

3. Lockdown and the Agri Sector

Prelims Level: Economics

Mains Level: GS-III Issues related to direct and Indirect Farm Subsidies and Minimum Support prices; Public Distribution System - Objectives, Functioning, Limitations, Revamping; issues of buffer stocks and Food Security; Technology Missions; Economics of Animal Rearing

Context:

- COVID-19 and the 21-day lockdown to contain it, has brought all the sectors of the economy to a standstill. During such lockdowns, it is relatively easy to shut factories, IT parks, hotels, malls and multiplexes. But the agriculture and animal husbandry will continue to produce and also they must.
- The Great Bengal Famine of 1943, as Amartya Sen famously documented, wasn't brought about by a decline in food availability. Instead, it was a result of people not having access to food due to a collapse of "exchange entitlements".

Lockdown and the Agriculture Supply Chain:

- The Food Corporation of India's current wheat and rice stocks are over 3.5 times the required normative buffer reserve.
- Farmers are also set to harvest a bumper crop of wheat, chana, mustard, onion and other rabi season produce.
- **What India is at present facing is not a "supply", but a "supply chain" problem.**
 1. Inter-state movement restrictions and arbitrary actions by local authorities to enforce the lockdown had hit the supply chain.
 2. This includes closing down of produce collection centres and warehouses of organised retailers, which has broken the links in the chain connecting farmers to consumers.
 3. This in turn has opened up arbitrage opportunities for unscrupulous speculators and middlemen.
- It is the government's responsibility to ensure that farmers are able to keep their animals alive and market the crop that has been, or will be, harvested during the lockdown period.
- There is an urgent need to ensure that those keeping supply chains of essential items running are protected against COVID-19 lockdown.

Problems in the Supply Chain:

- Many essential services were kept out of the purview of the lockdown. Food, feed and agricultural inputs have been specifically notified as essential services.
 - ✓ But there are several **implementational hurdles** due to the vague specifications in the Government Notifications.
- There are also reports of **conflict between the police and citizens**, including people involved in the transportation and delivery of food as well as inputs to farms.
- The **labour shortage** has become a problem in the labour intensive dairy and poultry sectors. There were also issues of **hoarding**, done by the middlemen expecting shortages to increase their profits.

Way Forward:

- The government needs an immediate action plan to manage the agriculture and livestock sectors in the interest of both producers and consumers.
- Ensure free movement of farm produce, livestock feed and veterinary medicines.
- The Centre must issue a single notification relating to food items in a standard format and uniform language so that all ambiguities are removed.
 - ✓ This needs to be finalised after consultations with the stakeholders.
- The Essential Services Maintenance Act (ESMA) be invoked for the delivery of all essential services relating to food to prevent disruption of supplies.
- The government must start planning now to prevent post-lockdown chaos, especially profiteering in the event of shortages.
 - ✓ Place all food items, agri-inputs, packaging material and transport services under ESMA for a six-month period to prevent profiteering.
- Suspend APMC (agricultural produce market committee) laws for the next six months.
 - ✓ As traders with APMC licence are bound to act as cartels during rush hour, which will hurt both farmers and consumers.
- Even in the Bengal Famine, the maintenance of essential food supplies to Calcutta was accorded very high priority by the authorities; the three million who died then were mostly the rural masses or those who did not survive after trekking from the districts to the city. That lesson from history should not be forgotten. This is the moment to free movement and trade in all agricultural produce and prevent the unfortunate.