

# Sri Lankan fertiliser scheme in shambles due to lack of funds

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3 January 2006

Sri Lankan President Mahinda Rajapakse's much publicised election pledge to supply fertiliser to farmers at the subsidised price of 350 rupees (\$US3.50) a 50kg bag is in disarray. The government has failed to release enough funds to provide adequate quantities of fertiliser at the cheaper prices. The debacle has also raised the question of how long the cash-strapped United Peoples Freedom Alliance (UPFA) government can maintain the subsidies for farmers at all.

Lower fertiliser prices was one of Rajapakse's main election pitches to rural voters. The country's impoverished farmers face many problems, including rising costs for other essential items such as pesticides, as well as the onerous loans and low prices for their produce. Several farmers have been driven to suicide in recent months.

Conscious of growing rural discontent, Rajapakse's new cabinet at its first meeting announced it would reduce fertiliser prices for paddy rice cultivation as well as for small growers of other crops.

The president then appointed a ministerial committee to assess how to implement the program. Agriculture Minister Maithripala Sirisena declared that the government would allocate 12 billion rupees annually to subsidise fertiliser prices.

On December 5, more than two weeks after the current planting season began, Sirisena announced the distribution of cheaper manure with much fanfare at an agricultural centre at Galamuna in the Polonnaruwa district of North-Central province.

Also present was Janatha Vimukthi Peramuna (JVP) parliamentarian, S.K. Subasinghe. While not formally part of the government, the JVP was in the forefront of Rajapakse's election campaign, promoting Sinhala chauvinism along with the illusion that the rural and urban poor would obtain relief under his rule.

On December 19, however, Sirisena admitted in

parliament that inadequate supplies had been distributed, supposedly due to the treasury not allocating sufficient funds. Sirisena told parliament he was "planning to meet treasury officials and resolve these problems".

It was not a question of the treasury, however. As finance minister, President Rajapakse is in charge of the department. Presenting the budget on December 8, he allocated just 8.5 billion rupees for the fertiliser subsidy instead of the proposed 12 billion.

The inevitable result was shortages of cheap, subsidised fertiliser. Day after day the media has carried reports of farmers in different areas queuing in vain for fertiliser at various centres.

A team of WSWS reporters which visited Polonnaruwa, a major rice-growing district, found that as late as December 16—eleven days after the scheme was launched—the majority of farmers had yet to buy fertiliser at the reduced price.

Fertiliser distribution had been assigned to government-controlled agrarian centres and co-operatives. Each of these centres has to buy supplies at 1,600 rupees per 50 kg bag from private companies and one state corporation, and then sell to farmers at 350 rupees. Their general complaint was a lack of government funds to enable them to make up the difference.

Frustrated farmers complained of having to fill in various forms and pay overdue fees to the official cultivators committees to qualify for the scheme. These committees were set up to force farmers bear the burden of maintaining the extensive irrigation system. Many peasants simply refused to pay an annual development tax of 100 rupees per acre (250 rupees per hectare), as it was an additional financial impost.

On December 17, the district agrarian services officer at Minneriya told the WSWS that out of more than 1,200 applicants, only a little more than 300 had been supplied with fertiliser.

Likewise, the agricultural officer at Polonnaruwa New Town explained that by December 19 only 450 of 1,700 applicants to his office had been supplied. His committee's funds and reserves had been exhausted. At the Pulasthipura office, 1,400 of 1,700 applications had been met before cash shortages stalled further progress.

In many cases, by the time the subsidised fertiliser was made available, the sowing was over. As a result, the particular manure, TSM, used for strengthening root systems could not be used effectively. The result will be plant collapses and losses at harvest time.

At the supply centres, WSWs reporters were told that arguments had broken out between farmers and government officers because of the delays. One applicant said the agrarian services offices had resembled "battlegrounds" during the first few days.

K.M. Jayathilleke, a farmer from Kavudulla Hingurakgoda, said his brother, with whom he shared the family land, had "handed over the applications three days ago after paying the back dues to the cultivators committee. Since then we have waited. We are not sure when we will get the fertiliser.

"Until this price reduction we had to purchase the fertiliser from a company. We used to buy it on time to plant the crops, but the price was very high and we could only afford a small portion of what was necessary."

On December 17 at Kaduruwela in Polonnaruwa, WSWs reporters saw a queue of 60 lorries, which had come from distant places in the Amparai, Batticaloa and Polonnaruwa districts. Some of them had been waiting for days for fertiliser. Farmers' societies had hired the lorries because the government offices responsible for distributing fertiliser said they had virtually no transport.

P. Jinoris of the Rampanagama farmers' association said: "The government has taken a good step by reducing the fertiliser prices. But it has failed to do things in an orderly way. Almost a month has passed since the start of the Maha (North East monsoon) cultivation season. The poor peasants are bearing the brunt of it."

Asked about the future, he described it as "bleak". "Looking at how this has been mismanaged, we have no guarantee that the government is capable of continuing this work."

The farmers' associations also complained that the fertiliser companies did not trust the cheques issued by the government.

Amid growing doubts and discontent among farmers, the JVP has tried to come to Rajapakse's rescue. Former agriculture minister Anura Kumara Dissanayaka, a JVP

MP, has written to Rajapakse, finding scapegoats for the problems and urging the president's "direct intervention".

After praising Rajapakse for subsidising fertiliser prices, Dissanayaka lamented that government-controlled companies were supplying only 30 percent of the fertiliser, with 70 percent controlled by the private sector. While not challenging the corporate dominance, Dissanayaka advised Rajapakse to be "vigilant".

Dissanayaka also noted that the current demand for a qualifying letter from an Agricultural Research and Production Assistant, a government officer, could lead to corruption. The supply failure, however, cannot simply be put down to fraud by local government officers. The JVP is covering up for Rajapakse whose government has not allocated enough money to provide cheap fertiliser.

In a similar vein, JVP MP Achala Jagoda criticised the government for not extending the subsidy to small tea holders. He has argued that they account for more than 80 percent of country's total tea production and play a significant role in earning foreign currency.

These arguments only serve to obscure the character of the entire exercise. Far from providing genuine concessions to any sections of the poor, Rajapakse is simply engaged in appeasing farmers for the time being.

Meanwhile, he is looking to the IMF and World Bank and so-called donor countries for funds. IMF assessments of Sri Lanka's economy have constantly called for reductions in high budget deficits attributed to fuel, electricity and fertiliser subsidies and low tax collections.

It was recently revealed that the government had already accrued huge debts of 4 billion rupees to private fertiliser importers for the six months to October. After lobbying, the companies were able to extract 1.4 billion rupees from the treasury in November. In return, they said they were prepared to provide fertiliser on the basis of loans. All of this indicates that, sooner rather than later, Rajapakse will be forced to cut back the fertiliser subsidy or drop it altogether.



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