



Food Supply Situation in India Ahead of Monsoon 2023

For Prelims: [Southwest Monsoon](#), [Food Inflation](#), [Reserve Bank of India's monetary policy](#), [consumer price index](#)

For Mains: Impact of the monsoon season on India's food supply, Role of food supply in influencing inflation, Role of the Reserve Bank of India in monitoring and managing food supply-related risks

Why in News?

- As the monsoon season approaches, the **food supply situation in India** is being closely monitored. While there are currently no shortages, the **spatial and temporal distribution of the monsoon** rainfall plays a crucial role.
 - The [India Meteorological Department \(IMD\)](#) has forecasted just-about-normal rainfall during the [southwest monsoon season \(June-September\)](#).
 - The implications of the monsoon on food supply will have a significant impact on the [Reserve Bank of India's monetary policy](#).

What is the Current Status of the Food Supply?

- **Fine Balance in Wheat:**
 - Unseasonal rain and gusty winds in March and early April in 2023 **affected standing wheat crops**.
 - However, the yield losses were not as severe as initially feared.
 - Government agencies have **procured about 26.2 million tonnes** of wheat during the current marketing season, **ensuring sufficient stocks**.
 - Although wheat stocks appear low, the combined stocks of wheat and rice are **ample to meet the requirements** of the [public distribution system](#) and other **welfare schemes**.
- **Relief in Milk Supply:**
 - February-March 2023 witnessed unprecedented milk shortages, leading to soaring prices.
 - However, the situation has improved due to a comparatively **mild summer and favorable pre-monsoon showers**.
 - Improved fodder supplies and high milk prices have triggered a supply response from farmers.
- **Tightrope Walk in Sugar:**
 - The closing stocks of sugar for the current sugar year (October-September 2023) are projected to be 5.7 million tonnes.
 - This level of stocks can meet the domestic requirement for 2.5 months, including the peak festival season demand.
 - The main concern is the **monsoon's impact on sugarcane**, which requires **significant water during the growth phase**.
 - [Sugar](#) production for the next year depends on a normal monsoon.
- **Edible Oil and Pulses:**
 - The supply position for edible oils seems comfortable due to viable imports covering

- domestic crop shortfalls.
- **Global price crashes** have made imported **crude palm, soybean, and sunflower oil affordable**.
 - Ample stocks of [chickpeas](#) and imports of masoor red lentils contribute to a comfortable supply of pulses.

What is the Global Standing of India's Agricultural Sector in 2022-23?

- **Milk Production:**
 - India takes the lead as the **world's largest producer of milk**.
- **Wheat Production:**
 - Following China, India is the **second-largest producer** of wheat globally.
- **Rice Production:**
 - India is the **second largest producer** of rice, and at **Number One in exports**.
- **Sugar Production:**
 - India has emerged as the largest producer and consumer of sugar, while also being the **second-largest exporter**.
- **Pulses Production:**
 - India stands as the **largest producer of pulses globally**.

How Does Food Supply Impact RBI's Monetary Policy?

- **Food Supply and Inflation:**
 - Food supply impacts the **prices of food items**, which contributes to the [consumer price index \(CPI\)](#) used to **measure inflation**.
 - High food inflation directly affects **headline inflation**, which reflects overall price changes in the economy.
 - High food inflation can **reduce consumers' purchasing power**, leading to lower demand for other goods and services and affecting economic growth.
 - Industries relying on food inputs, such as beverages, **may face increased production costs** during high food inflation.
 - High food inflation can cause **social and political unrest**, particularly among the **poor** who spend a significant portion of their income on food.
- **Food Supply and Monetary Policy:**
 - Monetary policy involves **regulating money and credit supply** to achieve **price stability, growth, and financial stability**.
 - The [repo rate](#), set by the central bank, influences interest rates, including lending rates, deposit rates, bond yields, and exchange rates.
 - Changes in the repo rate impact aggregate demand and supply, which influence inflation and growth.
 - The central bank considers various factors, such as **inflation, growth, fiscal policy, global conditions, and financial stability**, when adjusting the repo rate.
 - Food supply is closely monitored by the central bank due to its implications for inflation and growth outcomes.
 - The central bank assesses the impact of food supply shocks on both [headline inflation and core inflation \(excluding volatile items like food and fuel\)](#).
 - Persistence and pass-through of food inflation to other sectors of the economy are also taken into account.
 - Government policies affecting food supply, such as [minimum support prices \(MSPs\), procurement, buffer stocks](#), and the [public distribution system \(PDS\)](#), are considered by the central bank.
 - Based on its assessment, the central bank may adjust the repo rate to achieve its [inflation target of 4% with a tolerance band of +/- 2%](#).

What are Government Initiatives Related to Food Security?

- [National Food Security Mission.](#)
- [National Food Security Act \(NFSA\) 2013.](#)
- [Rashtriya Krishi Vikas Yojana \(RKVY\).](#)
- [Integrated Schemes on Oilseeds, Pulses, Palm oil and Maize \(ISOPOM\).](#)
- [eNAM Portal.](#)
- [Minimum Support Prices \(MSP\) for Agricultural products.](#)
- [Pradhan Mantri Fasal Bima Yojana \(PMFBY\).](#)
- [National Horticulture Mission.](#)

UPSC Civil Services Examination, Previous Year Question (PYQ)

Prelims

Q.1 With reference to the provisions made under the National Food Security Act, 2013, consider the following statements: (2018)

1. The families coming under the category of 'below poverty line (BPL)' only are eligible to receive subsidised food grains.
2. The eldest woman in a household, of age 18 years or above, shall be the head of the household for the purpose of issuance of a ration card.
3. Pregnant women and lactating mothers are entitled to a 'take-home ration' of 1600 calories per day during pregnancy and for six months thereafter.

Which of the statements given above is/are correct?

- (a) 1 and 2 only
- (b) 2 only
- (c) 1 and 3 only
- (d) 3 only

Ans: (b)

Mains

Q.1 In what way could replacement of price subsidy with Direct Benefit Transfer (DBT) change the scenario of subsidies in India? Discuss. (2015)

Source: IE