

## **Impact of National Food Security Act on Indian Economy: Application of Modified Leontief and Ghosh Models**

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*The Government of India has enacted National Food Security Act, 2013 (NFSA). This paper measures the impact of implementing this Act on production structure of the economy. It applies modified Leontief and Ghosh models in Input-Output framework. A price model was also attempted to see the impact on sectoral prices. Results reveal that few sectors need to move in tandem to keep balance with food grain production. Overall, the country needs to gear up in terms of food grain productivity, otherwise NFSA must be supplemented by import which would entail a heavy burden on the exchequer.*

### **I Introduction**

Food is the first among many basic human needs (2013),<sup>1</sup> and it is for this reason that “the human right to food is recognised in several instruments under international law” (UN 1999). Food security is said to exist when all people at all times have physical, social and economic access to sufficient, safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life (FAO 2009). Specifically, Article 11 of the International Covenant on Economic, Social and Cultural Rights recognises “the fundamental right to freedom from hunger and malnutrition” (*ibid.*).

The most disturbing feature of Indian economy for the last few months before General Election (May 2014) has been the spiraling food grain prices. The Ministry of Finance, Government of India, along with Reserve Bank of India were constantly trying to tame the inflationary pressure through various monetary schemes but their success was very limited. The situation has been worsened by incidence of high poverty rate in the country. In 2010, the World Bank reported that 32.7 per cent of the Indian people fall below the international poverty line of US\$ 1.25 per day (PPP), while 68.7 per cent live on less than

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This work is one of the last compilations of Prof. Debesh Chakraborty before his sad demise on 22<sup>nd</sup> May, 2014. His inspiration and guidance saw us through every line of this paper. We dedicate this paper to him. Responsibility for errors, if any, remains entirely on us.

<sup>1</sup> Madhura Swaminathan, “Implementing the Food Security Act”, *Yojana*, Vol. 57, December 2013.