

The Racket Called Prices

.....by S Venkat Ram - President, Hind Mazdoor Sabha.

“...the Minister said that while payment of proper and remunerative price to the growers was essential, the government had to ensure that the ultimate price to the consumer did not rise to an unreasonably high level”

- Mr Rao Birendra Singh, Union Agricultural Minister in the Rajya Sabha

Fortunately for the gang up of the capitalist, the trader, the bureaucrat, the taxman and their politician-henchmen, an alliance of the peasant, the worker and the consumer based on a comparison of their respective perceptions of the racket called prices has not yet come into being. It should, therefore, be a matter of relief that the farmers have recently awakened and have launched a movement in many parts of the country for remunerative prices for their produce. The organized workers and the consumers should heartily welcome this new development of the farmers organizing and agitating on the basis of their economic demands thus bidding a good-bye to the rural leaderships which have been exploiting them on the basis of heady, but empty, slogans of caste, communal and regional exclusiveness. It is true that the marginal and small farmers eking out a miserable livelihood from their unyielding hostile dry lands are not yet in the forefront of the farmers' agitation, nor really the wretched of the earth, namely, the agricultural workers. Nor do their special problems figure in the charter of the peasant movement. But if the farmers in irrigated areas producing cash crops have awakened and are leading the struggles for a better deal, and thus start the process of mass action in villages, about Rs.2.50 per kilo. But a lady from a fairly well to do family buys corn flakes at Rs.19.50 a kilo or corn flour for her Chinese cuisine at a cost of Rs.21.75 a kilo. Grinding the corn into flour or making it into flakes and 'vitaminizing' at and attractively packaging it escalates the cost from Rs.2.50 to Rs.20.00 or so. In this processing, the labour costs may not be more than Re.0.50 to Re.1.00 per kilo. Making all allowances for farm labour, inputs, water rates etc., the farmer who sells corn at, may be, Rs.100/- per quintal, will get a net income of Re.0.40 per kilo of corn, flakes or flour bought by the consumer. This holds good for another 'luxury' item, potato wafers. With 10 kilos of potatoes bought in the market at about Rs.2.00 per kilo, 3 kilos oil at Rs.14.00, a dash of salt and chilly powder and a stint of kitchen labour and use of kitchen equipment costing about Rs.20/0, the product packaged in the obliquities polythene bag will cost Rs.82/- to produce 13 kilos of wafers or R.6.50 a kilo. Here again, the farmer will receive a net income of Re.0.41 per kilo of potato, the kitchen worker, may be about Re 0.50 and the consumer pays Rs.16/- per kg. Take another 'luxury' item, Nescafe. One kilo of Nescafe is produced out of 1.85 kilos of Coffee beans yielding 0.70 kilo of coffee added with 0.30 kilo of chicory. Nescafe is sold at about Rs.98/- per kilo. The cultivators gross return is about Rs.22/- for 1.85 kilos of Coffee and after deducting the cultivation costs, his net income would be about Rs.10/-. The chicory will cost about Rs.2/-. As an intelligent guess, the manufacturing and packaging costs may be Rs.10/- per kilo at the most, of which the labour's share may be not more than Rs.2/-. To sum up, when the good lady buys a kilo of Nescafe at Rs.98/- the cultivator gets Rs.10/- to Rs.12/-, the labour gets Rs.2/-, the cultivation costs about Rs.10/- to Rs.12/- and manufacturing costs Rs.10/-, totally accounting for a little over 1/3 of the consumer price. The same situation holds good when she buys the tomato sauce at Rs.15/- per kg. The farmer and worker may each get about a rupee.

Let us now consider the prices of essential articles. On the basis of scientific farm practices, a farmer spends Rs.1,266/- and hopefully raises 20 quintals of paddy or the equivalent of 13 quintals of rice. The housewife buys rice at Rs.2.50/- per kilo, the farmer and the workers get respectively paise 72 and paise 10 for raising paddy and hulling and packing it. Mercifully, no one claims that the rice is 'vitaminized'. Thus the farmers and workers share of the consumer price is 82 paise per kg. And the difference of nearly Rs.1.68 per kilo is accounted for by the cost of cultivation (90) paise, taxes and traders profit (about 78 paise).

