

LESSONS FROM THE FRACAS OVER FOODGRAINS

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Grains stored at the FCI godown in Mysuru. | Photo Credit: M.A. SRIRAM

The Karnataka government's decision to convert the promised Anna Bhagya scheme to a direct benefit transfer temporarily has brought into focus the limits of a State government's policy intervention on a crucial matter such as food security.

Under Anna Bhagya, the government had envisaged the provision of five kg of free rice per person per month to 4.42 crore beneficiaries, including 45 lakh Antyodaya Anna Yojana (AAY) cardholders, 3.58 crore Priority Household (PHH) cardholders, and 39 lakh cardholders belonging to Karnataka's own category of PHH. This was in addition to the regular entitlements to the beneficiaries under the National Food Security Act (NFSA). The State would have required around 2.3 lakh metric tonnes of rice every month to meet this commitment. The Food Corporation of India (FCI) had agreed on June 12 to supply the quantity under the Open Market Sale Scheme-Domestic (OMSS-D) for July, but the Centre had a different plan. Anna Bhagya, which was to be launched on July 1, ran into a serious problem on June 13 when the Union Food Ministry discontinued the sale of rice and wheat under OMSS-D to all State governments, with exceptions. Karnataka had planned to utilise OMSS-D to implement the scheme, which was one of the five pre-poll guarantees of the Congress party.

Though the OMSS is meant for the sale of surplus stocks of wheat and rice at pre-determined prices through e-auctions in the open market, to improve the supply of foodgrains and control the price line, States have generally been allowed to purchase the surplus stock without e-auctions. The OMSS is now limited to accommodate small and marginal buyers and traders. The quantity that a bidder can purchase in a single bid ranges from 10-100 metric tonnes at present. The Centre's decision took several States, especially rice-deficit ones, by surprise, since OMSS is one of the routes that they use to supplement their allocation. The suddenness of the decision especially hit Karnataka, which had begun preparations to launch the scheme in anticipation of the FCI's help. Had there been an effective communication system in place between the Union Food and Public Distribution Department and the FCI, a statutory body under the Central government, the whole controversy could have been avoided. While suggestions were made for providing ragi and jowar, both grown in parts of Karnataka, to partially meet the proposed demand, this too would have posed supply constraints, as the quantity required was substantial.

Of course, the Centre has its own compulsions in restricting the availability of foodgrains under

OMSS-D. The quarterly stock position of rice and wheat in the Central pool, as on April 1, 2023, was the lowest in the last three years, despite being much higher than the level prescribed in the foodgrains stocking norms. Uncertainty regarding the south-west monsoon and the possible impact of an adverse monsoon on the production of foodgrains are factors that the authorities must have considered before taking the decision to restrict supply. All this only justifies the need for more broad-based consultation. Besides, whether it is feasible to rely on private traders to bring down the prices for those not covered under the NFSA is a moot question.

There is one difference between the present and the immediate past: the Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY), implemented in the wake of the COVID-19 pandemic, is no longer in force. This scheme had provided five kg of free foodgrains per person per month from the central pool to AAY and PHH cardholders all over India.

The episode has delivered a key message to States that they must have their own mechanisms in place before launching any scheme. Even if there had been no row between the Central and Karnataka governments, the sustainability of Anna Bhagya was questionable as supply only through OMSS-D would not have been sufficient. On average, about 16 lakh tonnes were drawn in total by all the players in the country from 2018-19 to 2022-23. The highest quantity of about 24.6 lakh tonnes was drawn in 2020-21, the first year of COVID-19. But Karnataka would have needed about 27.5 lakh tonnes annually, about 1.5 lakh tonnes higher than the State's allocation under the NFSA for 2023-24. Thus, the States must consider the macro picture to ascertain the practicality of their new schemes. The Centre indeed has reason to be worried if every other State promises a scheme of its own in the food sector, based on the expectation that the Central government and the FCI will come to its rescue without any regard for the emerging reality. If States do not exercise discipline and such a trend goes unchecked, the country would not have comfortable stock, let alone surplus. Also, the problem was not only of availability, but also cost. The FCI had reportedly agreed to supply grains to Karnataka at 36.6 per kg. Assuming that the required quantity was obtained at this cost, the monthly outgo would have been about 840 crore.

There is no crisis as of now on the foodgrains front. But the present situation should serve as a lesson to all political players to exercise moderation while making electoral promises, especially on matters concerning food security. Also, they should stop viewing foodgrains as an instrument of politics and begin to take an objective appraisal of programmes such as PMGKAY and Anna Bhagya.

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