

# States of Wheat

## The Changing Dynamics of Public Procurement in Madhya Pradesh

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Madhya Pradesh has emerged as one of the leading wheat procurement states in the country in the last five years, reflecting remarkable changes in the regional distribution and dynamics of the country's grain procurement landscape. Drawing on ethnographic fieldwork conducted in Harda Mandi, this paper describes the new systems and processes that have been implemented in the market yard and examines their effects on the mandi and key participants – farmers, traders, labourers, functionaries, and multiple state agencies. By focusing on the logistics and micro-practices of procurement, it grasps the interconnections between critical elements of market processes and their impact on market participation and outcomes.

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### 1 Introduction

#### Changing Landscape of Wheat Procurement

As the peak post-harvest season for wheat came to a close in July 2012, the Food Corporation of India (FCI) reported that a record 38 million tonnes (mt) of wheat had been procured by government agencies. This massive haul, which accounted for around 40% of the total wheat production in the country for the year, consolidated a surge in state procurement that began in 2008, and represented a jump of nearly 35% over the previous year's record volume.<sup>1</sup> In August 2012, wheat stocks held by the FCI were reported to be 76 mt, which, at more than double the buffer stock requirement, generated familiar concerns about inadequate storage, price rises, and the multiple challenges of foodgrain management (Das 2012b).

A much less familiar feature of this procurement picture, however, was that this year, Madhya Pradesh (MP) very nearly matched Haryana in its contribution to the central pool, having procured 8.49 mt of wheat through its state agencies, just short of the 8.67 mt purchased in that traditional north Indian bastion for wheat procurement (Tiwari 2012). This figure doubled MP's procurement total of 3.54 mt two seasons ago, and shot up by a striking 70% over the previous year's high of 4.96 mt. Indeed, the emergence of MP as one of the leading wheat procurement states in the country over the last five years reflects remarkable and unprecedented changes in the regional distribution and dynamics of the country's grain procurement landscape.

The spatial concentration of government wheat procurement is a well-known characteristic of India's foodgrains economy. Over the preceding four decades, state procurement of wheat has been overwhelmingly concentrated in Punjab and Haryana, which have consistently accounted for between 80% and 90% of the total volume sourced for the central pool in any given year. Since the minimum support price (MSP) can only be ensured when the government backs it up by actually buying grain in primary markets, state price support policies for wheat have only really had an effect in these two states, and to some extent in parts of Western Uttar Pradesh (UP), regions that collectively cover only around 20% of the total area under wheat cultivation across India (Chand 2003; Raghavan 2004). This serious inter-regional disparity has been an enduring element of the green revolution strategy – and its political legacy – of “betting on the strong” in terms of production, price support and procurement. This has been repeatedly criticised by scholars over the years for failing poorer states and

smaller farmers, further marginalising rainfed regions and dryland crops in particular (Frankel 1971; Krishnaji 1990; Shah et al 1998; Chand 2003; Raghavan 2004).

In the case of MP, which, after UP is the second largest state in terms of area under wheat cultivation in India, the government had traditionally played a negligible role as a buyer of wheat from farmers in the state. Moreover, the state's public distribution system (PDS) has had a persistently poor record in providing basic food security to a very large proportion of people, and MP continues to have very high levels of malnutrition.<sup>2</sup> While MP's PDS relied on central pool allocations procured in Punjab and Haryana, in growing retail markets for wheat, the state had established a dramatically different reputation. In metropolitan cities like Mumbai and Delhi, "MP Wheat" is carried as a brand, marked for its high quality and special taste, with the premium "lustrous" *sharbati* varieties labelled as "grains of gold" and marketed as the "best wheat in India that money can buy" (Mishra 2007). In addition, the central Indian agro-ecological wheat zone is known for the production of high quality *durum* varieties of wheat, used in a range of wheat-based processed foods, such as *suji*, *sevai*, and pasta.

As a result, the wheat markets of MP had been largely organised around dense and diverse webs of private trade. Given its central location, the state is well situated to participate in agro-commercial networks connected to processing and retail centres in north, west and south India. Along with regional commodity traders and millers, over the last decade, MP increasingly attracted major agribusiness corporations and conglomerates – both national and multinational, among them ITC, Cargill, and the Australian Wheat Board (AWB). They were all drawn by the high-quality varieties and low levels of government procurement, and by the prospect of buying not only through *mandi*-based commission agents and brokers, but also, as a result of an amendment to MP's Agricultural Produce Marketing Act, directly from farmers through their own single-licence procurement centres and *choupals*.<sup>3</sup>

Private trade, including these major corporations, had a very profitable run in the wheat market in 2006, when a lower-than-market price MSP limited government buying, while private traders and corporations cashed in as wheat prices soared from Rs 750 per quintal in April to Rs 1,000 per quintal in September that same year (Damodaran 2007). A historic increase of Rs 200 in the MSP (inclusive of a bonus) pushed it to Rs 850 the following year, but procurement still fell short of adequately rebuilding government wheat buffer stocks. As prices rose, the government came under attack for importing large quantities of wheat at high international prices. By the 2008 marketing season, compelled to drastically step up its procurement drive, the central government hiked the MSP for wheat to Rs 1,000 per quintal, and more than doubled wheat purchases that year (Nair and Eapen 2011).

### Major Shift

Given the FCI's meagre presence as a buyer in MP, there was no reason to expect that the rise in the centrally declared MSP in 2008 would significantly affect the structure and dynamics of wheat marketing in the state. This time, however, the move

coincided with a major shift in the state government's wheat procurement policy. In the 2008 marketing season, preceding the assembly elections held in November that year, the state government announced a bonus of Rs 100 on top of the raised MSP, taking the state-declared procurement price of wheat in MP to Rs 1,100, higher than anywhere else in the country. Aware that the bonus could backfire if it was not effectively backed by actual buying, the MP government prepared to rapidly expand its procurement operations in the major wheat-producing regions of the state. In the previous decade, the largest volume of wheat purchased by the FCI and state agencies in MP in a year had been 0.54 mt in 1999-2000. In the 2007 marketing season, it had been a mere 0.057 mt. In the 2008 post-harvest period, this jumped many multiples to 2.4 mt, a figure that in a single season more than matched the state's entire procurement volume from 1999 to that point. Speculation that this might only have been an election-year sweetener was dispelled when the wheat bonus became a fixture in subsequent marketing seasons, each time coming on top of a higher MSP. Five years on, the volume of wheat procured by the state had burgeoned to the record figure mentioned at the beginning (Table 1).

**Table 1: Wheat MSP, Production and Procurement Madhya Pradesh and India (2006-07 to 2011-12)**

Crop Year	MSP (Rs/quintal)	MP MSP+Bonus (Rs)	MP Production (mt)	MP Procurement (mt)	India Production (mt)	Procurement Central Pool (mt)
2006-07	850	850	7.33	0.057	75.81	11.13
2007-08	1,000	1,100	6.03	2.41	78.57	22.67
2008-09	1,080	1,130	6.52	1.97	80.68	25.38
2009-10	1,100	1,200	7.21	3.54	80.80	22.51
2010-11	1,170	1,270	7.62	4.96	85.93	28.34
2011-12	1,285	1,385	10.58	8.49	93.90	38.15

Production figures are for the crop year and procurement figures are for the corresponding rabi marketing season (RMS).

