We Feed the Nation:

Taking Stock of Punjab's Contribution to Public Foodgrain Procurement

Ranjini Basu
Garware Postdoctoral Fellow
University of Pennsylvania Institute for Advanced Study of India

In this series based on my postdoctoral research on the agrarian politics around crop diversification in Indian Punjab[1], in this first of two-part articles on the transforming foodgrain mandis of the State, we re-look at Punjab's contribution to the public procurement of foodgrains, with special focus on rice.

'Feeding the nation' has been an often-repeated rhetoric used by the farmer organizations of Punjab to attract sympathy as well as bargain for better prices and other state support in their favour. Blocking the movement of foodgrains out of Punjab, thereby striking a blow at India's still vulnerable Public Distribution System (PDS), was a strategy adopted by the earlier phase of New Farmers' Movement in the 1980s, to put pressure on the central government to announce and purchase foodgrains at higher procurement-prices.[2] Critiques of this kind of strategy also emerged from within the peasant movement, but nonetheless, the mainstay of this strategy emerged from Punjab's critical contribution to the Food Corporation of India's (FCI) foodgrain reserves since the beginning of the Green Revolution days. The surplus producing farmers of the State- specifically the wealthier agrarian classes- found themselves in a rather commanding position to demand remunerative prices from the central government. [3]

However, since the mid-1990s because of the neoliberal reforms as well as India attaining self-sufficiency in foodgrains, the scales tilted against agriculture at a broader level. The economic policy discourse shifted towards restricting the food subsidy bill, disbanding the Food Corporation of India, and moving towards cash transfers. The framing of public procurement, as a mechanism of ensuring support prices, by the farmer unions also underwent a change in the decades following the neoliberal reforms. While in the previous phase

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1 First article 'Fraught with Contestations: Crop Diversification under Agrarian Distress in Indian Punjab', available at: https://casi.sas.upenn.edu/sites/default/files/upiasi/Fraught%20with%20Contestations%20Crop-Diversification%20under%20Agrarian%20Distress%20in%20Indian%20Punjab%20-%20Ranjini%20Basu.pdf

2 Weaver, Mary Anne (1984), "Sikhs and Hindus in Punjab show rare unity in protest over wheat", *The Christian Science Monitor*, May 30, https://www.csmonitor.com/1984/0530/053025.html

3 The influence of rich farmer sections of Punjab on the foodgrain price policy, have also been critically described as the 'farm lobby' or 'wheat lobby', who were indifferent towards its effect on the PDS issue prices in the foodgrain deficient states. See Mitra, Ashok (1977), *Terms of Trade and Class Relation*, Frank Cass and Narain, Dharm (1975) quoted in Raghavan, M (2004), "Politics of Procurement and Price Support", *Economic and Political Weekly*, vol 39, no. 5, pp: 506-508.

of the 1980s, procurement operations by the FCI and monopoly of the Agriculture Producer Market Committees (APMC) were attacked by a section of the New Farmers' Movement for restricting the higher price realization by farmers, in this post 1990s period, the importance of Minimum Support Prices (MSP) have attained center-stage as a rallying call for farmers' mobilizations.[4] Within this changed scenario, proponents of free markets aimed attacks at the Punjab farmer as the biggest benefactor of state subsidies and thus in-turn there was re-articulation of 'feeding the nation' counter argument.

The period since mid-1990s has seen changes in the composition of Punjab's share in the public stocks of foodgrains, specifically for rice, because of the changes in the functioning of the FCI, largely due to the implementation of the Decentralized Procurement Scheme (DCP) and increasing production in States outside the traditional Green Revolution belt. Therefore, these changes demand a re-look at Punjab's share in the procured foodgrain reserves since the mid-1990s. This will help us to ascertain whether the strategic placing of 'feeding the nation' argument still holds for the Punjab farmers, and therefore how much force does it weighs in the mobilizing tactics in the present scenario.

