

Its granaries full, India looks to become a foodgrain exporter

by Ramtanu Maitra

As the prediction of another normal monsoon is promising one more bumper *kharif* (wet season) crop, India has decided to export foodgrains to both China and Bangladesh. Although the declared export amount so far is less than a half-million tons, the event itself is historic because it announces the emergence of India as a foodgrain-surplus nation.

The meager amount that India has contracted to ship out so far does not, by any means, reflect the country's present available surplus. Buoyed by seven consecutive good monsoons, four successive bumper crops, and an active government policy to procure and store a percentage of total foodgrain production to provide food security for the poor throughout the year, India has built up a buffer stock of about 40 million tons of foodgrains. The government has set a target of exporting 4.5 million tons of foodgrains this year.

End of food insecurity

In the 30 years since the mid-1960s, India's foodgrain situation has changed vastly. At that time, India was labelled by the various institutions and academics in the West as a basket case and a potential perpetual burden to humankind. Some within a selected circle in the West had even started debating whether the powers-that-be should take the trouble of keeping this food-short, highly populated India alive. India then was producing less than 80 million tons of foodgrains annually to feed some 500 million people, and the country was facing large-scale starvation. Following a limited success with the "green revolution" in a handful of states, and achieving general improvements in the application of agro-technologies nationwide, India has surely climbed over the hump, and the country's foodgrain production is expected to reach 186 million tons this year to feed its 870 million people.

The transformation from a foodgrain-short nation to a foodgrain-surplus nation has now confronted India with a new problem, which some address as the "problem of plenty," a situation New Delhi is little prepared to deal with. The country is presently sitting on a mountain of foodgrains, a good portion of which are not adequately stored or preserved. It is also evident that this large buffer stock cannot be liquidated quickly down to a manageable level unless New Delhi

puts together a food export policy, in conjunction with a more aggressive domestic policy to help feed the abject poor. The food export policy should also be designed to benefit those nations, particularly in Africa, Asia, and even Russia, which are in dire need of foodgrains and are trying not to compromise their national interest due to shortage of food. India's food export policy must have the hallmark of helping to feed those who do not have enough to eat—as a token of goodwill and free from commercial benefits.

The problem of plenty, however, has shown its happy face only recently, but there is every reason to expect that the "problem" will get bigger over the coming years. Although India's foodgrain production has gone up significantly, the average productivity of agricultural land has remained well below its optimum. While there exist pockets of very high productivity, particularly in those states where the green revolution has changed the landscape, India's improvement in foodgrain productivity is well below what China, South Korea, and Japan have already achieved in rice production. India—which straddles the wheat and rice-growing zones, unlike China and East Asia where paddy rice is the main cereal cultivated and consumed—has done better with wheat productivity, but even in that category the average is still well below what can be achieved. In 1980, a study conducted by *EIR* in collaboration with the Fusion Energy Foundation based in the United States, had shown that with adequate inputs, India's overall foodgrain production can reach as high as 300-400 million tons—which could easily support 2 billion people with essential cereals.

New strains, new promise

As of now, India has done much too little to develop an infrastructure which could help extract a healthy land productivity. At the same time, there is no question that the country has nonetheless done enough, under tough financial constraints, to assure food security to its 870 million people—an achievement which must not be underrated. On the positive side, India's success with agro-sciences has now been well documented. New strains of pest and drought-resistant rice, wheat, and various coarse grains have been developed in Indian laboratories to fit the varying Indian

farmland conditions. A recent news item indicates that the real bounty may be in the offing in the coming years. According to scientists at the Central Rice Research Institute (CRRI) in Cuttack, they have achieved a major breakthrough in developing what they call "super rice."

