

People's caravan: solutions to the paddy and rice crisis - March 2006

Thursday, 16 March 2006

Farmer Organisations' proposals to solve the paddy and rice crisis

Background

Paddy is the main food crop grown in Sri Lanka. The history, economy and culture of the country have largely been built on paddy / rice farming and it is still the livelihood of nearly half the population. It has been the main source of food security. History of rice farming and the ancient ecological agriculture and irrigation systems have been built on a tremendous wealth of knowledge and experience that enabled people to have food sovereignty. Food at low cost with conservation of the "regenerative capacity of natural resources" had enabled the people to have less poverty, hunger, malnutrition for many centuries.

Plantation agriculture in the hill country (and to some extent in the mid country), from the middle of 19th century, the introduction of high yielding varieties of seeds with external chemical input dependence that came with the Green Revolution in mid 1960s through out the country, in paddy and other food crops, have resulted in almost a complete loss of the "regenerative capacity" of land and natural environment. Thus the loss of this source of food sovereignty is seen today as one of the main sources of hunger and poverty in the country.

Introduction of the Structural Adjustments Programmes (SAPs) by the World Bank, attempting to shift away from domestic food production to export agriculture, since 1977, has created a host of problems resulting in serious increases in rural poverty, food insecurity, malnutrition, large social and income disparities, loss of livelihoods, social unrest, violence and suppression.

The crisis faced by the small scale paddy / rice farmers has led to very large increase in poverty, indebtedness and even a continuing phenomenon of farmer suicides since 1994. The liberalisation and privatisation of the internal market in paddy / rice as recommended by the World Bank has been one of the major contributors to this crisis.

This document is an attempt to analyse the present situation of this crisis in paddy / rice marketing (during Yala - August ‐ 2005 and Maha ‐ March 2006) and to present a set of proposals to solve this crisis in paddy / rice marketing in favour of the rural paddy farmers and the low income consumers in the country . These proposals have been worked out with extensive discussion with the farmer organisations and are presented to the Government in support of its promised efforts to find a solution.

Situation of paddy prices and rice prices in Yala (August 2005)

August is the month of paddy harvesting of the Yala season (lesser season) A brief look at the situation faced by the farmers this season and the last season (March ‐ April.2005) will show the seriousness of the crisis that we are all in, the rice growers as well as the rice eaters.

The expected harvest in Yala (lesser) season was 1.3 million Metric tons. The last season, Maha would have given a bigger harvest of about 2.0 million Mt. Official information of the Agriculture department as well as the information gathered at the ground level from farmers in all paddy growing areas show that much of the paddy that was harvested the previous season (Maha -March 2005) still remained with the farmers, unsold. The price of a Kg of paddy had dropped to Rs. 9 or Rs 10 in most paddy growing areas. In some areas the farmers could not sell their paddy at any price.

The Government elected at the end of 2005 promised that they would buy paddy produced by these small scale farmers at Rs. 17.50 /Kg. The opposition also made a promise that they would buy the entire paddy at a guaranteed price of about Rs. 15/kg

Present situation of the paddy market and the Government's approach.

"Daily News", first week of August,2005 announced the decisions made by the government in relation to the purchasing of paddy during the harvesting season beginning August,2005. Expected harvest was 1.3 million Mts. The Govt. had allocated Rs 500 million towards purchasing of paddy from the farmers at prices of Rs. 16.50 (Samba) and Rs. 15.50 (Nadu). At an average price of Rs.16 /kg this amount is sufficient to buy only 31,250 Mts of paddy. This is only 2.4 % of the total expected production this season. The Private traders who will purchase paddy were to be given Rs. 1,100 million as loans at very low interest rates. It was to be at no interest for the first six months and there would be a lower interest rate (said to be about 4% or 8 %) charged compared to the interest rate offered to paddy traders previous season. The bigger traders who got loans directly from the treasury had the lowest interest rate (of 2 %) while the others had interest rates below 8 % . Even with such low interest rates given to the traders for the special purpose of buying paddy, there was no obligation for them to buy paddy at the prices that the Government has declared as the reasonable price to be given to the farmers. The traders who borrowed money last season to purchase paddy have been given an extended period up to 2006 to repay their loans (given with low interest rates)

The reasoning of the Government was that when the Government offers the farmers a price of Rs. 16.50 or Rs. 15.50,

this would create a situation that would encourage the private traders too, to buy their paddy at a higher price. This was false and it never worked. This was because they were already informed that the Government will only buy 2.4 % and they had 97.6 % to be bought at whatever price they wanted.

