

## FOOD SECURITY - MINIMUM SUPPORT PRICE AND INDIAN FARMERS

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### **Abstract :**

*Public distribution system was first introduced in India in 1939 for food security. The scheme was implemented so that the increased market prices of essential commodities would not adversely affect the poor. But due to corruption in the scheme and to provide foodgrains to poor people who are still facing malnutrition and starvation, the government passed the Food Security Bill in the Lok Sabha. But while making this law, the government did not consider the impact it would have on Indian farmers. It only mentioned that while buying food grains for the scheme, the base price will have to be increased. The Modi government, which came to power after that, opposed the trade in agricultural goods which was supposed to be freed from 2015 under the WTO agreement. The issue of how much subsidy the developing countries should give to the agricultural products of their country came out in the result. However, India opposed it as the subsidy was to be given as per the rates of 1986-87. But the government agreed to control the base price of agricultural produce and cap the bonus amount received from the state government on the base price, so the farmer, who was already in financial distress, became even more distressed by the base price control and became suicidal.*

The first public distribution system in India was started in the year 1939 from the city of Mumbai. This system was built for food security. The main objective of this system was to stabilize prices by protecting consumers from price hikes during food shortages. The government's intention was to reduce the incidence of malnutrition and poverty by keeping the prices of essential commodities below the market price. The public distribution system was an important tool for food security but corruption in the system prevented the poor from fully benefiting from it. Moreover, the rate of poverty and malnutrition has not decreased much. Therefore, the Food Security Act was passed by the then Shri Manmohan Singh government to guarantee food security to 68 percent of the country's population and to gain political advantage in the elections. But while passing this law, the farmers from whom the government will buy the food grains were not given special consideration. In the later period, the Central Government, A commission was appointed under the chairmanship of Dr.M.S. Swaminathan. This commission suggested a formula of cost of production and 50 percent profit. But the government could not implement these recommendations.

The present paper examines the potential impact of the Food Security Act on the farmer and the effectiveness of the Minimum Support Price.

### **Objectives of the Research Paper :**

- Understanding the concept of food security.



- To study the provisions of Food Security Act.
- To review the potential impact of the Food Security Act on farmers.
- To understand the current status of the minimum guarantee.

#### **Research Methodology :**

Secondary sources have been used for the present research paper. Reference books, reports, newspapers and research papers in magazines have been used for that.

#### **Preface :**

Government started public distribution system for poor class. But due to corruption in the scheme, the poor could not take full advantage of it. In the 78 years since independence, there has been a decline in malnutrition and an increase in the nutritional status of the population. However, the problem of malnutrition and starvation is still visible in some parts of the country. Moreover, the rate of poverty has not reduced as desired. The purchasing power of the poor has not kept pace with the rise in food prices. Therefore, the government passed the Food Security Act to provide food security to 68 percent of the country's population. Along with this, the farmers from whom the government is going to buy foodgrains are expected to get the benefit of the minimum base price. In 2016, Prime Minister Narendra Modi announced that farmers' income would be doubled by 2022 during a program in the state of Karnataka. After the Prime Minister's announcement, many economists said that doubling the income is impossible. Because to achieve this, it is necessary to achieve a growth rate of at least 14% every year, they said.

#### **Concept of food security :**

According to the World Development Report (1986) - Food security is the availability of alternative food for all people, at all times, for an active and healthy life. According to the Food and Agriculture Organization (1983), food security is the assurance of physical and economic access to the necessary food for all people, at all times.

The following are clear from the above definitions-

- There should be availability of food grains for the entire population of the country.
- People should have enough purchasing power to buy food grains.
- \*For a healthy life, the available food grains should be sufficient both in terms of quality and quantity.
- Reliable and nutritious food should be supplied for a long time.

#### **Certain provisions of the Food Security Act :**

- 68 percent of people are guaranteed to get food grains at cheap prices.
- 75 percent of the rural poor and 50 percent of the urban poor get cheap food grains.
- \*Responsibility of State Government for implementation of law.
- 35 kg of food grains per month to priority group families at subsidized rate, while 20 kg food grains per month to general group families at 50 percent more than the minimum support price.
- Food system for the destitute, nutrition of mothers and children, relief of the hungry

and ensuring a wide range of nutrition.

- Decentralized grain recovery Decentralized grain storage, use of self-help groups, use of cooperative societies for public distribution system as per law.

