

National Advisory Council

**Minutes of the meeting of the National Advisory Council (NAC)
held on 1 July, 2010 at 2 Motilal Nehru Place, New Delhi**

The NAC held its second meeting on 1 July, 2010, chaired by Smt. Sonia Gandhi, Chairperson, NAC. The following Members participated:

1. Prof. M.S. Swaminathan, MP
2. Dr. Ram Dayal Munda, MP
3. Prof. Narendra Jadhav
4. Prof. Pramod Tandon
5. Dr. Jean Dreze
6. Ms. Aruna Roy
7. Shri Madhav Gadgil
8. Dr. N.C. Saxena
9. Dr. A.K. Shiva Kumar
10. Shri Deep Joshi
11. Ms Anu Aga
12. Ms. Farah Naqvi
13. Shri Harsh Mander
14. Ms. Mirai Chatterjee

2 Dr. Rita Sharma, Secretary, Shri K. Raju, Joint Secretary, and Shri Dhiraj Kumar Srivastava, OSD, were present.

3 Chairperson welcomed the members to the meeting and asked the Secretary to take up the Agenda items.

4 Secretary made a presentation (copy enclosed) to up-date the members on the activities undertaken since the last NAC meeting on 10th June, 2010. It was informed that the Working Groups (earlier Sub-groups) on the *Food Security Bill* and the *Communal Violence Bill* had held consultations with representatives of civil society as well as of Government. The draft on *NAC Procedures* was circulated and the comments received were incorporated. The Working Group on *Tribal Development* will commence their consultations shortly. Secretary referred to the several papers/ presentations received in and circulated by the secretariat. A summary of the five options emanating from the various papers were presented. Issues that emerged from the various papers/ presentations were grouped under four categories (i) title, (ii) entitlements, (iii) enabling provisions and (iv) PDS reform.

5 Shri Harsh Mander convener of the Working Group on the Food Security Bill made a presentation on behalf of the Group, based on initial consultations held between members of the Working Group and various Ministries as well as with civil society organizations (presentation copy enclosed).

5.1 The Working Group presentation highlighted the need for legally guaranteeing food and nutrition security. Through statistics the extent of malnourishment among children and anaemia among women was demonstrated. It was also pointed out that per capita availability of foodgrains was declining and that the growth of foodgrain production was just barely above population growth and considerably lower than the growth of GDP. To reflect the importance of nutrition it was suggested that the Bill be formulated as the National Food and Nutrition Security Bill.

5.2 The Working Group recommended that the Public Distribution System (PDS) should cater to a universal population rather than have categories like BPL and APL. It was pointed out that targeting led to faulty identification which often excluded the most needy and led to corruption and leakages. It was argued that universalisation ensures better delivery of public services, as in case of Mid-day-Meals programme. The Group recommended a Public Distribution System which is universal. It was clarified that universal does not necessarily mean the same quantum for every one, universal could also quasi-universal where about 10 to 20% well-off households could be excluded, based on a well defined exclusion criteria. In urban areas, much higher proportion of households could be excluded.

5.3 Specific entitlements for vulnerable groups such as special child nutrition programmes for destitute families, special feeding programmes for persons with TB, HIV/AIDS and cancer, affordable meals from community kitchens and canteens and food rights of especially vulnerable children, need to be ensured. Furthermore, the Bill should also create entitlements for children, adolescent girls, pregnant and nursing mothers. In addition, the Bill should provide for enabling provisions which secure for the population clean drinking water and access to sanitation. The need for reform of the PDS was emphasized and measures for improving the PDS were suggested.

5.4 The estimated foodgrain requirements in respect of the following three options were presented taking into consideration the PDS and other welfare schemes :

(ii) **Option 1:** Universalisation of PDS (a) initially in 150 poorest districts, where every household will be entitled for 35 kgs of wheat or rice per month (b) meanwhile in the remaining 490 districts expand the coverage of households from the present level to 37.2% BPL households as per Tendulkar estimates with 35kgs of wheat or rice per month per household. No allocation for APL in the 490 districts. Initial foodgrain requirement in this option is estimated as 55 mMTs. which includes 11 mMT for expanded welfare schemes (other than ICDS).

(iii) **Option 2:** 'Expanded BPL' where in addition to covering households as per Tendulkar estimates, entitlements would be extended to a certain percentage of vulnerable households from among APL families such that about 50% of the total households would be covered under PDS. There would be no allocation for remaining APL families. Foodgrains requirement is estimated as 61 mMTs.

(i) **Option 3:** Quasi-universalisation covering 21.48 crore households leading to an estimated foodgrain requirement of 91 mMT, which includes 11 mMT for expanded welfare schemes (other than ICDS). This option was found not to be feasible at present considering the limitation of foodgrain availability.

