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Private trade grabs surplus rice at low prices

By Quintus Perera in Polonnaruwa

Rice farmers in the Mahaweli B Division covering Polonnaruwa, Kaduruwela, Manampitiya, Kuruppu Junction, Sevanapitiya, Boatta, Welikande, Senapura, Aselapura, Singhapura, Dimbulagala, Ellewewa, Aranagamwila and other villages are a concerned lot.

Surplus rice but not a grain to eat!

The Sevanapitiya weekly Pola was buzzing with activity as Mahaweli farmers in the area were buying and selling their produce last week.

The entire area is cultivated with paddy and now it is the harvesting season. The times-are-a-changing and for better or for worse there is a huge surplus of rice. However, farmers are unable to get a price that covers their costs. Some visitors like The Sunday Times FT journalist Quintus Perera who arrived in the Sevanapitiya town around 1 pm were eagerly looking forward to a good "buth curry" meal but surprisingly none of the 10 hotels served rice for the mid-day meal. They travelled to the adjoining town where one hotel quickly dished out a rice and curry meal. Restaurant owners say more residents eat rice at home and prefer short eats from restaurants. Hence the reason for little or no rice meals in hotels.

As government officials debate over ways of taking care of surplus rice production, farmers are virtually panicking and not sure whether they would be able to sell their paddy at the government guaranteed price of Rs. 13/50 per kg.

Many are suspicious of promises by the state of buying the rice at guaranteed prices, given their unfortunate experience in the past where farmers have been let down by the state.

The stark reality in these poverty-ridden areas is that the private paddy trader who readily finances the cultivation expenses of the farmer is now quickly buying up the harvest at a low price of Rs. 10.50 to Rs. 10.75 per kg of paddy.

Fields across this rice-growing region are golden brown ready to be harvested amidst expectations of a bumper crop. Some fields are already been reaped.

The simple case of the farmer in Polonnaruwa and its environs is that he is enmeshed in debt to the private paddy trader who controls the entire paddy market. By now all recognized lending agencies have disassociated with the farmer with the unfortunate experience of being unable to service their loans. Some of them have committed suicide due to rising debts.

The absence of recognized lending agencies in offering credit facilities to farmers have given unscrupulous private paddy traders a golden opportunity to exploit helpless producers. Not only do they finance the cultivation but also meet other difficult situations such as funerals where the harvest of several seasons must have to be given over to the trader at very low prices - a kind of unofficial bonded labour. (See chart for costs of production)

Usually the indebted farmer is compelled to sell his crop to the lender. When the harvesting season approaches the farmer is reduced to a virtual beggar. He comes under pressure to find money immediately and is compelled to sell his rice at whatever price offered. In the absence of lending agencies and government institutions concerned about the plight of the farmer, their rescuer is always the private trader who gleefully buys the paddy at his (trader's) price.

A disgruntled farmer in Welikanda said that at the last Yala his harvest was 11,000 kilos of paddy but after selling the crop there was no money left to buy even a sarong. He said, "The rice farmer has been betrayed, neglected and forgotten. The government and other authorities wake-up only at harvesting time, but our problems are of a more serious nature. We left permanent jobs and comfort in urban areas to come to Mahaweli areas to take up farming in 1988 hoping that all the promises and assurances given by the government would be kept. Now our future is doomed."

P.M. Gunaratne Bandara, a farmer in Boatta, Welikanda said once the paddy is sowed, farmers had to remain in the area and look after the growing plants, otherwise, elephants would attack the farms and destroy the fields. "To maintain the family we have to depend on the lender - the private trader. If we are able to move out of the area, we could supplement our day-to-day expenses by doing some labour work."

He said that only 20% of the original farmers who took to farming in Mahaweli some 15 years ago remain in cultivation now. The balance 80% have given their farms on rent which provides them a better return than what they get by farming. In addition to earnings from rent, these farmers also work as labourers in their own farms (run by others) or elsewhere and earn around Rs. 250 per day.

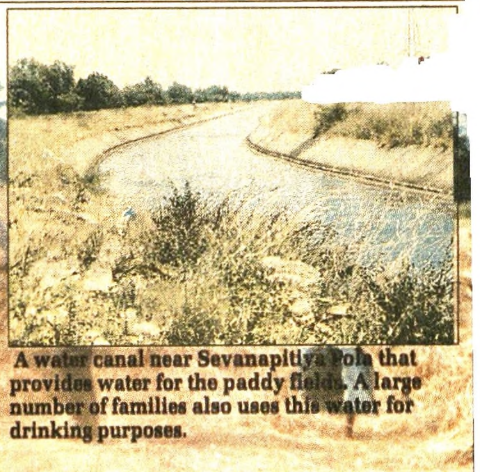
Bandara said the biggest farce in the rice-farming sector is paddy purchasing by the government. Selling paddy to the government is no easy task. If ever a farmer takes his produce to the purchasing point, 100 bushels become 60 bushels. If the moisture is over 18%, if 'Bol' Vee (empty) paddy content is beyond 22% or if foreign matter is found, the entire stock would be rejected. When all these criteria are met the 100 bushels would be reduced to 60 bushels.