(As already announced what would happen this season (Maha) in March 2006 would be the same. The amount allocated for government purchasing of paddy (said to be Rs. 700 million) would be sufficient only to buy a similar percentage of around 2% to 3 % of the total harvest) The expected harvest is about 20 million Mts or more.

As we all know very clearly the cost of production of paddy is very high and has been going up steadily during the last two decades. Presently it is about Rs. 24,000 per acre. If we assume an average yield to be 80 bushels / acre the cost of production per kg would be about Rs.13.60

(Cost of production / acre, average yield/acre and cost of production for 1 kg of paddy in the major paddy producing districts based on data gathered by MONLAR and the prices at which paddy was sold, last season, Maha 2004 / 2005)

Thus a farmer now sells his paddy at Rs.3.0 less than the cost of production per kg. Thus the net loss per acre is about Rs.5,000. We have about 1 million such paddy farming families. This has been the case for many years and we have had a situation of continuing farmer suicides at every harvesting season from about 1994.

The rural poverty and indebtedness has been the most serious aspect of the economic and social crisis in the country, which has resulted in severe malnutrition, anaemia, social disparities, political unrest and youth rebellion. Rebellion, war and repression, which have made Sri Lanka one of the most violent countries in the recent decades. The serious breakdown in the rural agricultural economy has contributed towards massive demand for other livelihood opportunities, for higher education and employment out side the rural economy. It is easy to understand how this demand which could not be met, also contributed towards the emergence of a militant /armed movement of youth in the North and the 20 years long war.

Unaffordable price of rice to low income earning consumers

Another key aspect of the rice crisis in Sri Lanka is that the price of rice to the consumer remains high during most of the year that makes it almost impossible for the poor consumers to have access to the required, minimum quantities as their staple food. Although, rice prices in the open market has gone down in some areas reaching some thing like RS. 20 /kg in Hambantota, this will not last for even a month. This is very short lived and is seen as a measure adopted to lower the prices of paddy even below its present limits in order to buy the paddy stock at very low prices. Generally the average price of rice is about Rs. 35 – 40 with higher qualities going up to Rs 45 to Rs 55 /kg.

A family of 5 persons will need about 1 kg for a meal. Thus at two meals a day at Rs.35 /kg the monthly expenditure on rice alone would be about Rs.2,100/month. The official poverty figures say that 39% of the population remain below Rs.980 /month. Samurdhi movement figures say that 2.1 million families receive less than Rs.1,500 /month. Obviously the present price of rice makes it impossible for about half the population to have the minimum requirement of rice which is their main food even if they spend their entire month’s income on rice alone.

In fact the process of withdrawal of the Government from supportive marketing of paddy had been there under WB’s advice and pressure even prior to 1996. It is ironic that the World Bank’s policy recommendations on Non Plantation Sector described below was presented in 1996, shortly after the large farmer suicides in Polonnaruwa, when 24 farmers committed suicide due to debt within about 4 months in 1994. Did the WB make any study or investigation into the reasons for farmer suicides and heavy indebtedness of paddy farmers in its process of preparation of these policy recommendations?

It is important to note that Mr. Peter Harrold the present Country Director of the WB admitted at a meeting that was held at the WB’s office in Colombo with the delegation from MONLAR and the Alliance for Protection of National Resources and Human Rights (ANRHR) that WB was no longer accepting the Policy recommendations made in the Robert Hunt and Douglas Lister report “ Non Plantation Sector Policy Alternatives” and as a sign there was not a single copy of the report at the WB’s office. Was this decision communicated to the Government of Sri Lanka officially or is this change of mind and change of policy refleted in the subsequent policy recommendations to the Government. We have not seen this so far.

World Bank’s responsibility for paddy / rice crisis

In the “Non Plantation Sector Policy Alternatives,” WB’s policy recommendations of March 1996 produced by WB’s experts Mr. Robert Hunt and Mr. Douglas Lister, the recommendation was to shift non plantation agriculture away from “low value crops” such as paddy to “high value crops” meaning export crops. Complete withdrawal of Government from intervening in the market in support of either the farmers or the consumers or both was strongly recommended. To create confidence in the private sector that Government would not intervene, it was recommended that all arrangements and institutions for such arrangements should be closed down or privatized. Paddy Marketing Board (PMB) which was the biggest institution for Government to intervene in purchasing paddy at a guaranteed price was officially closed down in 1997.

