

Decentralized Paddy Procurement System during COVID 19 : Ground Level Anomalies in Telangana

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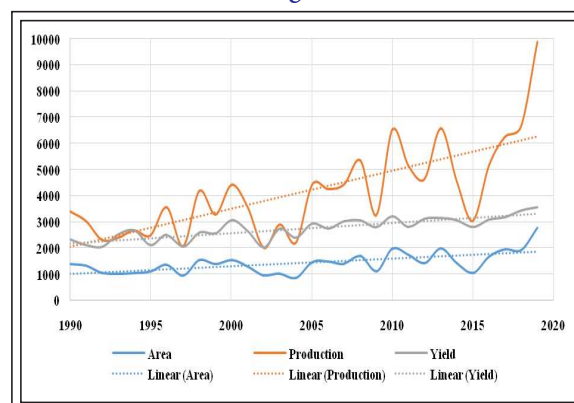
Context

Agriculture plays a key role in the state economy. About 13 percent of gross state value added (GSVA) of Telangana is sourced from the agriculture sector in 2019-20 and around 50 percent of people eke out their livelihoods from the farm sector (Socio-Economic Outlook, 2020). Paddy is the main crop and rice is the staple food of the state. Telangana emerged as one of the largest states in terms of area under paddy cultivation and is ranked the eighth largest state in terms of rice production. It is the fourth largest state in terms of rice yield, after Punjab, Andhra Pradesh and Tamil Nadu. Food Corporation of India has placed Telangana second in terms of rice procurement to the central pool with 7454 thousand tonnes during 2019-20, next to Punjab (GoI, 2020). Since the new Telangana state was formed in 2014, the government of Telangana has envisioned the importance of irrigation for tapping full potential of agricultural sector and completed the major irrigation projects which has increased area under irrigation and area under cultivation in the state.

Even before formation of separate state, farmers began to displace dry crops mainly jowar and bajra to grow paddy, with increased share of irrigation under dug and tube wells. Thus for the last three decades, area under paddy cultivation has significantly increased, and production and yields too have concomitantly increased. The area in acreage increased from 1406 thousand ha in 1990 to 2772 thousand ha in 2019 period, and production and yield have also augmented from 3394 thousand tonnes and 2348 kg per ha respectively, during the same period. However, there is a marked rise in the area, yield and production of paddy in the state after 2015 especially from 2018 onwards (Figure 1). The gross irrigated area increased from 1956 thousand ha in 1990 to 2028 thousand ha in the 2015 and to 3172 thousand ha in 2017. Access to tube well

irrigation has amplified significantly from 1990 to 2015, while other sources of irrigation show negative growth during the same period (ICRISAT, 2015). The share of tube wells in net irrigated area (NIA) remained as high as 72 percent while area under canals and tanks was 14 and 9 percent respectively in 2017. The 28 major and medium irrigation projects along with minor irrigation projects under Mission Kakatiya taken up after formation of the State resulted in raising irrigated area and the potential to further raise the surface irrigation facilities has been realised (GoT, 2020). The completion of these projects not only improves the surface irrigation facilities through canals but also improves groundwater table which directly or indirectly expands water availability for agriculture purposes, and the extent in the area under cultivation.

Figure 1: Paddy Acreage, Production and Yield in Telangana State



Source: ICRISAT and GoT; Note: acreage in 1000ha; production in 1000 tons; and yield in Kg per ha.

Access to irrigation, technology, availability of market facilities, and market prices all play a significant role in the choice of crop for cultivation by the farmers (Kagin *et al.*, 2016; Burchfield *et al.*, 2018). Moreover, empirical studies suggest a significant positive association between access to irrigation and mono-cropping system, especially paddy. Paddy is a major crop in Telangana, and the data shows that the acreage