Source: *Handbook of Statistics on Indian Economy 2011-2012*, Reserve Bank of India.

Significantly, in contrast to the traditional procurement strongholds of Punjab and Haryana, where powerful farmers' lobbies routinely demand higher MSPs and put pressure on the government to procure the wheat that pours into the mandis, the impetus for the dramatic change in procurement policy in MP did not initially come from the state's farmers. Instead, it is widely attributed to the personal convictions and political calculations of Chief Minister Shivraj Singh Chauhan. Chauhan, who describes himself as the "son of a small farmer" from Budhni (which is also his constituency and a tehsil in the major wheat-producing district of Sehore), has vocally championed the wheat bonus as an example of his government's pro-farmer policy. The procurement mechanism has been used to put cash in the hands of farmers and to spur wheat production in the state, while unlocking a cache of votes. Further, this shift in policy is presented as a powerful act of regional assertion. As the chief minister of an important wheat-producing state, Chauhan, who had been repeatedly complaining about insufficient wheat allocations for MP from the central pool for the PDS, decided to strategically leverage the procurement platform to build grain stocks that are bought, stored, and publicly distributed within the state itself.

As a matter of fact, this was the stated objective of the decentralised procurement scheme, introduced by the national government in 1997-98 to encourage "non-traditional states"

to expand procurement in regional markets, making the MSP meaningful to a greater number of farmers and increasing the efficiency of the PDS.<sup>4</sup> A decade later, the two Bharatiya Janata Party (BJP)-ruled states of central India, MP and Chhattisgarh, began to capitalise on the concept of decentralised procurement and have emerged as major regional players on the wheat and paddy procurement landscape respectively, buying through state agencies and marketing societies across mandis and villages, ensuring high rates to farmers on the one hand, while cutting PDS prices for the poor on the other.<sup>5</sup> In the process, foodgrain procurement and distribution have been given a radical new centrality in regional politics while affecting the already tense political relations and complex fiscal dynamics between the centre and the states.

### Raising the Political Stakes

Recent developments in these new and emergent sites of procurement raise important questions about the ways in which the expanding presence of the state as a dominant direct buyer of foodgrains is changing the dynamics of agricultural commodity markets in different regions. In particular, they offer us the opportunity to track the remarkably under-explored logistical life behind these large numbers and to pay greater attention to the systems and processes that have been rapidly mobilised and implemented, also raising the political stakes of procurement.

Existing academic research and policy analysis on foodgrain management in India has understandably tended to focus on the broad political factors, and the economic costs of state price support and procurement policies. This includes trends in the MSP over time, the changing size of the buffer stock, its impact on open market prices, links to inflation, the prospects and implications of imports and exports, and the economic costs and efficiency of the FCI.<sup>6</sup> In the mainstream media, on the other hand, images of uncovered heaps and stacks of rotting wheat have become a seasonal staple, along with reports of unending crises in storage, incidents of siphoning, angry protests, and the trading of political blows. Both the statistical analyses of data and vivid journalistic snapshots expose to varying degrees the complex factors and public anxieties that animate foodgrain markets in contemporary India. What is all too often missing, however, is a grasp of the specific logistical arrangements, the procedures and micro-practices of procurement that are at work in markets on the ground, their varied effects on different participants, and their part in the distinct character and development of commodity markets in diverse agrarian contexts. It is here, in the many common and particular transactions and transfers that take place, at once mundane and rife with tensions, that the real stakes involved in agricultural marketing and distribution are constantly experienced, and often, most deeply and urgently expressed. Historically, there are few aspects of economic activity where this is more apparent than in the marketing of foodgrains, where, as historian E P Thompson so powerfully describes it, “the friction of the market-place takes us into a central area of the nation’s life” (1971: 80).

In a seminal essay on the complex world of corn marketing and regulation in 18th century England, Thompson illuminates

the importance of the market not only as “the point at which working people most often felt their exposure to exploitation”, especially acute during times of dearth, but also as “a social as well as an economic nexus” because of the periodic concentration of numbers and its significance as a site for organisation and public action (1971: 134-35). Refuting the dominant intellectual view of the “food riot as a direct, spasmodic, irrational response to hunger”, Thompson shows how public resentment and its expression operate within a historically and contextually specific consensus as to what constitutes “legitimate” and “illegitimate” practices in marketing, and the “proper economic functions of several parties within a community” tied together by a crop and its different commodity forms (1971: 136, 79). The power of Thompson’s argument is in the particularity of detail with which he follows local practices and the responses that arose as old market practices and relations changed. “The same density, the same diversity”, he notes, “exists throughout the scarcely-charted area of marketing”, an area that still calls for many others to attempt such work in different contexts, however modest in comparison (1971: 87).

Drawing on 18 months of ethnographic research in a primary agricultural market in MP, this paper focuses on the actors, interactions and experiences in government wheat procurement operations over consecutive marketing seasons. In doing so, it analyses some critical changes in market processes and explores their effects on different participants and on the composition and culture of the commodity market. Here, it pays close attention to the changing profiles of market agents and agencies, the particularities of market practices such as documentation and modes of payment, the importance of timing and coordination in marketing activities, and to the ways in which new systems of market management are constantly being put in place, circumvented and strengthened as part of a dynamic process. Moreover, by working at this level of detail and tracking recent and evolving developments, it is also possible to derive broad insights into the workings of agricultural markets more generally, generate productive grounds from which to raise critical questions, and to think further about how the benefits from procurement may be more effectively and equitably distributed. But first, a brief orientation to the field and market in question.

## 2 Field and Market

The centre of action in this paper is Harda Mandi, a regulated agricultural produce marketing committee (APMC) in Harda, a small but bustling market town with a population of 65,000 (Census 2001) and the administrative headquarters of an agriculturally productive district of the same name. Harda tehsil includes 196 villages and falls within the tail-end of the command area of the Tawa Canal. Along with Hoshangabad district, Harda is one of the best irrigated regions in predominantly rainfed MP, and it has two main agricultural seasons growing rainfed kharif soybean and irrigated rabi wheat.<sup>7</sup>

The core material presented here is based on ethnographic fieldwork conducted between November 2008 and April 2010 and is drawn from observations, in-depth interviews, and immersion in everyday activities during two consecutive marketing

years (four post-harvest seasons all together) for soybean and wheat in Harda Mandi. In addition to this, I frequently visited key sites linked closely to marketing activities in and around the town – mills and processing plants, private hubs and choupals, the bazaar, banks, input dealers, cooperative societies, warehouses, and the collectorate. I also spent time in a range of villages, interviewing farmers and observing agricultural, political, and social activities at different points during the agricultural cycle. My fieldwork coincided with the initiation and rapid expansion of government wheat procurement operations in Harda and it provided an opportunity to closely observe as new systems and processes were put into place and tested in the market yard. The duration of fieldwork and the ethnographic approach to market life and mandi relationships provided critical context and insights into the wheat procurement process and its various dimensions that would otherwise have been difficult to access.

