

## Chapter 1

# Introduction

### 1.1 Background

Food is the fulcrum of existence for every living organism. Food Security means ensuring availability of adequate foodgrains to the people at affordable prices. Eradicating extreme poverty and hunger was one of the goals under the Millennium Development Goals of the United Nations. 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 States to recognize the right of its citizens to adequate food.

Article 21 of the Constitution of India provides the right to life to all the citizens of India. Article 47 of the Constitution 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 Government of India (through Ministry of Consumer Affairs, Food & Public Distribution) fulfills the objective of food security jointly with state governments by distributing subsidized food to eligible beneficiaries through the Public Distribution System (PDS). The PDS evolved from need based to a right based approach over seven decades as detailed in Table 1.

**Table 1: Evolution of Public Distribution System**

Public Distribution System (1942-1992)	Public Distribution of essential commodities had been in existence in India during the inter-World War period. PDS, with its focus on distribution of foodgrains in urban scarcity areas, had emanated from the critical food shortages of 1960. PDS had substantially contributed to the containment of rise in foodgrains prices and ensured access of food to urban consumers. As the national agricultural production grew in the aftermath of Green Revolution, the outreach of PDS was extended to tribal blocks and areas of high incidence of poverty in the 1970s and 1980s.
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Revamped Public Distribution System	The Revamped Public Distribution System (RPDS) was launched in June, 1992, with a view to strengthen and streamline the PDS as well as to improve its reach in the far-flung, hilly, remote and inaccessible areas where a substantial section of the poor live. It covered area specific programmes such as the Drought Prone Area Programme (DPAP), Integrated Tribal Development Project (ITDP), Desert Development Programme (DDP) and certain Designated Hill Area (DHA) with respect to improvement of the PDS infrastructure. Foodgrains for distribution in RPDS areas were issued to the States at 50 paise below the Central Issue Price. The scale of issue was up to 20 kg per Ration card.
Targeted Public Distribution System	In June 1997, the Government streamlined the system into a Targeted Public Distribution System (TPDS), by issuing special cards to the Below Poverty Line (BPL) families and providing foodgrains to them at specially subsidized prices. TPDS also covered Above Poverty Line (APL) population, although the price for APL beneficiaries was kept higher than BPL beneficiaries. In order to reduce hunger among the poorest segments of the population, the Government launched the Antyodaya Anna Yojana (AAY) in December 2000 and to make PDS benefits more substantial in terms of both quantity and nutrition for this section of the population.
National Food Security Act, 2013 (NFSA)	NFSA provides a statutory basis for a framework which assures food security for nearly two-thirds of the population and seeks to make the right to food a legal entitlement by providing subsidized foodgrains on the existing TPDS. Up to 75 per cent of the rural and 50 per cent of urban population as per Census 2011 at all India level is envisaged to be covered under NFSA and the States shall be allocated foodgrains as specified for the above coverage. The State-wise percentage coverage has been determined by the Planning Commission, based on 2011-12 National Sample Survey Organization (NSSO) survey on consumption expenditure. Since coverage under NFSA has been delinked from poverty estimates, the hitherto followed system of APL and BPL beneficiaries would no longer be relevant.

Source: Records of the Ministry

**1.2 The salient features or provisions of the National Food Security Act, 2013**

- Identification of beneficiaries under NFSA to be completed in one year's time i.e. by 4 July 2014.
- Within the coverage determined for each State, the State Governments were to identify the AAY and the Priority Households; Entitlement of existing AAY households to be protected at 35 kg per household per month, while each member of such priority household to get 5 kg of foodgrains per month.
- Subsidized prices- ₹3, ₹2, ₹1 per kg for rice, wheat and coarse grain respectively fixed for a period of 3 years from the date of commencement of NFSA and is to be suitably linked to the Minimum Support Price (MSP) thereafter.
- Protection of annual average off-take of foodgrains for last the three years under normal TPDS in case annual allocation of foodgrains under NFSA to any State was less than their average annual off-take of foodgrains.
- Pregnant women and lactating mothers are entitled to meals and maternity benefit of not less than ₹ 6,000 per delivery.
- Children in the age group of 6 months to 14 years are entitled to meals under Integrated Child Development Services (ICDS) and Mid Day Meal (MDM) schemes being implemented by Ministry of Women and Child Development and Ministry of Human Resource Development respectively.
- Eldest woman of the household of 18 years or above is to be treated as the head of the household for the purpose of issuing ration cards.
- Provisions for food security allowance to entitled beneficiaries in case of non-supply of foodgrains as per their entitlement.
- Establishment of Grievance Redressal Mechanism at the district and state levels, with states having the flexibility to use the existing machinery or set up separate mechanism.
- Central Government to provide assistance to the State in meeting the expenditure incurred by it towards intra-state movement, handling of foodgrains and margins paid to the fair price shop (FPS) dealers.

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- Provisions for transparency and accountability by placing TPDS related records in public domain, Social Audit and Vigilance Committees.
- Provision for penalty on public servant or authority, to be imposed by the State Food Commission, in case of failure to comply with relief recommended by the District Grievance Redressal Officer.
- In case of short supply of foodgrains from the central pool to a State, the Central Government shall provide funds to the extent of short supply to the State Government.