5.5 The Working Group estimated the requirement of foodgrains taking into consideration 35 kg per month per household as an entitlement under the universalisation option. Further, it also recommended that allocation of foodgrains for welfare schemes be stepped up from the present level of 7.32 mMT to 15.53 mMT. The enhanced requirement of foodgrains for welfare schemes is on account of the proposal to extend the coverage to class 9 and 10 students under the Mid-day-Meals scheme, expansion in the coverage of social welfare hostels, community kitchens, destitute feeding and ICDS.

5.6 The Working Group advocated for systemic reforms in foodgrain procurement policy and processes. It was highlighted that the bulk of procurement of FCI is from a few states such as Punjab, Haryana and AP despite the fact that several other states such as U.P. Bihar can contribute towards procurement. However, both the State and FCI procurement machinery is weak in these states. Further, efforts of some states to step up their procurement operations were frustrated by delays in release of payments from FCI, lower credit limits provided by RBI and also higher interest rates charged by RBI. Consequently, farmers from such states suffer as they do not get MSP for their produce. The Working Group argued that the proposed Food Security Bill need not be limited by the current procurement levels as it is possible to increase procurement by undertaking systemic reforms in procurement policy, expansion of storage infrastructure, decentralisation and distribution of procurement operations. In addition the procurement basket can be expanded by procuring millets more proactively.

6 Prof MS Swaminathan made a presentation (enclosed).

6.1 Prof Swaminathan observed that the National Food Security Bill would be an historic legislation. He felt that the title of the proposed Bill should be the National Food Security Bill. A holistic definition of 'food security' would encompass food availability, food access and food absorption. Food security for all would mean food security for all and 'forever'. In outlining the basic structure of the proposed National Food Security Act three major components were highlighted, (i) legal entitlements (common and differentiated with reference to staple grains), (ii) enabling provisions (drinking water, sanitation, education and primary health care) and (iii) guiding principles (affordability, accountability and sustainability). For any move towards universalization of foodgrain entitlement Prof Swaminathan's stressed the need to increase overall availability of foodgrain through sustainably increasing productivity in the agricultural and allied activity sectors, especially in the rainfed areas and of small-holders. He also drew attention to the fact that there were vitamin and micronutrient fortified salts which have the potential to address related deficiencies. He suggested enlarging the foodgrain basket by including local foods such as millets and other under-utilized foods through local grain-banks, managed by self-help-group of women, as state-level procurement of these grains had not met with success in the past.

6.2 In the context of increasing the income of the farmers, especially of the small-holders who are both producers and consumers, Prof M.S. Swaminathan recalled the recommendations already made by the Farmers' Commission under his chairmanship and urged that their implementation would result in sustainable production increases. Opportunities available to secure synergy by converging with various ongoing programmes should be fully harnessed.

7 Prof Narendra Jadhav presented a note (enclosed) explaining the implications for foodgrains and financial resource requirement across four scenarios. The estimated PDS foodgrain + welfare scheme requirements range from 100 mMT in the case of universal PDS (Scenario 1) to 51 mMT for Tendulkar estimated 44 crore BPL population (about 8 crore BPL households) on an individual entitlement of 6 kg per person per month with no entitlement for APL (Scenario 4). He advised that the NAC should recommend an option which can be implemented in letter and spirit. He further observed that any proposal that involved very high financial implications would be difficult to implement. He argued in favour of the option outlined in the Planning Commission's paper on the subject which was practical and workable.

8 Prof. Jean Dreze presented a brief note, '*Food Security Act: A possible Framework*' (enclosed), which was circulated to the members in the meeting itself. It was emphasised that the proposal needs to be ambitious yet credible. What needs to be underscored is that the proposed Bill is building on what is already there. In the note he has estimated that even in universalisation approach, considering effective coverage at 66% of 23.2 crores households (80% in rural areas and 33% in urban areas) the foodgrains requirement was about 64.3 mMT. Prof Dreze also suggested that work be initiated on drafting a Food Security Bill.

9 Dr. N.C. Saxena observed that the NAC needs to be creative and affirmative in their recommendations on an important issue such food security. Dr Saxena referred to the district wise poverty figures worked out by Mr Himanshu based on Tendulkar's poverty estimates and pointed out that bottom 150 districts have poverty levels higher than 66% and hence there is a strong case for rolling out universalisation of PDS in these districts. He proposed that the NAC in this meeting could broadly agree that (i) Tendulkar estimates of poverty should be agreed on (ii) entitlement should be 35 kg. per household (iii) instead of household as a unit, per capita entitlement be considered (iv) universalisation of PDS as an ultimate goal to be accomplished over a period of time depending on increased availability of foodgrains (v) universalisation approach can be launched immediately in 150 poorest districts of the country (vi) in the remaining districts the scope of coverage of BPL households be expanded by adopting Tendulkar estimates (vii) steps be taken to step up procurement of foodgrains and exports of foodgrains be banned.

