

1. What are the objectives of buffer stock policy? Has the policy been effective in inflation control and uninterrupted supply of food grains to the people of the country? (150 words)

**Answer:**

The principal policy objective of food management is to ensure food security, particularly for the vulnerable, through timely and efficient procurement and distribution of food grains. This involves procurement of food grains, from farmers at remunerative prices; transportation and storage; and distribution of food grains to consumers at affordable prices, and stability of food grains' prices. The price instruments used are MSP (Minimum Support Price) and CIP (central issue price).

Buffer stock policy in India is meant for intervening in food market on the part of government for price stability. It aims to ensure a remunerative price to the producers of food grains on the one hand and make food grains available at affordable price to consumers on the other. The policy has two activities as components. The first part is procurement of food grains from the market for maintaining buffer stock. Every year, the periodic purchase targets are set. Secondly, buffer stock is increased or decreased by more purchase or more sales depending upon whether prices are falling or rising in the food market.

Over a longer period, there is no doubt, buffer stock policy of India has succeeded in both of its aims, i.e. providing remunerative prices to producers and providing uninterrupted food supply to consumers on affordable price. India was able to bear droughts of 1987 or even deficient rains in the current phase of 2011-18 without significant inflation.

But the buffer stock policy has certain constraints. First of all, buffer stock policy has not been able to supply edible oil and pulses at affordable prices. It is maintained mostly for cereals and that too only rice and wheat. It is because procurement operations are found to be successful largely for rice and wheat and that too only in a few states like Punjab, Haryana, Andhra Pradesh, and Madhya Pradesh.

Secondly, India has a limited capacity for maintaining buffer stock due to limited storage capacity. Recent support policy of the government for warehousing has led to some increase in the storage capacity. Storage capacity, both covered and cover and plinth (CAP), of state agencies for storage of central stocks of food grains, increased by roughly 6% in 2012-13. Total storage capacity of the FCI and state agencies is 74.35 metric-tons (MT), while construction of warehouses with a total capacity of 20.4 MT was approved in 19 states under the Private Entrepreneurs Guarantee (PEG) Scheme.

Finally, the buffer stock policy has also failed to counter seasonality in prices of food grains. Seasonal factors accentuated food inflation which rose to double digits in early 2013-14, before moderating to an average of 6.22 per cent (WPI) and 9.22 per cent (CPI-NS) in the last quarter, because of high growth in the agricultural sector and a normal and well-distributed monsoon. WPI food inflation has remained persistently high during 2013-14, reaching a peak of 11.95 per cent in Q3. This was led by high inflation in cereals, vegetables, and eggs, fish, and meat (EFM). Spike in prices of fruits and vegetables were mainly owing to seasonal factors.

## PRACTICE QUESTIONS

### **Answer the following Questions**

1. While access to irrigation is important, efficiency of water use is equally, if not more, crucial. Examine. (150 words)
2. For a holistic approach to disaster risk reduction, there is a need to mainstream indigenous traditional knowledge and link it with modern technologies. Analyse. (150 words)

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