

## Lecture 08: Food Security Concerns at WTO

Dear students and today we are going to discuss about the Food Security concerns which is raised by many members, many WTO members, including India in the WTO. So, what is this food security concerns in WTO? So, we were discussing in all the last classes about the agriculture agreement and within the agriculture agreement we talked about subsidies. So, the developed countries they want the entire subsidies which is given to the food sector which including also the distribution of public distribution systems like in India to be coming within the total AMS aggregate measurement of support within the WTO agriculture agreement. And at the same time the countries like India and other developing countries are objecting to this because this particular heading is under the food security and also specifically within the public distribution the cost of stock holding distribution and delivery of food items to the poor people, separate sections of the society, has to be deleted or has to be excluded from the total AMS that is the requirement of developing countries. So, first we will see that what is the hunger index in the world and also in India as well and then we will see that what is the requirement of food? What is the requirement of food in developing countries? What are their special requirements and why these agriculture agreement should not be completely applicable to the distribution of this food items to the poor people in all developing countries.

### CONCEPTS COVERED

#### WTO Agreement on Agriculture (AoA) and Food Security Concerns

#### The Hunger Index



So, we are going to cover in this lecture this, we have to see the hunger index because we want to see that which are the countries those who are require this particular special assistance under the food security vis-a-vis we will see the WTO agreement as well.

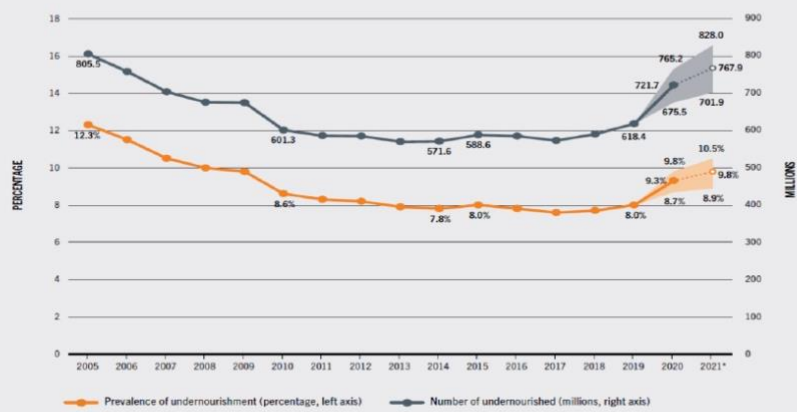
## Food Security Issues

- 840 million people on subsidised rates through public distribution system.
- On the other hand, 333,000 farmers in India have committed suicide since WTO was formed, as they are not protected in the local and global market.
- Between 720 and 811 million people faced hunger in 2020
- Nearly 2.4 billion people in the world lacked access to adequate food in 2020
- About 660 million may still face chronic hunger in 2030.



So, if we look into the total scenario we can see that so the food and agriculture organization says that 840 million people are getting food through the subsidized rates through the public distribution systems of their countries and this is very specific to India and also at the same time we can see that this is the lifeline of the poor people in India those who are getting food items through the public distribution system. So, in the last class also we saw that. On the other hand we can see that around 3,33,000 farmers have committed suicide in India. So, we specifically argued that this cannot be completely attributable to the WTO agreement on agriculture, but it is a fact that these large or huge number of farmers have committed suicide in the past maybe last 2 decades and also we saw the last data which is available up to 2020 and which say that 720 or between 720 and 811 million people faced hunger in 2020. These numbers increased on the background of the pandemic like COVID as well and if you look into the world it says that, the FAO says that 2.4 billion people lack access to adequate food in 2020. So, the chronic hunger index all over the world is around 660 million people, and this chronic hunger radius, which you can see in the FAO map of the chronic hunger index, you can see most of the countries are in Africa and sub-Saharan area. So, there are a substantial number of people who are still within the ambit of this hunger index.

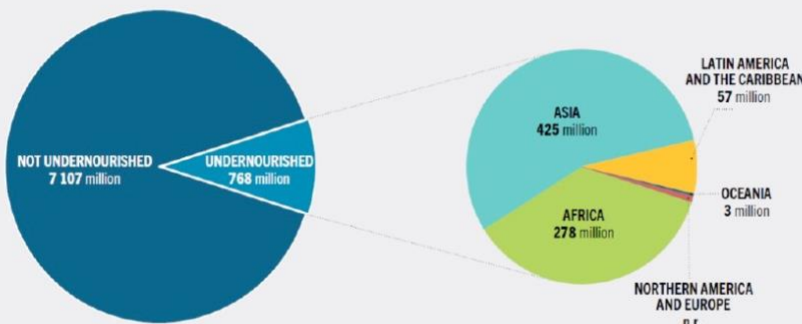
**FIGURE 2** BETWEEN 702 AND 828 MILLION PEOPLE IN THE WORLD FACED HUNGER IN 2021. CONSIDERING THE MIDDLE OF THE PROJECTED RANGE (768 MILLION), HUNGER AFFECTED 46 MILLION MORE PEOPLE IN 2021 COMPARED TO 2020, AND A TOTAL OF 150 MILLION MORE PEOPLE SINCE 2019, BEFORE THE COVID-19 PANDEMIC



NOTES: \* Projected values for 2021 are illustrated by dotted lines. Shaded areas show lower and upper bounds of the estimated range. SOURCE: FAO.

So, if you see this particular data from 2005 onwards. So, you can see that this hunger index was, the people those who are affected, was going down from 2005 onwards, but suddenly it increase from 2019. Definitely, I am sure that this was the effect of the pandemic and the number of people projected are also, after 2021, are also going up. So, it means that it is happening differently. Even in 2008, you can see that the hunger index was going down only, it was not going up. So, it is now around 828 million people in 2021 are affected by hunger in the world. So, you can see that the latest data from food and agriculture organization (FAO) shows that the hunger index the number of people affected by hunger goes up rather than going down.