First, since these observations took place during a continuous engagement with agricultural activities through the marketing calendar, the action that accompanied the peak wheat season could be studied not as an isolated phenomenon, but in relation to actors and activities that took place around the year, and in continuity with, and contrast to, other commodities marketed at the same site. In particular, some of the connections and contrasts between soybean and wheat marketing in Harda are highlighted. Second, tracking processes and practices as they were implemented and experienced over the course of a procurement period and over consecutive seasons revealed how dynamic these systems were and how quickly windows of opportunity and new kinds of constraints materialised in the mandi with diverse effects and counteractions. Short follow-up visits in 2011 and 2012 and efforts to track more recent information from a distance confirmed this dynamism, and have allowed me to update, to some extent, the constantly evolving processes described in the following sections. Finally, even as one tries to keep pace with the present, it does not take long for a fieldworker in the mandi to realise that the significance of contemporary movements in agricultural commodity markets cannot be properly understood without analysing their linkages and relations to the wider political economy, and to particular agro-ecological contexts, regional histories, and conjunctural changes over time. In this regard, there are four aspects to Harda Mandi that are worth mentioning, each with a critical bearing on the distinctive features of wheat procurement in Harda and in MP today, and are relevant for a comparative understanding of procurement dynamics. Each is briefly described below.

### Canal and Crops

Unlike soybean, which was only introduced in Harda in the 1970s and is widely considered to be a relatively new and foreign crop, wheat cultivation and trade in this region has a very long and fascinating history.<sup>8</sup> The current chapter in wheat production, however, springs from a much more recent point in the past, its dramatic spread vividly recalled by all those over 40 in Harda today, who have witnessed a very different mandi, dominated by cotton and filled with a range of other agricultural produce marketed in small quantities – *tuar* (red

gram), *alsi* (linseed), *undi* (castorseed), *tilli* (sesame), jowar (sorghum) and chana (gram). These were variously intercropped during a single, long season of rainfed cultivation. Wheat, which today arrives in the mandi in annual volumes of more than 2 million quintals, was then grown in such small quantities that any marketed surplus was sold at a small retail wheat bazaar in the crowded market area of the town, where numerous small traders sat with their weighing scales.

All this changed with the arrival of canal irrigation, when the waters of the Tawa Canal began flowing through Harda's fields from the early to mid-1980s. At this time, across Harda, short-duration kharif soybean started replacing long-duration cotton, and irrigated winter wheat expanded as the preferred second crop. By the mid-1990s, a soybean-wheat monocropping cycle firmly dominated agricultural practice in Harda. While the canal irrigated wheat zone of Harda and Hoshangabad is considered the most advanced in terms of productivity in MP, the irrigated, heavily fertilised, high-yielding varieties grown in this area are generally rated as "mill quality wheat". They are not up to the high standards – and higher market prices – of wheat grown in other, largely unirrigated parts of the state. Still, in terms of wheat volumes, Harda is often heralded as the "Punjab of MP" and both in terms of quantity and quality had attributes that made it a major site for the state government's ambitious wheat procurement programme when it took off five years ago (Table 2).

**Table 2: Government Wheat Procurement in Harda District (2008-09 to 2012-13 RMS)**

Procurement Year	Procurement (tonnes)
2008-09	2,38,665
2009-10	2,41,879
2010-11	3,14,298
2011-12	4,67,133
2012-13	5,38,627

Source: MP State Civil Supplies Corporation.

### Land and Caste

There is another reason that the government would have found it difficult to ignore Harda and this has to do with the relative size and strength of its farmers. In MP, this small district stands out for its relatively large landholdings, which are double the size on average than the rest of the state (4.43 ha in Harda to 2.02 ha in MP). Further, Harda is remarkable in that small and marginal farmers (below 2 ha) comprise only 37% of landowners in the district, an inversion from the rest of MP, where 68% of all farmers own small and marginal parcels of land. On the other end, while only 12% of farmers across MP own above 4 ha and only 1.5% above 10 ha, in Harda, medium and large farmers account for 36% of all landholders and those with over 10 ha are 9% of the total.

Farmers from the scheduled castes (SCs) and scheduled tribes (STs) comprise around 13% and 15% of all landholders respectively, the majority of whom own small and marginal plots.<sup>9</sup> Landownership in Harda is mainly in the hands of the four major cultivating castes – Gujjars, Rajputs, Jats and Bishnois. Among them, the Jats and Bishnois, while numerically smaller, have been the most aggressive acquirers of land for cultivation. With the election of a Jat Member of the Legislative Assembly (MLA) in 1993, who was re-elected for a fourth consecutive term in 2008, the Jats have grown in political power in the district and are well-known for being an agitational force in the politically charged mandi. Wheat procurement

operations in Harda, then, have been implemented in the context of resourceful and vigilant farmers, and, as we shall see, have had to contend with specific acts of mobilisation and division, discipline and disregard, often with the same farmers making collective demands and manoeuvring for personal gains.

### Commission Agents

Even if Harda is popularly described as “mini Punjab” in terms of wheat production and procurement, fundamental major differences become apparent when it comes to the structure and organisation of regulated primary markets. Among the most critical contrasts is the striking absence of an old and ubiquitous intermediary found across many other agricultural markets in India – the *kacha arhatiya*.

The *kacha arhatiya* is a specific kind of commission agent common in primary markets, who maintains long-term relationships with local farmers in a particular area, typically based on credit advances tied to the sale of produce through the *arhatiya's* shop in the *mandi*. In many *mandis*, farmers must sell their produce through registered *arhatiyas*, who conduct the auction and manage the sale and payment on their behalf, for which they deduct a commission. In the traditional procurement states of Punjab and Haryana, for instance, state agencies buy through the existing and entrenched network of *mandi*-based *arhatiyas*, who are responsible for handling the first transaction and making payments to farmers (Gill 2004; Damodaran 2000, 2010a). *Arhatiyas* in these states are well organised and have forged a powerful lobby, and over the years managed to effectively resist attempts to bypass them by threatening to withhold credit and shut down *mandis* if payments are directly made to farmers for produce purchased by the government (Damodaran 2010a). In sharp contrast, however, in Harda and other major state-regulated *mandis* for foodgrains, oilseeds and pulses (but notably, not in vegetable and fruit markets) across MP, *kacha arhatiyas* are not a feature of the current *mandi* system. They have not played a large part in *mandi* activities since the mid-1980s.

Their absence is the result of a series of reforms that was implemented by the state government led by Congress Chief Minister Arjun Singh, with Digvijay Singh as the minister for agriculture. Given the criticism the role of *arhatiyas* and intermediaries has attracted, their successful elimination through concerted state action across *mandis* in MP remains curiously underappreciated by researchers and policymakers alike. But, on the ground, even today in *mandis* like Harda, the abolition of the *kachi arhat pratha* is still recalled by those who experienced it as having been “*krantikari*” – revolutionary – in reorganising the market. It is also important to understand that this marketing reform coincided with major improvements in agricultural production, which contributed significantly to its viability and effectiveness.

While the political calculation behind this action and the experiences associated with its implementation on the ground have been analysed in detail elsewhere (Krishnamurthy 2011), what is important to note is that, for nearly three decades now, farmers who sell their produce in Harda *mandi* and other APMCs in MP do so directly, in an open auction to the highest bidder without going through an intermediary, and collect their payment

in cash from the buyer on the same day. The reason that this is critical to the recent expansion of wheat procurement in the state is that the state government had to rapidly work out its own mechanisms to buy grain directly from farmers across local markets. Here, on the one hand, the government did not have to contend with an entrenched and politically charged network of *mandi*-based intermediaries, but at the same time, it did not have the benefit of their transactional and organisational capacities in the field. The systems and processes that have been developed for this purpose will absorb our attention in the rest of this paper.

