

LEGISLATIVE BULLETIN

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NATIONAL FOOD SECURITY BILL, 2013

Providing food security has been the focus of Indian Government's planning and policy in pursuance of the constitutional obligations and the international conventions. Article 47 of the Constitution, *inter alia*, provides that the State shall regard raising the level of nutrition and the standard of living of its people and the improvement of public health as among its primary duties. The Universal Declaration of Human Rights and International Covenant on Economic, Social and Cultural Rights, to which India is a signatory, also cast responsibilities on all State parties to recognise the right of everyone to adequate food. Eradicating extreme poverty and hunger is one of the goals under the Millennium Development Goals of the United Nations.

Food security means availability of sufficient foodgrains to meet the domestic demand as well as access, at the individual level, to adequate quantities of food at affordable prices. Attainment of self-sufficiency in foodgrains production at the national level has been one of the major achievements of the country. In order to address the issue of food security at the household level, the Government is implementing Targeted Public Distribution System (TPDS) under which subsidised foodgrains is provided to the targeted households. Ensuring food security of the people, however, continues to be a challenge.

The President of India, Smt. Pratibha Devisingh Patil in her address to the Joint Session of Parliament on 4 June 2009, had announced that the Government proposes to enact a new law — the National Food Security Act (NFSA)— that will provide a statutory basis for a framework which assures food security for all. Accordingly, the National Food Security Bill, 2011 (NFSB) was prepared after due consultations with various stakeholders and was introduced in the Lok Sabha on 22 December 2011. The Bill was referred to the Departmentally Related Standing Committee on Food, Consumer Affairs and Public Distribution for examination and report. The Committee presented its report to the Speaker, Lok Sabha on 17 January 2013. The recommendations of the Standing Committee were examined and during the Budget Session 2013 the Government gave notice for consideration and passing of the said Bill, along with official amendments. The said Bill was included in the Business of the House on several days but could not be passed before the Parliament was adjourned *sine die* on 8 May 2013. To ensure that the benefits of the proposed legislation reach the people at the earliest the President promulgated the National Food Security Ordinance, 2013 on 5 July 2013. The Monsoon Session of Parliament commenced on 5 August 2013. Article 123 of the Constitution *inter alia* provides that the promulgated Ordinance shall cease to operate at the expiration of six weeks from the reassembly of Parliament. Accordingly, the Ordinance was replaced by introduction of the National Food Security Bill, 2013 on 7 August 2013 in the Lok Sabha. Prior to its introduction, the earlier bill *i.e.* the National Food Security Bill, 2011 was withdrawn with the leave of the House.

Key Features of National Food Security Bill, 2013

The Bill has a special focus on the needs of the poorest of the poor, women and children, provides for grievance redressal mechanism and penalty for non-compliance by public servants or any authority. The salient features of the Bill are:

- Seeks to address the issue of food security in a *life cycle approach* — separate entitlements for pregnant women and children, from 6 months of age and upto 14 years, besides entitlements to a much larger population to receive subsidised foodgrains under TPDS.

