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Threat to food security

The overall foodgrain yield has declined primarily due to slow growth in fertiliser consumption, says Uttam Gupta

THE foodgrain production fell sharply from 191 million tonne during 1994-95 to an estimated level of about 185 million tonne during 1995-96. The maximum decline was in wheat which slipped from 65.47 million tonne to 62.62 million tonne followed by rice from 81.16 million tonne to 79.46 million tonne. The production of coarse grains and pulses too declined significantly.

That this happened despite an overall good monsoon for the eighth year in succession (33 out of 35 meteorological divisions received above normal rainfall), its timely onset and even spread all over the country, clearly indicates farmers' reduced preference for the food crops on the one hand, and lower yields on the other.

During 1995-96, the cultivated area under wheat was down by about 500 thousand hectare, while the area under coarse cereals was lower by about one million hectare. In contrast, greater interest in growing non-food crops resulted in an increase in cultivated area under oilseeds by about one million hectare. This had, in fact, led to an increase in production of oilseeds by about 1.2 million tonne.

Taking the average yield of wheat at 2.4 tonne per hectare, loss of production on account of decrease in cultivated area (500 thousand hectare) would work out to about 1.2 million tonne. However, considering that the overall decline in wheat production was about three million tonne, the balance i.e., 1.8 million tonne was due to lower yield.

The foodgrain yield has declined across-the-board primarily due to an overall slow growth in fertiliser consumption, and the cumulative effect of increasing imbalance in nutrient use during the first half of the 90s. Even Punjab, which is the core of intensive and high yielding agriculture in the country, has not been spared.

The consumption of all nutrients increased from 12.73 million tonne during 1991-92 to only 13.84 million tonne in 1995-96. During this period, consumption of 'N' increased from 8.05 million tonne to 9.80 million tonne. In contrast, the consumption of 'P' declined sharply from 3.32 million tonne to 2.88 million tonne. The consumption of 'K' declined from 1.36 million tonnes to 1.16

million tonne. As a result, the NPK use ratio worsened from 5.9:2.4:1 during 1991-92 to 8.4:2.5:1 during 1995-96.

About 75 per cent of fertiliser is used on food crops. This is because these crops are intensive in fertiliser use, and account for bulk of the cultivated area. Clearly, they have borne the brunt of the overall setback in fertiliser use and increasing imbalance. The small and marginal farmers who grow mainly food crops, have suffered most.

The paramount reason for increasing imbalance in nutrient use is the steep

The prices of decontrolled fertilisers continued to increase despite the scheme of ad hoc concession in vogue since September 1992 under which concession at prescribed rates, e.g. Rs 1000 per tonne on DAP, was provided to producers to enable corresponding reduction in selling price to the farmers.

From July 6, 1996, the concession on DAP has been increased to Rs 3000 per tonne, and on MOP to Rs 1500 per tonne. And yet, the price ratios to urea are still quite high, about 2.7 times for the former and 1.3 times for the latter.

of concessional sales from the states. The latter, in turn, control selling prices (despite de jure decontrol) at unrealistically low levels which make supplies unviable. Many states delay sending certificates to government which results in blocking huge funds. Payments are further delayed.

All these have had a debilitating effect on consumption. During April-September 1996, the sale of DAP and MOP was down by about 11 per cent and 14 per cent respectively over the already low levels in April-September 1995. The trends during rabi season in 1996-97 do not look encouraging either. The NPK use ratio would thus remain heavily imbalanced even during 1996-97. Consequently, the possibility of yet another setback in foodgrain production is not ruled out.