The same policy recommendation said that there was no comparative advantage in growing paddy in Sri Lanka and that it was advantageous to import rice, wheat and wheat flour, rather than growing paddy. It admitted that the efforts made during 15 years to get small scale paddy farmers to shift from paddy to other high value crops did not succeed. One reason identified was that as long as irrigation was provided by the Government free the farmers had advantage in growing paddy and they preferred to do it. Therefore the policy recommended was that

“ Water should be treated as a commodity and should not be given free. It had to be marketed through the private sector. For this to be possible the Government should establish water property rights”. It is important to note that this was the first occasion when water privatisation was suggested, and it was by the World Bank. Work on drafting a new “National Water Resources policy was begun in the third quarter of 1996, as stated in the first draft of the “National Water Resources Policy and Institutional Arrangements” which was done by the Water Secretariat and presented for Cabinet approval in 2000.

Another Policy recommendation that was made by the WB in the same policy document was the need to create a “free land market”. It said that absence of a free land market was one of the biggest obstacles to growth in the non plantation sector. Therefore, immediate measures were recommended to achieve a free land market . The concrete recommendations were to remove the restrictions that were there for selling of the land granted to landless farmers in the agricultural settlements and in other schemes where Government had granted land. It has been identified that there were 1.2 million families who had received such land. Since then, until now the WB has been pushing this recommendation for reform in the land ownership structure.

(Additional data annexed)

- about the reduction of Government allocations for purchasing paddy and the increase in the concessions given to the private sector
- Closing down or privatisation of the Government’s arrangements for production of quality seed paddy,
- Privatisation and closing down of the Government seed paddy farms
- Closing down of the Agriculture extension services , provided free to the farmers and the recommendation that these services should be handled by the private sector)

Importance of rice in the lives and livelihoods of the people in Sri Lanka

In order to make a proper assessment of the importance of rice and paddy farming in the life of the people of Sri Lanka, history and culture, the value systems etc. one needs to go to the ancient history and also study the development of the ancient irrigation systems etc. The position of importance it occupied in the early post –independence period should also be studied. We do not intend to go into those details in this letter.

However, it is important to recognize that since Sri Lanka had universal adult franchise from 1931 and the people had a say in the directions that were taken by the rulers then, all elected governments since independence until 1977 (when the Governments embarked on the adoption of policies of market liberalisation,) there was a very important principle that was adopted in relation to paddy production and marketing / distribution of rice by all governments, irrespective of the political party in power .

Almost all paddy farmers in Sri Lanka were small holders and were without capital for investment in production.(This is the case even today. In fact the situation is much worse since the farmers have become poorer and more indebted) The most viable livelihoods they could have was agriculture. Therefore, it was very necessary to ensure that cost of production had to be kept low by policy.

A very large majority of the people who were rice eaters were earning low incomes and therefore it was essential for the Government to ensure that rice was available at affordable prices. A policy of producing rice at low cost, giving a reasonable price to the rice producer farmers, assisting small scale farmers to sustain their livelihoods in agriculture and subsidising rice for consumers was a consistent policy of all Governments, from 1930s to 1977. This was only possible with effective intervention of Government and this has been the expectation of the people always. It is very clear that market led policies and the handing over of production, supply of inputs and marketing to private sector will not achieve these results. The experience over the period of privatisation and government withdrawal amply prove this. The WB has been blind to these stark realities and tragic experiences of more than a decade.

Importance of rice farming in the economy of the country, livelihoods of the people and as food and nutrition is seen when one looks at the following indicators :

Report of the Rice Congress (1994) by the Agriculture Department , says that 45% of the total calorie intake of the people of Sri Lanka comes from rice and it gives 45 % of the protein requirements. Thus, there has always been a great priority and importance given to paddy farming in the country. It says that 12.5% of the total land area in the country is devoted to paddy, 28% of the arable land is paddy. 2.1 million Families that receive poverty alleviation grants spend 75% of their subsidy on purchasing rice. 75 % of the rice consumed in the country is purchased from the open market. Most of

the rice farmers too have to buy some of their rice requirements from the market.