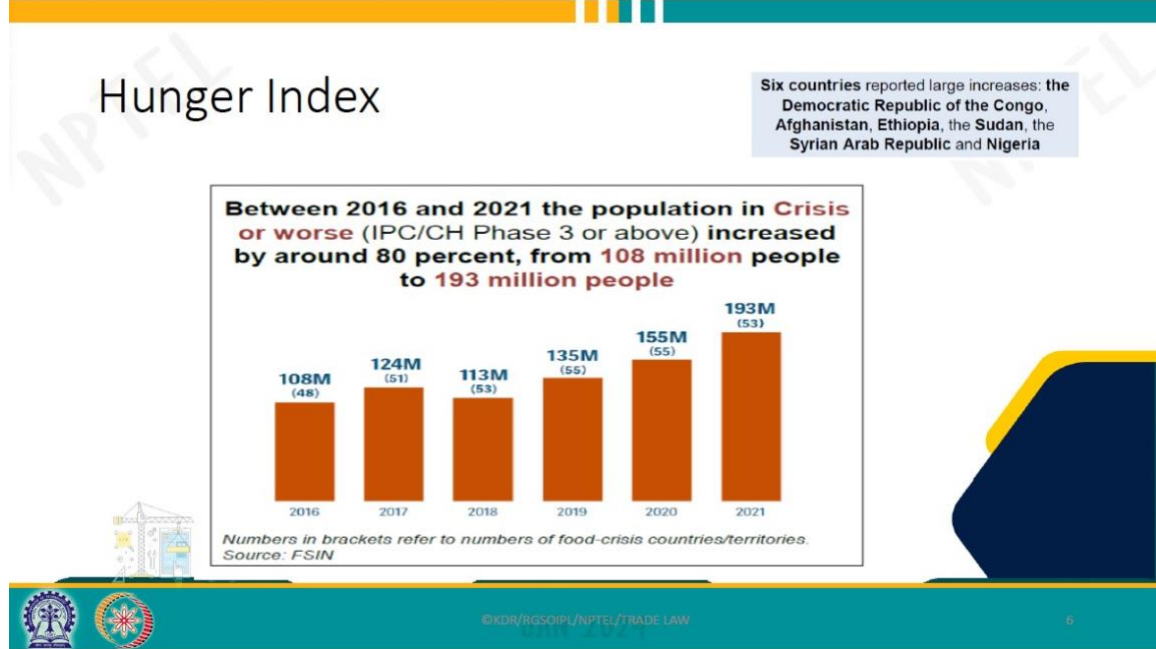
**FIGURE 3** MORE THAN HALF (425 MILLION) OF THE PEOPLE IN THE WORLD AFFECTED BY HUNGER IN 2021 WERE IN ASIA AND MORE THAN ONE-THIRD (278 MILLION) IN AFRICA



NOTES: Projected values based on the middle of the projected range. The full ranges of the projected 2021 values can be found in Annex 2. n.r. = not reported, as the prevalence is less than 2.5 percent. SOURCE: FAO.

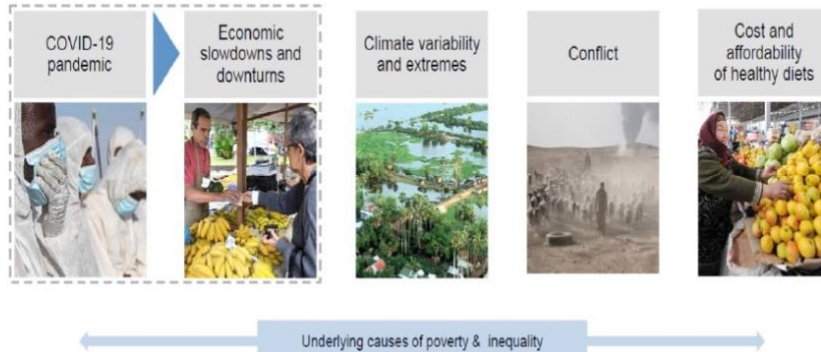
And also you can see that how many people, we talked about hunger index, now we talk about under-nourishment. So, here you can see that under-nourished people are around

768 million all over the world. This is also Food and Agriculture Organization (FAO) data, which says that around 768, almost equal to that of the hunger index or hungry people all over the world, is under-nourished. So, within these 768 million people, you can see the largest is 425 million in Asia only. So, sometimes the data's are very interesting as well as astonishing and we will see that Asia, most of the countries, the Asian giants like India or China or Japan. So, if you take Asia as a whole, there are 421 million, the largest in the world under-nourished is still in the Asian region and second is African region and third is Latin America and Caribbean region. So, in Africa it is 278 million and the Caribbean region it is 57 million people and then the Oceania around 3 million and then we can see a very small quantity in northern America and Europe. So, the US and European Union is you can say that completely devoid of this particular problem of hunger or under nourished people all over the world. So, who is affected? Who is affected within Asia and Africa? Definitely, most of these countries are agriculture driven economies and the large number of the population is also to be fed by these particular countries.



So, if you look into this hunger index, there is large increase in certain countries like for example, Congo - Democratic Republic of Congo, we know that then another country most of the time ravaged with war or some kind of conflict is Afghanistan. Another African country which we can find Ethiopia and another country without any governance that is Sudan and the again completely war ravaged Syria then Nigeria. So, you can find some of the countries in these areas have increase in this particular hunger index or the numbers are very much increasing. So, you can see that specifically from 2016 onwards, hardly in 2008 little bit dip we can see otherwise from the pandemic time 2019 to 2023 the numbers are only increasing. So, here you can see the worst crisis. So, we can say that 108 million people to 193 million almost 200 million people are completely under crisis. It means that the hunger index all over the world is going up. So, this is not a good situation when compared to the agreement on agriculture as well as the situation in the member countries. So, the agreement on agriculture cannot be completely concluded without taking into consideration the concerns of these particular countries.

## Causes of Poverty



So, we can see the COVID poverty the food and agriculture organisation attributes this particular course to many reasons and one is specifically that after the COVID-19 pandemic most countries have economic slowdowns and downturns, and it is predicted that in 2024, there is going to be another economic turmoil, all over the world, due to various reasons. Then another reason may be the climate variability or climate changes and most importantly the conflicts, so, for example, we can see the conflict between Russia and Ukraine. So, it is only the conflict between two countries, but the whole world is affected, the especially the trade. So, we will see some of these cases how it is affected. So, the conflict in Palestine and Israel is also going to affect the world trade in the coming days. So, and I think probably the last priority will be the cost and affordability. The affordability comes only the last and all other exterior reasons over and above the economic reasons has affected, and is the reason for poverty and it is not only in Asia, Africa and other countries.