Punjab's Changing Share in Rice Procurement

The FCI first started its operations in Punjab in 1965-66, moving outside the southern state of Andhra Pradesh into north India, to procure *kharif* pulses such as *gram* and *gram dal* and wheat in the latter part of that year. The existing *mandi* infrastructure of Punjab was advantageous for the FCI to carry out direct purchase from farmers. At this point the FCI expanded its procurement functions according to local conditions in coordination with the respective state governments. From the *kharif* or summer season in 1966, FCI started off-taking rice from Punjab, taking over the stocks from the State government, who had undertaken the actual procurement operations. The Corporation advanced funds to the states of Punjab and Haryana to purchase 91,536 tonnes of rice in that year.[5] From these initial years, till the 1990s, besides the direct purchase of paddy from the producers that the FCI and the State agencies carried out, the component of levy rice collected from the private rice millers was significant.

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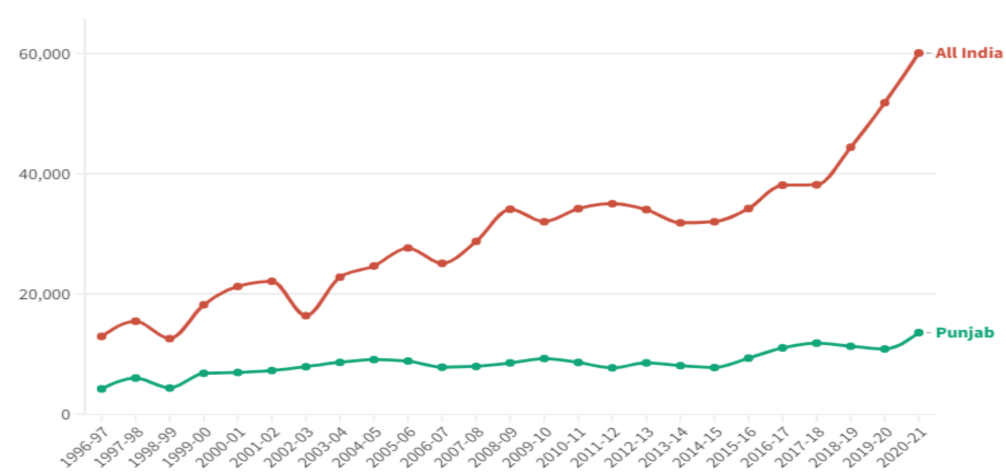
[4] The Shetkari Sangathana, led by Sharad Joshi was the most vociferous voice of this articulation, which found its place in the 'urban-bias' discourse during the 1980s. In the 1990s there was a split in the previous New Farmers' Movement on the question of economic reforms and trade liberalization. See Omvedt, Gail (2005), "Farmer's Movement and the Debate on Poverty and Economic Reforms in India", in Ray, Raka and Katzenstein, Mary Fainsod (ed.), *Social Movements in India: Poverty, Power and Politics*, Rowman and Littlefield Publishers Inc.

[5] Food Corporation of India (1966-67), *Annual Report*, Government of India

Paddy is directly procured from the farmers by the FCI and State agencies, mainly during the *kharif* or summer season, although winter/*rabi* paddy is also procured in some states such as Andhra Pradesh and Telangana. The paddy is then custom milled through the rice mills or shellers and the final rice is stored and distributed through the Public Distribution System. The method of levy-rice procurement from the rice millers, governed under the different State Acts and Essential Commodities Act (1955), has been discontinued since 2015. We will talk more about these changes in the second part of the article.

Since the 1980s paddy production in Punjab grew substantially and so did the State's share in the procurement of rice for the central pool- which is the total foodgrain stocks procured and held either by Food Corporation of India or the State agencies. In the period between 1970 and 1980 paddy production in the northern region, comprising of Punjab, Haryana, and western Uttar Pradesh, grew at a compound rate of 10.9 percent, in comparison to only 2 percent for the southern region and an abysmal 0.78 percent in the eastern region.[6] By the mid-1990s, Punjab's share in the total pool of rice procurement was 33 percent, second only to Andhra Pradesh.