A brief examination of the policies adopted by Governments upto 1997 would be useful. These policies included the following,

- Granting land in irrigated agricultural areas to land less farmers from areas where land is scarce
- Ensuring that they would not lose their land and become landless destitute, by restricting the selling of such land
- Government undertaking the provision of irrigation and development and maintenance of irrigation systems. Improvement of irrigation facilities through the renovation of ancient irrigation systems and building of new irrigation systems
- With introduction of Green Revolution, use of New High Yielding Varieties of seeds, setting up agricultural extension services, agricultural research centres, seed breeding, seed multiplication and seed certification system ,Agrarian services and providing of these services free to small farmers at government cost
- intervention in supportive marketing through the Paddy Marketing Board and cooperatives
- Free health services and free education and other government welfare schemes that kept the cost of living low.
- Controlling of the foreign exchange rate that kept the prices of goods low
- low interest agricultural credit schemes, with the refinancing facilities provided by the Central bank to cover the agricultural loans that could not be recovered from the farmers.
- crop insurance schemes.

This policy package certainly did not fit into the market led policies adopted by the Governments since 1977 on the recommendations and loan conditionalities.. of the WB and IMF.

Costs and benefits of these policies have to be judged by not only looking at the economic costs but also looking at the socio-political and overall economic benefits of these policies and comparing the costs of the reversal of these policies taking the economic, social and political aspects into consideration.

It is frequently said by the WB and others thinking on the same lines, that Sri Lanka had commendable achievements in social development in the first decades after independence. It is also admitted that these achievements in PQLI and other social indicators were comparable with some of those in the developed countries. But what is often avoided is a careful analysis of the factors and policy contributions towards these achievements. We feel there is a certain degree of dishonesty in not giving credit to these policies for these achievements.

It is also said frequently that a poor country such as Sri Lanka can not afford to subsidize the people to this massive scale. What is said in fact is that the Sri Lankan economy, so dependent on foreign capital and foreign loans can not subsidize the poor and the small producers such as the farmers. If we look at the situation at present and the situation that prevailed during the last 2 decades, we have been subsidizing the rich on a massive scale and we have been asked / advised by the WB /IMF to increase these subsidies much more. In fact we have been compelling the poor to bear the burden of these heavy subsidies given to the rich, the big businesses in Sri Lanka and the potential foreign investors.

Large tax holidays, massive infrastructure development projects to attract investments, providing cheap labour, reducing many more people into a state of cheap labour by pushing them out of their livelihoods such as the small farmers, selling away natural resources such as land , minerals, marine resources, costs of social disparities. suppression, militarization, security expenses, suicides, malnutrition are all costs that the Sri Lankan society is paying for these efforts to achieve economic growth by inviting foreign investments. The financial cost alone is much higher than the needed subsidies to help the small producers in their agricultural livelihoods and to keep people in better health.

What is worse is that we are compelled to do this when there are very viable, low cost affordable ways of achieving food sovereignty, nutrition, health, reduced poverty, peoples creative contribution, possibilities of developing the regenerative capacity of our land and other natural resources.

Therefore, the millions of small farmers and all those who have suffered bitterly, over the last two decades we, the Movement for National Land and agricultural reform and all other sectoral organisations such as those representing the workers, women, fisher people, plantation workers and all citizens who have suffered adverse consequences, hold the World Bank responsible for these policy pressures on the Government and also the Governments during the relevant period of carrying out these policies. We also demand that the WB and IMF should pay compensation to the affected people, particularly to the paddy farmers, for the damage caused by these policies

People's proposals to solve the paddy /rice crisis

In order to solve this crisis we, MONLAR and other people's organisations believe that it is now necessary to recognise that it is the paddy farmers and the rice consumers, particularly the low income earning consumers who are the worst affected by this, who have the right to make their proposals. This is because any solution has finally to solve the tremendous problem faced by these people. With our long experiences working with farmers, we know that they are capable of working out alternative proposals that are viable and will be much less expensive than the plans and promises made so far by those at higher levels of decision making..

Farmers' proposals so far and government promises ignored

In fact farmers organisations have been making such proposals for a very long time. They have agitated and struggled for a change of policy from privatisation of paddy and rice marketing to a strong Government intervention, giving the farmers an assured /guaranteed price. They have also made other proposals earlier.