## The Bengal Famine - 1943



Source: Photo from [dunedin.ac.uk](https://dunedin.ac.uk)

- ❖ In 1943, India witnessed one of the worst famines in history also called “**The Great Bengal Famine**”
- ❖ It is estimated that more than **3 million people died** due to hunger, starvation, and famine related disease.
- ❖ The price support backed PSH programmes has **successfully prevented** a Bengal famine like situation after independence despite witnessing droughts in some years.



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So, in my previous classes also I was mentioning about the Bengal famine. So, the Bengal famine happened just before the independence of India. So, the trade, the stockpiling of the British, stockpiling of grains and other food items from India sourced under the colonial power which led to it. So, you can see the photograph which shows and tell many stories. So, it shows the great Bengal famine. So, in some of the African or Sub-Saharan countries, they met with famine and this may be one of the reasons. So, in Bengal famine itself 3 million people had undergone hunger starvation and diseases and they died, affected by it. So, this was in 1943, but we are talking in 2023, now also the number is going up. So, you can see that at that point in time, the Government of India, to prevent the Bengal famine situation, the government wanted special schemes for the supply of food in countries like India.

## Global Exports of Food

- Between 2019 and 2020, agrifood exports **expanded unlike trade in other sectors**
- Driven by economic recovery, strong import demand and soaring commodity prices, **the value of agrifood exports expanded roughly 15% in 2021**

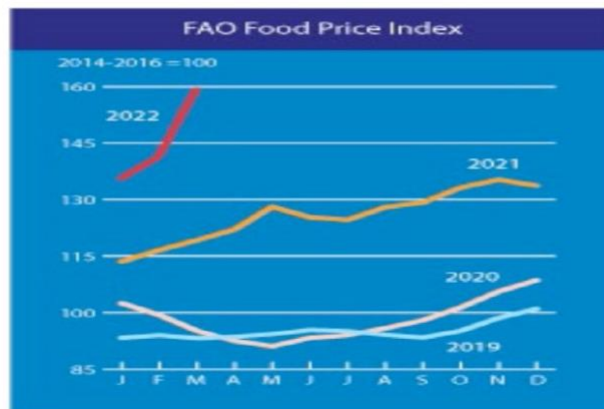


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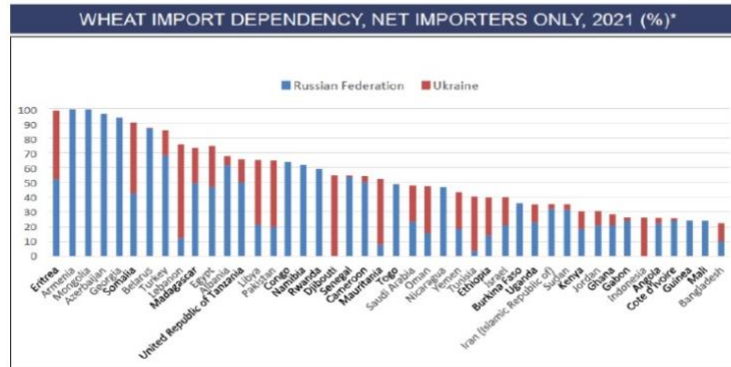
And if you look into the exports, we can see that there are agri-food and non-agri-food, in the recent past the agri-food and the non-agri-food is always fluctuating. So, you can see that the trade in sectors, the value it is shifting to the value added agricultural exports. So, this nominal value that you can see in the figure and which clearly shows that in 2018 it is non-agri-food, 2019, it shows almost a 0 growth rate; and in 2020 again, the non-agricultural food is negative and agricultural food is positive and 2021 again the non-agri-food trade has taken place and which outpassed the agri-food trade. So, here it shows that most of the economies are recovering from the pandemic time.

## FAO Food Price Index



And the FAO price index shows very clearly what has happened in 2019, 2020 and 2021, and what is the projection for 2020 to 2023. So, you can see the red line drawn for the price index. So, in one way, you are recovering from the pandemic; at the same time, in the FAO food price index - the prices are going to be very high, which is projected to be very high in 2020 to 2023. So, the food prices all over the world is sky rocketing. So, the developed countries like UK and other countries like Canada. So, they are facing the increase in food prices. So, it is not only the phenomenon which is happening in the developing countries it is happening as well as in the developed countries.

# Ukraine and Wheat Exports



So, I was talking about the Ukraine war, Ukraine Russia war. The Ukraine Russia war has severely affected the wheat imports dependency of many countries. So, we usually think that somewhere something is happening and it is not going to affect the world. So, you can see that what is the contribution of Russian federation and Ukraine in supply of wheat all over the world. And you see countries like for example, Eritrea is equally dependent upon Russia for 50 per cent and 50 per cent dependent upon Ukraine for their supply of wheat. Now, what is happening in other countries like for example, Armenia Mongolia or Azerbaijan, which depend 100 percent upon Russia. So, they are severely affected by supply for some period of time in 2022. So, it is going to severely affect other countries, the food supply is going to be affected or agriculture product supply is going to be affected by conflicts in other parts of the world.

## LINKAGES BETWEEN TRADE AND FOOD SECURITY

Trade affects all the four dimensions of food security: availability, access, utilization and stability

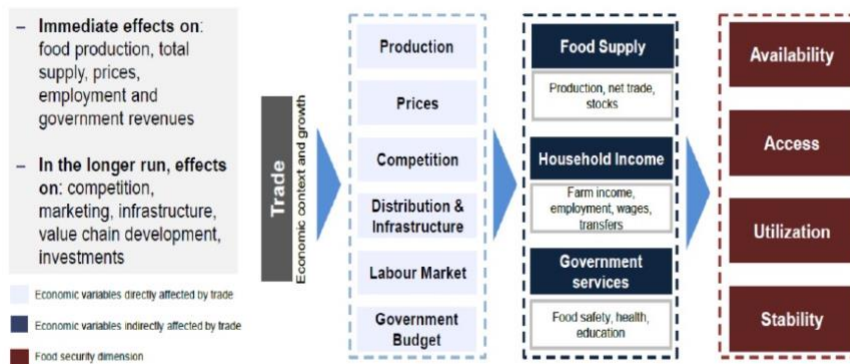




So, here you can see that there is clearly a linkage between production and other factors especially trade. Trade is directly connected with food security. How? It is affected with availability at the domestic level then access utilisation and stability. So, first of all if you want to export, trade, you can see that there must be sufficient available food or appropriate quality of the standard of food for exports to be present in a particular country, and also adequate resources for carrying appropriate foods for a nutritious diet. So, even though you want to import, the food should be available in the international market then only the quality food can be imported. Then the utilization of food through adequate diet, clean water, sanitation, health care and other well being you can find. So, stability and access to food always depend upon the availability of food, whether it is imported or locally grown. So, stability is always important, and all the countries look for food to feed their population.