- Coverage of 75% and 50% of rural and urban population under TPDS as a single category, with uniform entitlement of 5 kg per person per month.
- Entitlement of existing Antyodaya Anna Yojana (AAY) households to be protected at 35 kg per household per month.
- Subsidised prices — Rs. 3/2/1 per kg for rice, wheat and coarse grains for a period of three years from the date of commencement of the Act and to be suitably linked to Minimum Support Price (MSP) thereafter.
- Corresponding to the all India coverage, State-wise coverage to be determined by Central Government.
- Number of persons to be covered to be on the basis of the population estimates as per the census of which the relevant figures have been published.
- Within the coverage determined for each State, State Government to identify households.
- Pregnant women and lactating mothers to be entitled to meals and maternity benefit of not less than Rs. 6,000.
- Children in the age group of 6 months to 14 years to be entitled to meals under Integrated Child Development Services (ICDS) and Mid-Day Meal (MDM) schemes.
- Eldest woman of the household of age 18 years or above to be the head of the household for the purpose of issuing of ration cards.
- Grievance redressal mechanism at the District and State levels. States will have the flexibility to use the existing machinery or set up separate mechanism.
- Central Government will provide assistance to States in meeting the expenditure incurred by them on transportation of foodgrains within the State, its handling and Fair Price Shop (FPS) dealers margin as per norms to be devised for this purpose.
- Provisions for transparency and accountability:
 - Public Distribution System (PDS) related records to be placed in public domain
 - Social audit
 - Vigilance Committees
- Provision for food security allowance to entitled beneficiaries in case of non-supply of entitled foodgrains or meals.
- Provision for penalty on public servant or authority, to be imposed by the State Food Commission, in case of failure to comply with the relief recommended by the District Grievance Redressal Officer (DGRO).

Financial Implications

Corresponding to the total estimated annual foodgrains requirement of 612.3 lakh tons, the estimated food subsidy for implementation of NFS Bill, 2013, at 2013-14 economic costs, is about Rs. 1,24,747 crore. The estimated food subsidy requirements under existing TPDS, taking into account only normal TPDS allocations and Other Welfare Schemes (OWS) requirements, is estimated at about Rs. 1,00,953 crore, implying thereby an additional outlay of about Rs. 23,794 crore on account of food subsidy due to implementation of National Food Security Bill, 2013. Actual requirement for the year will however depend upon when the Act actually comes into implementation in different States.

The Central Government would provide assistance to States for meeting expenditure on intra-State transportation/handling of foodgrains and FPS dealers' margin as per norms to be devised. Expenditure on other items such as creation of storage facilities, modernisation of TPDS and other operational strengthening would be additional. However, these are normal activities of the Department of Food and Public Distribution and not directly attributable to NFS Bill, 2013. As regards meals to women/children and maternity benefits of not less than Rs. 6,000, this would be met by the respective Ministries from their budgets.

Comparison between the NFS Bill, 2011 and the NFS Bill, 2013

Sl. No.	Provision in the NFS Bill, 2011 (Section No.)	Provision in NFS Bill, 2013 (Section No.)
1.	Time to States/UTs for preparation: No such provision exists in the Bill introduced in Lok Sabha.	State Governments are required to identify the eligible households in accordance with the guidelines framed under Section 10(1) (b), as soon as possible, but within such period not exceeding one hundred eighty days after the commencement of the Act. <i>[Proviso under Section 10(1)(b)]</i>
2.	All India Coverage under the TPDS: Upto 75% of the rural population (with at least 46% as priority) and upto 50% of the urban population (with at least 28% as priority) <i>[Section 3 (2)]</i>	<ul style="list-style-type: none"> All India coverage to be upto 75% of rural and 50% of urban population. Eligible households to cover priority and AAY households. <i>[Section 3 (2)]</i>
3.	State-wise coverage: State-wise distribution of all India coverage to be determined by the Central Government. <i>[Section 14 (2)]</i>	Central Government shall determine percentage coverage under TPDS in rural and urban areas of each State and the total number of persons to be covered in such rural and urban areas of the State shall be calculated on the basis of population estimates as per the census of which the relevant figures have been published. <i>[Section 9]</i>
4.	Entitlement: Entitlement of subsidised foodgrains @ 7 kg per person per month to priority households and not less than 3 kg per person per month to general households. <i>[Section 3(1)]</i>	Entitlement to subsidised foodgrains for priority households @ 5 kg per person per month subject to entitlement of existing AAY households being protected at 35 kg per households per month. <i>[Section 3(1)]</i>
5.	Prices under TPDS and revision thereof— Priority households: not exceeding Rs. 3, 2, 1 per kg for rice, wheat, coarse grains respectively. General Households: not exceeding 50% of MSP for wheat and coarse grains and not exceeding 50% of derived MSP for rice. <i>[Section 3, read with Schedule I]</i> No provision for periodic revision in prices.	<ul style="list-style-type: none"> Rs. 3, 2, 1 per kg for rice, wheat, coarse grains respectively for all the entitled beneficiaries for a period of three years from the date of commencement of the Act. Thereafter, to be fixed by the Central Government, not exceeding the MSP. <i>[Section 3, read with Schedule I]</i>
6.	Identification of Households: To be done by the State Governments in accordance with guidelines prescribed by the Central Government. <i>[Section 15 (2)]</i>	Within the State-wise coverage determined for each State, State Governments to identify: <ul style="list-style-type: none"> The Households to be covered under the AAY to the extent specified by Central Government, in accordance with the guidelines of the scheme. The remaining Households as priority Households, in accordance with guidelines to be specified by the State Government. <i>[Section 10]</i>
7.	Nutritional support to Pregnant women and lactating mothers: <ul style="list-style-type: none"> Free meal during pregnancy and six months thereafter. Maternity benefit of Rs. 1,000 per month for six months. <i>[Section 4]</i> 	<ul style="list-style-type: none"> Free meal during pregnancy and six months thereafter. Maternity benefit of not less than Rs. 6,000 in such installments as may be prescribed by Central Government. <i>[Section 4]</i>