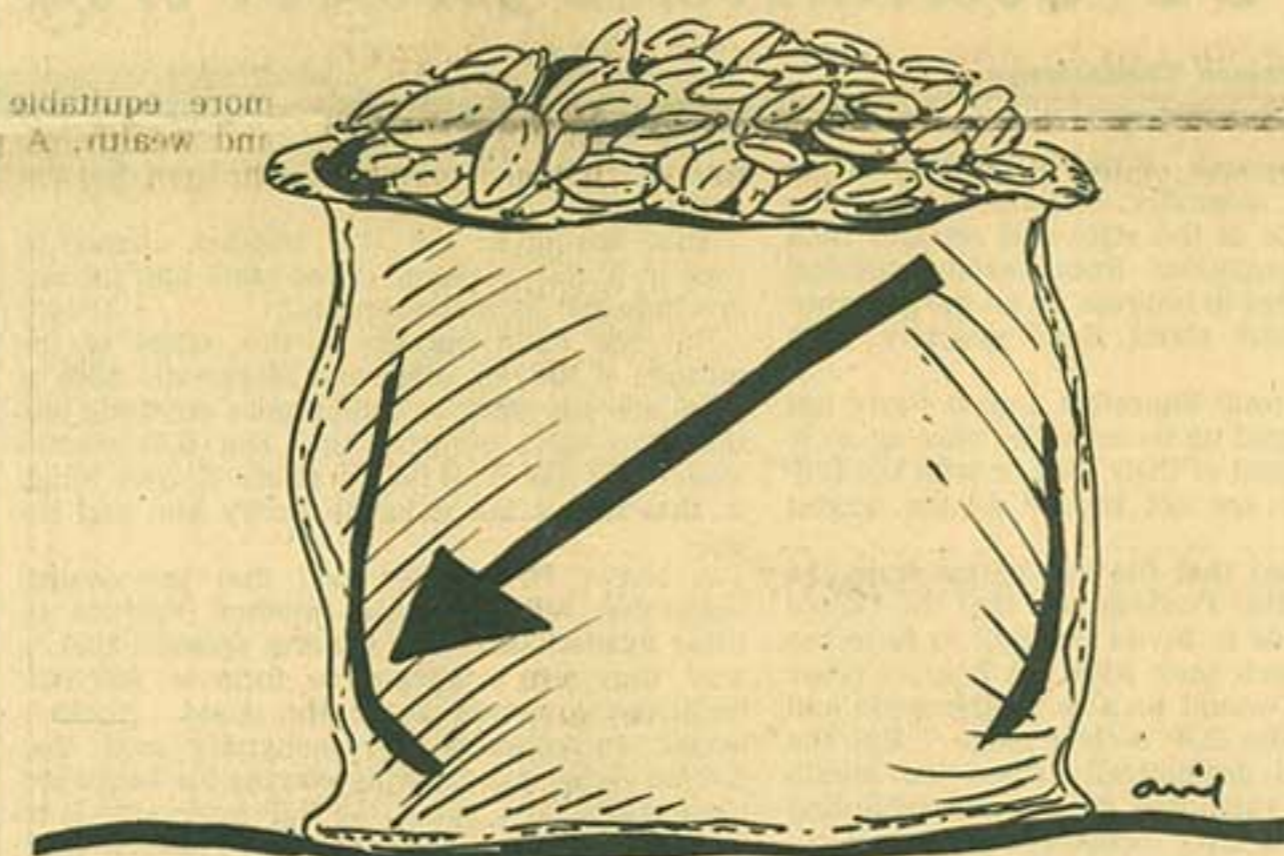
The trend is dangerous, as we are still far from the goal of self-sufficiency in foodgrain production. The high stock of 35.6 million tonne at the beginning of last year, i.e. July 1995, made many of us believe that India is surplus. However, this was primarily due to lower offtake from the PDS during 1994-95, i.e. only about 14 million tonne (against 21 million tonne in 1991-92) consequent to increasing issue prices.

The stocks have, however, plummeted to about 20 million tonne as on September 30 1996 due to declining production, leading to lower procurement on the one hand and increasing offtake from PDS on the other. A repeat of 1995-96 during the current year could make us extremely vulnerable, leading even to heavy imports.

The emerging trends are clear eye-openers. There is an urgent need to take steps to reverse the decline in foodgrain production. All the more so, at a time, when the cereal stocks in the world grain-bowl have plummeted to dangerously low levels, and there is a heavy import demand particularly from Russia, FSU countries and China.

The present ad hocism in the policy regarding concession on 'P' and 'K' fertilisers, allowing it to lapse at the year-end and then, reviving it at the beginning of the next year, should end.

There should be a one-time announcement that the policy will remain in force for a reasonably long period. This will remove uncertainties and bring stability.



increase in the selling prices of 'P' and 'K' fertilisers following their sudden decontrol in August 1992, and small increase in the price of urea (supplies about 85 per cent of total N) which continues to remain under control and heavily subsidised.

Between 1991-92 and 1995-96, the price of DAP doubled from Rs 4680 per tonne to an average of about Rs 9700 per tonne, and MOP increased by two and a half times from Rs 1700 per tonne to Rs 4500 per tonne. In contrast, the price of urea increased by only 8 per cent from Rs 3060 per tonne to Rs 3320 per tonne. Thus, during 1995-96 DAP cost three times the price of urea as against only 1.5 times in 1991-92. The price of MOP was 1.4 times that of urea.

This is because, while on the one hand, the price of urea remains unchanged, the hike in concession on decontrolled fertilisers has been largely offset by further substantial increase in cost.

During 1995-96, the reasonable cost of supplying DAP was about Rs 10,700 per tonne. With concession of Rs 1000 per tonne, the farmer was paying Rs 9,700 per tonne. Presently, the cost has increased to about Rs 12,000 per tonne due to a further increase in the dollar price of phos acid and ammonia, and the continued slide of the rupee.

The scheme itself is hurt by serious distortions in implementation. The government releases payments to producers only after receiving certificates