### Local Mandi Reforms

Agricultural market reforms not only require high-level political support but also local leadership and field-level capacities for implementation and regulation in market sites on the ground. Over the last decade, Harda *Mandi* has had some very active *mandi*-level reformers, both locally elected and state-appointed, and it has a reputation as an *adarsh* or model APMC in the state, and even nationally. Among its important achievements is the installation of an electronic weighbridge, one of the first in MP, after a hard-fought battle and a field trial back in 1999-2000. This is also a *mandi* that very consciously upgraded its infrastructure and management in response to the establishment of private-sector procurement *choupals*, first by ITC and then by other regional and multinational corporations. As a result, by the time the government's wheat procurement plans had to be operationalised, Harda *Mandi's* functionaries were well prepared to take on the challenging task of market management. The secretary at the time had managed soybean procurement in Harda in the early 1990s as part of the state's now-defunct Oil Federation, from which he was deputed to the *mandi* board. These capacities proved valuable in the seasons ahead, although as all the *mandi* functionaries admitted, none of them anticipated the scale and speed with which wheat procurement would grow in the *mandi* and the stress it would bring with it. It is to this complexity that we now turn our attention.

### 3 The State in the Market Yard

The entry and expansion of *sarkari kharidi*, or government procurement operations, since 2008 has had a significant impact on the agricultural marketing calendar in Harda *mandi*, and has dramatically altered the organisation and dynamics of its wheat season. While the volatility of soybean prices preoccupies farmers and traders in the *mandi* for most of the year, from mid-March to the end of June, only one rate – the annual wheat procurement price, which is the centrally sanctioned MSP plus the state-declared bonus – rules this marketplace. As the second post-harvest season of the year hits its peak, everyone in the *mandi* has to quickly reorient themselves to the logic and logistics of government procurement and to the dynamics of marketing defined by a fixed price and fluctuating processes.

Over a relatively short period of time, government procurement has changed the cast of characters involved in buying grain in and around the *mandi* and introduced new systems and practices. These have reconfigured the organisation of marketing activities, altered the duration of the season, affected the

ways in which both time and space are managed and experienced in the market yard, mobilised certain kinds of social and political connections, and generated high levels of tension and new forms of assertion and exclusion. This section describes the key actors and activities in wheat procurement in Harda over the last five years, and investigates some of the critical changes in market practices and their effects on different participants, and the culture and composition of the mandi.

### Agents and Agencies

With no kacha arhatiyas in the wheat mandis, the state government had to identify a new, viable, and large-scale mechanism capable of procuring grain directly from farmers in primary market sites across many districts. In 2008, the first year of major procurement, the FCI opted to use private traders with sizeable credit limits who were already well established in the mandi. In Harda, it appointed a number of the mandi's biggest firms as commission agents for wheat purchases, dividing up a significant proportion of the volume among them and relying on their financial capacities, labour management, storage facilities, and private transportation systems. The experience, however, was unfavourable, with the FCI accusing traders of huge losses in weight and of buying wheat from farmers for less than the procurement price of Rs 1,100 per quintal that year and reselling it to the government.

From the next season, the traders were dropped as commission agents and alternative arrangements for procurement were devised. As a result, full-time, licensed traders in Harda suddenly found they had little business during what would normally have been the peak trading season. Similarly, during the season, local agents for corporations were sometimes seen walking on the platforms, but were usually fretting that they had no orders to buy. Later, some of them were reassigned to look after corporate purchasing in markets in Gujarat, UP and Rajasthan, where the bonus was not in play and where, in some cases, wheat prices were reportedly well below the MSP. Private hubs, including the RTC e-choupal, registered little activity, restricting their buying to only specific, high-quality varieties, of which there were limited volumes in Harda. Harda's two millers kept up some local buying throughout the season, but even they sent men to other markets in the state where procurement was less strongly enforced to meet their demands. Largely reduced to bidding on the modest quantities of soybean and chana squeezed in between the rapidly multiplying trolleys of wheat in the mandi yard, a dejected trader grumbled as he watched the action, "It used to be the farmers who took only one crop in Harda, now thanks to the government, it is the *vyapaari* who is left to make do with only one commodity!"

In their place, the state – in the form of a range of agents and agencies – took over the market yard in the wheat procurement season. The primary responsibility for handling procurement operations in MP was handed over to the Civil Supplies Corporation (CSC). In addition to the CSC, which also manages the state PDS, the state Marketing Federation (Markfed), the nodal organisation responsible for the distribution of key agricultural inputs (seeds, fertilisers, and pesticides), was involved in a number of districts, including Harda. In village and

mandi-based procurement centres, traders were replaced by Primary Agricultural Credit Societies (PACS), popularly referred to as "societies". Across Harda tehsil, village-based societies were appointed to buy wheat from members, while in the mandi, four of the most fiscally healthy societies were assigned the task of buying, bagging, and releasing payments to farmers. As a result, the district cooperative bank had a key role to play in managing payments and accounts across the PACS' procurement centres. The district branch of the State Warehousing Corporation was galvanised, as the target considerably exceeded the storage capacity in the district each year. And with the mandi taking on the exhausting task of market management in the yard, the district administration, led by the collector, was charged with supervising procurement operations. Clearly, government procurement of wheat now required a completely different level of coordination between multiple state agencies, set up at different levels to address different roles.

### Scope for Miscommunication

As one might imagine, these arrangements afforded great scope for miscommunication, dropped linkages, and non-coordination, especially in the initial phases. This was particularly visible in the relationship between the CSC and Markfed, with almost daily breakdowns in communication on different tasks. During the evening procurement meetings convened by the district collector, assembling the key functionaries of the bodies involved in the procurement process – the CSC, Markfed, the district cooperative bank, the State Warehousing Corporation, and the mandi – slanging matches were routine. The CSC accused Markfed of dropping the ball on logistics and Markfed became livid at hold-ups caused by the CSC failing to arrange timely transportation, materials, and finance. To be fair, the division of tasks between them left plenty of room for confusion. For instance, during an initial season, Markfed was responsible for transporting the produce from the procurement centre to the local warehouse, but the CSC for transporting it from the district to outside it. It was also the CSC's responsibility to ensure that adequate gunny bags were delivered from outside the district to Markfed's headquarters. But delivering them to village or mandi procurement centres was Markfed's duty. As a result, the two battered officials would chase each other around the collectorate table and later around the town as transportation failed to materialise or the delayed delivery of gunny bags held up procurement in the mandi and in village centres. The frequency of these lapses had practical implications for those dealing directly with farmers, and managing the flow of processes and produce in the market yard. But, with the state's commitment to procurement becoming more visible each year, the state agencies began responding proactively to the challenges being thrown up from the field. What was equally interesting to observe was the range of local and state identities and loyalties that were expressed at different levels of the procurement process.