The other problem has been that the government's selling points take over a month to complete formalities by which time private traders have cleared the entire stock of paddy available. In any case the government would be purchasing only five percent out the entire country's paddy crop and the system is such that the balance automatically goes to the private trader.

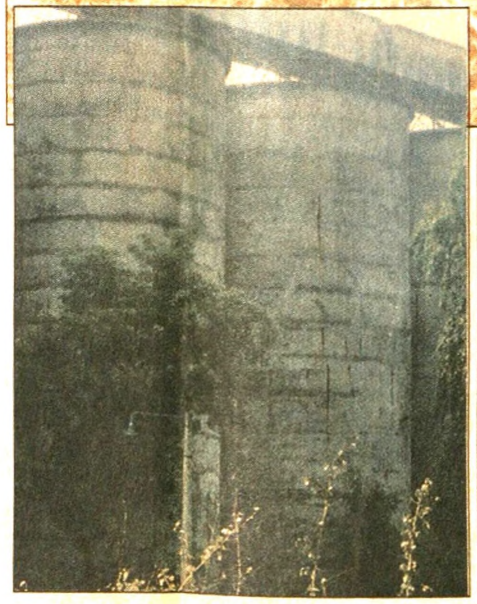
Many farmers have complained that in the whole process of paddy cultivation, the farmer has been gradually destroyed by the intrusion of politics, such as taking decisions about farming without ever consulting them.

Farmer organisations are also corrupt and have political motives. Several farmers in Ruhunu Ketha, Kuruppu Junction, Sevanapitiya and several other places told The Sunday Times FT that some farmer organizations that call themselves Goviya Surekime Viyaparaya (Save the farmer organizations) organize and lead the farmers to protest over low prices for paddy and other farmer problems. Once the protests are over, the authorities bribe these groups to be silent. Also most of the participants in these protest rallies are political party supporters.

Harvesting of paddy in progress in Kaduruwela



A water canal near Sevanapitiya Pola that provides water for the paddy fields. A large number of families also uses this water for drinking purposes.



Giant paddy processing complex in Kaduruwela that processes two tonnes per hour abandoned for the last four years.

Paddy stacked on the fields to be removed for processing. Pix by Quintus Perera

Another farmer, D.M. Thilakaratne Banda of Welikanda said that in addition to the continuous low prices for their paddy, the hardships they encounter are tremendous. Water provided is only sufficient to cultivate paddy while additional land cultivation is possible only if there is rain. Animals like cattle cannot be reared, as there is no place for the cattle to graze. In most countries animal husbandry goes hand in hand with farming.

Another problem currently faced by farmers is that they have no weapons to scare off elephants attacking their crops. After the peace process began, farmers have had to surrender their guns and are left with an explosive called *'Ali Vedi'* which is insufficient to scare off the animals.

An official of the Assistant Commissioner of Cooperative Department, Polonnaruwa told The Sunday Times FT that there are about 6,424 metric tonnes of paddy lying in their stores and out of that stock 3,090 metric tonnes would be sold to Prima at Rs. 11.50 per kg, two rupees below the guaranteed purchase price, while Samurdhi recipients in Colombo and Gampaha districts would be issued with around 1,500 MT. They have issued instructions to all their nine Co-operative Unions to purchase paddy from farmers immediately and arrangements are being made to open up the purchasing points and commence purchasing from September 1.

He said they are expected to make arrangements to store 17,685 MT of paddy through the nine MPCSs in the Polonnaruwa district. The Polonnaruwa Co-operative Department has asked the government to release Rs. 193 million to purchase 14,500 MT of paddy.

An official of the Dimbulagala Multi-Purpose Co-operative Society too confirmed that they were prepared to purchase paddy from the farmers at the rate of Rs. 13.50 per kg from September 1. The official said that around 200 MT of paddy are still in their stores and they are expected to purchase around 3,525 MT through 10 purchasing points.

Cost of production

Costs of cultivation (One acre of paddy)	**Rupees**
Ploughing	3,000
Perfecting bunds	2,000
Seed paddy	1,575
Mada (mud) fertilizer	1,150
Urea fertilizer	850
Pesticides 1,560	

There are other expenses such as tractor fees and the interest of 10% the lender charges for the five months,

Total cost:	20,000
Crop (around)	2,000 to 2,100 kilos of paddy.