

## [Opinion](#) » [Op-Ed](#)

Published: August 2, 2013 01:17 IST | Updated: August 2, 2013 01:17 IST

### **The shaky geopolitics of India's food security**

Arun Mohan Sukumar



***The UPA seems to have forgotten that the country's trade commitments, including to the WTO, stand in the way of its implementing the Food Security Ordinance***

The last time I began an essay with the words “in this era of globalisation,” in high school, even my teacher winced at the cliché. In junking the phrase, however, we may have forgotten its import too. The United Progressive Alliance (UPA) certainly seems to have, because it has pushed through a major food security initiative without so much as a murmur on how it will operate with respect to India's international commitments.

Whatever the disagreement on the Food Security Ordinance (FSO), either on the political expediency which drove it, the size of the fiscal burden the government has to shoulder, or the criteria used to identify its beneficiaries, one aspect is beyond question: to fulfil the Ordinance's mandate, governments would need to procure a lot more food grain than they do currently from Indian farmers and perhaps, through imports. If India intends to be self-sufficient in meeting food security requirements, our farmers must have an incentive to produce more, reflected in higher procurement prices and access to better farming inputs. At the same time, the Rangarajan Committee — constituted by the Prime Minister's Office to “review” the National Advisory Council's version of the law — has suggested India should procure only 30 per cent of the country's total production from farmers. Anything more, the committee has warned, will result in a “distortion of food prices in the open market.” But unless our food production capacity somehow dramatically improves in the next few years, procuring 30 per cent from farmers alone will not meet the FSO's requirements. In the interim, therefore, food imports are a reality.

During this period, the government needs to compensate farmers well, support the domestic agricultural sector *and* gain access to cheap food imports. If it fails in these objectives, the FSO will not only ratchet up India's trade and fiscal deficit, but also fail to boost our own production capacity. This vicious cycle will eventually render the ordinance (by then a law, presumably) unsustainable.

#### **Compensation for farmers**

There's only one problem: imports come cheap thanks to the heavy subsidies the West offers its agribusinesses. These subsidies must go if India's farmers are to have any chance of competing against imports. What's more, India's

commitment to the WTO prevents it from raising its Minimum Support Price to farmers by a high margin. With a view to ensuring food security, therefore, the 'G33' group of countries at the WTO — in which India has played a leadership role — has sought an exception to this rule. If the G33's proposal were to be accepted, developing countries would retain the right to pay most of their farmers "above the market" (ATM) rates for procuring and stockpiling food grain.

Ironically, the UPA is yet to pay market rates, let alone above them, to farmers from whom it buys grain. For all its claims to make food security a priority, the government's Minimum Support Prices for farmers in recent years have been well below those prevailing in the open market. Even so, if one were to give the UPA the benefit of the doubt and assume it will raise compensation for farmers now that the FSO is in place, the G33's proposal is unlikely to gain traction at the WTO. The proposal to grant ATM rates to marginalised farmers in developing countries has been called a "trade distorting subsidy." On the other hand, the West is nowhere near close to agreeing on a gradual reduction and eventual elimination of the massive subsidies it offers to large agri-businesses.

The UPA, racing to the 2014 election with blinders on, has finally realised its Food Security Bill cannot work without resolving both these concerns. But its hectic, eleventh hour efforts to curry favour at the WTO may not be successful: the G33 proposal will likely be staunchly opposed, especially by the United States, at the Bali ministerial meet this December. The group has now been offered a piecemeal "interim mechanism" that will allow specific countries to raise support prices for their farmers. But this is a temporary measure: sans the WTO's green signal in December, India cannot incentivise its farmers without falling foul of its international commitments. If it still goes ahead, the West is entitled to retaliate with crippling trade countermeasures. Unless developed countries agree to cut their agro-subsidies, India will also see cheap food imports muscling domestic farmers out of business. What does this deadly combination of factors mean for the long-term viability of the Food Security Ordinance? Frankly, who cares? For the UPA, after all, the future is between now and May, 2014.

### **Safeguards**

The issue of farming subsidies is particularly crucial in the context of the Indo-EU Free Trade Agreement (FTA). Under the FTA, trade tariffs for agricultural products will be brought down dramatically. Once the floodgates open, food and dairy products from Europe — that have long enjoyed the EU's political patronage — will easily displace the indigenous market, severely denting our agrarian sector. This is not to say the FTA should be abandoned altogether. The agreement is crucial for India to access better technology (in agriculture) and gain entry into Europe's lucrative markets in other sectors. But before the FTA is inked into existence, India should incorporate safeguards for its farmers, at least keeping food security in mind. If our farmers stand no chance against the massive production capacity of agri-businesses in Europe, the government can kiss self-sufficiency goodbye.

Prime Minister Manmohan Singh and his government have hastily materialised a populist, but much-needed legislation, without laying the foreign policy foundations for its continued existence. WTO rules need to be renegotiated to accommodate higher procurement rates for India's farmers. Wrinkles in the Indo-EU Free Trade Agreement need to be ironed out, if our agricultural sector is to be strengthened. These objectives require hard-nosed bargaining and adept diplomacy from New Delhi. They certainly cannot be achieved in a few months — unless these measures are in place, the FSO will whimper to a slow death in a matter of years. Food security, a national imperative of enduring significance, cannot be relegated to a legislation that refuses to see beyond the next general election.

***arun.sukumar@thehindu.co.in***

Keywords: [WTO](#), [NAC](#), [UPA government](#), [Food Security Bill](#)

[View comments\(8\)](#)