Sl. No.	Provision in the NFS Bill, 2011 (Section No.)	Provision in NFS Bill, 2013 (Section No.)
8.	Nutritional Support to Children: Children in the age group of 6 months to 14 years to get age appropriate meal. Higher nutritional standards for meals to children suffering from malnutrition. <i>[Sections 5 and 6]</i>	Children in the age group of 6 months to 14 years to get age appropriate meal. Higher nutritional standards for meals to children suffering from malnutrition. <i>[Sections 5 and 6]</i>
9.	Flexibility to State Governments to extend the coverage or providing higher benefits Provisions of the Act not to preclude Central or State Governments from continuing or formulating other food based welfare schemes. <i>[Section 40]</i>	Besides existing provision under Section 40 of NFSB, 2011, Section 32 (2) has also been added to allow State Governments to continue or formulate food or nutrition basis plans or schemes to provide higher benefits than the benefits provided under the Bill, from their own resources. <i>[Section 32]</i>
10.	Sharing of Expenditure, and expenditure on transportation, handling and FPS dealers margin: The State Governments to ensure that supply of foodgrains to entitled persons is made at the prices mentioned in Schedule-I. (This meant that the States are required to bear the expenditure on items such as intra-State transportation, handling, dealers' margin etc. <i>[Section 32(2)(b) and 32(3)]</i>	Central Government to provide assistance to the State Governments in meeting the expenditure incurred by them on intra-State movement, handling of foodgrains and margins paid to fair price shop dealers, in accordance with norms and manner to be prescribed by Central Government. <i>[Section 22(4)(d)]</i>
11.	Quality of Foodgrains: NFSB, as introduced in Lok Sabha, has no provision on quality of foodgrains.	Quality standards included in the definition of foodgrains <i>[Section 2(5)]</i>
12.	Grievance Redressal Mechanism at District and State levels District Grievance Redressal Officer (DGRO) to be appointed for each District. State Food Commissions to be constituted by every State. <i>[Sections 21 (1) and 22 (1)]</i>	Flexibility given to States to designate existing body/ mechanism for the purpose of DGRO and State Commission. <i>[Sections 15 (1) and 18]</i>
13.	Eligibility for appointment as Member-Secretary of the State Food Commission. <i>[Sub-sections 2(c) and (3) (a) of Section 22]</i>	Sub-section 2(c) of Section 16 has been revised to provide that Member-Secretary of a State Commission shall be an officer of the State Government not below the rank of Joint Secretary to that Government. <i>[Sub-section 2(c) of Section 16]</i>
14.	Setting up of the National Commission and provisions relating thereto. <i>[Sections 25, 26 and 28]</i>	No such provision exists in the NFS Bill, 2013.
15.	Force Majeure: <i>[Section 52]</i>	The clause has been amended to provide that Central Government may, in consultation with the Planning Commission, declare whether or not any <i>force majeure</i> situation affecting the regular supply of foodgrains or meals to such person has arisen or exist. <i>[Section 44]</i>