## ROLE OF TRADE FOR FOOD SECURITY AND NUTRITION

The links between trade and food security are complex, with several channels of interaction affecting the different dimensions of food security simultaneously and with different short- and long-term impacts



Source: Adapted from FAO, 2016. State of Agricultural Commodity Markets 2015-16. Trade and Food Security

So, we were talking about the role of trade and food security and there is a connection between trade, food security, and nutrition. So, these three areas which we can see very clearly connected together, for example, as I told you that the food supply is entirely dependent upon the production and it also depends upon prices. It is the competition in the market, distribution and infrastructure, labour market, government budget, all these are going to affect the food supply. Not only food supply but the production, trade and also stock holdings then the purchase parity of every household. So, the farm income, employment, wages, transfers, government services, food safety, health, education then again it is connected with availability-access-utilization and stability which we talked about in the previous slide. So, food security dimensions are very clear it depends upon availability-access-utilization and stability and the economic variables, there are so many economic variables which depend upon the agriculture production and trade.



## TRADE POLICIES CAN HAVE MIXED EFFECTS ON FOOD SECURITY

Impact of short-term trade policy interventions: export restrictions and tariff reductions



So, again the food and agriculture organization (FAO) says that there can be a mixed effect of the trade policies of every country. For example, if you take India, it continues to be a net importing country rather than a net exporting country. So, with regard to net exporting countries, their export restrictions, for example, additional taxes and other taxes can be imposed. So, there can be a negative effect as well as a possible positive impact as well. The only positive impact which we can find is the higher domestic supply and price stabilization that means lower consumer prices. So, if there are more exports than consumables in a particular country, the prices will go up, and the availability of food will be less in the domestic market. So, always the government tries to keep the consumer prices low and the availability of food-domestic supply is not interrupted. And if you look into the other goals, the national goals and global goals, we can see that net exporting or net importing, lower producer prices and uncertain policy environment create disincentives for expanding production. So, in that case, you have to import the food products and then again the producers diversify away from affected crops, it always happens that the farmers shy away from a particular crop which is affected in a particular year. And also, you can see that the global demand, for example, now in the last class, we have mentioned that India has banned the export of many food grains to other countries. Because the Government of India expects a production constraint as well as a great global demand in the market. So, they banned exports for a period of time because there must be sufficient domestic supply and then only there will be price stabilization; otherwise, the food prices will go up like in the developed countries, which has happened very recently. So, if the availability is less, demand is more, and supply is less, there will be an upward pressure on world prices which is happening right now. And then uncertainty, so, the conflict in various parts of the world always leads to uncertainty in the confidence in the global markets. So, the global food markets depend not upon one country or two countries, but many countries, especially those who supply food materials.

- ❖ In 1964-65, India was **importing wheat** to meet the domestic consumption needs.
- ❖ Amounted to almost **38 percent** of domestic consumption.
- ❖ Foreign exchange reserves in the same year was only **US \$524 million**. Notably, the value of imported wheat was approximately equal to the total foreign reserves of India.
- ❖ **The US provided assistance under PL 480** wherein importing countries were allowed to purchase US agricultural goods in local currency to save foreign exchange reserves.
- ❖ Without the US assistance, it would have been extremely difficult to ensure food security due to low foreign reserves of India. Such experience prompted India to initiate PSH to ensure food security.
- ❖ What India faced in 1960s, many other countries such as Indonesia, Malaysia, Philippines, Kenya, Zambia, Egypt, have grappled with this issue in recent years



So, if we come back to India, you can see that we found a famine, the infamous Bengal famine, 1943, and when you look into the post-independent area, the situation did not improved much in 1964-65. So, India was importing wheat for domestic consumption and we were not a producing country even at that point of time. So, 38 per cent of domestic consumption, so we had to import grains even at that point in time. When we look into our economic situation, it is a poor economic situation, which was noted in 1965. So, it was noted that the foreign exchange reserves of India were, at that point in time, 524 million US dollars, not even a billion and the value of wheat imported was equal to it. So, what does it mean? So, we, the Government of India, did not have the foreign reserves even to import food grains, wheat at that point in time. So, the US helped India under the PL 480 program at that point of time, allowed to purchase the US agricultural goods, so, that the Government of India can save the foreign exchange reserves. So, we can see the poor situation of countries like India at that point in time. So, under the PSHS scheme, India and other countries also found it easy to import food items, food grains at that point in time. So, what India faced in 1943, 1960 many of the countries also faced the same like Indonesia, Malaysia, Philippines, Kenya, Zambia, Egypt. Very recently these countries faced food grain problems. And now the war is going on between Russia and Ukraine, and many the European countries are finding it difficult not only for fuel or for gas but also for food grains. So, there is a severe problem with regard to the food grains.

## Food Security

- The WTO Agreement on Agriculture explicitly recognises the need to take account of [food security](#).
- The issue of food security is at the heart of WTO members' ongoing [negotiations](#) on agriculture, where it is relevant to all negotiating [topics](#).
- WTO members agreed two outcomes on trade and food security as part of the “Geneva package” of agreements concluded at the 12th Ministerial Conference (MC12) in June 2022.



Now, we come to the food security and especially the food security discussion at the WTO. So, the WTO specifically says that they recognize the need to take account of food security. So, even though words are used that “recognizes the need to take account of food security”, still at the same time food security is considered to be a heated topic in each ministerial conference. It is a negotiating topic, whether it happened in the last ministerial conference or in a successful ministerial conference, we will see some of the decisions taken previously as well.

