, Singandhupe RB, Singh R, Nanda P, Chakraborty H, Srivastava SK., & Behera MS. (2013). Challenges to food security in India. *Current Scienc*, 104(7), 841–846.
2. Chakraborty D, & Mukhopadhyay K. (2014). *Water pollution and abatement policy in India: A study from an economic perspective*. Netherlands: Springer.
3. Leontief WW. (1999). *The structure of the American economy 1919-1939: An empirical application of equilibrium analysis*. New York: Oxford University Press.
4. Miller RE., & Blair PD. (2009). *Input-output analysis, foundations and extensions*. United Kingdom: Cambridge University Press.
5. Shirur M., & Gowda NSS. (2014) India's national food security act: Implications on Indian agriculture. *Int. J. Res. Appl., Nat. Soc. Sci.*, 2(5), 247–260.
6. Ahluwalia, D. (2005). Public distribution of food in India: Coverage, targeting, and leakages. *Food Policy*, 18(1), 33–54.
7. Kumar, P., P. K. Joshi., & P. S. Birthal. (2009). Demand projections for food grains in India. *Agricultural Economics Research Review*, 22, 237–243.
8. Dreze, Jean., & Sen, Amartya. (2013). *An uncertain glory: India and its contradictions, 2013*. New Delhi: Penguin India Publishers.