### FCI's Diminishing Presence

Most palpably, this sort of assertion and resistance involved the FCI. Over the last five years, the state agencies have

expanded the scale of their operations and the FCI has reduced its share of total procurement in MP each year, from nearly 35% in 2008-09 to 15.6% in 2009-10 and to 6.7% in 2010-11, all the way to zero during the last two seasons. For the state agencies and their local functionaries, this was no small feat and the FCI's diminishing presence in the field was greeted rather enthusiastically. When FCI officials made an appearance in earlier seasons, its presence antagonised district officials, who were wary of the central government agency and its reputation for imposing a long list of requirements. The FCI was known to insist on running its system differently, with a high dose of attitude and scant regard for existing systems and local processes. Everyone knew that the FCI was the more powerful agency, but as a national institution, based in Delhi, it was also seen by local-level functionaries in MP as a demanding and pushy outsider. As soon as the FCI entered the procurement process directly, the CSC, which until then had been the target of frustration, was embraced and defended by all district-level functionaries as one would defend one's own family.

Eyeballing the FCI representative, who had just arrived in Harda and walked into the collectorate, the mandi secretary leaned over to the manager of the State Warehousing Corporation and expressed a view that resonated deeply with his fellow state functionaries, "Our offspring (*apna aulaadh*) will always remain our own, no matter how worthless (*nikamma*) he may be. In the end, the CSC is our state agency, it belongs to us. These FCI men work for the central government and they always behave like they are doing us some great favour by showing up." A few days later, members of the societies and mandi staff could not contain their amusement when a row of farmers in the mandi refused to sell to the FCI, insisting that they would sell to the local societies than to this unfamiliar new agency that had suddenly entered the picture (As one agitated farmer put it, "Yeh koi FCI-SBI-CBI has come out of nowhere, who knows if we should we sell to them"). For his part, the FCI official, who had been specifically sent to Harda to bolster the procurement programme since the state agencies were struggling to keep up with the volume, was offended that he had to request local men to persuade farmers that the FCI was a legitimate entity and an important national institution.

If the FCI's perceived arrogance, inflexibility and status as an outsider caused problems, the local men who ran the operations of the societies brought with them a different set of issues, opening the way for a dense web of village connections to assert themselves in the mandi. The societies were manned by their appointed representatives, all of whom were farmers with landholdings that come under each society's catchment, and by salesmen and staff hired for the season, almost all of them belonged to farming families in nearby villages. During the year, the societies are responsible for disbursing agricultural credit and distributing seed and fertilisers to farmer-members. Their management and managers are important actors in the economic affairs of villages, have deep social connections there, and are thoroughly implicated in village-level politics. In sharp contrast to the traders, who are the usual buyers in the mandi, the men involved in managing wheat procurement for the societies are Jat and Gujjar farmers, not Marwari banias. On the platforms,

the local buyers working for the societies were new faces, but for village residents, they were familiar ones. Often they would be called out to by their first names by farmers who knew them and addressed as *bhaiya* even by those less well acquainted, in contrast to the traders, who were generally referred to as *seths*. Their appointment changed the social and political dynamics at work in the mandi where, as we shall see, the ease and speed of marketing activities now depended on what became a ubiquitous term used during the wheat season – the strength of your "settings" with the societies' men and the mandi's functionaries.

### Conflicts with Labour

Along with state agencies and village societies, government procurement brought in a whole range of local and regional thekedars or contractors, who had contracts for specific elements of the process – labour, gunny bag distribution, stitching, stencilling, and transportation. During this season, the societies could appoint their own labour contractors and the permanent mandi *mukkadams* and *hamals* (porters), attached to particular trading firms, were out of the action. They had to often seek out the labour contractors to ensure that they were included in the seasonal workforce. In addition to local labour, hundreds of hamals came to Harda to work during the second season, including those from mandis in the Malwa region that did not receive such large wheat arrivals and from as far as Bihar, who had been mobilised by local labour organisers. In the first year of large-scale procurement, in addition to dealing with the management of heavy arrivals and the multiple agents engaged in buying that year, the mandi faced a well-organised *harmal hartal*, a strike that lasted for nearly a month during the peak procurement period of April-May 2008. In the seasons that followed, therefore, mandi functionaries and procurement agencies were constantly on edge about the possibility of conflicts with labour.

While permanent labourers had to adjust to the influx of outsiders, opportunities also emerged for different types of work to be taken up by seasonal entrants to the mandi. For instance, in 2010, when the CSC had to switch to white synthetic bags due to a shortage of jute bags, a young man, whose father had been a local financier during cotton trading in the old mandi, negotiated the contract to manage the machinery and manpower required for sealing the bags. In the previous year, an enterprising young *harmal* assembled a team of young boys from his neighbourhood to undertake the more menial, but for him remunerative, task of manually stencilling jute bags. Bigger contracts, such as truck transportation, were given out to larger, regional operators, including Bhopal-based transporters who had taken up contracts with the CSC. But wheat not only attracted the well-connected, but also the most vulnerable and disadvantaged, who were drawn to the mandi in the hope of collecting a few grains amid the towering heaps. Every day, one could see old women and young children stooping over the cement mandi floor, sticking their fingers into fine cracks and sweeping the roads with their bare palms, trying to gather even the smallest quantities of fallen grain.

Finally, this season, the jute bags and the wheat itself seemed to have a life of their own. Even when they seemed to be just lying there, inanimate, something was happening to them that

became a subject of constant debate and disagreement between the societies and the agencies. According to a widely quoted and remarkably precise estimate, a jute bag lost 165 grams of weight when it dried and the moisture evaporated from the tight bundle in which it had arrived. As with the bags, the wheat also lost moisture and therefore weight as it lay in the open. As the old and experienced manager of the State Warehousing Corporation, a man with a wry sense of humour, noted as we sat in his small office late one afternoon, "While the wheat naturally and unnaturally loses weight, we are supposed to magically show a weight gain in each bag, and I, like Vishwakarma, the divine architect, am supposed to build brand new warehouses overnight".

### Procurement Windows and Seasonal Stresses

Unlike the licensed, full-time traders and commission agents who participate in mandi-level buying as arrivals come in through the year, government wheat procurement operations take place during a specific window of time during the post-harvest season. After this, the societies quickly wrap up their buying and the high procurement price is no longer supported with active purchases. In Harda and other major procurement locations in MP, this has had a significant impact on the marketing season for wheat. Over the last five years, while the soybean season has expanded because farmers have gradually built up their holding capacities, enabling them to stagger arrivals and spread out soybean sales in anticipation of higher prices, wheat marketing has become more compressed in terms of time. When the procurement season coincides with the election, this window begins to look even shorter and more uncertain. In 2009, the Lok Sabha elections were scheduled in MP in different phases from 20 April. News somehow spread among farmers that although the official procurement period was till mid-June, the state government was planning to wrap up procurement and stop paying the bonus as soon as votes were cast. As a result, everyone was in a tearing hurry to sell as much of their wheat as possible before the mandi closed for election day.

In the days immediately after procurement opened on 20 March, the arrivals began building up rapidly. And once they gathered momentum, it felt like they would never stop, as tractors bearing thousands of quintals chugged into the mandi. The auction sheds were packed, the lines to the weighbridge spilled onto the road, and every bit of space in between was filled with tractor trolleys waiting to line up. Judging from the arrivals recorded by the mandi, in the last three years of government procurement, even in non-election years, sales by farmers between March and June now account for anywhere between 80% and 92% of the total surplus sold in the market, with April alone accounting for around 40%. During this time, everywhere you went in Harda, people were talking about the "bhayankar aavak" or "terrifying arrivals" that had descended on the mandi. The wheat season built up pressure and tried one's patience in ways that were particular to this period of the year and to the specific mode of procurement that operated within this window of time.

