

Imported Wheat Flour Hits the Local Farmer

Reports coming in from various parts of the country since last month clearly point to a situation where the farmers who responded to the call to spear-head the food production drive are now saddled with their products. Kurakkan, maize, sorghum, sweet potatoes, etc. are now witnessing a drastic reduction in their prices. This time, it is mainly the imported wheat flour that hits the farmer.

The story begins with the commencement of the massive food drive when everybody with authority went round the country-side pleading and exhorting the farmer to grow more food on every inch of land to face the food crisis which manifested itself in the shortage of items like flour and rice. In the face of rising world market prices for food commodities, shortage of foreign exchange to purchase food, the continuous inability to reach target paddy production due to adverse weather conditions etc., the farmers' response in growing substitutes was almost beyond expectations. Then things took a different turn, when imported wheat flour was made readily available in the city and the village.

The logic behind the unrestricted supply of wheat flour since early last month (400,000 tons of imported flour at a cost of Rs. 938m. in 1974 amounted to a little over 25% of the total export earnings for that year) may have been the need to bring down the cost of living, especially in the urban areas. The negative impact of this measure on production has however been felt even in the remotest chena. Further, it has not only tended to discourage the producing farmer, but has also reconverted him to a consumer of this semi-processed easily prepared food.

When flour was in restricted supply, the local substitutes fetched high prices. This not only proved to be an incentive to the farmer, but also paved the way for local food items to enter even the expensive eating houses in the cities and to

make some impact on the eating habits of the population. Even the casual observer would have noted the farmer's response to the food drive and the demonstration of his ability to feed the nation, given sufficient incentives and support. But the unrestricted distribution of flour through the open market has reversed the situation. Kurakkan which fetched Rs. 120/- a bushel three months ago now fetches only Rs. 20/- according to reports, while the guaranteed price is Rs. 28.00. The price of sweet potatoes has come down from -/70 cents to -/30 cents a pound. Maize which at the beginning of the year fetched Rs. 85/- a bushel has been subsequently reduced to Rs. 78/- and later to Rs. 60/- and the guaranteed price is Rs. 34.50 and the co-operatives or the Paddy Marketing Board have not so far bought any substantial amount of them. The black-marketeer today collects maize at the rate of Rs. 15/- a bushel.

The net outcome of this situation is that some farmers who cultivated large extents of land with crops like sorghum are sometimes allowing them to perish on the fields and others who have cleared land for chenas have stopped cultivation of similar crops. Further, food production in the home gardens and backyards have apparently suffered the same fate.

Policy choices presented in the build up to this situation would have been by no means easy and no policy can be decided to suit all sectors and all people. It is essential, however, that such decisions be evaluated carefully, specially as to the balance between consumption in urban areas and production in rural areas.

"Bare-Foot" Bankers for the Village

The Chairman of the Bank of Ceylon has recently stated that his officers manning the Bank branches at the Agricultural Service Centres would become bare-foot bankers for village areas. This certainly will be received with open arms by the

farmers. The "bare-foot" symbolises meeting the farmer at his level, absence of red-tape and formalities in their relations, in what has hitherto been a strictly commercial transaction. The experience so far has, however, been that the institutions meant to serve the farmer supported mostly the more prosperous elements of the village, overlooking the majority of tenants and small operators. The more prosperous the farmer is, the less he requires the service of the bare-foot bankers too. Will the new bankers be able to cater to the less privileged and the more needy of the village? For the latter of course credit alone is not adequate and the role of the banker will have to be a more fruitful and a productive one. The success of the new bare-foot bankers will no doubt be judged by their ability to discover a more meaningful and productive role in rural agricultural development together with the existing rural banking machinery under the People's Bank.

Co-operative Farm—the Rational Settlement

Recent co-operative farms, where thousands of rural youths have taken to collective agriculture as a profession have proved to be the most progressive form of settlement that the country has evolved.

Often the private sector estates here are held up as models of well managed agro-business concerns. This is a carefully and deliberately developed myth subtly used to defend private enterprise economy. Although one may justify such a view on narrowly construed assumptions it is incorrect to compare these estates with co-operative farms which are conceived and conducted on an entirely different philosophy unless the comparison on those premises themselves are required.

Some of the pernicious features of the "estates" are rarely focussed. The decision making process in the estates is autocratic. Large numbers of employees have no voice in the affairs of the estates. The environment of management in the estates is oppressive from the view point of large numbers of estate employees.

They are condemned as the human raw material to be consumed in the process of production. The economic system under which the estates exist is exploitative. The economic activities of the estates have by and large been narrowly exclusive in the sense that the rural communities are either not benefited by or integrated with the estates. Furthermore, the economic expansion of estates has often been at the expense of the development of the neighbourhood. The dualistic socio-economic environment created by the growth of private estates has led to problems of a national and international scale.

In the co-operative farms management is participative, *i.e.* the members of the co-operative farms themselves decide on the social and economic policies. Initially the management committee will have some representatives from other institutions but subsequently the entire committee will comprise of settlers. A number of working committees on Finance, Planning, Agriculture etc., enable the average member to influence the crucial decisions. An autocratic managerial hierarchy is absent. Every member works in the co-operative farm on an equal basis and the farm belongs to the members.

Socially the co-operative farms develop communities collectively dependent on the land for economic sustenance and also culturally and socially interacting to make life meaningful. As the members are drawn from neighbouring villages and areas there is no imminent danger of non-integration or conflict with the communities.

On the economic front some farms perform well and create surpluses. Where farms were started on marginal lands or where there have been planning errors and managerial problems the farms are making losses. While making profit in an accounting sense is not the only objective of co-operative farms their social and human objectives should be given consideration in evaluating them or comparing them with estates.