## Food Security Exceptions

- Trade ministers agreed on a [decision](#) exempting food from export restrictions when procured for humanitarian purposes by the World Food Programme (WFP).
- They also agreed on a [Ministerial Declaration on the Emergency Response to Food Insecurity](#), the first such declaration on this topic adopted by trade ministers at the WTO.
- In line with this declaration, WTO members established a [work programme](#) on food security for LDCs and NFIDCs at the Committee on Agriculture in November 2022.



So, the developing countries mainly argue for a food security exception, but the ministers also agreed on a decision accepting food from export restrictions when procured for humanitarian purposes by the world food program. We can understand that supplying to African countries and other countries, but what about the public distribution system in



India. And also the ministers agreed for emergency response to food insecurity. So, they were also discussed and agreed upon. The WTO members actually include these commitments under the work program of food security. So, the committee on agriculture is discussing and probably the next ministerial conference will again consider for the food security concerns to be included in the ministerial decisions.

## Nairobi Decision - 2015

- At the Nairobi Ministerial Conference in 2015, trade ministers adopted a historic **decision** abolishing agricultural export subsidies and setting new rules for other forms of farm export support.
- The decision **contributed** to progress on **Sustainable Development Goal 2.b**, which commits governments to “correct and prevent trade restrictions and distortions in world agricultural markets” as part of their efforts to end hunger, achieve food security and improved nutrition, and promote sustainable agriculture.



So, the earlier decisions if we look into the Nairobi decision of 2015. So, in the Nairobi decision at the ministerial conference in 2015, they decided to abolish many of the support to the agriculture sector for example, decision to abolish agricultural export subsidies. So, we saw that one of the three pillars of the agriculture agreement is to reduce export subsidies. So, whether it is a good decision or bad decision it will depend upon whether you export or not export, whether you are a net exporting country or net importing country. And also the declaration in 2015 says that this particular decision is adding or contributing to the Sustainable Development goals (SDGs) which is mentioned under 2.b. So, the governments to correct and prevent trade restrictions and distortions in the world agriculture markets. We saw that from the GATT period itself, these export subsidies are considered to be trade-distorting. So, in order to end this particular distortion it is good that you stop export subsidies, but what about the hunger index and at the same time the food security of the developing countries and the countries around 750 million people all over the world those who are undernourished. So, we saw a red hunger index as well as an undernutrition index. So, how it is going to be, this gap is to be filled, the WTO has not discussed.



## Food Security

- **Public stockholding programmes are used by some governments to purchase, stockpile and distribute food to people in need.**
- **While food security is a legitimate policy objective, some stockholding programmes are considered to distort trade when they involve purchases from farmers at prices fixed by the governments, known as “administered” prices.**



And also you can see that the public stock holding programs of many countries especially the largest country is India. So, the state purchases the food for Minimum Support price(MSP), which is the minimum support price, then stockpiles it, and then distributes it for a very low price and the developed countries consider this to be trade distorting. So, here, if you carefully look into, this is not for trade. This is not trading, and the government is not selling these food grains to the people at market rates. The government is providing this particular food on food security count. So, these governmental programs are administrative. So, for example, India is giving rice for 1 rupees, 2 rupees and 3 rupees for different categories of people, through the public distribution system. So, this stockpiling food, I consider it as, it would not come under trade at all rather these subsidies which is provided by the particular governments cannot be attributable to agriculture trade. So, this is specifically for, these are governmental programs specifically for feeding its own population and this is purely for food security, this is not for trade. So, the argument of developed countries is to what extent it is justified is a big question.

## Market Information

- The WTO works closely with other organisations to ensure that trade contributes to improving food security.
- In particular, the WTO **participates** in the Global Crisis Response Group on Food, Energy and Finance, established by the UN Secretary-General in March 2022.
- Along with other international organisations, the WTO participates in the **Agricultural Market Information System (AMIS)**, a mechanism set up by G20 agriculture ministers to enhance market transparency and promote policy dialogue in the wake of the global food price hikes in 2007-08 and 2010.



And also the members now come out with more transparent decisions for example, all ministerial members they discussed about the global food security crisis and also established, for example, the organizations like UN secretary-general has declared in 2022 about the Global Crisis Response Group on Food Energy and Finance, and also other organizational setups which the members made like the Agriculture Market Information Systems (AMIS), this is mainly by the G20 countries because you can find that other than the European Union or countries like the United States you can find that there is a severe malnutrition or hunger problem in most of the G20 countries. So, now, it is the G21 countries. So, they also have considered about the food security issues.

## Indian Food Security

- **Public Stockholding for Food Security:**
- India's food security program involves maintaining large public food stocks of staples like rice and wheat to distribute to the poor and vulnerable populations at affordable prices.
- India has argued that the current rules do not account for the needs of developing countries with large agricultural sectors, where subsidies may be required to support small and resource-poor farmers.



So, the most important thing that Indians are concerned about is with regard to the public stockholding and public stockpiling of rice and rice wheat and other grains distributed to

people. So, the countries like the United States say that this is a subsidy trade-distorting subsidy. So, you include it in the total AMS. But it is the primary duty of every sovereign government to feed its population and at the same time MSP minimum support price is required to support the poor farmers as well. So, the developed countries should understand this particular point and you cannot look everything from the lens of trade.

## MSP

- **India provides minimum support prices to its farmers to ensure that they receive a fair return for their agricultural produce.**
- **However, these support prices have raised concerns at the WTO because they can distort trade by affecting the market prices of these commodities.**



And so I already talked about the minimum support price. So, India provides minimum support price for various farm products and they purchase it and they stock pile it and they do not sell it, but distribute it through the public distribution system all over India.

## Trade Distortion

- **India has argued that its food security programs should be exempt from WTO disciplines because they are essential for addressing food security issues for its vast and economically disadvantaged population.**
- **The fear is that stringent WTO rules could hinder the country's ability to provide affordable food to its citizens.**



So, under the WTO disciplines it is considered to be trade-distorting subsidies, but it is for the betterment of the poor people and the poor people in poor countries. So, this cannot be considered as trade distortion rather than it is to be considered as providing

affordable food to its citizens, whether you take India or other countries. But still we can find that the hunger index in Asia is number one. The largest country producing food whether it is India or other countries is providing necessary food, but India, in the region Asia is number 1 in the hunger index.