Even before the inauguration of the current phase of large-scale government buying, the wheat season had been challenging because of the volumes of grain that came in after the

second crop was harvested. Wheat, even after farmers had retained seed for the next year and set aside their annual household requirements, arrived in the mandi in annual volumes that more than doubled soybean. While farmers in Harda generally reported soybean yields in the range of 5-8 quintals per acre, their wheat yields ranged from 12-18 quintals per acre, and were increasing with the cultivation of heavily fertilised, high-yielding varieties. Therefore, very simply, there was much more wheat to be sold in the mandi.

In addition, two other factors increased farmers' urgency to market their second crop. First, as a foodgrain, wheat was harder to store than soybean and was more likely to be damaged by pests, making farmers quite reluctant to hold on to it for long periods of time. Moreover, except for the very largest cultivators, most farmers did not have adequate storage space in their homes to keep the bulk of their grain safe. Second, the period immediately after the wheat harvest in March-April, the period of *Chaith-Baisakh* in the Hindu calendar, is a critical period for a whole range of economic transactions, generating immense pressure on farming families. In the two-crop cycle, the first crop – soybean – is primarily "lifted" as *laagath* or expenditure to finance critical inputs such as fertiliser and water for the winter wheat crop and to repay expenses incurred on cultivating soybean itself. Most of the formal and informal contractual and credit arrangements, however, are left to be settled after the wheat harvest comes in.

These not only include Kisan Credit Card (KCC) payments due in April, but any land deals that have been made, plots taken on *khot* or lease, settlements to be made on credit-based ration purchases, and financial agreements pertaining to new projects that households may have undertaken or are planning to undertake in the coming year. In addition, April is the wedding season with the largest number of marriage ceremonies, including all the caste *sammelans* (major social occasions hosting mass wedding ceremonies). Even before these transactions can be fulfilled, farmers have to pay Punjabi harvester operators in cash. They remain in one area only briefly and need to make their way home in time for the April harvest in Punjab. Payments to labourers which include grain but are primarily in cash, also have to be settled. So, competing demands, which have all been held off till the wheat harvest, now descend on farmers all at once.

### Cash, Cheques and Deposits

Farmers, with their immediate and urgent need for post-harvest cash, faced a particular problem when the government procured wheat, which had to do with the mode and timing of payments. Since all payments made by the cooperative societies in the first three seasons were by cheque, farmers invariably experienced a delay in receiving their payment after depositing their cheques, often up to a week or sometimes even longer. Those who had outstanding debts with the cooperative bank noticed that this was deducted from the final amounts credited to their account. In March 2009, even though the agencies were buying at Rs 1,130 and the market price was only around Rs 1,050-1,080, a number of farmers, especially on the first few days of procurement, did not want to sell to the societies. They



preferred to sell at a lower price to traders for immediate cash payment. During this time, there was a steady flow of “offline” transactions, where farmers brought samples of grain bundled in cloth to the side of the platform and negotiated with traders on a price to be paid in cash.

Such transactions became less visible in the following weeks as most of the immediate harvest-related cash needs had been met. The state agencies responded the following season, in 2010, by instructing societies to make payments up to Rs 20,000 by bearer cheque that could be encashed immediately. As the season progressed, government procurement took hold and news of the new system spread. Farmers also came to the mandi in the knowledge that their payments would be delayed. Many, however, informally borrowed cash on interest for short durations until the full payments were deposited in their accounts.

Cheque payments had two further effects. Once the cash constraint had been met, many farmers said they preferred cheque payments. Even more so, the direct deposit system introduced in the 2011 season, because they did not have to worry about looting, which was otherwise a common concern when carrying large sums of cash. It also meant that without cash in hand, farmers did not stop to make purchases from the bazaar and fill their trolleys with rations and other goods as they usually did after selling their produce to traders in the mandi. As a result, retailers and dealers in Harda’s bazaar, who were used to estimating their business according to arrivals in the mandi, found that the new system altered their calculations during the peak season.

### Documentation

To participate in the state procurement programme, farmers are required to furnish documentary proof of their landholding size in the form of their revenue record (or *Rinn Pustika*). Cheque payments and direct deposits are made out in the names and the account numbers listed in the formal records. Normally, sellers in the mandi do not need to prove their identity as farmers. They only have to provide a name and village that is written out on the payment slip, which also notes the price of the auctioned lot of produce, and the payments are made on the same day in cash. The additional documentation required to sell to the societies was instituted to make it difficult for local aggregators and traders who have purchased wheat at a lower price either inside or outside the mandi to sell this at the higher government procurement rate.

Unfortunately, this requirement sometimes shuts out farmers, especially small cultivators, who either do not have land titles or have cultivated land on lease (*khot*). This is generally not a problem for farmers, typically medium-sized landowners, who have augmented their production by taking additional plots of land on *khot*. They are generally able to sell under their official revenue record. The problem is for landless farmers, who often have little choice but to sell their wheat to traders. Mandi functionaries, who were aware of this issue, tried to find a way around it by allowing affidavits to be produced by such farmers with details of the land records and the lease agreement. But this is an additional process that small farmers, in any case of-ten strapped for cash, do not easily attempt.

On the other hand, in the mandi, one encountered a number of small traders who were willing to make arrangements to sell grain to the societies, using their contacts with farmers for documentation, cashing cheques, and even direct deposits. These traders did agree, however, that these arrangements were becoming more difficult to execute with each passing season. Payments have moved to electronic transfers and there is a pre-registration system for procurement, which make it difficult to use the same documents repeatedly. As long as matching yields and total production to landholding size remains difficult, a loophole does exist, but one that has already become more complicated to pass through. Due to a large number of sellers, their greater anonymity and a larger volume of transactions, mandis are more vulnerable than village-based procurement centres where disproportionate sales easily stand out.

In the initial seasons, farmers found themselves waiting two to four days to sell their wheat to government agencies, while struggling to make sense of the system, which seemed to change daily, even hourly on certain days. For officials, the most effective method of controlling activities was to try to halt purchasing on the platform, since once farmers had their purchase slips, it was impossible to prevent them from lining up at the weighbridge. When the societies were overwhelmed as their heaps grew and labour could not keep pace, or as traffic at the weighbridge became impossible to control, purchasing would grind to a halt, sometimes for hours. Procurement agents were also frustrated by the lack of concern that farmers seemed to show after their trolleys have been weighed. Throughout the season, lack of adequate transportation also meant that at intervals, the heaps and stacks built up so much that it was difficult to find room to offload more grain. On a few occasions, when clouds gathered and it looked like rain might follow, farmers sped even more urgently into the mandi, while the societies scrambled to cover the purchased stock and refused to buy until the weather cleared. Yard functionaries continuously made announcements on the loudspeaker, trying to convey the shifting situation to farmers, but there were so many different messages that their efforts were rather futile. Fights erupted at the weighbridge, trolleys collided into one another. There were soaring temperatures and frayed nerves all around the mandi yard.

### No Formal Auction

It is important to note that there is no formal auction for wheat bought by the government since the societies purchase all lots at the fixed “MSP plus bonus” rate. In a separate shed, traders carry on auctions for soybean and chana brought to the mandi, as well as for any premium varieties of wheat that are selling at market prices over the state procurement price. In the sheds filled with the vast majority of wheat trolleys for sale to the government, lots are sampled briefly by the society buyer and unless they are of very poor quality, accepted for purchase. At the beginning of the season, when the societies’ buyers tried to enforce strict quality specifications, the farmers protested that not a single trolley in the mandi would meet the parameters of the sample the agents had. Furious, they stormed the

collectorate, and eventually a new sample, drawn from a standing trolley in Harda, had to be agreed to by all parties before procurement could proceed.