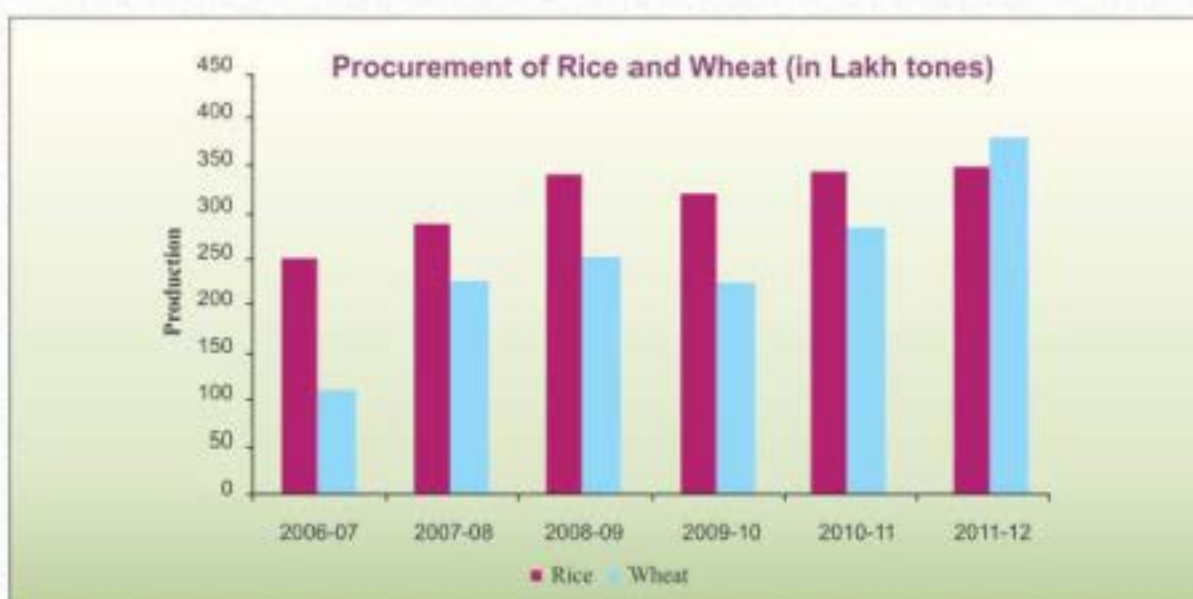
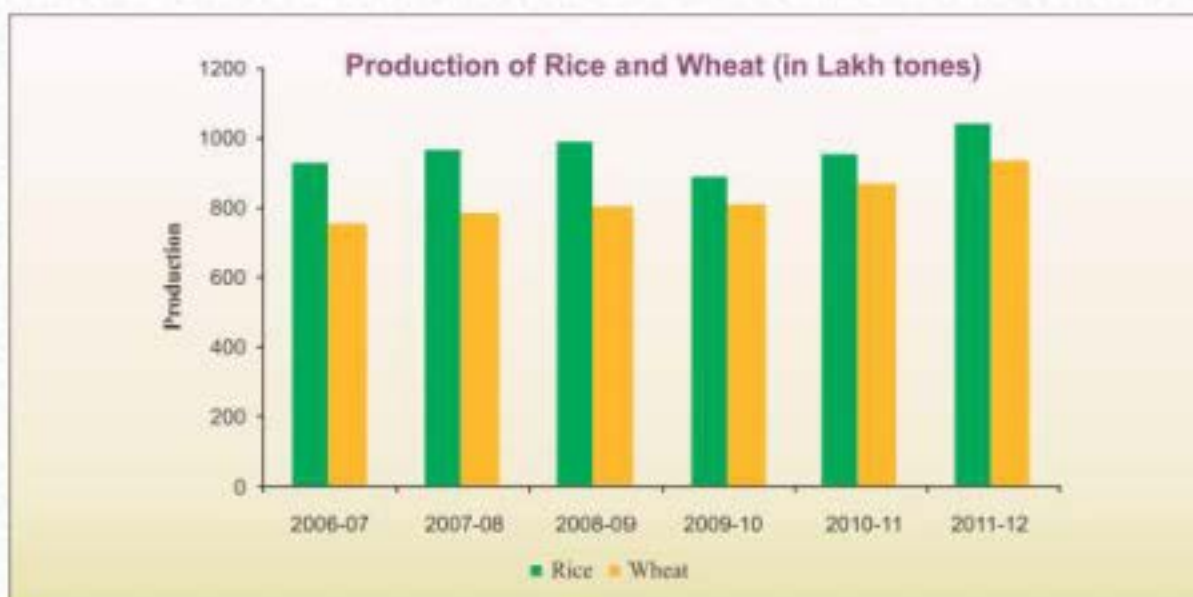
Important observations/recommendations of the Standing Committee on Food, Consumer Affairs and Public Distribution on the "National Food Security Bill, 2011" (Twenty-Seventh Report of the Committee presented on 17 January 2013)

