



## WEATHER VAGARIES WHEAT WOES

Indian Express

Paper - III  
(Agriculture)

The unseasonal spell of rains and even hailstorms in some parts of the country in the second half of March have aggravated concerns about the rabi harvest, especially wheat. Wheat, grown on almost 34 million hectares, is the second biggest staple after rice. As we write this, the Government of India (GoI) is still figuring out the extent of damage to rabi crops. What we know is that wheat was at a mature stage, and the country was expecting a bumper harvest of 112 million metric tonnes (mmt). This hope may not materialise fully now.

### Damage and Issue due to Unseasonal Rain

1. The first key issue now is to know the extent of damage, both in terms of quality and quantity of wheat and other crops.
2. Second, what policy actions can be taken to tide over this difficulty for the farmers as well as for ensuring food security at the national level.

### Wheat Producing States of India

Punjab seems to have been hit a bit, harder than many other states. The Punjab Agriculture Department has been looking at a 10-15 per cent yield loss on about 40 percent of the wheat area that seems to have been adversely impacted by rains. However, the Government of Punjab (GoP) is currently assessing the damage by girdawari (field inspection) and patwari system, and a final picture is yet to emerge.

But India is a large country, and many people are not aware that Uttar Pradesh produces wheat (35mmt), which is more than double of Punjab (17mmt). Madhya Pradesh also produces about 18mmt of wheat, and Haryana and Rajasthan about 12 and 11 (mmt) respectively, and Bihar about 6mmt. Given the widespread nature of wheat cultivation, the chances are that overall wheat production in India will not suffer dramatically, even if the damage is a little more in Punjab than in other states. The quality loss (shrivelled grain, lustre loss, discolouration, etc), however, is likely to be more than the quantity loss.

## Compensation to Farmers and PM-Fasal Bima Yojana

How does one compensate the farmers for their losses (crop quantity and quality)? The best Policy instrument for these types of weather-related damages, be it unseasonal rains, hails or heat waves, is the PM-Fasal Bima Yojana (PMFBY). This was a major initiative that the Modi government launched after two successive droughts of 2014-15 and 2015-16.

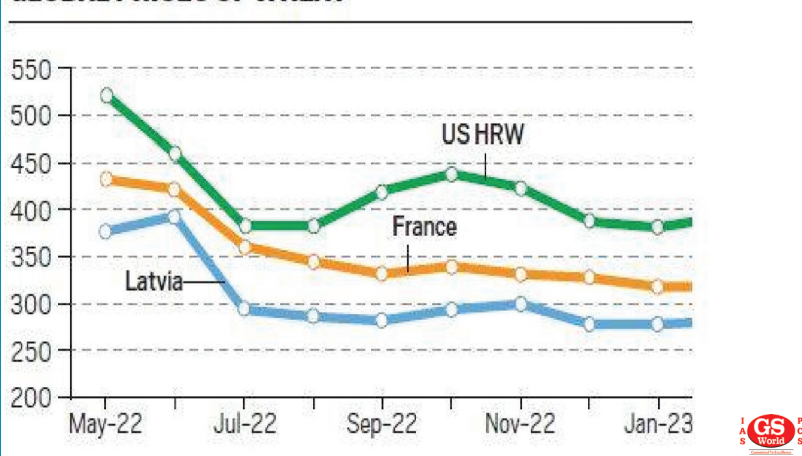
Under this scheme, farmers bear only 1.5 per cent premium of the sum insured for rabi crops while the rest of the premium is equally shared between the Centre and the states as a subsidy on total premium. Over the last six years, farmers paid a premium of about Rs 25,186 crore but received claims worth Rs 1,25,662 crore (as on Oct 31, 2022). There can't be a better deal than this for farmers.

Still, Andhra Pradesh, Bihar, Gujarat, Telangana, Jharkhand and West Bengal opted out of the scheme citing "financial constraints". Punjab persistently opposed and never implemented the scheme. Now is the time for them to think and join this PM-FBY. Else, they should be ready to shell out money from their own budget to compensate farmers for their losses. States need to remember that the frequency and intensity of such events is likely to increase in the face of worsening climate change.

### Need to Upgrade PM-FBY

There is no doubt that PM-FBY needs to be made smart and transparent with the application of modern technologies to assess the damages. Drones and LEOS (Low Earth Orbit Satellites) with all weather stations spread all over the country is the way to go. The patwari system is not fool-proof and is ridden with corruption. This does not give confidence to reinsurers, which are critical players in this game, and therefore, the premium remains high.

#### GLOBAL PRICES OF WHEAT



### Food Security and FCI

For food security, Food Corporation of India (FCI) can relax quality specifications for its procurement operations with a view to meet its target of 34mmt. GoI can also help by giving a bonus of say Rs 100 to 150/quintal to farmers to sell it to FCI. This would ensure enough buffer with the FCI. If it still finds that the quantity loss is more than expected and the procurement is much below the target, it can lower import duty from 40 percent to say 10 percent, and allow import of wheat.

