

WHY INDIA'S RECORD GRAIN OUTPUT IS ACTUALLY BAD NEWS

Relevant for: Indian Economy | Topic: Agriculture Issues and related constraints

India's grain output will touch a record 316 million tonnes in 2021-22, according to the Second Advance Estimates of the Ministry of Agriculture. Great news for the country when the Global Hunger Index ranks India 111 out of 116? Jai Kisan!/? Not quite. India has more than 100 million tonnes of grain in stock, three times the buffer stocking norm for the season (the norm varies, depending on how far removed we are from the last harvest/procurement and so, how much of the stock could be expected to be run down, before being replenished at the next harvest/procurement).

India does not feed grain to animals, so as to eat the animals, as in most rich countries. In the early 1980s, the Soviet Union — it collapsed only in 1991 — faced a food crisis, with a grain output of around 220 million tonnes, whereas, with more than double the Soviet population, India was comfortable on the foodgrain front with some 120 million tonnes, because the Indian diet had little meat and comprised mostly grain. It takes about 7 kg of grain to produce 1 kg of meat.

A meat-light diet might be considered a sign of missing prosperity. That might be the root cause, but it also happens to be more climate-friendly and the rich world is now trying to cut down on meat consumption, so as to both cultivate a far lower cropped area and reduce the number of methane-belching bovine animals farmed. Rice cultivation is particularly prone to generation of methane, and methane is several times more powerful a greenhouse gas than carbon dioxide.

Why does India have both surplus stocks of grain and people going to sleep with their bellies less than full? Amartya Sen established with fancy economics what our grandmothers knew instinctively and what Satyajit Rai's *Ashani Sanket* showed artistically: even acute lack of access to food, a famine, occurs not because there is a paucity of food but because people lack 'entitlement', that is, the means to purchase the food. In Afghanistan right now, people are selling their children or their kidneys to stave off hunger: there is food to be purchased, if there is money with which to make the purchase.

In a democracy, political sensitivity to news of people dying of starvation would force the government to distribute food in times of distress, as after the outbreak of the pandemic that locked-down employment opportunities of migrants. The so-called employment guarantee scheme is effectively a dole for 100 days a year, with the employment bit merely a self-selection mechanism to weed out people who are not willing to perform manual labour from the claimants. But there could be and is hunger beyond the reach of food programmes and official doles.

Broad-based, sustained growth, in which the populace at large participates, is the only way to ensure everyone has the entitlement to buy the food they need.

Even as India produces a surplus of grain every year, incentivized by minimum support prices (MSP) and open-ended procurement in northwest India (Punjab, Haryana and western Uttar Pradesh), India faces a shortage of edible oil and pulses. Indians consume about 28 million tonnes of pulses (the number could go up, as more people experience improvement in their living standards and can afford to consume more protein), and imports 3-5 million tonnes every year. India also imports around 13 million tonnes of edible oil. India also imports a variety of fruit — in the larger towns, the apples sold on pushcarts come from different parts of the world.

Why doesn't India produce more pulses, fruit, oilseeds, flowers and the like, instead of producing ever more quantities of foodgrain and sugar at prices that are globally not competitive? India also has a surplus stock of sugar, which the government has been trying to export by offering a subsidy of 10 a kg.

The answer is populist politics over the years. In the 1960s, drought and sustained population growth had left India short of domestically grown food, and lived ship-to-mouth, depending on food aid, under Public Law 480 (PL480) that the US government provided grudgingly, needed by the Indian government's policy of playing the Soviet Union off against the West in the name of Non-Alignment and getting the best deals from both camps, and at the same time, under pressure to prevent yet another Asian country falling to Communist revolution, in the wake of China and a gamut of nations in what used to be Indochina.

Growing more food became a priority. Prime Minister Lal Bahadur Shastri called upon the peasant's patriotism, with rousing slogans of Jai Kisan, alongside Jai Jawan, to hail the soldiers who prevailed over Pakistan in the 1965 war. When Indira Gandhi took over, she tried modern crop husbandry, drawing on the success of Norman Borlaug and other agricultural scientists in vastly improving yields of wheat and rice. Farmers were persuaded to abandon traditional varieties of rice and wheat and adopt new crop husbandry practices. Irrigation water was free, fertilizers were subsidized, the produce faced guaranteed purchase by the state at pre-announced prices. Foodgrain output shot up, India ceased to depend on external aid for food.

But farmers grew accustomed to assured offtake of grain at prices that more than covered the cost of production, estimated annually by a specific commission set up for the purpose. Politicians never had the political courage to say, 'enough!', and competed in offering ever-rising minimum support prices. Farmers in northwest India extended their cultivated area, used more of water and fertilizer than was good for the soil and started pumping up groundwater, drawing on free (what else?) power for the purpose.

Food subsidy is the difference between the Food Corporation of India's costs and what it earns from selling grain to state civil supplies departments, which, in turn, supply their fair price shops, and some bit in the open market. The major cost of the FCI is on procurement and storage. When more grain is procured than is demanded by the states, grain is stored for long periods, sometimes, in the open with nothing more than tarpaulins to cover piled-up sacks. Grain rots, is eaten up by rodents, and pilfered. Still, ever more grain is produced and procured. The subsidy on power, water, fertilizer and compensating the FCI for its losses keeps going up.

The way out is to end open-ended procurement. The three farm laws passed by the government represented an attempt to achieve this goal. But it was ham-handed and was foiled by sustained opposition by farmers. What is really needed is to put in place a new set of incentives for the crops that are in short supply and for crops that India could produce competitively for the world market, backed up with a robust agro-processing and food processing industry. Farmers have to be weaned off rice and wheat and subsidy, not forcibly prised off these substances, to which they have been addicted for more than half a century.

This year's Padma awardees included two farmers, one from Uttar Pradesh, who has diversified from grain to flowers, vegetables and much else. One Padma does not a paradigm shift make; we need an integrated set of incentives and investment in market linkages for the farmer to move out of grain and into more diverse crops. Till then, we will keep producing record mountains of grain, hail it as an achievement, instead of condemning it as an unaffordable waste of resources.

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