- Single category beneficiary with uniform entitlement @ 5 kg per person per month, corresponding to 75 per cent of the rural population and upto 50 per cent of the urban population.
- Ministry of Railways should take urgent steps to improve the basic infrastructural facilities. Department of Food and Public Distribution, Food Corporation of India and the Ministry of Railways need to evolve a mechanism to sort out the problems of supply of rakes, levying of demurrage charges etc.
- Complete modernization of PDS in a time bound manner followed by computerization of supply chain for tracking of foodgrains up to Fair Price Shop level.
- Ensuring banking infrastructure and accessibility to banking facilities in all parts of the country before introducing direct cash transfer *in lieu* of food subsidy.
- Categorizing States into category A, B and C for the purpose of financial support by Central Government in view of the different views of the State Governments regarding cost sharing of expenditure and also the varying economic and financial position from State to State.
- To ensure affordability and sustainability of the food security policy, to begin with, the entitlement of foodgrains be fixed at 5 kg per person per month for all the persons to be covered under the Bill. The allocation of foodgrains to States/UTs should be based on 2011 Population Estimates, which may be reviewed every 10 years.
- Additional 5 kg of foodgrains per month to women during pregnancy and till two years after child birth.
- Central Government to take special care in coordination with the State Government in the identification of households for entitlements under Targeted Public Distribution System (TPDS) under the National Food Security Bill and ensure that deserving persons are not excluded from the coverage of Public Distribution System and other social welfare schemes.
- Central Government to prescribe minimum quality standard norms for the foodgrains to be supplied to the beneficiaries.
- Installation of CCTV cameras in storage godowns of foodgrains to curb corruption.
- Grievance Redressal Authority at Block/Panchayat level with elected women representatives as members for easy access to Grievance Redressal Authority by the people living in village and remote areas.
- Finance Commission to be consulted regarding additional expenditure to be borne by States/UTs.