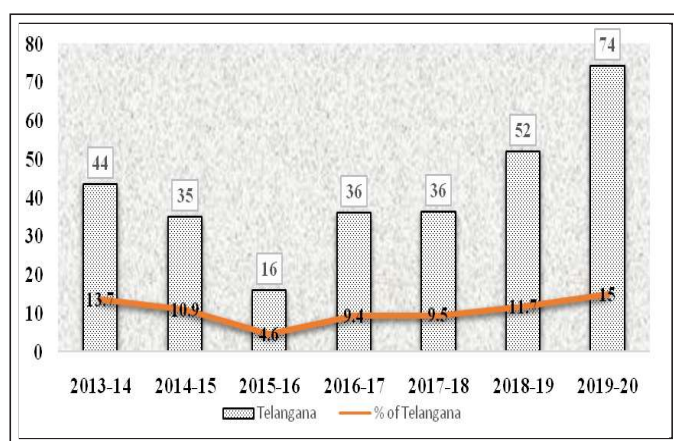
in paddy cultivation has increased over the years. Some estimations suggest that the completion of the ongoing irrigation projects contribute an increase of 8.40 lakh area under paddy cultivation alone (Venkatanarayana, 2020).

The Status of Rice Procurement in Telangana State

It is estimated that the food requirement to feed the population in the state ranges between 27 to 40 lakh metric tonnes of rice depending on the different scenarios of population growth (Venkatanarayana 2020). The current size of rice production in the state is greater than its consumption, resulting in surplus production.

The state Government procures a portion of total rice production through its agencies. The part of total procured rice is distributed to people with incomes below the poverty line through the public distribution system (PDS). The FCI data reports that Telangana is one of the largest contributors to the central pool of rice procurement which increased over the years. The state procurement increased from 44 lakh metric tonnes (LMT) in 2013-14 period to 74 LMT in 2019-20 period, while the state contribution to the central pool of rice procurement significantly increased from 13.7 in 2013 to 15 percent in 2019-20 period (Figure 2).

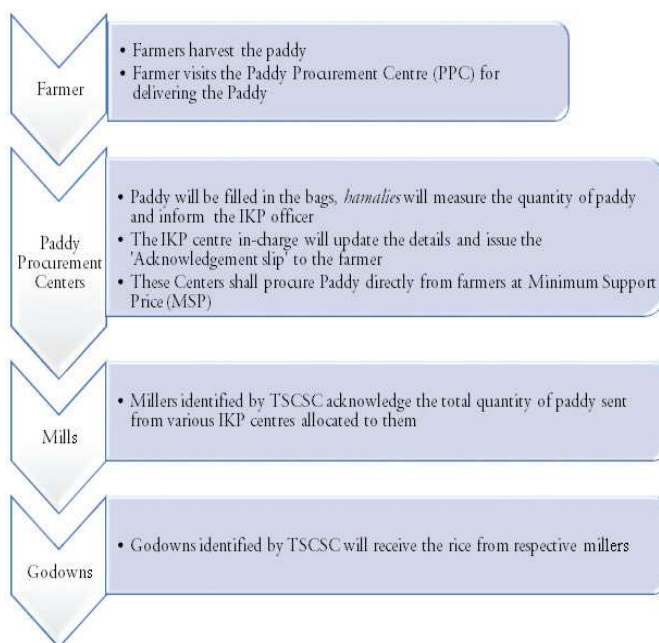
**Figure 2: Procurement of Rice in Telangana
(in Lakh Metric Tons)**



Source: Data extracted from the Ministry of Consumer Affairs, Govt.

Decentralised paddy procurement system was started by the then state government (Government of Andhra Pradesh) in 2006 through IKP groups at the cluster (one or more villages) level with the twin objective of providing minimum support price (MSP) to farmers and empowering the women groups in the rural areas (GoAP, 2006). The IKP group members take responsibility in the chain of the paddy procurement process. Figure 3 provides the details of the paddy procurement process in Telangana at the ground level.