What is the role of the agriculture sector in the much-hyped Food Security Act? However, this is not clearly mentioned. How is the government going to capture 40% of the total grain production for this scheme? There is no clear mention of increase in base price. As per the agreement of the World Trade Organization, efforts are being made to bring in private investment and modern management by opening up the agricultural market, there is a fear that agricultural products will once again find themselves in the grip of control. Moreover, due to the corruption in the distribution system, if these grains come to the open market, the price will be affected and the farmers will suffer, but it has been ignored.

Government policies on agriculture have remained restrictive. Control over buying and selling in the market, control over domestic transport, control over import and export, control over determination of market value etc. A farmer is a producer and where is the production? Who? And farmers should have complete freedom of how to sell. Unfortunately, the farmer does not have this right. Politicians are not even aware that the situation where farm produce is auctioned at exorbitant prices will push farmers to commit suicide.

As decided in the World Trade Organization, the issue of how much subsidy the developing countries should give to their country's agricultural products was resolved. New free trade was expected in 2015. The World Trade Organization (WTO) had decided how much subsidy should be given by the developing countries. The central government protested at the 2014 trade association meeting. The Government of India objected to the old rate of 1986-87, saying that the rate would affect food security and would not be able to provide cheap foodgrains. The Government of India demanded that until a permanent solution is found on the issue of subsidized grain storage, the developing country should continue to grant subsidies to its farmers as much as they want. Prime Minister Narendra Modi and then US President Barack Obama met in that regard. It was announced that the demand of the Government of India was accepted. But while agreeing to this demand, India had agreed to control the base price. Moreover, the bonus amount announced by the state governments above this base price was also prohibited.

### **Minimum support price :**

The minimum support price for agricultural produce is the price at which the government guarantees that the market price will not fall below that price. The guarantee is a kind of insurance for the farmers and the consumers are also protected. On the other hand, the economy is accelerated by the development of agriculture. The central government fixes the minimum support price for about 25 crops. Wheat and rice are purchased in large quantities from this. It benefits only six percent of the farmers in the country. Moreover, in reality, due to lack of government procurement, farmers often have to sell their agricultural produce at prices lower than the minimum base price. Soybeans, tur, cotton have to be sold at prices below the base price, so the already indebted farmer is becoming more indebted and is thus driven to commit suicide. The already low guaranteed price compared to the cost of production, approval to keep the guaranteed price under control, restriction on the bonus received by the states, all

these are destroying the indebted Indian farmer. In short, the support price has never supported the farmers. Farmers in Maharashtra farm at a loss of up to 50% below cost of production based on base price. For example, if we calculate the production cost per acre of cotton scientifically, the cost of seed, fertilizers and pesticides is Rs 5,500, labor is Rs 1,200, cotton sales, travel and management is Rs 4,000, interest on loan is Rs 1,500 and land rent is Rs 2,000, the total is Rs 14,200 and the actual base price is less than half.

#### **Solution plan :**

- To increase the rate of agricultural development.
- \*Controlling the growing population.
- Reducing poverty by increasing employment levels.
- Giving fair price to farm produce.
- Increase in base price in line with rising inflation.
- Development of agri-addition businesses.
- Government should purchase food grains from open market for food security.
- To increase the income of the farmers by considering production cost and profit in the base price to make a new law.
- Reinventing regulated markets.
- Increasing the number of godowns.
- To increase the means of transport and communication.
- Making agricultural implements available at reasonable rates.
- Establishing Agricultural Value Commissions in various states to provide fair prices based on cost of production.
- While considering the cost of production, considering all aspects of farm labor rates, cost of production components, electricity, water supply, transportation system, storage facilities.

#### **Conclusion :**

The law made by the government for food security has definitely been made keeping in mind 68 percent of the people of the country. But while making this law, the farmers from whom the foodgrains are to be purchased from the open market are not considered at all. The central government has also completely failed to provide minimum support price to farmers to guarantee their income. Only crops like wheat, rice, sugarcane seem to benefit from it. In case of other crops, however, the situation is similar. In the current situation, the reference price for crops like soybean, tur, cotton and the actual price at which the farmers have to sell the commodity in the market is much lower than the guaranteed price. Soybeans had to be sold at a lower price of Rs 1000 per quintal in the case of soybean alone. Due to this, the farmers have suffered a loss of nearly 5000 crore rupees. In the case of other crops, the situation is not much different, so the Indian farmers are forced to flee and the government's intention to double the farmers' income seems to have failed. As a result of this, the debt burden on the farmers is increasing, as a result the farmers are getting motivated to commit suicide.

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