## Peace Clause

- **The WTO's "Peace Clause" is a temporary mechanism that provides protection to countries for their existing food security programs from legal challenges.**
- **However, India has been advocating for a permanent solution that ensures long-term protection for its food security programs.**

So, we talked about the peace clause earlier also and the WTO peace clause is providing for a period of time, debars countries from filing disputes. So, these food programs are for the time being not disputed before the WTO disputes settlement system. But India and other developing countries like Africa are arguing for a long-term permanent solution for the food security programs or a long-term permanent exception to the food security programs of these particular countries. So, that they can feed through different programs like the public distribution system of India.

## PDS

- **India operates a vast public distribution system to distribute subsidized food to millions of its citizens.**
- **The cost of maintaining this system, along with procuring food grains, is a significant concern for India regarding WTO regulations.**
- **Public Distribution System (PDS) is being implemented under the National Food Security Act (NFSA), 2013 in all States/UTs.**
- **X**



And even India passed to overcome this crisis and for more beneficiaries, for example, the students in schools to be fed, lunch programs through the National Food Security Act in 2013 which is applicable to all the states all over India. These programs are applicable in India as well as all over the states in India.

## Indian PDS

- **At present total 23.4 crore ration cards are covered under NFSA comprising 21.2 crore PHH ration cards and 2.2 crore AAY ration cards.**
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And here you can see that how it is done by India. So, it is done through the ration cards of 23.4 crores. So, out of 1.4 billion people in India, India has distributed ration through 23.4 crore ration cards, and this is a very small population which is covered under this particular program and also you can see that equal number of people are benefited through other schemes as well. Total you can say that around 50 crore people out of 140 crores are benefited through the public distribution system in India.

## Developed Countries Arguments

- **The US, Australia, Canada and the EU say that India's "highly subsidised" public stock holding (PSH) programme breaches prescribed limits.**
- **Developed countries want subsidies limited to 10% of production and limits applied to public stockholding of foodgrains, which distorts markets.**
- **India invoked the peace clause in order to counter the argument.**





At the same time, the developed countries argue that these stock holding, or stock piling is highly subsidized. You can very clearly see that these countries are the US, Australia, Canada and the EU; those countries are highly developed countries. Those countries are not on the hunger index, they are not even other European countries, not even South American countries, not African countries, not Asian countries. So, these countries want these stock piling subsidies to be within the AMS. So, they say that subsidies to be limited to 10 percent of the production and similar reductions to be applicable to public stock holdings or food grains and that these distort markets. So, it is very clear that if people are getting food for 1 rupees or 2 rupees or 3 rupees or even 10 rupees, people are not going to purchase any further any more food grains from the public market. So, other countries cannot trade their particular product within these markets, and India invoked the peace clause against the argument of these particular countries, but the question is how many more years the peace clause is going to continue. That is also an important question, and before that, you have to come out with a decision.

## G93 Proposal

- **Now, as part of an 80-country coalition that includes the G33 grouping and the Organisation of African, Caribbean and Pacific States (OACPS), India has proposed the adoption of a new method to calculate subsidies given to purchase, stockpile and distribute food to ensure food security for developing and poor nations.**
- **In India, food inflation accounts for a sizeable 39% of the Consumer Price Index (CPI), and has been under considerable pressure.**

And most importantly we talked about G20-G21 countries and here G is a grouping of 93 countries who submitted a proposal and which includes one G33 grouping and organization of African Caribbean and Pacific states. India has proposed a completely new methodology to calculate the subsidies given to purchase stockpiling and distribution. So, it is not only the MSP system but stockpiling like the Food And Agriculture Organization(FAO) of India and then again to the distribution systems of these poor countries or poor nations. And also, this supply of food grains to the public distribution system successfully controls the food inflation in the Indian market and also controls the consumer price index. So, the consumer price index is always under pressure. So, you can see that the food prices are still going up in developed countries, but it is still under control in India mainly because of India's public distribution system.

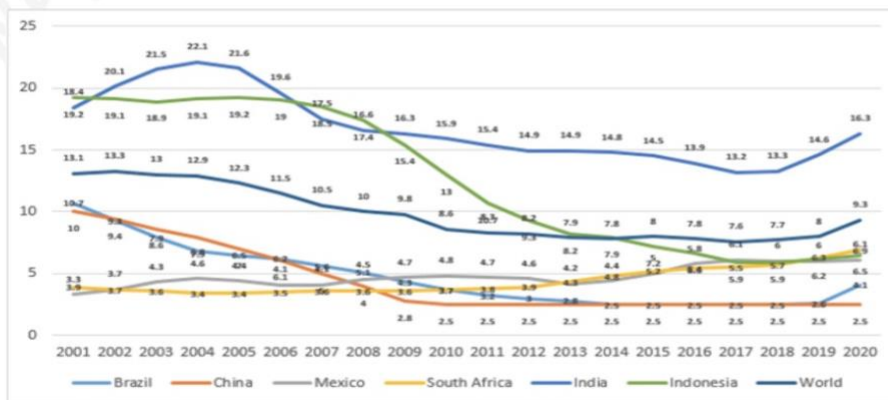
## Food Security – G20 Position

- A permanent solution is expected at M13 at UAE in 2024.
- Both COVID-19 and the Ukraine conflict have had significant impacts on food security in G20 nations.
- The pandemic has disrupted food supply chains, leading to shortages and price increases in some regions.
- Lockdowns and travel restrictions have also made it difficult for farmers to sell their produce and for consumers to access food.



And very recently in New Delhi, the G20 countries has come out with certain decisions with regard to food security. They have taken into consideration the COVID-19 period as well as the conflict in Ukraine, and they found that there is a significant impact on the distribution of food grains all over the world because of this conflict as well as with the pandemic. So, the pandemic has completely disrupted the food security chains, and now there is a shortage of food in certain areas, and gradually, it(trade) is opening up; at the same time, the conflict in certain parts of the world is severely affecting the trade of food grains. One complete disruption was this pandemic period. Disruption and trade of goods have affected not only the trade but also the food security of many of the developing countries.