**1.3 Comparison of features of TPDS vis-à-vis NFSA**

The NFSA relies on the existing TPDS. However, in order to remove the deficiencies in the existing TPDS and to ensure food security to intended beneficiaries, certain new features have been incorporated in the TPDS under NFSA. The following table compares the features of the earlier TPDS with those of the NFSA:

**Table 2: Comparison of features of TPDS vis-à-vis NFSA**

Attribute	TPDS	NFSA
Implication of right for food	No legal backing	Statutory backing
Coverage	99.22 <sup>1</sup> crore beneficiaries i.e. 18.04 crore households x 5.5 (average members in a household as on 01.03.2000)	Upto 75 per cent of rural and upto 50 per cent of urban population i.e. about 81.34 crore beneficiaries as per Census 2011
Categories	AAY, BPL and APL	AAY and priority households i.e., households identified by States based on guidelines/criteria formulated by them
Entitlements of beneficiaries (category-wise)	AAY and BPL: 35 Kg/family/ month APL: 15-35 Kg/family/ month	AAY: 35 Kg/family/ month priority households: 5 Kg/person/month
Prices of foodgrains	AAY: ₹ 3/Kg for rice, ₹ 2/Kg for wheat. BPL and APL categories: Prices differ across the States	AAY and priority households: ₹ 3/Kg for rice, ₹ 2/Kg for wheat and ₹1/Kg for coarse grains

<sup>1</sup> 99.22 Crore include 63.22 Crore APL beneficiaries. Under NFSA, the coverage is more towards reducing the unintended beneficiaries.

Attribute	TPDS	NFSA
Identification of beneficiaries	<p>Centre: Releases state-wise estimates of population to be covered under TPDS</p> <p>State: Identify eligible households</p>	<p>Centre: Releases state-wise estimates of population to be covered under NFSA</p> <p>State: AAY: identify beneficiaries in accordance with the AAY scheme guidelines issued by Central Government</p> <p>Priority Households: Identify beneficiaries in accordance with such guidelines as the State Government may specify</p>
Centre-State responsibility	<p>Centre: Procurement of foodgrains through Food Corporation of India (FCI), state-wise allocation, transportation of foodgrains upto designated depots of FCI</p> <p>State: Takes delivery of foodgrains from FCI go-down to State Storage depot (cost of transportation borne by the State), from State storage depots to Fair price shops (cost of transportation either passed on to the beneficiaries except AAY beneficiaries or borne by the State Government).</p>	<p>Centre: Same as current system</p> <p>State: Takes delivery of foodgrains from FCI Depots to State Storage depots, Delivery of foodgrains from State storage depots to Fair price shops through door-step delivery (cost of transportation to be shared by Central and State Governments in the ratio of 50:50 in respect of 23 States and 75:25 in respect of 13<sup>2</sup> states).</p>

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<sup>2</sup> Seven States of North East, Sikkim, J&K, Himachal Pradesh, Utrakhand, UTs of Lakshadweep, A&N Islands

Attribute	TPDS	NFSA
Grievance redressal mechanism	State governments responsible for ensuring monitoring; Vigilance Committees to be set up at State, district, block and FPS levels	State governments responsible for ensuring monitoring; appoints district grievance redressal officers, establishment of State Food Commission for review and implementation of the NFSA, Vigilance Committees to be set up at State, district, block and FPS levels
Non-supply of foodgrains by the Centre to State	No provision	In case of short supply of foodgrains from the central pool to a State, the Central Government shall provide funds to the extent of short supply to the State Government.
Food Security Allowance	No provision	In case of non-supply of entitled quantities of foodgrains or meals to entitled persons, such persons shall be entitled to receive food security allowance from the concerned State Government to be paid to each person as may be prescribed by the Central Government.

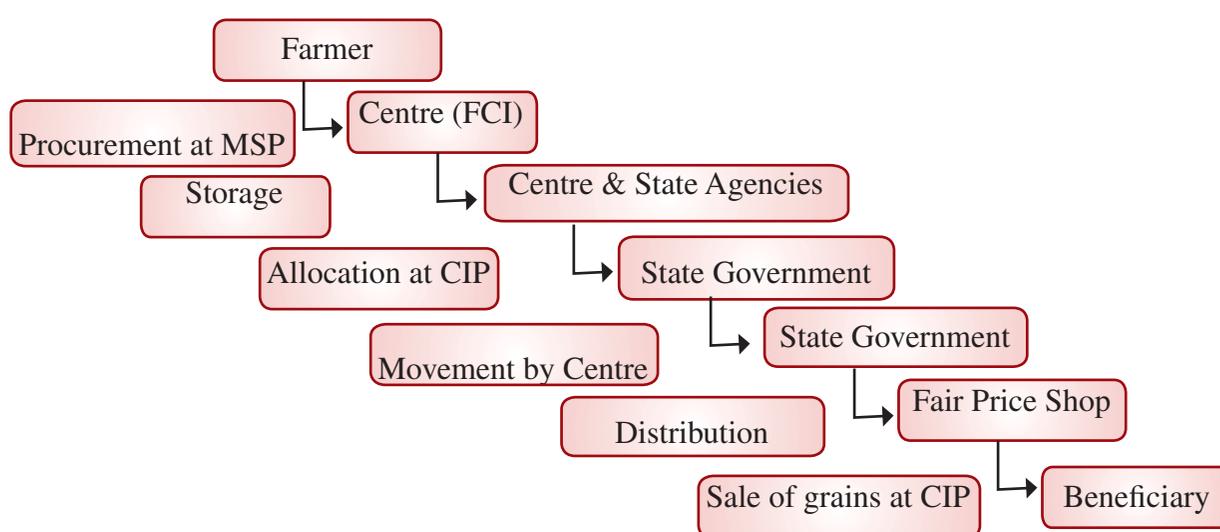
#### 1.4 Implications of switching over to NFSA