The official release, issued in April, had said that the variety, named "Lunishree" by the CRRI scientists, has a high-yield potential of about 15 tons per hectare—almost 25% more than the latest high-yield variety paddy confirmed by the scientists at the International Rice Research Institute (IRRI) at Los Banos in the Philippines. This means that if the Lunishree variety is planted, where, under average field conditions, productivity is 15-20% lower than optimum potential, the CRRI scientists estimate that another 100 million tons of rice could be produced through this new variety alone. The other interesting features of the Lunishree variety includes the fact that it does not require extra inputs, in comparison to the international high-breed variety; it has a high resistance to salinity; and it possesses a high density of rice grains with attractive long grains and refined features. The species, which includes a number of hybridized and mutated varieties, had been field-tested during 1992-94, and the Lunishree variety has now been introduced in the Cuttack district in Orissa.

With the introduction of the Lunishree and the IRRI varieties, there is little doubt that India's problem of plenty will get bigger. The issue has already generated some discussion in this country, and a number of solutions to resolve the ensuing problem have been offered. One of the issues is the large amount of public money which remains locked in place due to the government's continually increasing buffer stock. What is confusing is that the government has worked out a policy whereby there cannot be a cut-off point of the buffer stock. Since the buffer stock buildup was primarily to tide over the lean foodgrain-production years, it is also tied up with the government policy to procure about 10% of the foodgrains produced to help out the smaller farmers. The idea generally, was to distribute the foodgrains through the public distribution system (PDS) at a highly subsidized rate to the poor and still maintain a reasonable stock for the proverbial rainy day.

Weak preparations

However, things have changed since the policy was formulated some five decades ago. The pricing of the PDS rice has gone up significantly because the government is unwilling to subsidize foodgrain prices at the PDS level any further. The government claims that the buffer stock itself nails down about \$5.5 billion in the form of foodgrains in the central warehouses, and the annual expenditure to procure fresh foodgrains and maintain the existing stock comes close to another \$550 million. As the foodgrain procurement prices have been increased significantly in recent years to provide increased remuneration to farmers, the government

has reduced subsidies for foodgrains at the PDS outlets. As a result, the price difference between the PDS and the open market foodgrains has narrowed to a point that many PDS customers have begun buying from the open market. This has further increased the buffer stock and, as the trend shows, the PDS sale of foodgrains continues to decrease.

Under the circumstances, some observers have pointed out, the best option left for the government is to identify the real poor and provide them with foodgrains free of cost or at a nominal price. For the rest of the lower income families, the PDS option must be reduced significantly, the observers point out.

Another group of observers suggest that the government, instead of procuring the entire amount at the beginning of the harvest season, should procure from the market on a regular basis to meet its PDS requirement. This will no doubt reduce the government's financial burden caused by one-time purchases to inflate the foodgrain stock further, and will keep the buffer stock at a manageable level throughout the year. In addition, if the government announces its procurement policy well in advance and sticks to it, there is little likelihood that the foodgrain prices will rise because of the government's slow but steady purchases. On the other hand, some observers feel that such a policy may violate the very essence of the procurement program, which is to support the small farmers, and, hence, would be politically difficult to implement.

The third way to dispose of the surplus is to export to food-short nations. There seems to be a unanimity among the Indian observers on this issue, though most suggest the exportation of foodgrains as an additional means to generate foreign exchange and enhance the country's importation capacity in other areas.

It is certain that India will be looking to export its foodgrain surplus in coming years. However, it does not have the infrastructure to carry it out. The basic requirements of bagging foodgrains, transporting them by railroad, and storing them in silos at outlet points, are simply not there. The process has remained entirely manual, time consuming, and expensive. The advantage of having become a food-surplus nation will remain largely unutilized in the immediate future due to lack of adequate rail and port facilities.

The lack of infrastructure may not be the only obstacle to India's necessity to enhance foodgrain production and subsequent exportation of the surplus. With the advent of the World Trade Organization and the World Trade Agreement on Jan. 1, 1995, the world is entering into an era of competition, replacing cooperation; possessiveness, replacing sharing; and private profit rather than the public good will provide the prime motivation for research and development, a leading Indian agro-scientist said recently. India, a victim of food used as a political weapon in the 1960s, must use its bounty to spread goodwill and friendship in the region and beyond.