

**‘Agricultural liberalization need of the hour’ -- Dr.JP**

The Government of India could make a net profit of not less than Rs.50,000 crore this year by exporting just one variety of rice grown in Andhra Pradesh and Karnataka, said Lok Satta Party President Dr. Jayaprakash Narayan here today.

Addressing a media conference, Dr. JP hoped that the economist-turned Prime Minister would seize the historic opportunity not merely to earn precious foreign exchange for the country but also to mitigate widespread distress among farmers. It was time Dr. Manmohan Singh, who liberated industry from the license-permit raj, focused on rescuing agriculture from imminent collapse.

Dr. JP, who returned today after a six-day visit to the granary of Andhra Pradesh, painted a very grim picture of the gathering agricultural crisis. Paddy prices are about to crash and ruin farmers, as all warehouses are overflowing with food grains even as a bumper crop is round the corner.

The Government has as of today 46 million tons of food grains, against the required buffer stock of 16 million tons for October. Farmers and traders have probably another 20 million tons of food grains with them. Thanks to bountiful rains and increased acreage, the country is about

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to witness record yields. The MSP offered by the Government does not cover even the cost of cultivation. The minimum support rice has become the maximum selling price.

According to Government estimates, Andhra Pradesh will produce an all-time high of 20.9 million tons of food grains, including 14.8 million tons of rice, during the current crop year. The State requires not more than 7.2 million tons of rice a year for internal consumption. In other words, two-thirds of the State's food grain production will be a surplus, not taking into account the huge stocks of the previous crop lying with farmers and traders.

The Governments - Union and State - have put farmers in fetters with their antediluvian farm sector policies. A corrupt, thoughtless license-permit-quota raj has been crippling the farm sector. In agriculture, production itself is dependent on weather gods, pests and diseases, availability of quality inputs and timely workforce. One out of three crops is lost and the farmer suffers heavy losses. But thanks to Government policies, even when a farmer raises a good crop overcoming all obstacles, the price is depressed. The farmer loses all when the crops fail; and he loses heavily when there is a good harvest.

Against such a backdrop, Dr. JP said, there is no wonder that paddy prices have started crashing. The Union Government continues the ban on non-basmati rice exports imposed last year in the wake of drought and floods. The State Government would not allow free movement of rice outside the State or between districts within the State. It condescends to allow movement of only limited stocks and that too against permits for apparent reasons.

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The average yield of paddy in Andhra Pradesh is 22 bags of 75 kg each or 16.5 quintals. The cost of cultivation comes to Rs.16,000 per acre to a farmer and about Rs.25,000 to a tenant. Even if the Government ensures the minimum support price of Rs.1000/Rs.1030 per quintal, the farmer merely reaps back his investment, while the tenant incurs a net loss. In areas where the crop has already landed in market yards, the ruling prices are less than the MSP.

Dr. JP said that a sagacious Government would promote free trade and exports to overcome problems of overflowing warehouses within the country and take advantage of the galloping prices in international markets. Instead of granting permits and licenses to private parties for rice exports, and attracting charges of favoritism, nepotism, and sleaze, the Government could canalize exports through State undertakings.

Dr. JP said the Government need to export just one super fine variety of rice -- BPT 5204, known as Sona Masuri, which has a good demand in all rice-eating nations. The Sona Masuri surplus in Andhra Pradesh and Karnataka after the current kharif harvest will be at least 10 million tons, he said.

He explained that Sona Masuri is quoting at \$24-27 a bag of nine kg in international markets. It works out to Rs.120-135 a kg or Rs.12,000-13,500 a quintal in rupee terms. The price is likely to go up further because rains and floods have ravaged the paddy crop in Pakistan, Thailand, Indonesia, the Philippines and other countries. Even if the Government realizes a price of only Rs. 80 per kg after meeting all incidental expenses on storage, transportation etc, the profit on export of 10 million tons of BPT rice will be more than Rs.50,000 crore.