The absence of auctions means that farmers with close ties to the society and to mandi functionaries, or with strong political connections, can use these “settings” to push their trolleys to the front of the line. Even during the soybean season, certain farmers are known to block space in the sheds and muscle their way ahead of others already in line. However, if they want to participate in the open auction, where their produce would benefit from bidding by a range of buyers, they have no option but to wait till the traders assemble and bid on their lot. Throughout the year, there were instances of farmers selling directly to a particular trader outside the auction, but unless they were especially close to the trader, these sales were at less than the mandi price. It was generally understood that farmers opting for these direct sales required the money urgently or did not wish to remain in the mandi overnight if their trolley had not been auctioned before the end of the day.

In the wheat season, the government’s rate was fixed and all the farmers lined up in sheds knew they were guaranteed the same price. They just had to wait for the society’s functionary to stop by and sample their trolley, and then for the mandi staff to issue the official slip or *parchi*, after which they could move to the weighbridge. The auction was primarily used to manage arrivals and space out their movement through the weighing, downloading and payment phases. Those with connections or “settings” in the mandi did their very best to bypass the auction sheds and go straight to the weighbridge and offload their produce there. Rather than wait like everyone else to have their slips issued, they worked the system to have the mandi “cut *parchis*” (issue slips) in their names. In the 2009 season, both mandi and society officials came under enormous pressure to cut *parchis* for a number of large farmers, especially those with connections to various political figures. Yard functionaries, most of whom are also farmers from nearby villages, were also constantly approached by family members and close friends, asking them to make an exception. The *parchis* issue began to cause both personal and public tensions. For a while, it was difficult to keep track of the order in which the sheds were being organised and sold, and it was impossible to disguise that certain trolleys materialised at the weighbridge without having been in a shed. Moreover, on days that the mandi was officially closed and only bagging and transportation activities were supposed to be taking place, farmers waiting in the sheds could see selected tractors depositing their produce directly at the society’s heaps. As the days progressed, the overwhelming majority of waiting farmers expressed their anger, which sometimes, when the delays were especially dire, threatened to explode.

### Malpractices

The important part that *parchis* play in government procurement is not unique to wheat or to MP. It appears to be a common feature across different commodities and regions where government support prices are backed with major purchasing by state agencies. Based on fieldwork among Jat farmers in western UP,

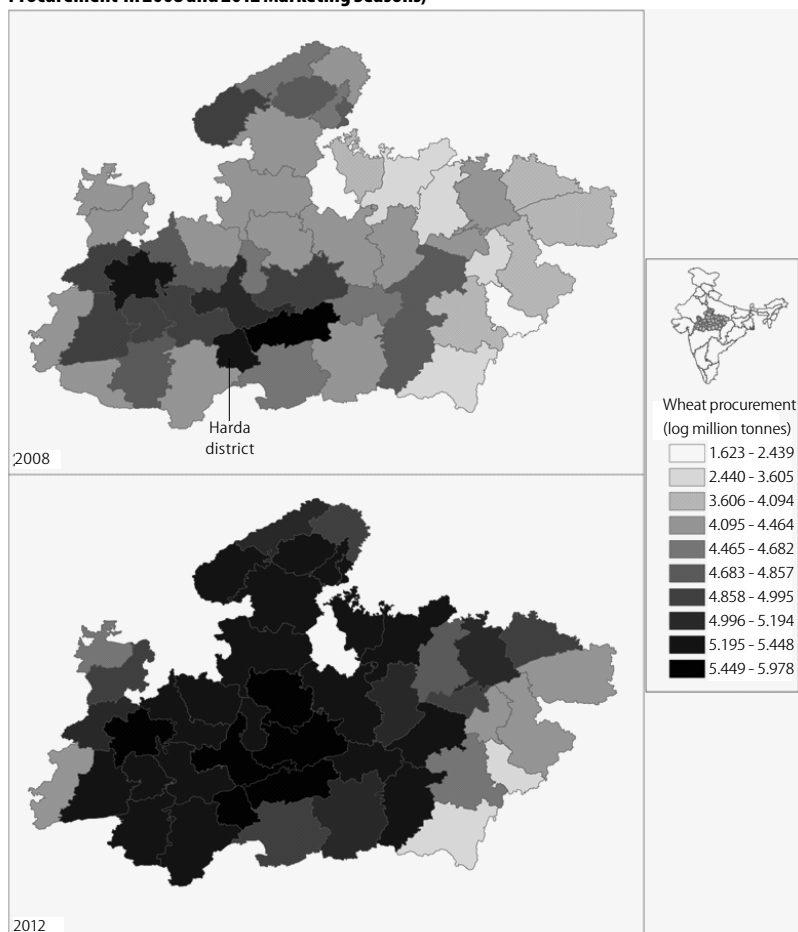
for instance, Jeffrey (2002, 2010) has documented the different ways in which rich farmers cultivate relationships with cane society officials to secure the slips they require to sell their sugar cane at competitive prices to the society in years when the government’s price exceeds that at private sugar mills. Deploying a range of strategies to ingratiate themselves with officials and resorting to intimidation when these fail, the rich Jat farmers in Meerut district work hard to ensure that their supply of *parchis* remains constant, even if they had “defected” the previous year by selling to private mills. The ability that some of Harda’s large farmers demonstrate to access *parchis* shares significant similarities with Jeffrey’s account of sugar cane marketing in UP. In Harda, as in Meerut, the same farmers justify their micro-practice of corruption while publicly mobilising and agitating to pressure the government to keep up the high rates and high levels of procurement.

In Harda mandi, even as these malpractices and the power of political settings were demonstrated in the blinding sunlight of summer days, tension between the different arms and agencies of the state, including conflicts between the regulated mandi and the state procurement agencies, was equally apparent. Government procurement compromised two of the important elements of mandi regulation – the fixed price led to the suspension of the open auction, while cheque payments went against the Act’s requirement that all buyers make full payments to farmers within 24 hours. As we have seen, the absence of both these were associated with a range of different effects on farmers selling in the mandi and for the functionaries charged with managing it. In this regard, government procurement subverted the key practices that the government itself had instituted to establish and empower regulated markets.<sup>10</sup>

In Harda, however, both district administrators and mandi functionaries made concerted efforts to address some of the particular problems that arose during wheat procurement. During the 2010 season, for instance, the mandi was better prepared, and put in place improvements to number and track the *parchis* issued, requiring countersigning by multiple functionaries and making it difficult for functionaries to cut *parchis* without being identified. Farmers wishing to sell to traders for direct cash payment could do so by signing the *parchi*, indicating that this was their own decision. In the 2011 season, under the leadership of a new district collector and new mandi secretary, a new system was developed and introduced, involving a pre-registration process and SMS messaging. Farmers were sent a text message, alerting them of the date on which they should bring their produce to the mandi. The new system has regulated the arrivals coming into the mandi on any given day and succeeded in distributing volumes more evenly across the three-month procurement period. It allows mandi officials to adjust arrivals based on the capacities of societies to buy and factor in changing transportation and storage conditions.