Figure 3: The Process of Paddy Procurement from the Field through Paddy Procurement Centre



The COVID 19 and the lockdown to contain it which lasted for 75 days during March 23 to 1st week of June has brought all economic activities to a grinding halt. The *Yasangi* (rabi) crop was ready for harvest and the State Government has expanded the decentralized paddy procurement system (DPPS) ensuring minimum support price, closer to the farm gate across the state to alleviate farmers from marketing hassles. The TSCSC (Telangana State Civil Supplies Corporation) has set up 7700 paddy procurement centres³ across the state. The women's self-help group network⁴ has been largely pressed into action to procure the paddy crop as they were experienced in grain procurement earlier. Other agencies like the PACS, DCMS, GCC and HACA⁵ also procured paddy in areas where their presence was relevant. A rapid survey was undertaken to assess the farmers' perceptions and experiences about the DPPS during the *Yasangi* season and its anomalies in the implementation at the ground level. Data has been collected from over a hundred farmers randomly across districts in Telangana in June when the procurement was still going on.

The average cultivated area of surveyed farmers is 4 acres and average production per acre is 28 quintals. Most of the farmers cultivated the coarse or non-fine rice varieties. Around 75

³ During Kharif marketing season 2019, 2544 paddy procurement centres were set up.

⁴ This network is referred to as the Indira Kranti Patham (IKP)

⁵ Primary Agriculture Cooperative Society, District cooperative Marketing Society, Girijan Cooperative Corporation, Hyderabad Agricultural Cooperative Association.

percent of the crop was sold at the IKP centers, 20 percent at the co-operative societies, and a small percentage of 3 and 2 percent to the millers and village traders.

The average selling price was Rs.1819 per quintal paid to farmers and the net income per acre worked out to be at Rs.12684 per acre. The major expenditures incurred by the farmers in selling their paddy production were transportation, and labour (*Hamali*). Some other minor expenses were also incurred (Table 2).

Table 2: Summary of Statistics

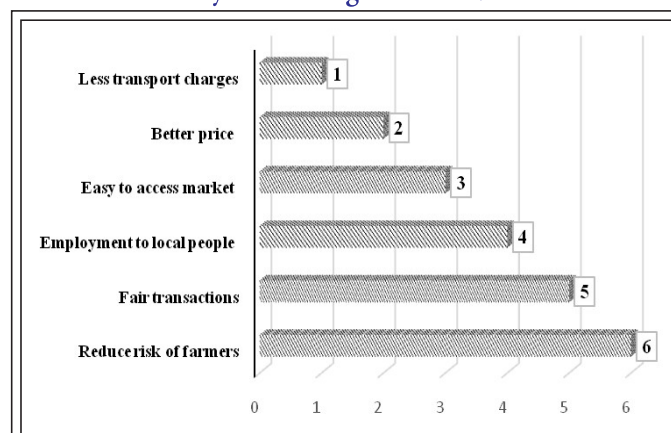
Details	Average
Cultivated land (acres)	4
Cost of Production (per acre in Rs)	9482
Production (qtl per acre)	28
Net income (per acre in Rs)	12684
% Produce sold at IKP centre	75
% Sold to millers	3
% Sold to merchants	2
% Sold to the co-operative society	20
Selling price (per qtl in Rs)	1819
<i>Hamali</i> expenditure (per qtl in Rs)	45
Transport expenditure (Rs per qtl)	63
Other expenses (Rs per qtl)	56
Money credited in farmers accounts (days)	5

The decentralised paddy procurement system rolled out well across the state, more than 80 percent of farmers were satisfied with the procurement process by the paddy procurement centres organised mostly by the IKP of women SHGs and ranked the benefits accordingly. Farmers benefited in many ways due to selling their paddy production through the decentralised system, as they incurred lower transport charges and received a better price. It was convenient and easy to access the IKP centres, experienced fair transactions and reduced risk due to seasonal climatic calamities during the summer period (Figure 4). Farmers received payments in five days through the on line procurement management system.