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Dr. JP said that the Government could retain 50 percent of the profit and share the remainder with farmers. It could pay a bonus of Rs.500 a quintal to all paddy growers in AP and Karnataka - not merely Sona Masuri growers - for the coming four years.

Dr. JP accused both the Union and State Governments of ruining agriculture, the mainstay of 60 percent of people in the country. The per capita income of farmers and tenants who are solely dependent on agriculture in India is Rs.15,000 a year, in contrast to Rs.1,04,000 of those engaged in non-agricultural occupations. How can industry flourish if 60 percent of people lead a subsistence existence and cannot afford goods produced by industry?

No farmer in the countryside would like to give his daughter in marriage to a farmer or want his son to take to farming because it does not ensure two square meals a day, leave alone a life of comfort or luxury. It is not a surprise that villages are getting depopulated.

Dr. JP recalled that Dr. Manmohan Singh and Mr. Pranab Mukerjee had defended India joining the WTO in the interest of the Indian farmer who enjoyed a competitive advantage in cost of production. "We today have a competitive advantage in rice production, but the Government would not permit exports and allow the farmer to benefit from high prices in the international market. On the contrary, it facilitates duty-free import of rice and wheat. We have a competitive disadvantage in oilseeds production. The Rajiv Gandhi government created an Oil-seeds Mission to encourage farmers, but now thanks to the Government's irrational policies, Indian cooking oil will soon be a thing of the past. Instead of encouraging farmers to step up yields, the Government permits duty-free import of edible oil and supplies it on subsidy to consumers. Imports meet nearly 80 percent of the country's edible oil requirements. In other words, the Government is straining its every nerve to ensure that a farmer on an alien soil benefits at the cost of the Indian farmer, whatever be the agricultural produce."

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With the free import of Pangasius variety of fish from Vietnam, Bangladesh, Burma and other ASEAN countries, the price of that fish in India plummeted from Rs.50 to Rs. 30 a kg. Whenever cotton prices rise to the advantage of farmers, exports are banned, and imports are allowed even when international prices are higher. Sugarcane farmers are kept on a tight leash; this resulted in farmers giving up cane production. Factories shut down; and we had to import 50 lakh tonnes of sugar this year. The Government's single point program ensures that the Indian farmer never realizes good prices, and agriculture continues to be a subsistence occupation.

No major country actively works against its own farmers as the Indian Government does. If there is a conspiracy to destroy our agriculture, impoverish our farmers and tenants, and ruin village economy, the Government could not have done differently. Irrational and anti-national policies in agriculture are denying us market access, profits, foreign exchange and farm income. This shameless exploitation of farmers and tenants is leading to economic ruin of villages which constitute 70% of the population. This is also affecting the rest of the economy, as the demand for industrial goods and services is limited largely to 30% of the population. "The policies of the government are clearly resulting in India's economic growth being held back; eventually the economy will stagnate, and the nation will pay a heavy price," Dr. JP said.

Dr. JP recalled that the Government of India liberalized the economy in the 1990s not out of conviction but because of compulsion. It had to mortgage gold and self-respect in London to pay for fertilizer and fuel imports and ward off a default in debt servicing. The Government, which had unshackled industry and unleashed animal spirits, would not like to forgo its stranglehold on agriculture. "Should a catastrophe visit agriculture too before the Government mends its mindset?", asked Dr. JP

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Dr. JP announced that farmers in Karnataka and Maharashtra will be meeting soon in large numbers to discuss the crisis they are facing and finalize the future course of action.

The Lok Satta Party, as a matter of principle, is opposed to inconveniencing people by calling for rasta rokos and bandhs on any particular issue. It may have to make an exception in the case of the present agrarian crisis if the Government does not respond and render justice to the farmer. It is considering a proposal to paralyze the general economy by blocking cargo traffic for a few days on national highways and rail roads so that the rest of the country will appreciate the problems 60 percent of people solely dependent on agriculture are facing.