10 Some of the members emphasised that food and nutrition are such fundamental elements of citizenship, that costs should not be the primary consideration in taking decisions about the proposed Food Security Bill. For this, resources could be mobilized in various ways – taxes, community contributions, corporate contributions etc.

11 Members reiterated that effective implementation of the Act was as important as the Act itself. The need for discussing implementation issues was emphasized. Concrete suggestions were sought with respect to food procurement, distribution and operations of the PDS system for ensuring universal coverage, enhancing foodgrains production especially in rainfed areas through integrated natural resource management (INRM), including basic changes in the management of forests, ensuring better functioning of ICDS and its coordination with health, and promoting community procurement and involvement at the grassroots.

12 Other suggestions from members were as follows:

- (i) Universalisation was considered a desirable goal provided adequate quantities of foodgrains and a reformed PDS were available to legally guarantee entitlements.
- (ii) In moving towards universalisation there was need to simultaneously roll out an action plan for stepping up agriculture production so that universal PDS could be achieved in a time-bound manner.
- (iii) Reforming PDS was necessary to ensure that entitlements under the proposed Act could reach the intended persons.
- (iv) Sustainably increasing productivity of agriculture and livestock as well as the need for holistic eco-restoration were highlighted.
- (v) In view of the up-coming monsoon session of Parliament there was need to firm up the recommendations of key issues of the two proposed Bills under consideration of the Council.

13 It was felt that while time-bound universalization of foodgrain entitlements across the country may be desirable, however, due to constraints in foodgrain availability the NAC may consider an option where PDS is initially universalized in 150 poorest districts without prejudice to anyone's current entitlements in other districts. PDS coverage in the remaining districts to include expanded BPL households adopting Tendulkar estimates of poverty. The foodgrain and subsidy requirements of such a scenario and gradual universalization to the whole country would need to be estimated and examined before the NAC can take a view.

14 The other item on the Agenda was to finalize the NAC Procedures.

14.1 Secretary NAC apprised the Council of the draft NAC Procedures, which after circulation to members and incorporation of suggestions received, were placed before the NAC. Prof. Jean Dreze suggested that the final Minutes of each meeting be tabled at the next meeting.

14.2 Ms Aruna Roy, while endorsing the draft circulated, advised that the draft may be elaborated covering the following suggestions:

- (i) On each related issue or set of issues that the NAC decides to take up, it may set-up a Working Group with a mandate, and a time frame to facilitate a "consultative process" through which it can draw upon public opinion and expertise.
- (ii) The Working Group membership will be open to all NAC members who volunteer to be a part of it. All meetings of the Working Group will be open to all other members of the NAC. The NAC Secretariat shall be responsible for informing other NAC members of the schedule of all meetings of a given Working-group.

(iii) The Working Group will take advantage of the rich material generated during the "consultative process" to arrive at its own recommendations which will subsequently become part of its "final report" to the NAC.

(iv) The consultative process shall at least include the following components:

- a. One or more open dialogues or hearings (which will include citizen groups, campaigns, academic bodies, think-tanks, activists, stakeholders and representatives of organizations likely to be affected by the proposed policy)
- b. Putting up specific proposals and issues on the NAC website for eliciting public responses

(v) In addition to aforementioned compulsory elements, the Working-Group could also initiate and organise the following activities as part of the consultative process:

- a. Field visits
- b. Brainstorming Session with Experts
- c. Accessing Studies (short term)
- d. Referring an issue or matter to an Expert or a group of Experts
- e. Seeking opinions and information from concerned departments and ministries

(vi) While the Working Group may make specific recommendations, its "final report" relating to a given issue shall also include an objective commentary on the course of the consultation (including details of all the activities, participation of groups etc.) as well as the substantive inputs it received during the consultation process. This final report shall be tabled before the NAC for discussion and decisions.

There was general agreement on these issues.

15 Action Points

The following Action Points emerged:

(i) The Working Group would estimate the foodgrain and subsidy requirements for a scenario of universal PDS in 150 poorest districts at the rate of 35 kg per household or 6 kg per capita, at Rs. 3 per kg (in the remaining 490 districts BPL HHs entitled as per the Tendulkar estimates and status quo maintained with respect to the APL HHs) and of gradual extension of universal PDS to the rest of the country.

(ii) The foodgrain and subsidy requirement of other welfare schemes (existing & expanded) would be estimated.

(iii) Financial implications of non-food items such as pensions, etc. which if proposed under legal entitlements would be estimated and examined.

(iv) The NAC Secretariat would facilitate in procuring desired information from the concerned Ministries and Departments.

(iv) The Working Group would meet on 12 July 2010 to firm up its initial recommendations and submit them to the Secretariat on 12 July for circulation to all members before the NAC Meeting on 14 July 2010.

The next meeting of the NAC would be held on 14 July 2010.

The meeting concluded with thanks to the Chair.