## G20 Countries-under Nourishment



And specifically, you can look into the G20 countries; important countries within the G20 countries. And you can very well see the undernourishment of most of the countries. Undernourishment was going down for a period, in the last to last decade. But in the last decade, the undernourishment is, especially after 2000, maybe 2019, you can see 2018 or 2019, the undernourishment is going up, including in Brazil; the two important developing countries Brazil and India. In Brazil and India it is going up and other countries like Mexico or South Africa or Indonesia. So, the under-nourishment is going up, this is attributable to many reasons. So, the G20 countries are also concerned about the food security of these countries.

## G20 Position

- Promote **sustainable agriculture**, including reducing food waste, promoting efficient use of resources, and supporting smallholder farmers. This can help increase food production and reduce the impact of climate change on agriculture.
- Encourage **investment in rural development** including infrastructure, education, and healthcare. This can help support rural communities and improve access to food and nutrition.
- Address all forms of malnutrition by promoting healthy diets, nutrition education, and developing targeted interventions for at-risk populations.



So, what is the position of the G20 countries? So, the G20 countries, they have emphasized on the promotion of sustainable agriculture development and also reduction of food waste and promotion of efficient use of resources and supporting small farmers small farm holdings. And they emphasis on rural development and investment and also especially on infrastructure, education, healthcare and other sectors. Because these are very clearly connected with the agriculture sector. Rural development is very closely connected with the agriculture sector developments.

## G20 Position

- Address **food price volatility** for improved food security and economic stability by promoting transparency and information sharing in global food markets and developing policies to mitigate the effects of price volatility.
- Promote **international cooperation on food security**, including working with other G20 countries and international organisations to develop joint strategies and initiatives to address food insecurity.
- Overall, food insecurity remains a significant challenge in many G20 nations, and **concerted efforts** are needed to address the issue through a range of interventions, including improving access to healthy and nutritious foods, promoting healthy lifestyles, and investing in social protection programmes.



And also, the food price volatility is considered to be the greatest threat to the food security of every country. At the same time the G20 countries asked for promotion or international cooperation in food security. And for the international organizations to develop new strategies. So, and at the same time we can see that there must be a concrete effort from the all countries to eradicate hunger especially in these particular countries. And the G20 countries are also concerned about it and the declaration clearly shows about the food security concerns.

## NFSA Act, 2013

- **India's National Food Security Act (NFSA) intends to supply subsidized food grains to two-thirds of the country's 1.25 billion people.**
- **The passage of this Act in 2013 marked a major paradigm shift in the fight against food insecurity, from a welfare-based to a rights-based strategy.**



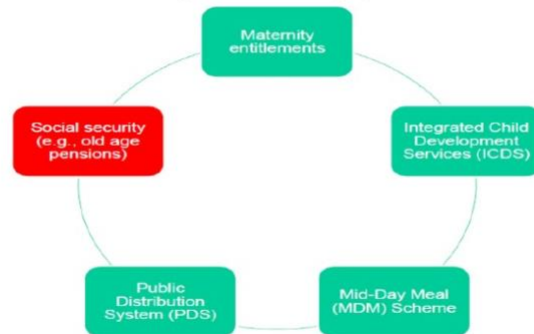
Quickly we will go through the Indian Act, what it talks about, it is known as NFSA Act Indian National Food Security Act of 2013. So, the subsidised food grain is, as we saw in some of the data, that out of 1.4 billion are 1.25 billion are benefited by India's public distribution system. So, how important it is you can see that 1.25 billion are benefited by



this public distribution system in India. So, India cannot leave this public distribution system at least for maybe the next 1 or 2 decades. Because the largest number of people are benefited out of the public distribution system.

## Coverage of Act

### “Life-cycle” approach



So, quickly we will look into the coverage of the Act. So, you can see the social security - it is a part of the total coverage of the Act, there is a life cycle. So, you can see that there is a maternity benefit, there are integrated child development services, there is a midday meal - one of the schemes which was added to this particular Act, and then there is the public distribution system. So, you can see that two or three schemes are especially connected with the public distribution system. Midday meal and integrated child development services are directly connected with the public distribution system. So, subsidised food is given to these particular channels.

## Coverage

- Maternity entitlements are new
- Other programmes already exist:
  - ICDS, MDM and PDS
- PDS: Effective coverage will double and prices will be halved





Then, maternity entitlements we have talked about, there is a separate Act and, most importantly, the distribution of food to pregnant women in the country through programs like ICDS, MTM and the PDS systems. So, the largest coverage is through the public distribution system and the food is covered.

## PDS

- **Coverage:** 75% rural population & 50% urban population
- **Entitlements:** 25 kgs per month at Rs 3/2/1 for rice/wheat/millets.
- Given the decline in poverty and those reporting “skipping meals”, why such expansive coverage?



And the government of India says that 75 per cent of the rural population is covered under the PDS system, and 50 per cent of the urban population are also covered under this. So, it is very interesting to see that 25 kg of food grains are distributed at the price of 3 rupees, 2 rupees and 1 rupee for rice, wheat and millet, which is a main component of the nourishment for the people. So, this contributes immensely to reducing hunger as well as reducing malnutrition in the country. So, wherever we are in the hunger index prepared by some agencies, but you can see that what is really the coverage of these schemes under the PDS system.

## National Food Security Act (NFSA), 2013

**An Act to provide for food and nutritional security in human life cycle approach, by ensuring access to adequate quantity of quality food at affordable prices to people to live a life with dignity and for matters connected therewith or incidental thereto.**



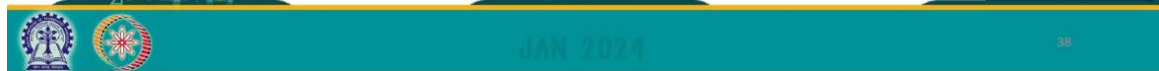
And quickly, I think, we will take a few minutes to complete. And the Act very clearly says that providing food and nutritional security in the human life cycle approach by ensuring access to adequate quantity and quality of food at affordable prices to the people to live a life with dignity and for matters connected therewith and incidental thereto. So, the objective of the Act is very clear, nutritional security and access to adequate quantity and quality of food for affordable prices. So, a large quantity of people are benefitted from this particular Act.

