

Good harvests do not always translate into money in the bank

Minimum support price that is announced is never paid in full



Active voice: Suman Sahai, convenor, Gene Campaign.

Tilhar lies about 300 km east of Delhi in the fertile plains of northern India. Here, acres of wheat stand sturdily in the fields, slowly changing colour from green to yellow.

“If all goes well the farmer can get a good harvest, but whether it will bring prosperity to their lives or not is a big question. Will the crop in the field translate into money in the bank? Unlikely,” says Dr. Suman Sahai, Convener, Gene campaign, New Delhi.

Important centres

Western and Central Uttar Pradesh produce surplus grain like Punjab and Haryana, and since the days of the Green Revolution, these have been important centres where rice and wheat are procured for the central pool.

In areas blessed by nature like the Indo-Gangetic belt where Tilhar lies, farmers know how to harvest good crops.

In the early days this worked well for farmers but in the last few years, procurement has become an exercise to torment farmers rather than support them. First, the Minimum Support Price (MSP) that is announced, is never paid in full, always less.

Real price

If the price announced for wheat is Rs. 1.120 per quintal, as it is this year, the real price that the farmer would get could be anything from Rs. 750 to Rs. 950 per quintal.

“Corruption locks the farmers in a vice like grip because they lack storage facilities and must sell their produce immediately after harvest,” she says.

Both procurement agencies and the market are aware of this and turn the screw on price as they know the farmer is left with no choice but to sell. Other strategies that are used to pull prices down is to tell the farmer that his grain has not been dried sufficiently and cannot be bought.

Trade tricks

“But as soon as palms get greased, the grain gets sold miraculously. Other tricks are to declare the grain as being ‘light’ in weight, not fulfilling the standards set by the Food Corporation of India (FCI). The FCI's exacting standards are equally miraculously met once the farmers' pockets have become correspondingly lighter,” explains Dr. Sahai.

Often there exists an unholy nexus between the FCI agents and private companies. The deal is that the procurement agency will reject much of the grain on one pretext or another, she mentions in her blog.

Farmers travel to different procurement centres with their grain, for it to be inspected, weighed and lifted. If they do not own their own bullock carts, they hire or rent trucks or tractors to bring their grain to the centre. Every day, causes delay and bleeds the farmer.

“It is like the way ports charge demurrage if you do not lift your goods. Each day the port holds your goods, it charges you a fee.

“Bullock cart, tractor-trolley and truck owners do the same. So if they need to wait around till the farmer can negotiate the deal, the cost of hiring goes up every day. This eats into the farmer's profit,” she adds.

Becoming desperate

When the farmer's grain is held up and he is desperate to sell, the private companies step in and buy the grain at low prices.

In this way the backbreaking effort put in by the farmer and the little subsidy he gets on fertilizer and diesel to irrigate goes to benefit the private companies.

“Despite a good harvest the farmer may not make a profit. Sometimes he cannot even recover the input cost and gets poorer. This makes many farmers desperate and forces them to abandon agriculture.

“This is not my version. The National Sample Survey Organization (NSSO) discovered this in its survey in 2007 when almost half the country's farmers said they would abandon farming if they could find another occupation,” she says.

This should set the alarm bells ringing in the corridors of power. “If the farmer does not grow food what will we eat? Import food?

“But there is nothing available on the international market to buy! Droughts in Australia and Russia, floods in New Zealand and turbulent weather everywhere have ensured that the guaranteed food surpluses cannot be counted on.” she says.

Short supply

The biofuel drive in the U.S has drawn away the American corn into ethanol production so that wheat is being diverted to animal feed and both corn and wheat are now in short supply.

It is not like understanding rocket science to realise that we need to make agriculture work if we as a nation are to get anywhere, seems to be her strong conviction.

“The Prime Minister says internal security is the country's largest crisis. Fixing agriculture and putting money in the farmers' pocket is a dead sure way of finding our way out of this crisis. When will we achieve that?” she enquires.

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