However, farmers also faced a few anomalies in paddy procurement at IKP centers by IKP group members and millers, especially in terms of inaccuracy in standard practices. The surveyed data reveals that over 39 percent farmers feel that IKP group members followed inaccurate procedure in assessing damaged grains and 29 percent of total surveyed farmers

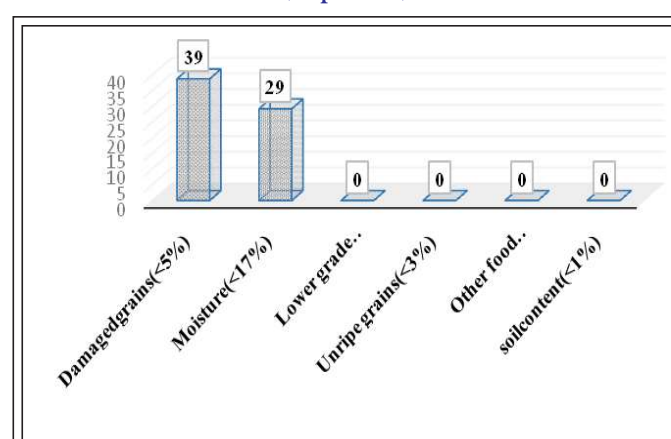
complained about the lack of accuracy in measurement of moisture content in the paddy.

Figure 4: Benefits from Decentralized Paddy Procurement System during COVID 19



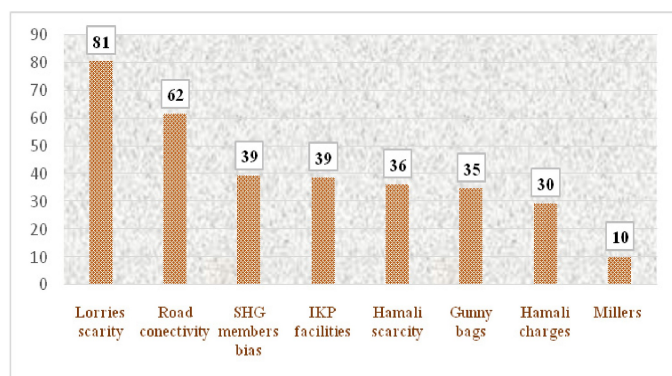
The IKP paddy purchasing centres (PPCs) were lacking adequate facilities in transporting procured paddy to the millers. They also lacked in the mandatory facilities within the premises of the centres. Group discussions with farmers and farmer survey data highlight such snags at IKP centres. Over 81 percent farmers said that they had to wait due to inadequate or infrequent transport (lorries) availability. Despite coordination with the private lorry owners' associations for smooth transportation of paddy from the PPCs to mills there was scarcity in most centres surveyed.

Figure 5: Violation of Standard Practices at Ground Level (in percent)



PPCs were located mostly away from the village and nearly 60 percent of IKP centres did not have proper approach road. Around 39 percent of surveyed farmers faced problems at the IKP centres due to lack of facilities like water, shelter and sufficient space for their produce as procurement peaked in May.

Figure 6: Major Problems at IKP Centers



Farmers also reported biased behaviour of the SHG leaders/ members in supplying the required material like the gunny bags, tarpaulin covers and thresher machines. More than 30 percent farmers said that they faced problems due to non-availability of *hamali* services, and complained of higher charges for their services. As harvesting was ongoing and agriculture labour who usually also work as *hamalis* was in high demand. They also had problems in accessing gunny bags and threads to seal the bags, colour pens to write the identification number on bags at the centres. Few farmers also complained about the deductions made in the quantity of paddy by the IKP SHG women leaders and also by millers. Farmers complained of high and uneven labour charges, though these costs would be reimbursed, the fact that they had not got the reimbursement for the past 4-5 years, resulted in anxiety among them.

Conclusion

The proactiveness of the Government of Telangana in the decentralization of paddy procurement during COVID 19 period indeed facilitated farmers to sell their rice production. This has also provided employment and put purchasing power among the rural people which helped to keep up the rural demand. However, the ground-level data reveals some logistical glitches while farmers sold their production at the cluster level. The possible infrastructure development, linking MGNREGS to loading and unloading work at PPCs, and periodic training to the SHG members to take a more proactive role in marketing may serve the long-term objective of the decentralized procurement system of the Government.

¹E. Revanth Reddy is a Professor and ²Dayakar Peddi is an Assistant Professor, Centre for Economic and Social Studies. We thank the PhD scholars participated in the field/telephonic survey.

Figure 7: Paddy Procurement in Siddipet District during Yasangi, 2020



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