## National Food Security Act - Definitions

**Meal** – means hot cooked meal servicing to the school children.

**Food Grains** – means rice, wheat or coarse grains or any combination thereof conforming to such quality norms as may be determined, by order, by the Central Government from time to time.

**Food Security** – means the supply of the entitled quantity of food grains and meal specified.



So, it defines very clearly what is a meal and this is with reference to the mid day meal system which is introduced through this particular Act in India. So, cooked food is served to all school children through this mid-day meal programs then food grains and then food security and also, you can see the food security allowances which is shared by the central

government as well as the state government and how they are going to share it in between.

*Contd ....*

**Food security allowance-** In case of non-supply of the entitled quantities of foodgrains or meals to entitled persons, such persons shall be entitled to receive such food security allowance from the concerned State Government to be paid to each person, within such time and manner as may be prescribed by the Central Government;

**Social Audit** – means the process in which people collectively monitor and evaluate the planning and implementation of a programme or scheme.

And also you can see the food security allowances under other schemes.

### Salient Features of NFSA

- Provision for Hot Cooked meal with prescribed nutritional norms as per Schedule II of the Act .
- Facility for cooking meals, drinking water and sanitation at every school.
- Food Security Allowance for non-supply of meals.
- Framing of Rules for the implementation of MDMS under NFSA
- Setting up of Grievance Redressal Mechanism
- Constitution of State Food Commissions
- Constitution of Vigilance Committee for supervision of implementation of scheme
- Monitoring & implementation of Food Security Schemes

And also the Act which talks mainly about the accountability.

## Nutritional Support to Children

**In the case of children, up to class VIII or within the age group of six to fourteen year, whichever is applicable,**

**One mid-day meal, free of charge, everyday, except on school holidays, in all schools run by local bodies, Government and Government aided schools, so as to meet the nutritional standards specified in schedule II.**

*Ref: Section 5(I)(b) of NFSA*



Accountability of distribution, a check and balance system is made and most importantly this particular Act gives one mid-day meal free of charge every day, on every day school day, to school children and those who are in the local bodies and even ICDs project which we can see that they get food for small children and which are under this particular scheme.

## NFSA- Nutritional Norms

*The nutritional standards for children in lower and upper primary classes under the Mid Day Meal Scheme are as follows:*

Sl No	Category	Type of Meal	Calories (Kcal)	Protein (g)
1	Lower primary classes	Hot Cooked Meal	450	12
2	Upper primary classes	Hot Cooked Meal	700	20

*Ref: Schedule II of NFSA*



So, what we want to say is very clearly written about the nutritional standards of children in lower and upper primary classes under the mid-day meal schemes. So, an impressive calorie of energy food is supplied. If it is lower primary classes, it is 450 calories and protein 12 grams; and upper primary classes, it is 700 calories, and then 20 grams of protein is provided through this particular scheme.



## Infrastructure at Schools

- **Every school (run by local bodies, Government and Government aided schools) shall have facilities for cooking meals, drinking water and sanitation**
- **Provided that in urban areas facilities of centralised kitchens for cooking meals may be used, wherever required, as per the guidelines issued by the Central Government.**

*Ref: Section 5(2) of NFSA*



So, this is provided to the school children free of cost. So, to what extent the agriculture agreement can affect this? Can you say that you cannot provide this mid day meal scheme to the children in schools and small kids under the ICDs program. So, the government cannot say that.

## Implementation and Cost Sharing

**The State Governments shall implement MDMS covering entitlements under sections 5 of NFSA in accordance with the guidelines, including cost sharing, between the Central Government and the State Governments in such manner as may be prescribed by the Central Government.**

*Ref: Section 7 of NFSA*



And we can very well say that this entire scheme under this particular Act, the cost is shared by the state governments and the central government.



## Food Security Allowances

**In case of non-supply of the entitled quantities of foodgrains or meals to entitled persons (children), such persons (children) shall be entitled to receive such food security allowance from the concerned State Government to be paid to each person (children), within such time and manner as may be prescribed by the Central Government.**

*Ref: Section 8 of NFSA*



At any cost, this contributes to the food security or the nutritional security of the people in the country and cannot be included under the WTO total aggregate measurement of support scheme, or this cannot be called subsidies.

## Framing of Rules for the implementation of MDMS

**The Central Government may, in consultation with the State Governments and by notification, make rules to carry out the provisions of NFSA .**

**Such rules may provide for entitlements under section 5 including cost sharing under section 7 and amount, time and manner of payment of food security allowance to entitled individuals under section 8.**

*Ref: Section 39 of NFSA*



So, this particular Act has an objective.

## Grievance Redressal Mechanism

- Every State Government shall put in place an internal grievance redressal mechanism which may include call centres, help lines, designation of nodal officers, or such other mechanism.
- District Grievance Redressal Officer – Every State Shall appoint or designate, for each district for expeditious and effective redressal of grievances in matters relating to distribution of entitled foodgrains or meals and to enforce the entitlements under this Act.

*Ref: Section 14 & 15 of NFSA*



The eradication of not only poverty but eradication of malnutrition as well which we can find in various provisions of this particular Act.

## Constitution of State Food Commission

**Every State Government will set up State Food Commission consisting of a Chairperson & 5 members and a Member Secretary for performing following functions:**

- a) Monitor and evaluate the implementation of this Act;**
- b) inquire into violations of entitlements ; either suo motu or on receipt of complaint**
- c) Give advice to the State Government, their agencies, autonomous bodies as well as NGOs involved in delivery of relevant services, for the effective implementation of food and nutrition related schemes, to enable individuals to fully access their entitlements specified in this Act;**



So, and also the monitoring systems are also provided under this particular Act.

## Setting up of Vigilance Committee

Every State Government shall set up the Vigilance Committees to perform the following functions:—

- a) Regularly supervise the implementation of all schemes under this Act;
- b) Inform the District Grievance Redressal Officer, in writing, of any violation of the provisions of this Act; and
- c) Inform the District Grievance Redressal Officer, in writing, of any malpractice or misappropriation of funds found by it.



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Ref: Section 29 of NFSA

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So, in conclusion, I would say that the food security concerns of developing countries have to be addressed in WTO, and the US, EU, Canada or any other developed countries cannot simply ask to include these particular subsidies provided under the schemes, under the WTO scheme.

Thank you.