Revising Food Security Act - NITI Aayog

Why in news?

The NITI Aayog recently circulated a discussion paper on a proposed revision in the National Food Security Act (NFSA), 2013.

What is the need for the revision?

- **Price** - The NFSA provides a legal right to persons belonging to "eligible households" to receive foodgrains at subsidised price:
    i. rice at Rs 3/kg
    ii. wheat at Rs 2/kg
    iii. coarse grain at Rs 1/kg
- It is carried out under the Targeted Public Distribution System (TPDS).
- The above prices are called central issue prices (CIPs).
- A revision of CIPs is one of the issues that have been long demanded and discussed.
- **Beneficiaries** - The other issues are updating of the population coverage under the NFSA, and beneficiary identification criteria.
- Under sub-section (1) of Section 3 of the Act, the term "eligible households" comprises two categories:
    i. "priority households"
    ii. families covered by the Antyodaya Anna Yojana (AAY)
- Priority households are entitled to receive 5 kg of foodgrains per person per month, whereas AAY households are entitled to 35 kg per month at the same prices.

How long are the prices valid for, and how are they to be revised?

- Under Schedule-I of the Act, these subsidised prices were fixed for a period of 3 years from the date of commencement of the Act.
- Different states began implementing the Act at different dates.
- However, the deemed date of its coming into effect is July 5, 2013.
- So, the three-year period was completed on July 5, 2016.
- However, the government has not yet revised the subsidised prices.
- The government can do so under Schedule-I of the Act, after completion of the three-year period.
- To revise the prices, the government can amend Schedule-I through a

notification.
- A copy of this has to be laid before each House of the Parliament as soon as possible after it is issued.
- Even the Economic Survey of 2020-21 had recommended a revision in the CIPs.
- The revised prices cannot exceed the minimum support price for wheat and coarse grains, and the derived minimum support price for rice.

What is the extent of coverage, and how is it to be updated?

- The Act has prescribed the coverage under "eligible households."
    - It is 75% of the rural population and up to 50% of the urban population.
- Currently, 81.35 crore persons are covered under NFSA.
    - This is fixed on the basis of Census 2011 figures and the national rural and urban coverage ratios.
- This overall figure has been divided among the states and Union Territories, based on the NSSO Household Consumer Expenditure Survey 2011-12.
- Section 9 of the Act deals with an update of coverage of population under the Act.
- Accordingly,
    i. the percentage coverage under the TPDS in rural and urban areas for each State shall be determined by the Central Government
    ii. the total number of persons to be covered in such rural and urban areas of the State shall be calculated on the basis of the population estimates as per the last published census
- Thus, the number of NFSA beneficiaries was frozen in 2013.
- However, given the population increase since then, there have been demands from the states and UTs to update the list.
- They also demand for an annual updating system under NFSA.
- It was in this context that the Ministry of Consumer Affairs, Food and Public Distribution had asked the NITI Aayog to suggest an alternative methodology.
- This should cover beneficiaries under NFSA, including prospective beneficiaries.

What has the NITI Aayog proposed?

- In its discussion paper, the NITI Aayog has suggested that the national rural and urban coverage ratio be reduced from the existing 75-50 to 60-40.
- If this reduction happens, the number of beneficiaries under the NFSA will drop to 71.62 crore (on the basis of the projected population in 2020).
- To make these changes in the law, the government will have to amend sub-

section (2) of Section 3 of the NFSA.
- For this, it will require parliamentary approval.

What is the implication for the Centre and the states?

- If the national coverage ratio is revised downward, the Centre can save around Rs 47,000 crore.
- However, the move may be opposed by some of the states.
- On the other hand, if the rural-urban coverage ratio remains at 75-50, then the total number of people covered will see an increase of 8.17 crore.
- This will result in an additional subsidy requirement of Rs 14,800 crore.

Source: The Indian Express