***Figure 1: Procurement of Rice by Food Corporation of India and State Agencies, 1996-2021, Punjab and All India,* in Thousand Tonnes**

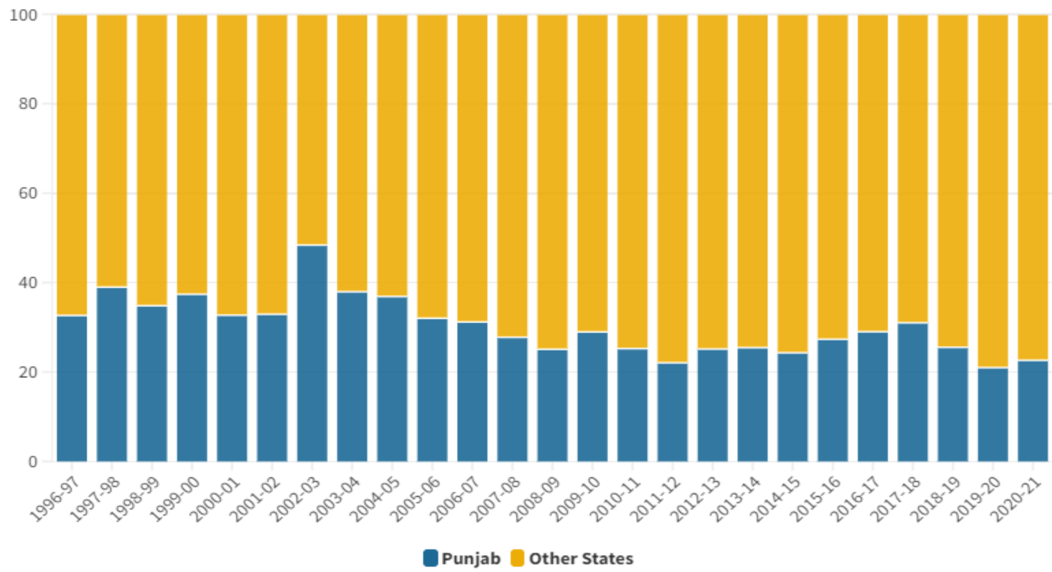


Source: Source: Agricultural Statistics at a Glance, Government of India, various issues

Figure 1 shows the total rice procurement in Punjab and all-India from 1996 to 2021. It shows that in the period starting from the 2000s, saw a steep rise in the total levels of rice procurement at all India level. Rice procurement in Punjab had also increased in this period, as the area under paddy continued to rise in the State. In 2020-21, there was procurement of 13,589 thousand Metric Tonnes of rice from Punjab. Although, major

[6]According to the Economic Survey of 1984-85, Government of India, the increase in the area under rice in the non-traditional regions was a result of financial attractiveness along with expansion of irrigation.

Figure 2: Share of Punjab and Other States in Rice Procurement for Central Pool, 1996-2021, in percentage



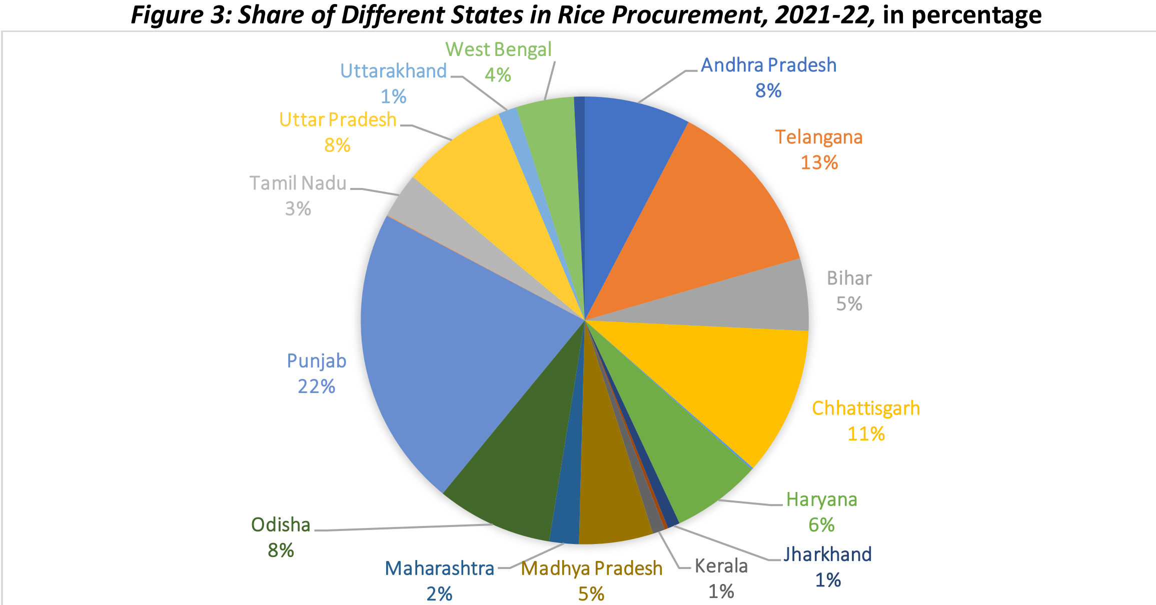
Source: Agricultural Statistics at a Glance, Government of India, various years