In 1994 when farmers started committing suicide. (In Polonnaruwa 24 farmers committed suicide due to indebtedness) the farmer organisations submitted their proposals for alternative policies and arrangements with 150,000 signatures in the "People's Memorandum" . Govt.then promised. In 2000 when farmers had a similar crisis and Farmers had a hunger strike for 4 days. The Government promised buy paddy at Rs. Rs.13.50 and to set up a Body for purchasing paddy and other agricultural produce. This never happened.

These proposals and promises have been ignored so far, except for using them to make false promises during times of elections. This is very visible when one looks at the promises that are currently made by the two major parties in the present Presidential elections campaign.(November 2005) Both parties clearly say that the Government would purchase the bulk of the paddy at assured prices, The UNP has promised to buy all paddy at Rs. 17.50 / kg and the UPFA has promised that they will purchase the bulk of paddy at a good price and have a free mid day rice meal for all school children.

Present Proposals of Farmer Organisations'

18 million small farmer families have languished in a serious crisis unable to sell their paddy at a price that would cover their cost of production. The poorer consumers, about half the population in the country have suffered hunger unable to buy their minimum quantities of rice, their main food due to high price of rice.

Everybody agrees that the farmers should receive a reasonable price that would be sufficient for their living, and that rice production in Sri Lanka should be sustained as the main livelihood of these farmers.

Therefore, we present these concrete proposals having discussed among our farmers organisations widely, on behalf of the farmers and all the rice eating consumers.

Proposal I: The Government should purchase paddy from the farmers at a minimum price of Rs. 20 per Kg.

Reasons are as follows:

1. As indicated below the present cost of production of one acre of paddy in the major paddy producing districts is between Rs. 19,000 and Rs. 23,000. the lower cost in Kurunegala is due to special factors. So, we assume the average cost of production per acre to be Rs. 21,000
2. If we assume that a small farmer family would need a minimum income of Rs. 6,500 for a month and they are able to make other incomes of up to Rs. 4,000. Paddy production must give them at least Rs. 2,500 per acre.This would come to an earning of Rs. 15,000 per season. Thus they must receive a minimum of Rs. 36,000 selling their paddy. If we take the average paddy yield as 80 bushels / acre = 1760 Kg /acre the farmer has to sell a Kg of paddy at Rs. 36,000 / 1760 = Rs. 20.45 .Therefore we propose that a Kg of paddy must be purchased at a minimum of Rs. 20.00. At this price a Kg. of rice in the market as it is will be as follows

District	Kurunegala	Polonnaruwa	Anuradhapura	Hambantota	Ampara
Cost of production / acre	Rs. 19,000	20,000	21,000	22,000	23,000
At 80 yield /acre	1760 /kg	1760 /kg	1760 /kg	1760 /kg	1760 /kg
Price of paddy necessary /kg	34,000/1760	35,000/1760	36,000/1760	37,000/1760	38,000/1760
Rs. /Kg	Rs.19.31	19.88	20.45	21.00	21.60
Market price of rice	34.96	35.82	36.67	37.50	38.40

1.5 Kg of paddy is needed to produce 1 Kg of rice. The cost of milling is taken as Rs.3.00 /kg and and profit of Rs. 3 /kg is assumed

Proposal II: The Government should purchase at least 50 % of the total paddy produced by the farmers each season The total harvest in the yala season of 2005 was 13 million Metric Tons.

The Government declared that it would purchase paddy between Rs. 15.50 and Rs. 16.50. he amount the Government allocated for this was Rs. 500 million. At an average price of Rs.16.00 /kg. the amount that can be purchased is only 31,250 metric tons. This is only 2.4 % of the total production. The private traders who offer a much lesser price, of about Rs. 12.00 kg. will have 97.6 % of the production to be purchased at what ever price that they would decide to offer. The reasoning of the Government that when it buys paddy at Rs. 15.50 or 16.50, the private traders will be compelled or encouraged to offer a higher price is totally false since the traders know that they have 97.6 % of paddy in their hands.

Therefore, we propose that the Government should buy at least 50 % of the total paddy produced every season at a minimum of Rs. 20 /kg.