In the villages, in addition to a lottery system to determine the order of sales, some societies also set up “emergency scales” for use when a farmer makes a convincing argument for the urgent sale of his produce, a request that can be easily verified by other residents in the village and by the society representatives

**Figure 1: The Changing Procurement Map of MP (District-wise Distribution of Wheat Procurement in 2008 and 2012 Marketing Seasons)**



Source: Madhya Pradesh State Civil Supply Corporation.

themselves (Shrinivasan 2011). Although further work is needed to better understand the effects of these unfolding initiatives and the different ways in which they are being experienced and responded to, it is clear that wheat procurement in Harda is a dynamic and multidimensional process, dominated by a single fixed price that delivers a season defined by multiple actions and reactions, as new systems are devised, circumvented and strengthened in the mandi.

**4 Conclusions**

This paper has drawn attention to the changing landscape of grain procurement in India, in particular to the remarkable expansion in the public procurement of wheat in MP over the last five years. This development marks a significant shift in the state government’s grain procurement policy under the leadership of Chief Minister Shivraj Singh Chauhan, who has made wheat procurement a high-profile initiative of his second term in power. Its defining feature has been an annual wheat bonus, announced every year since the 2008 marketing season, which on top of a rising centrally declared MSP has made the procurement price of wheat in MP the highest in the country. This has been backed by a major decentralised procurement operation using the state’s own marketing agencies and agricultural cooperative societies, dramatically

altering the dynamics of wheat marketing in MP, which had been structured around private trade.

Drawing on ethnographic fieldwork conducted in Harda Mandi, this paper described the new systems and processes that have been implemented in the market yard and examined their effects on the composition of the mandi and on key market participants – farmers, traders, labourers, mandi functionaries, and multiple state agencies. By focusing on the logistical life and micro-practices of procurement, it was better able to grasp the interconnections between critical, but often unnoticed or under-analysed, elements of routine market processes and their impact on market participation and outcomes. These included the timing and duration of procurement in a particular agricultural cycle and in relation to specific commodity characteristics; the different modes of payment; forms of documentation; the management of trolley traffic; and the circulation of parchis or transaction slips. Finally, this account has tried to emphasise and capture the dynamism of procurement – a period defined by a fixed price but fluctuating processes – within and across seasons, during which systems are continuously compromised and strengthened, as local officials and market yard functionaries respond to, negotiate, and try to resolve new pressures, problems and loopholes.

In the initial seasons, the canal-irrigated wheat zone of Harda and Hoshangabad districts dominated the procurement map of MP, and in keeping with the popular comparisons with Punjab and Haryana, might well have led to the kind of spatial concentration in the state that is seen in the inter-regional inequality of procurement across India. The latest data on district-wise procurement is therefore particularly striking, for it shows a rapid diffusion of decentralised wheat procurement operations over much of the state, with volumes growing dramatically over the last two years (Figure 1). With the state government signalling every intention of rising further up the wheat procurement chart,<sup>11</sup> these systems may further expand and dominate wheat markets in MP, at least in the foreseeable future. Looking forward, there are three critical areas of tension and trade-offs that have begun to emerge and require greater attention.

First, given the speed with which procurement operations are being extended and the dramatic jump in the volume of wheat purchased by the state, field-level systems and capacities need to be considerably strengthened. This is especially important given the higher procurement price prevailing in MP.<sup>12</sup> Second, with the growing volume of fixed-price procurement, it is important to understand and assess its implications on the varieties and qualities of wheat produced in the state, particularly because diversity and high quality are the great strengths of MP’s wheat.

In Harda, which is not well-known for quality when compared to other parts of MP, farmers have responded quickly to the new procurement environment by shifting to even more high-yielding varieties, but research is needed on what is happening in other districts as a result of government procurement. Finally, an urgent issue is that of distribution in a state with high malnutrition and chronic food insecurity. In Harda, as elsewhere in the state, the spread and strength of public procurement systems is

far greater and more impressive than the pace of reform and change in public distribution, which was all the more palpable in the context of the wheat bonus and rising commodity prices (Tiwari 2012). If MP's recent commitment to decentralised procurement reflects how rapidly state agencies and resources can be mobilised and how dynamically systems can be reformed and strengthened, more needs to be done if the benefits from procurement are to be more effectively and equitably distributed.

## NOTES

- 1 The national and state-wise procurement figures are from the FCI (<http://fciweb.nic.in/> procurements). Wheat production data and procurement as a percentage of total production has been calculated from data reported in the RBI Handbook of Statistics on Indian Economy 2011-12 (<http://www.rbi.org.in>). District-level data on procurement in MP is from the MP Civil Supplies Corporation.
- 2 All-India data shows childhood (under-5) under-nutrition levels remain exceptionally high, with 42% of Indian children underweight. In MP this figure is even higher at 59.8%. A recent India State of Hunger Index report released by IFPRI put MP in the "extremely alarming" category (Menon et al 2009).
- 3 MP was one of the first states to amend its APMC Act to allow private, single-licence yards to be set up outside the mandi yard. ITC began to set up its e-choupal network here in the early 2000s.
- 4 Department of Food and Public Distribution website; <http://dfpd.nic.in/?q=node/642>.
- 5 In Chhattisgarh, PDS reforms have been implemented through a highly visible and much-publicised series of initiatives to guarantee low prices, universalise distribution, and reduce pilferage and corruption. The state has also computerised its paddy procurement operations. Chief Minister Raman Singh is popularly hailed as *Chawal wale Baba*. See Dreze and Khera (2010); Damodaran (2010b), (2010c); Das (2012a). See also Somasekar (2007).
- 6 A selection of such works would include Krishnaji 1976, 1990; Gulati and Sharma 1990; Chand 2003, 2007; Raghavan 2004; Swaminathan 1999; Basu 2011; Nair and Eapen 2011; Acharya et al 2012, among others.
- 7 The net irrigated area in Harda is recorded as 76%, which makes it one of the most highly irrigated districts in MP, a state which has 20% of the country's drylands and where average irrigation coverage is less than 30%, with most of the water coming from wells and tube wells (Vijay Shankar 2005).
- 8 For a rich account of wheat cultivation in this region in the mid-19th century, see Charles Elliott's *Hoshangabad Settlement Report 1867*. Also, see Stokes 1979, Raghavan 1985, Bates 1988, and Krishnamurthy 2011 on an important chapter in regional agricultural history, known as the "Narmada Valley wheat boom" (1880-1895) in which Harda is mentioned as a key centre for the wheat trade.
- 9 Data on distribution of landholdings is from the Agricultural Census website: <http://agcensus.nic.in/>
- 10 Barbara Harriss-White makes a similar point regarding the contradictory and conflicting roles of state intervention and regulation in foodgrain markets (1984).
- 11 See Tiwari (2012).
- 12 Here, given the direct procurement from farmers through village and mandi-based centres run by PACs, the problem is not so much that farmers will be excluded if operations open in new locations, but that it may be harder to ensure that the government does not end up buying wheat that comes in from other sites and sources, both

within the state and from bordering regions. The huge jump in procurement volumes in the 2012 season, even taking into account the substantial increase in production, needs to be carefully investigated, since the data indicates that government procurement has absorbed an extraordinary 80% of the total wheat production (not marketable surplus) in the state.

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