transformation has occurred in Punjab's share in the central pool of rice procurement as seen in figure 2. The biggest share of Punjab to the central pool of rice stocks in the post 2000s, was in 2002-03, when it contributed 48 percent of the total stocks procured for that year, which was due to a drought situation across major paddy producing states. Since then, this share has fallen and in 2020-21, Punjab's share was down to 23 percent.

Decentralized Procurement Scheme

Among other reasons, change in Punjab's share in the total rice procurement in the 2000s took place primarily due to many states beyond the traditional Green Revolution regions, increasing their production by implementing the Decentralized Procurement Scheme (DCP). The DCP initiated with the intention of decentralizing procurement of foodgrains to reduce FCI's transportation and distribution costs and extend the benefits of the MSP was started in 1997-98. Behind the geographical diversification of procurement, was also the realization that the yield potential of foodgrains in north-west India had plateaued. State governments under the scheme are expected to carry out procurement operations, storage, and distribution of foodgrains under the Public Distribution System and other welfare programmes, through their own agencies. The central government pays the State governments the costs borne by them to carry out these operations at a pre-decided acquisition rate. The central government through the FCI is also supposed to be conducting overall supervision and quality check of the foodgrains procured. Till now while 15 state governments have opted under the DCP for rice, 8 states are covered under DCP for wheat.[7] Punjab did not opt for the DCP scheme. DCP has been successful in expanding the coverage of MSP especially among small and marginal producers and procurement of foodgrains has moved into newer states like Madhya Pradesh, Chhattisgarh, and Odisha.[8] The DCP mode, through direct-purchase and Custom Milled Rice (CMR) process, received a further boost from some State governments as a way of extending welfare measures to the rural populations within the limited fiscal space available to the States in the 2000s.[9] As a result of the expansion of production in these earlier deficient states, the demand for Punjab paddy saw a decline, manifesting in the form of delayed off-take of foodgrains by the FCI from the Punjab mandis, creating a new arena of contestation between the farmer unions and the State.[10]

***Figure 3: Share of Different States in Rice Procurement, 2021-22,* in percentage**



Source: Department of Food and Public Distribution, Government of India

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7 *Mechanism of Procurement,* Government of India, Department of Food and Public Distribution, https://dfpd.gov.in/mechanismforProcurement.htm . The DCP states for rice include Uttarakhand, Chhattisgarh, Odisha, Tamil Nadu, West Bengal, Kerala, Karnataka, Madhya Pradesh, Andhra Pradesh, Bihar, Telangana, Maharashtra, Gujarat, Andam and Nicobar, Tripura and Jharkhand.

8 Gupta, Prankur, Khera, Reetika, and Narayanan, Sudha (2021), "Minimum Support Prices in India: Distilling the Facts," *Review of Agrarian Studies,* vol. 11, no. 1, available at http://ras.org.in/a41ffbc3f42b07f18cd99ef097261c24

9 For the case of wheat procurement in Madhya Pradesh see Krishnamurthy, Mekhala (2012), "States of Wheat", *Economic and Political Weekly*, Review of Rural Affairs, vol 47, no 5, and for rice procurement in Chhattisgarh see Patnaik, Biraj and Sinha, Deepa (2016), "From the files to the fields: the story of paddy procurement in Chhattisgarh", in Desai, Sonalde, Haddad, Lawrence, Chopra, Deepta and Thorat, Amit (ed.), *Undernutrition and Public Policy in India*, Routledge, New Delhi

10 Swami, Praveen (2000), "Punjab's paddy crisis", *Frontline*, October 28, https://frontline.thehindu.com/other/article30255238.ece