For this the amount of money that the Government should allocate for Yala season to buy 50% of total production, this year should have been 650,000 mt x 1000 Kg x Rs. 20/ Kg = Rs.13,000 million.
In Maha Season last year the total production was 20 million metric tons. To buy half this at Rs.20, the amount of money to be allocated would be 1,000,000 mt x 1000 kg x Rs.20 = Rs.1,000,000 x 1,000 x 20 = Rs. 20,000 million

Proposal III: Money for purchasing paddy should be issued well in time

It is well known that all farmers get indebted during the season to buy agrochemicals, hire tractors and even to pay for labour. They also get indebted during the season to meet the expenses of food and other family needs. These debts get accumulated pushing farmers into serious problems, leading even to suicide. Therefore, the farmers are compelled to sell their produce as soon as they harvest, at what ever price offered by the traders. The private traders therefore offer very low prices immediately after harvest.

The delay in the government allocations and various restrictions in government purchases , generally lead to a situation where most of the paddy gets transferred to private traders before, whatever government purchases begin. Even if the Government offers a better price this price goes not to farmers but to the middlemen traders.

The present policy of the Government to give very large loans to big private traders, (at no interest for the first six months and at very low interest for the rest of the period of one year, which is also often extended) gives them the possibility of buying a major share of the crop and of stock piling it to sell rice at a high price later on. This leads to the strange situation where paddy gets sold at very low prices but the price of rice to consumers remain very high during most of the year.

Purchasing of Paddy at the suggested price has to be done during March & April for Maha season and during September & October for the Yala season.

Proposal IV: Sufficient number of purchasing centres, suitably located

Purchasing centres have to be established in sufficient numbers and these have to be located in all divisional secretariat divisions to enable farmers to take their paddy conveniently. This is necessary to ensure that the selling is done by the farmers themselves and not by middleman traders as it happens now. The cost of transportation to farmers can be lowered. There should also be storage facilities.

Proposal V: Rice at affordable cost to the consumers

In Sri Lanka, 45% of the calorie requirements and 45 % of the protein requirements of an average person is met from rice. During the early decades after independence rice was given at a subsidized price taking into consideration this importance of rice in our diet and also the fact that most of our rice consumers are of very low income levels. After the removal of the rice subsidy malnutrition among children and women and also among some sectors of society such as the plantation workers and rural poor have increased considerably. Therefore, it is urgent that measures be taken looking at the issue from the point of view of low income earning consumers.

Those receiving poverty alleviation grants (of about Rs.500 / month) in Sri Lanka with monthly incomes of less than Rs. 1,500 number 2.1 million families (about 10.5 million people). This is over half the population. It has been estimated that 75 % of the poverty alleviation grant is spent by its recipients to buy rice.

If a five member family uses 1.5 Kg of rice per day and if rice is given to them at Rs. 20 /kg, such a family will have to spend Rs. 900 / month on rice alone. Even this is unaffordable for such a family. Therefore we propose that these people should receive 1.5 kg of rice per day at Rs. 20 /kg.

The economic analysts and experts would argue that it is impossible to purchase paddy at Rs. 20 /kg and give rice at Rs.20 /kg. If the government or any other non profit arrangement is made to convert paddy to rice, rice could be produced at about Rs. 30 /kg even when paddy is purchased at Rs. 20.

Thus, if Government spends an additional Rs. 10 / kg of rice given to 2.1 million families at 1.5 kg /day and we assume that they eat rice 300 days of the year the total additional cost to the Government would be

$1.5 \text{ kg} \times \text{Rs.}10 \times 300 \text{ days} \times 2.1 \text{ million families} = 21,000,000 \times 300 \times 1.5 \times 10 = 21,000,000,000 \times 4.5 = 94,500,000.000$
= Rs.9,450 million

This is what is required in the short term. As an immediate remedial measure. This should not be seen as a subsidy, but as an investment looking at the number of agricultural (paddy farming) livelihoods it would protect and generate. It would also be a tremendous and urgently needed investment in food and nutrition. To this it is also possible to add the other benefits such as reduction of social and economic disparities and social unrest, prevention and reduction of social and political violence (a saving on security investment).

Looking at the tremendous investment that all Governments of Sri Lanka have made in developing and expansion of rice farming and investment that had been made over several decades of irrigation development for the objective of making Sri Lanka self sufficient in rice, this should be certainly seen as a necessary and very effective investment that we could make to make effective use of the potential that we have in strengthening domestic food production.

