

Examrace

Food Management in India: Policy Response and National Food Security Act (NFSA) 2013

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- Food Management has been one of the major problems in the Agriculture sector. With losses amounting to lakhs of crore.
- The annual post-harvest losses in India stands at ₹ 92,651 crore.
- Focus was given on Food storage, Procurement and Distribution. Effective food management ensures higher agricultural growth.
- It is believed that this will help in achieving twin goals of Poverty reduction and economic growth.

Food Management in India

- Procurement of food grains from farmers at remunerative prices (MSP) , distribution of food grains to consumers and maintenance of food buffers for food security and price stability.
- As per Food and Agriculture organization, Food security exists when all people, at all times, have physical and economic access to sufficient, safe and nutritious food that meets their dietary needs and food preferences to ensure an active and healthy life (FAO, 2018) .
- FCI (Food corporation of India) undertakes procurement and storage of food grain.
- India's rank in Global Hunger Index stood at 102 - 19.
- India's rank in Global Food security Index stood at 72 - 19.

Food Storage

- Central Warehousing Corporation, State warehousing Corporation and Private warehouses are used for Food storage. India's food storage capacity is less as compared to requirements.
- There has been concern regarding the wastage of stored food grains due to inadequate storage system.
- Total capacity stood at 750 LMT (617 MT covered Godowns and 132 MT cover and plinth facility) .
- Private Entrepreneurs Guarantee (PEG) Scheme: Storage capacity created by Private parties, PPP, government agencies is hired by FCI for 9 - 10 years and charges are paid.

- Steel silos are constructed under PPP for modernization of storage infrastructure & improving shelf life.
- Online Depot-management system: automate the process of depot operations including receipt of food grains at the depot, storage, maintenance activities and issue of food grains.

National Food Security Act (NFSA) 2013

World's largest food security programme. It covers 75 % of rural population & 50 % of urban population under TPDS. Importance can be seen in terms of its operation in the ongoing pandemic.

2 Types of beneficiaries:

- Antyodaya Anna yojana and
- Priority households.

AAJ receives 35 Kg of food grains per household per month, whereas Priority households receives 5kg per person per month.

- 600 lakh tonnes of subsidized food grains to 81 crore beneficiaries through a link of 5 lakh ration shops.
- It provides 5kg of subsidized food grains at Central Issue price of (CIP) ₹ 3/Kg-Rice, ₹ 2/Kg-Wheat, ₹ 1/Kg-coarse cereals.

Procurement

- Both FCI and Various state government procure through Decentralized procurement.
- Economic cost = Pooled cost of food grain + Procurement & incidental + Distribution cost.
- Food Subsidy = per quintal Economic cost - Central Issue price.
- ₹ 200/quintal: Wheat and ₹ 300/quintal: Rice
- Other reasons for widening of food subsidy
- Food grain stocks much higher than their norms
- Increase in economic cost and real MSP
- decline in average Central Issue Price for APL households
- In 2018 - 19: ₹ 1,71, 127 crores were released as food subsidy.
- For FY 2020 - 21, It is estimated that the Food Subsidy bill might exceed ₹ 2 lakh crore.

As on	Operational Stock			Strategic Reserve		Grand Total
	Rice	Wheat	Total	Rice	Wheat	
1st April	115.80	44.60	160.40	20.00	30.00	210.40
1st July	115.40	245.80	361.20	20.00	30.00	411.20
1st October	82.50	175.20	257.70	20.00	30.00	307.70
1st January	56.10	108.00	164.10	20.00	30.00	214.10

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Recommendation of Ashok Dalwai Committee

- **District & state wise storage plan:** Prepare storage plan and new storage capacity should be silos and modern warehouses.
- **Negotiable warehousing receipts (NWR) :** Promote and encourage NWR. Involve all the key stakeholders for better implementation. It will also reduce distress sale.
- **Increase accreditation of cold storages:** Increase the number of Cold storage system in India. And work on accreditation of the existing cold storage infrastructure.

Practice Question

Q. 1. What is the correct formula to estimate the Economic cost of Food grain procurement?

1. Pooled cost of food grain + Procurement & incidental + Distribution cost
2. Pooled cost of food grain + Procurement & incidental + Transportation cost + Distribution cost
3. Pooled cost of food grain + Distribution cost
4. Pooled cost of food grain + Storage cost + Distribution cost

Ans: 1. Pooled cost of food grain + Procurement & incidental + Distribution cost

Q. 2. Effective food management ensures

1. Higher GDP Growth rate
2. Low Industrial growth rate
3. Help in achieving twin goals of Poverty reduction & Agri growth.
4. Decline in India's ranking in GFSI.

Ans: 3. Help in achieving twin goals of Poverty reduction & Agri growth.

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