However, despite the DCP scheme being in operation for more than two decades, its uptake by States has suffered challenges. As can be seen in figure 3 which provides the share of different states in the procurement of rice, despite the DCP scheme in function, Punjab continued to contribute 22 percent of all the rice procurement in 2021-22. The Standing Committee on Food, Consumer Affairs and Public Administration in its recommendations noting the challenges of convincing States to implement the scheme said, "It is stated that adoption of DCP mode requires substantial responsibility on the part of the State Government like arrangements for funds, storage space, gunny, manpower etc. which sometimes may lead to hesitancy for adopting the same. Regular efforts are made to persuade such states to adopt the DCP mode by addressing their concerns."[11] For instance, the DCP mode of paddy procurement lagged and was mostly unsuccessful in Bihar due to the resource inadequacy of the Primary Agriculture Credit Societies (PACS) and *Vyapar Mandals,* who have been designated to undertake direct paddy procurement from the farmers. This has led to the repeated episodes of distress sale of paddy at rates lower than the MSP in the state.[12]

Reliability of Punjab's Paddy Contribution

I argue that keeping the ecological effects aside, Punjab's contribution of rice to the central pool stands on reliable ground due to its high marketable surplus ratio, higher yield realization, stable irrigation infrastructure and lastly the rice milling infrastructure of the State that provides the FCI a steady supply of foodgrains, especially in times of crisis. According to research, the marketable surplus of paddy which is the part of paddy production available for marketing after accounting for self-consumption and retention for purposes such as seed, feed etc., was highest in Punjab at 99.4 percent, while West Bengal which is the largest paddy producer the same was 62.6 percent.[13] Punjab being a non- rice consuming state, amplifies its marketable surplus of paddy which is readily available for procurement.

Further, this steady contribution of surplus paddy from Punjab is ensured by the State's high yield advantage and irrigation coverage. Table 1 provides the share of major rice producing States in the total area under rice cultivation, production, procurement, yield rates and area under irrigation. As discussed above, Punjab contributes to rice-procurement at almost double the rate of its share in production. Punjab also has the

[11] Lok Sabha Secretariat (2022), *22nd Report of the Standing Committee on Food, Consumer Affairs and Public Distribution (2022-23),* Ministry of Consumer Affairs, Food and Public Distribution
[12] Ray, Umesh Kumar (2021), "Rice racket: From the paddy fields of Bihar to the mandis of Punjab", *Gaon Connection*, https://en.gaonconnection.com/rice-racket-from-the-paddy-fields-of-bihar-to-the-mandis-of-punjab/
[13] Sharma, Vijay Paul (2016), "Marketable and Marketed Surplus of Rice and Wheat in India: Distribution and Determinants", *Indian Journal of Agricultural Economics,* vol 71, no 2

highest area under irrigation. The other upcoming states in rice production such as Odisha and Chhattisgarh have a much smaller area under irrigation at just 31.9 and 36.6 percent respectively. The availability of irrigation becomes essential under circumstances of climatic variations as experienced regularly in recent times. The other traditional paddy producing states of Andhra Pradesh, Telangana, Tamil Nadu, West Bengal have their own consumption needs, including the welfare programmes under the National Food Security Act, to which we will come to next.

Table 1: Share of Major Rice Producing States in Area, Production, Procurement, Yield and Irrigated Area, in percentage and kg/hectare

State	Share in Area	Share in Production	Share in Procurement	Yield	Share of area under Irrigation
West Bengal	12.2	13.29	3.6	2958	51.08
Uttar Pradesh	12.41	12.48	7.5	2733	90.23
Punjab	6.4	10.28	21.8	4366	99.7
Odisha	8.82	7.08	8.8	2182	31.91
Andhra Pradesh	5.08	6.34	9.2	3393	97.27
Telangana	6.96	8.22	14.4	3206	99.41
Tamil Nadu	4.45	5.53	4.2	3379	93.4
Chhattisgarh	8.28	5.76	9.4	1889	36.64
Bihar	6.47	5.32	4	2232	71.13
Assam	5.16	4.19	0.4	2209	18.08
Others	23.77	21.51	16.7	2460	
All India	100	100	100	2717	64.97

Source: Agricultural Statistics at a Glance 2022, GoI, Price Policy for Kharif Crops 2023-24, CACP
Note: Share of area under irrigation calculated against 2019-20. Share in Procurement for 2021-22, all other figures for 2020-21

Lastly, reality betrays the government's policy thrust on 'Bringing Green Revolution to the Eastern India', which aims to bring higher productivity and foodgrain-production growth into the traditional rice-producing eastern Indian states. Its failure to do so, including due to many structural barriers, continues to enable rice production in Punjab.