- **Additional Subsidy burden for Central Government-** The estimated food subsidy was ₹ 1,00,953 crore under TPDS before implementation of NFSA against the allocation of 563.70 lakh MT under TPDS and Other Welfare Scheme. Corresponding to the total estimated annual foodgrains requirement of 614.30 lakh MT under NFSA, the estimated subsidy requirement<sup>3</sup> is about ₹ 1,27,733 crore. Hence, it implies an additional outlay of ₹ 26,780 crore per year on implementation of NFSA. **(Annex-1.1)**
- **Financial implication for State Governments-** State/UT Governments are required to bear additional expenditure on grievance redressal bodies at District and State levels included in NFSA.

<sup>3</sup> Based on economic cost for the year 2013-14

- **Sharing of expenditure by Central and States Governments-** The Central and the State/UT Governments are to share expenditure on intra-State movement of foodgrains, handling and fair price shop dealers' margin. The Ministry has notified rules for bifurcation of expenditure in August 2015. As per provisions of NFSA, payment of ₹ 6,000 per delivery, as maternity benefit to pregnant and lactating women is to be shared between Central and State Governments in accordance with scheme to be formulated.

**Chart 1: Procurement and Distribution of foodgrains**



### 1.5 Requirements/preparedness for implementing NFSA

To start allocation under NFSA to the States/UTs, the Ministry on 19 August 2013 instructed the States/UTs to certify, through a proforma, their preparedness with regard to the following measures:

- **Identification of eligible households/beneficiaries** – finalization and notification of guidelines for identification of eligible households; and actual identification of households as per the guidelines.
- **Issue of ration cards** - States are to issue fresh ration cards incorporating the provisions relating to women empowerment.
- **Doorstep Delivery of foodgrains** - To prevent last mile leakages, NFSA provides for delivery of foodgrains up to the fair price shop.
- **Sufficient and scientific storage capacity** - States are required to create sufficient storage capacity so as to meet the food requirements.

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- **Internal Grievance Redressal Mechanism** - Call centre, helpline, designation of nodal officers are to be set up.
- **District Grievance Redressal Officers-** DGROs to be appointed for each district in the State/ UTs.
- **State Food Commission-** State food commission to be set up in States/ UTs.

Ministry also stipulated that the above preparatory works be certified by each State/UT in a manner to withstand legal scrutiny. Further, in July 2014, the Ministry instructed the States to certify their preparedness in completion of computerization of TPDS operations such as, digitization of beneficiaries, computerization of supply chain management, transparency portal etc.

#### **1.6 PDS (Control) Orders**

The Ministry notified the Public Distribution System (Control) Order, 2001 on 31 August 2001 to maintain supplies and secure availability and distribution of essential commodities under the TPDS which was amended on 29 June 2004. In order to bring the PDS(C) Order, 2001 in consonance with NFSA, the Ministry notified on 20 March 2015 the Targeted Public Distribution System (Control) Order, 2015 in supersession of the Public Distribution System (Control) Order, 2001 for maintaining supplies and securing availability and distribution of essential commodity, namely, foodgrains under the TPDS. The new Order contained further provisions for identification of beneficiaries, transparency and accountability, redressal grievance mechanism and digitization of beneficiary, ration card and other database. Under Clause 3 of the TPDS (C) Order, 2015 the State-wise percentage coverage of eligible households under the NFSA in rural and urban areas respectively for receiving subsidized foodgrains under the Targeted Public Distribution System was specified.

#### **1.7 Timeframe for implementation of NFSA**

State Governments were to identify the eligible households within one year from the commencement of the NFSA i.e. upto 4 July 2014. The Ministry later extended this timeframe in June 2014 by three months. It was subsequently extended for a period of another six months and then again by six months up to 30 September 2015.

As of October 2015, 18 States/UTs were reported to have implemented the NFSA by covering 41.57 crore (51 *per cent*) beneficiaries against the total 81.34 crore beneficiaries to be covered in all 36 States/UTs. As given in the map below (green area indicates states implementing NFSA):

Figure 1: States/UTs implementing NFSA