All governments at election times keep making strong promises about strengthening and protecting domestic agriculture. Even after 27 years of effort to reduce emphasis on domestic agriculture and giving more emphasis to export oriented industrialisation and export oriented agriculture, the Governments are now making such false or shallow promises without any concrete plans or a vision since they know that these other strategies attempted during the last 27 years are not working.

So, any honest commitment to domestic agriculture should accompany the necessary investments, without calling them subsidies.

Present Prime Minister, the Presidential candidate of the UPFA in his campaign speech on 10th October explained clearly that this was not a "subsidy" given to farmers but a "necessary investment" in the economy and development in the country.

Real (sustainable) solutions

What is given above are the immediate and short term solutions and people's proposals for such solutions. It is necessary to move on to sustainable long term solutions.

Real solutions lie in using the potential for reducing the cost of production of paddy with tremendous added benefits and economic gains.

The reason for the very high cost of production of rice is largely because of the use of unnecessary and damaging external chemical inputs such as insecticides, weedicides and also excessive use of external/chemical fertilizer.

The average annual expenditure of the country on importation of chemical pesticides is over US \$ 20 million. 70 % of this is used for paddy. It has been proved in Sri Lanka and in many other countries (13 countries in Asia according to FAO experiences) that adoption of Integrated Pest Management (IPM) could eliminate the use of such chemical pesticides completely. The direct saving would be Rs. 2,000 million x 70 % = Rs. 1,400 million annually

It has also been proved that this application can increase the paddy yield by 23 % and the farmers' income by 44 % (FAO - IPM Report 2002)

The other methods of ecological paddy farming that are adopted by thousands of Sri Lankan farmers, such as the SRI (System of Rice Intensification) and "Nava Kekulama" have proved to be able to reduce the cost of production of paddy by half, almost immediately or at least within a relatively short period.

Another useful approach in getting better results in paddy farming is the adjustment necessary in the cropping calendar. In the traditional approach the farmers knew that best results in yield and in avoiding water shortage, pest damages and having higher yields with less external fertilizer was to adjust the time of planting or sowing of seeds to make use of the first spell of rains in April. This rain is called "Ak wessa" rain that comes with a lot of thunder and lightning

Research done by organisations such as the Movement for Protection of Indigenous Seeds and the field trials carried out by farmers under MPIS guidance in several areas have proved that the indigenous seed varieties have much better resistance to pests and are capable of giving yields that are comparable with the hybrids without any application of chemical pesticides and fertilizers. Farmers confidence in these has begun to grow rapidly. These have become particularly attractive in areas, such as the North Central Province where it has been found that the diseases caused by chemical contamination of rice and other forms of poisoning due to agro chemicals have increased tremendously in the recent times.

Therefore, in an accurate calculation of the economic returns of this transformation from chemically dependent agriculture to sustainable agriculture, the health savings and savings due to reduction of chemical contamination of water, reduction of loss of soil fertility due to chemical agriculture etc have to be added. There is a need for research on these aspects.

Farmers organisations in Sri Lanka were invited for initial consultations on these proposals a consensus has been reached and a wide spread campaign would be initiated.

Campaign on Proposals

People's Caravan "Save our rice and our rice farmers"

Resulting from a process of study and consultations carried out by the National Farmers Assembly, particularly, during the last two seasons and in continuation of the Campaigns that had been conducted by MONLAR and other collaborating organisations for several years it was decided that A People's Caravan would be conducted In Mid March 2006, across the major paddy producing Districts of Ampara, Polonnaruwa, Anuradhapura , Kurunegala and Hambantota.

Dates of the Caravan: March 15 – 31, 2006

Major, immediate objectives of the Caravan

1. To strengthen the long standing demand of the farmers and other People's Movements from the Govt; of Sri Lanka that paddy farmers be given a reasonable price for their paddy by suitable policy interventions in agriculture , particularly the purchasing of Paddy. To pressurize the Government as well as the main opposition party to make their election promises logical and meaningful by deciding on the following proposals of the Farmers movements