Re-significance of the Central Pool

Till now we have tried to establish how Punjab's paddy production is continuing to play a significant role in the overall procurement of rice by the Food Corporation of India. Although geographical diversification of the procurement operations has taken place and new pockets of paddy procurement have appeared, there is still a large gap to be filled. This is especially under the scenario where recently we have seen a greater thrust on the foodgrain distribution programmes by the Centre and various State governments, a development in contrast to the previously favorable support towards cash-transfers.

The National Food Security Act (NFSA) implemented since 2013, expanded the Antyodaya Anna Yojana (AAY) to include 75 percent of the rural and 50 percent of the urban population, under which households were entitled to 35 kg of foodgrains per month, while priority households are entitled 5 kg per person per month at subsidized rates. At present the Act is said to cover 81.35 crore or 813.5 million beneficiaries. The Covid-19 pandemic saw the rolling out of the Pradhan Mantri Gramin Kalyan Anna Yojana (PMGKAY), which till December 2022 provided 5 kg free foodgrains to ration card holders over and above their NFSA entitlements. Since January 2023, the central government subsumed the NFSA under the PMGKAY. From then, AAY and Priority households are being provided their entitled foodgrain ration as sanctioned under NFSA free of cost, however, ending the extra 5 kg allocation which was functioning during Covid-19 pandemic. Through a Cabinet decision, the free foodgrain scheme under PMGKAY has now been extended till 2029.

Even before the pandemic, states like Tamil Nadu had a universal food distribution programme and Chhattisgarh too had an extended paddy redistribution scheme.[14] In more recent times, Karnataka has announced the Anna Bhagya Scheme, originally envisaged as a foodgrain support programme for Below Poverty Line families, but later converted into a cash transfer scheme as the central government banned the sale of additional rice to the States from the central pool.[15]

States, who need extra foodgrains beyond the central government allocations under NFSA/PMGKAY to run their own welfare programmes, buy the foodgrains from the central pool, however, in recent times it has emerged as an area of federal tension.[16] The central pool of foodgrains, as explained above is the total foodgrain stocks held by the FCI and state agencies, have also come to gain prominence as a tool of controlling food inflationary trends through the Open Market Sale Scheme, especially at a time when world food prices are witnessing fluctuations.

Considering these developments, and the public foodgrain programmes gaining political clout, I contend that the significance of Punjab's contribution to the public procurement programme has attained new meaning. Additionally, Punjab has been selected for the centrally sponsored piolet scheme on fortification of rice, which

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[14] Khera, Reetika (2011), "Trends in Diversion of Grain from the Public Distribution System", *Economic and Political Weekly*, vol 46, no 21

[15] The Hindu Bureau (2023), "Anna Bhagya Yojana| Karnataka BPL families will get cash instead of free rice promised", *The Hindu*, June 28, https://www.thehindu.com/news/national/karnataka/anna-bhagya-scheme-karnataka-bpl-families-will-get-cash-instead-of-free-rice-promised/article67018923.ece

[16] The Hindu Bureau (2023), "States look at alternative ways to buy foodgrains as Centre restricts open market sale scheme", *The Hindu,* June 19, https://www.thehindu.com/news/national/states-look-for-alternative-ways-to-buy-foodgrains-as-centre-restricts-open-market-sale-scheme/article66983411.ece

has opened conflicts between the central government and the State's rice-millers, who were recently on strike.[17]

Perhaps it is this resurgence of Punjab in the country's foodgrain management that gave the confidence to one of the rice millers who I met on my latest field trip to the foodgrain mandis of Ludhiana, reply to me when asked if he thought rice production would move out of the State, "*Sarkar itne logon ko kaise khilayegi?*" (How will the government then feed the masses?).

However, this shouldn't give the impression that all is calm in the Punjab mandis. It is ripening with changing co-relations among the different agrarian actors, which we will turn to in our next article.

[17] Bharadwaj, Surinder (2023), "'Strike still on': Punjab rice millers' U-turn after calling off stir", *The Tribune*, October 17, https://www.tribuneindia.com/news/punjab/strike-still-on-rice-millers-u-turn-after-calling-off-stir-554180