Production and Procurement of Rice and Wheat

(In Lakh Tonnes)

Crop Year	Rice		Wheat		Total	
	Production	Procurement	Production	Procurement	Production	Procurement
2006-07	933.55	251.07	758.1	111.28	1691.65	362.35
2007-08	966.93	287.36	785.7	226.89	1752.63	514.25
2008-09	991.8	341.04	806.8	253.82	1798.6	594.86
2009-10	890.9	320.34	808.0	225.14	1698.9	545.48
2010-11	959.8	342.00	868.7	283.35	1828.5	625.35
2011-12	1042.2	350.36	936.2	381.48	1978.4	731.84



Storage Capacity

- The Storage capacity, Covered and Cover & Plinth (CAP) available with the Food Corporation of India (FCI) is 397.02 lakh million tonnes (MTs) as on 31 May 2013. The storage capacities, both Covered and CAP, available with State agencies for storage of Central Stock of foodgrains is about 341.35 lakh MTs. As a result, a total of about 738 lakh MTs of storage capacity was available for storage of Central stock of foodgrains which stood at 775 lakh MTs as on 1 June 2013.
- The Government is successfully implementing the Private Entrepreneurs Guarantee (PEG) Scheme to augment the Covered Storage capacity. This scheme incentivizes private investment for construction of storage godowns by private entrepreneurs, Central Warehousing Corporation (CWC) and State Warehousing Corporations (SWCs). The FCI guarantees to hire godowns constructed under this scheme for a period of ten years, thereby, ensuring for the investor, a fair return on his investment.
- A capacity of about 203 lakh MTs as on 31 May 2013 has been approved for the construction of godowns in 19 States out of which a capacity of 145.06 lakh MTs has been sanctioned for construction. A total capacity of 71.08 lakh MTs has been completed under the scheme as on 31 May 2013.
- For ensuring long-term scientific storage, the Government has also approved construction of 20 lakh MTs of storage capacity in silos within the overall sanctioned capacity of the PEG Scheme.
- The Government has finalized a Plan scheme especially for the North-East, for creation of an additional storage capacity of 5.40 lakh MTs through the FCI, in the next 3 to 4 years. These capacities once created in the North East-(NE) region, would take care of the storage requirements of about 3 to 4 months.

Major Issues/Challenges Involved

- *Inter-se* population coverage and distribution of foodgrains between States/Union Territories (UTs) within the overall population coverage of 75% in rural areas and 50% in urban areas. One way of this could be by using 68th round of National Sample Survey Organisation (NSSO) on Household Consumption Expenditure Survey (2011-12) and ascertaining the State level cut-offs corresponding to 75th percentile in rural areas and 50th percentile in urban areas from the all-India distribution of Monthly Per Capita Consumption Expenditure (MPCE), after adjusting for price differentials between States/UTs. Based on NSSO data for 2011-12, Planning Commission has provided figures of State-wise percentage coverage, which has been communicated to State Governments.
- Proper identification of beneficiaries, the responsibility for which vests with States/UTs and which can frame their own criteria or use Socio Economic Caste Census (SECC) data and issuing of new ration cards.
- Creation of adequate storage facilities at all levels, especially intermediate storage and distribution mechanism with minimal leakages for effective implementation of the Bill.
- Though the foodgrain production is currently adequate to meet the requirements of the Bill, it would be pertinent that production is up scaled and procurement continues to match the requirements of the Bill going forward.
- Reforms would have to be undertaken under TPDS in a comprehensive manner by adopting measures such as door-step delivery of foodgrains, use of Information and Communication Technology (ICT) including end-to-end computerization of PDS, leveraging 'Aadhaar' for Unique Identification of beneficiaries, ensuring transparency of records, according preference to public institutions/bodies for licensing of fair price shops, diversification of commodities distributed under PDS, putting in place effective machinery for social audit/grievance redressal, and so on.

This would require concerted action on the part of all stakeholders be it Central Government or State Governments/ UT Administrations, public institutions and local bodies, civil society, technology and other service providers or even the general public.

Prepared by the Research and Information Division with inputs from Department of Food and Public Distribution and Planning Commission for the use of Members of Parliament in support of their parliamentary work. Officers associated in the preparation of the Bulletin: Shri P.K. Misra, Additional Secretary; Smt Kalpana Sharma, Director; Shri Pulin B. Bhutia, Additional Director and Shri Ranganathan S. Sharma, Research Officer.