

Safeguarding the interests of farmers

“The PDS in Tamil Nadu is intact and continues to retain the feature of universal coverage even after implementation of the National Food Security Act, 2013.” A PDS outlet in Coimbatore. | Photo Credit: [M. Periasamy](#)

Transformational changes are taking place in India currently, improving the way we live. These changes are impacting all our lives in small or significant ways. It is gratifying to know that the citizens at large are happy with these changes. However, for some who have fed themselves on the fodder that such changes are not for the near future, there is consternation. Even worse, these people find it difficult to comprehend that technology and policy are working together to remove discretion and opaqueness.

The ongoing discourse, particularly in Tamil Nadu, on the Public Distribution System (PDS), the procurement of grains/pulses from farmers, public storage in Food Corporation of India godowns, commitments made in the World Trade Organisation (WTO), Direct Benefit Transfer, etc. is interesting. However, there are strands in this discourse which are impressionistic and not based on data. They create a populist narrative and distract from the core issues. It is necessary, therefore, to infuse facts into the discourse.

The PDS in Tamil Nadu is intact and continues to retain the feature of universal coverage even after implementation of the National Food Security Act, 2013 (NFSA). Although the guidelines under the NFSA prescribe identification of priority households, there is no denial of any benefit under the PDS. There is no reduction even in the total coverage from the earlier Targeted Public Distribution System, which was effective till Tamil Nadu joined the NFSA in November 2016. The average annual offtake or the annual allocation has remained 36.78 lakh tonnes. The major part of the subsidy for the distribution of foodgrains (90.81% for rice and 91.70% for wheat) is borne by the Government of India.

The implication of this subsidy allocation to Tamil Nadu alone on the Government of India is approximately 843 crore per month and approximately 10,120 crore per year. Since the central issue price under the NFSA is much lower compared to the erstwhile Targeted Public Distribution System, the burden on the State government has come down. On implementing the NFSA, the savings for the State exchequer on account of this subsidy, thanks to the lower central issue price, is approximately 436.44 crore per year.

Union Consumer Affairs Minister Ram Vilas Paswan on August 1 stated in a series of tweets the data for Tamil Nadu and also highlighted the fact that Tamil Nadu gets the highest allocation in the country as ‘tide over’ allocation of 12.52 lakh metric tonnes of foodgrains. The narrative in Tamil Nadu cannot be devoid of these facts.

Another disturbing strand in this narrative in Tamil Nadu is that the Indian government has callously sold away the interests of our farmers at the WTO by agreeing to the Trade Facilitation Agreement. Nothing can be further from the truth than this!

The Trade Facilitation Agreement was agreed on in 2013 in Bali and came into force from February 2017 after two-thirds of the WTO’s 164 members ratified it. Several trade-related issues such as transparency, predictability and efficiency at the ports, faster clearance procedures, and improved appeal rights for traders are to be addressed by countries. They shall notify various provisions to bring in the facilitation, over three years or more. Only the basic set of provisions will be implemented within one year. The Trade Facilitation Agreement allows for consultations before any new trade rules are notified. A WTO study indicated that when the Trade Facilitation

Agreement is fully implemented, trade costs for member countries will decrease by an average of 14.3%. It is also estimated that the time taken to export and import will come down drastically. Finance Minister Arun Jaitley has made budgetary allocations for bringing in single-window clearance and improving customs clearance at the ports. A high-level committee chaired by the Cabinet Secretary will monitor logistics and efficiency at ports and related issues.

Thus, it can be seen that the Trade Facilitation Agreement is not about market access but inter alia about facilitating and bringing trade transparency. By ratifying the Trade Facilitation Agreement, India has not forgotten the developmental agenda lying unfulfilled at the WTO.

The Public Stock Holding issue remains unresolved at the WTO. Although agreed on in Bali in 2013 and reiterated in Nairobi in 2015, that a permanent solution for Public Stock Holding be found by 2017, it is still a 'work-in-progress'. The existing WTO rules would have allowed a legal challenge to our Public Stock Holding and minimum support price-based procurement programme in case we breached 'the limit' on procurement. 'The limit' is defined as 10% of the value of production of the particular grain being procured.

WTO rules classify procurement and holding of public stocks for food security purposes as 'Green Box' or non trade-distorting. However, if foodgrains for the public stocks are procured through an administered price/minimum support price and if this minimum support price is higher than the archaic fixed reference price (calculated on base period 1986-88), then it is considered as trade-distorting agriculture support. Such trade-distorting support should be within 'the limit', which is 10% of the value of production of the particular grain being procured.

One of the first things that this government did in 2014 was to intensely engage with the WTO to obtain a 'peace clause' so that even if we did breach 'the limit', no one shall challenge our programme till such a time a permanent solution is found, agreed on, and adopted by the WTO membership. Prime Minister Narendra Modi, on this matter, personally engaged with global leaders, and by November 2014 we obtained an open-ended peace clause from the General Council of the WTO, which was later reaffirmed at the Nairobi Ministerial. So Prime Minister Modi has safeguarded the interests of the farmer and ensured that India's sovereign right to protect them is not diluted.

Providing food to the poor or targeted groups at subsidised prices is fully WTO-compatible. This does not figure at all in the WTO calculations. We have not undertaken any commitment in the WTO for any kind of limit on the food supplied under the NFSA .

An informed discourse based on facts is welcome and I believe such a discourse shall strengthen public policy.

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The new U.S. Fed Chairman is unlikely to opt for policies that might upset the President's plan

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