Take the gold mine – sugar. During the crushing season 1979-80, the ex-factory cost of production of sugar was Rs.2.50 a kilo on an average. If we are incredulous, we must remember that the Federation of Co-operative Sugar Factories in Maharashtra offered to sell all their sugar stocks to the government at Rs.300/- per quintal on 13th March 1980 (Vide

Indian Express, 14th March 1980). And out of this sum of Rs.2.50/-, the farmer got Rs.1.20 to Rs.1.30 (a net income of 0.70 per kilo of sugar or for 10 kgs. Of sugar cane after defraying cultivation costs), the total wages and salaries accounted for Re.0.30 to Re.0.35 and the other expenses of conversation were amount re.1.00. Out of about 50 lakh tones of sugar sold last year, at least 25 lakh tones were sold in the open market. Though only 35% sugar is expected to be sold in the open market and 65% through Fair Price Shops, it is common knowledge that out of the latter quota, a fair share finds its way into open market. And do you know that 1 paise per kg. would net Rs.2.50 crores in the free market on sale of 25 lakh tones and a Re.1.00 per kg. would mean a net Rs.250 crores? It was sold at anything from Rs.6/- to Rs.15/- per kilo. And, now, please make your own calculations of the size of the loot and guess the size of the politician's share in it. And the net income of the cane growers was Re.0.70 and the wages Re.0.30 to Re.0.35 per kg. of sugar.

And now about the groundnut oil. The grower sold the pods at Rs.250/- or even less per quintal in Karnataka last year. His cost of cultivation was about Rs.194/- per qtl. A quintal of pods will yield 70 kgs of seeds or 30 kgs of oil plus 40 kgs of shell. The cake will fetch Rs.50/- at the least. The extraction and packaging of oil would cost about Rs.50/-. This is realized by sale of oil cake. That means a kilo of oil will cost Rs.8.35 to produce and out of this, the farmer gets a sum of barely Rs.1.90 after defraying the cultivation costs of Rs.6.45. The workers share may be Re.0.50 per kg. The cost of extracting and packaging etc. is recovered from realization from sale of oil cake and the oil is sold at about Rs.13/- or more per kg with short measure and adulteration to boot.

A meter of cotton drill will weigh about 175 gms. And will cost about Rs.10.00. The cotton cost is about Rs.3/- per kg. and 175 gms. Of cloth or 225 gms of raw cotton that goes to make it will cost about Re.0.75. The net income of the cotton grower is about Re.0.40 per meter of such cloth. The textile workers total wages may be another Re.1/- at the most. The manufacturing costs will be Rs.2/- to Rs.2.50. In all, the cotton cultivation and cloth manufacturing cost will not be more than Rs.4/- to Rs.4.50. The consumer price is Rs.10/-. The cost of the long staple Varalakshmi cotton was Rs.1000/- per quintal in 1973-74. It is now Rs.350/- (Vide Deccan Herald, Bangalore dated 29th July 1980). At the same time, the cloth prices have gone up.

A kilo of tomato will cost Re.0.34 per kg and Onion will cost Re.0.20 per kg to produce and it gives the cultivator a net income of Re.0.42 and Re 0.48 per kilo under the normal circumstances. Tomato is sold at Rs.2/- to Rs.5/- and onion at Rs.1.50 to Rs.4.00 per kilo depending on fluctuations in the market.

One can here have only a birds eye view of the racket called prices, cleverly concealed behind economic jargon and misleading slogans. This is not anything extra ordinary, for this is the law of the present market. An author gets 10% - 15% and bookseller 25% to 35%. The point is that the producers – both at the farm and the factory – and the consumers are cleverly set against one another and all of them are exploited. Now that the farmers have awakened, it is possible for the farmers, the workers and the consumers to jointly confront the capitalist, the traders, the bureaucrats, the taxman and the politicians combine and challenge the later to let the country know what their respective shares of the price loot are.

We have not given the break-up of the shares of the manufacturer, the trader and the taxman and politicians' pocket money'. We shall be glad to hear their side of the story.