Last year (FY23), India exported more than 5 mmt of wheat and wheat flour despite a ban on wheat exports. Luckily, the global prices have declined sharply over the last one year (see graph), which offers a good opportunity for GoI to build its buffer. Wheat price is hovering around \$260 (Latvia), and \$274 (EU France Grade 1) per tonne in March 2023. Interestingly, the rice stock with GoI's central pool is more than three times the buffer stock requirements as on April 1. FCI thus has the flexibility to substitute rice for wheat in its public distribution system (PM-Garib Kalyan Anna Yojana) wherever feasible, or even go a step further and give the option of direct cash transfers.

## Conclusion

Overall, there is no need to panic. If we use the right policy instruments, and well in time, both the farmers' interests as well as the national interest of ensuring food security to its people can be adequately safeguarded. Once these steps are taken, even the RBI can heave a sigh of relief as retail price inflation of wheat, which was hovering at 25 per cent in February, can be brought down to less than 10 per cent in April. Already, FCI's unloading of more than 3mmt of wheat in the open market in February-March has dramatically brought down wholesale prices of wheat from Rs 2,700-2,800/quintal to very close to minimum support price (MSP) of Rs 2,125/quintal. In fact, reports suggest that market prices have gone below MSP in many states. It won't be a surprise that wheat retail inflation may also drop to below 10 per cent by April-May, 2023.

### Pradhan Mantri Fasal Bima Yojana (PMFBY)

- Farmers suffer a lot due to conditions like rain, temperature, frost, moisture etc. To avoid this, the farmer gets the facility to get his crop insured by paying very little money under the Pradhan Mantri Fasal Bima Yojana. Under insurance coverage, if the insured crop is destroyed, then the insurance company is responsible for its full compensation. Food crops (cereals, millets and pulses), oilseeds and annual commercial/annual horticulture crops are covered under this insurance. The Crop Insurance Scheme has been replaced by the earlier two schemes National Agricultural Insurance Scheme (NAIS) and Modified National Agricultural Insurance Scheme (MNAIS).
- The scheme was launched on 13 May 2016 by Prime Minister Narendra Modi. Which is administered by the Ministry of Agriculture and Farmers Welfare, Government of India. Under Pradhan Mantri Fasal Bima Yojana, a uniform premium of only 2% for all Kharif crops and 1.5% for all Rabi crops is paid by the farmers. In case of annual commercial and horticultural crops, this premium will be only 5%. There is no upper limit on government subsidy. Even if the remaining premium is 90%, it will be borne by the government. The insurance is handled by the Agriculture India Insurance Company. The amount allocated for this scheme in the budget 2023-24 is Rs 13625 crore.

### Objectives of the Scheme

- To provide insurance coverage and financial assistance to farmers in the event of failure of any of the notified crops as a result of natural calamities, pests and diseases.
- To stabilize the income of farmers to ensure a sustainable process in agriculture.
- To encourage farmers to adopt innovation and modern methods in agriculture.
- To ensure the flow of credit to the agriculture sector.

### Food Corporation of India (FCI)

The Food Corporation of India, the main agency providing food grains for the Public Distribution System, was established in 1965. The primary function of the corporation is to purchase, sell, store, operate, supply, distribute food grains and other food items. Its main objective is to ensure that on one hand the farmer gets the right price for his produce and on the other hand the consumers get food grains at the central prices fixed by the Government of India.





### Expected Question

**Que. Consider the following statements–**

1. Under Pradhan Mantri Fasal Bima Yojana, a uniform premium of only 2% for all Kharif crops and 1.5% for all Rabi crops is paid by the farmers. This premium is only 5% in case of annual commercial and horticultural crops.
2. The amount allocated for Pradhan Mantri Fasal Bima Yojana in the budget 2023-24 is Rs 13625 crore.
3. The primary function of the Food Corporation of India is to purchase, sell, store, operate, supply, distribute food grains and other food items.

Which of the statements given above is/are correct?

- (a) Only 1                      (b) Only 2  
(c) Only 3                      (d) 1, 2 and 3

**Answer : D**

### Mains Expected Question & Format

**Que.: Unseasonal rains have caused great damage to the wheat crop of Indian farmers. By using the right policy tools and in time, the interests of the farmers as well as the national interest of ensuring food security to the people can be adequately protected. discuss.**

**Answer Format :**

- ❖ Give a brief account of damage to wheat crop due to recent unseasonal rains.
- ❖ How loss can be avoided and food security can be ensured by using strategic tools
- ❖ Give a balanced conclusion.

**Note:** - The question of the main examination given for practice is designed keeping in mind the upcoming UPSC mains examination. Therefore, to get an answer to this question, you can take the help of this source as well as other sources related to this topic.