Narendra Modi government gearing up to announce Food Security Act with Rs 130,000 crore outlay

Days after Prime Minister Narendra Modi defended subsidies aimed at the poor, ET has learnt that the government is gearing up to announce a mammoth rollout of the National Food Security Act (NFSA) with an outlay at Rs 130,000 crore, will be double the number earmarked in this year's Budget.

The planned commitment is greater than the entire allocation towards food subsidy in this year's Budget — Rs 124,419 crore — and the full-fledged rollout of the Act will begin from April 1, the start of the government's financial year.

The increased allocation for a programme of the United Progressive Alliance era will aim to buttress the Modi government's pro-poor credentials while quelling Opposition criticism that it is a "suit boot ki sarkar".

If successfully implemented, it will mark another instance of the NDA government embracing a pet UPA scheme and doubling down on its use, much like in the case of Aadhaar and MGNREGA.

Officials familiar with the plans said the Food Security Act will from April 1 cover more than 70 crore beneficiaries identified in 27 states and union territories.

The Act covered 11 states and 33 crore people when its implementation began in June 2014. "What we are looking at is ending hunger and ensuring that every citizen of the country has two meals a day. The PM is looking at this as entitlement of the poor," a top government official told ET on condition of anonymity.

Last Friday, Modi, speaking at the Airtel-Economic Times Global Business Summit, criticised ideological opposition in some quarters to all kind of subsidies and launched a spirited defence of those aimed at the very poor. He said the government would rationalise subsidies and target them at the needy.

Officials in the ministry of food distribution said the prime minister had personally taken what they said was an "inordinate amount of interest" in the implementation of the programme. He had personally enquired about its progress from states' chief secretaries thrice in the past six months.

As part of the planned rollout, some 1.8 lakh fair price shops across the country will have electronic point of sale devices to authenticate beneficiaries at the time of distribution and also electronically capture the quantum of grains distributed to each family.

The number of these shops, at 70,000 now, will increase to 5.52 lakh by March 2017.

Under the Food Security Act that came into force in 2013, the central government has to share 50% of the cost of handling and transportation of foodgrain (75% in case of hilly and difficult

areas) incurred by states and the dealers' margin so that it is not passed on to the ultimate beneficiaries.

The beneficiaries get coarse grain at Rs 1 per kg, wheat at Rs 2 a kg and rice at Rs 3 a kg. The Supreme Court on Monday blasted some states, notably Gujarat, for not implementing the Food Security Act and questioned their defiance in not adhering to the federal structure.

Officials said that of the nine states and union territories that are still to implement the Act, four — Gujarat, Kerala, Jammu & Kashmir, Dadra and Nagar Haveli — have promised the Centre they would do it by the end of February, while another four — Arunachal Pradesh, Manipur, Mizoram and Nagaland — have committed to start by March. The last holdout state — Tamil Nadu — has sought time until July.

The officials said there was greater emphasis being laid on better preparation so that it is implemented well and not rolled back, like in the case of Uttarakhand. They said online allocation of foodgrain is being done in 21states, and the entire food grain supply chain has been computerised in 12 states.

Last year, as a run-up to the rollout of the programme, Food Minister Ram Vilas Paswan was asked to conduct monthly meetings with food ministers and secretaries in all the states.

A team from the ministry comprising senior officials Deepak Kumar and Nilambuj Sharan were asked to travel across the country, spending about a week each in every state to get the online systems fixed and operational.

The Centre is also holding workshops in states on the practices adopted by states such as Odisha, Andhra Pradesh and Madhya Pradesh in implementing the law.

What has helped the government get states on board for the Act is the massive National Informatics Centre-led digitisation programme that has trained officials in states to track the entire process of distribution of grains. NIC has also built a monitoring portal to ensure there is no fudging of numbers.

"The entire process of grains moving from godowns to shops to the beneficiary is captured online. Even the electronic receipts given to beneficiaries and closing balance of shops are up for public scrutiny. This data and automation of process has also made the allocation of foodgrain and their release to district administration easier," one official said.

While the Centre has assisted state governments to set up technical support systems for the programme, it also insisted that they use socio-economic caste census (SECC) data that had not been used by many of them to identify beneficiaries in previous years.

(Economic Times)