- i) Government should purchase paddy at least at Rs. 20 /kg
 - ii) At least 50 % of the paddy produced by the farmers should be purchased at the above price.
 - iii) Sufficient financial allocations should be made by the government to purchase the above quantity and at the above price, in time, so that immediate purchasing could be done as harvesting begins
 - iv) Purchasing centres set up by the Government should be suitably located and should be in sufficient numbers and at suitable distances from one another to make it possible for farmers to sell their produce directly, without going through the middlemen traders
3. To demand government mediation in providing sufficient quantities of rice to low income earning families in Sri Lanka at affordable prices.
4. To initiate immediately a rapid process of introducing and propagating low cost, ecological systems of rice farming throughout the country as a means of providing low cost, healthy rice, preventing pollution of water and soil, the destruction of soil fertility and ecological potential for high productivity and sustainability.
5. Utilize the added benefits of such shift in agriculture to non chemically dependent methods (agro ecology), such as health savings, improvement of quality and quantity of water, improved soil fertility for assisting the farmers in this shift, so that the initial financial inputs for this transformation would become an investment and not a subsidy

Other added objectives:

1. To propagate the vision of an alternative approaches in development and quicker and less expensive processes of reduction of hunger and poverty, that has been worked out by MONLAR and other member movements of the Alliance for Protection of National Resources and Human Rights (ANRHR) and to promote people's dialogue and involvement in the struggle for such a process
2. Facilitating and mobilizing people's active participation in a wide process of “regenerative / ecological agriculture” as an alternative to the presently promoted approach of promoting unsustainable, exploitative agriculture.
3. Recruitment of organisations, groups and individuals who would commit themselves to a continuation of the above processes of policy change and practical application of alternatives. This would also be a process of building links and vision of the ANRHR in the regions and of developing cross sector and multi-sector collaboration
4. Building international links/ alliances and collaboration with organisations and international networks on similar issues, such as
 - i) Food Sovereignty campaigns of Via Campesina , PAN AP (Pesticide Action Network – Asia Pacific) and SAAPE (South Asia Alliance for Poverty Eradication), Save Our Rice” Campaign of PANAP and similar work in India, Bangladesh, Thailand, Philippines etc
 - ii) Building links with the International Solidarity Campaign on Sri Lanka rice Sector initiated by Christian Aid in collaboration with MONLAR
 - iii) Linking this campaign with the Global Campaign against WTO, particularly the campaign for “WTO out of Agriculture”
 - iv) Linking this campaign with the campaign against “market led land reforms” as promoted by the WB in Sri Lanka and other countries towards promotion of export agriculture in place of food sovereignty.

A plan of action for international collaboration will be formulated:

5. Working in collaboration with MPIS (Movement for Protection of Indigenous Seeds. Trade Unions, Women's organisations networks in introducing the concept and programme of direct marketing between the rice and other agricultural producers and the low income earning consumer groups such as industrial workers, fisher people, including

those affected, but not yet fully recovered from Tsunami effects.

Organisational Strategies of the Campaign

A campaign planning Committee would be set up to plan and decide

1. MONLAR will try to make use of the full potential it has to mobilize as many organisations and networks working with farmers in the country, going beyond the links it has through the NFA (National Farmers Assembly) and expand the links with other sectoral organisations that are fighting against the neo liberal economic reforms, the widest possible network would be reached to work on issues of agriculture, land, water , health, nutrition and food
2. Linkages would be strengthened with the scientists, scholars and academics in the related subjects in universities and other circles as a means of strengthening the policy debate on rice marketing and agricultural policies.
3. The promise made by the present Government at the recent presidential elections to “ revitalize the Government machinery for intervention in the Paddy / rice” would be utilized in this campaign
4. A list of organisations that are willing to play a leadership role in this campaign would be invited to take joint responsibility of the campaign

Among the organisations that are likely to take such joint responsibility are the following,

MONLAR, Savisthri and Women’s Action for Social Justice, MPIS, NFA related organisations in districts, organisations associated with the Sustainable Agriculture Research and Development Centre (SARD)

5. A petition summarizing the main proposals for solving the crisis would be signed during the Caravan and through the above networks in other regions that are not covered by the Caravan.

Scientists, Scholars and people’s movements in different sectors such as farmers, fisheries, Women, plantations and industrial workers organisations will sign this petition

6. Mobile Media / communication Team set up by MONLAR will accompany the caravan and will take responsibility for educational and publicity work. This will be an opportunity to distribute the different publications made by MONLAR and other organisations on the subject and related subjects