by Bhuwan Bhaskar

MAKING FARMER THE KING

Farmers are making full use of warehousing capacities to fetch handsome profits with patronage of NCDEX

Last year, when Sanjay Apparao Patil, a soyabean grower farmer from village Kallur in taluka Udgeer, took his crop in the local mandi, he was well aware of the fact that it was not a right time to sell his produce. At the times of harvesting, mandi was flooded with soyabean and the commodity was quoting at Rs. 3200 per quintal. Patil knew that the price would be much higher some weeks later, but he had little option as he needed money to settle his loans taken during the crop plantation.

Patil's story is a household plight of Indian farmers today. Normally in the harvest season, any commodity registers its prices at lowest levels due to supply pressure. A farmer knows that he could get much higher price for his produce, but he doesn't have the holding capacity. He comes in the mandi situated some 20-30 kms away by making arrangement on his own or gives his produce to a 'kachcha aadhatiya'. This 'kachcha aadhatiya' or local stockist normally happens to be the money lender of the village who gives money to the farmer for every small and big events of his life. So, the farmer is faced with two dilemmas. One, he has to pay back the amount and second, the same person is the man he is dependent on to sell his produce in the markets. So, when NABARD tells that a farmer in our country gets only 30% price for a produce that a consumer pays, it is quite understandable. He gets a raw deal. Patil was facing the same dilemma.

The government has got banks to give loan to the farmers keeping his produce as pledge. But then the problem arises when the farmer needs his produce back. He can't repay the loan amount to the bank before he sells his produce. But as a safeguard for their loans, banks generally don't allow the farmers to sell the produce before repayment of the loan. So, it's a 'chicken or egg' situation and farmers have no option other than to fall prey to the middlemen, e.g. kachcha and pakka adhatiya, who corner 35% of the total price of a commodity, according to NABARD study.

But here, Patil was luckier than his compatriots as he got something which most of the farmers in the country have no access to. To help farmers come out from this catch-22 situation, banks in Latur district have roped in the leading agri commodity exchange NCDEX Spot, which acts as a facilitator, bringing the farmer, warehouse and bank under one roof . The farmer registers with the exchange and deposits the commodity at the warehouse and gets loan from the bank. The bank is assured of pledged lot's sale and liquidation using exchange platform. The banks therefore extend the benefit to the farmers by providing loans at reduced rates.

The exchange also helps the farmer to reach out to buyers through its online platform.. So,

NCDEX ticker placed inside the MSWC (Maharashtra State Warehousing Corporation)

now the farmers can pay their imminent liability by borrowing from a bank and needn't sell his produce on low prices. This has opened a whole new world of opportunities for farmers to benefit from the market movement. "By stocking their produce in our warehouses, the farmers could earn higher profits. Getting NCDEX platform has helped them immensely", says Mr. Suresh Shinde, Regional Manager, Maharashtra State Warehousing Corporation, Latur. Patil got additional Rs. 1,530 per quintal on his produce due to this arrangement. "I urgently needed Rs. 60,000 which I got as loan from Central Bank. I stocked my 30 quintal soyabean with MSWC and 6 months later, taking price cues from the futures contracts traded on NCDEX, I sold my produce at Rs. 4,730. This year, I expect to get 50 quintals produce from my farm", says Patil. There are hundreds of farmers who have benefitted from this market integration between banks, warehouse and NCDEX. "I could get Rs. 500 more on each quintal for my produce because of the facility provided by the MSWC and the exchange", says Hanumantrao Bhosle, a farmer from village Sarola in taluka Ausa and district Latur. He had produced 56 quintals soyabean last year and when he harvested, the price in market was Rs. 3,600 per quintal. He put his produce with MSWC and sold his produce when the market price for the produce was Rs. 4,100.

Such initiatives definitely have the potential to change the landscape of Indian agriculture if private sector and government join hands with proper planning and honest intensions. Traditionally, MP has been the predominant producer of soyabean, but experts say, with the harvest round the corner, Latur may well emerge as the biggest soya producer district of the country. This should not only counted as a success story of public-private partnership, but also the adaptability and strength of Indian farmers and agriculture.