Foodgrain vs Liquor: Maharashtra under Crisis

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The government of Maharashtra is offering subsidies for liquor production from foodgrains. This policy will turn jowar into a cash crop and divert huge quantities of foodgrains to alcohol production, creating scarcity and causing food inflation. Moreover, the Right to Information documents have revealed the extent to which the claims made by the government have been violated—good quality hybrid jowar is being used instead of rotten jowar, and distilleries are purchasing grains from dealers and not from farmers. Rather than focusing on the acute problem of malnutrition plaguing the state, the government is promoting a policy that is clearly meant to benefit only those with business interests.

As part of its grain-based liquor policy titled “Food Grain based Liquid and Integrated Material Financial Aid – 2007”, the government of Maharashtra had approved alcohol production from foodgrains. It also offered subsidies on this production—the eligibility criteria being distilleries manufacturing liquor only from grains, as opposed to the conventional molasses-based production. Moreover, the distilleries have to purchase the required grains and sell the produced liquor within the state of Maharashtra only, in order to enjoy the benefits of the policy.1

Till date, the government has sanctioned 32 grain-based liquor distilleries across the state and is providing the manufacturers a subsidy of Rs 10 per litre of alcohol. Each sanctioned distillery is eligible for a subsidy of up to Rs 50 crore for liquor production only, and not for industrial alcohol. More than 10 distilleries have already started production,2,3,4 and a subsidy of Rs 8.93 crore5 has been distributed to three distilleries.

The ‘Vision’ of the Government

The “primary motive” of the government in giving a push to this policy is to help rain-fed farmers of the Marathwada and Vidarbha regions by providing them good prices for jowar, corn and bajra. According to the promoter of this policy, this will consequently reduce farmers’ suicides. The government resolution (OR) (June 2007) states: “Because of the unpredictable rainfall, jowar gets rotten, thus we will manufacture alcohol using blackened or rotten jowar and will provide good returns to the farmers”. Further, the officials have put forward shortage of alcohol as one of the reasons to justify their decision.

Knowing well that there is no second opinion on the ill-effects of alcohol, the Vilasrao Deshmukh government deliberately linked liquor with development and with the farmer’s welfare. It offered subsidy for liquor production as if it is an essential need of Maharashtra. By promoting this policy, the government is setting up all kinds of wrong trends. Tomorrow, it may offer a subsidy on cigarettes to promote production of tobacco for the “benefit” of the farmers, or may start encouraging opium farming. Why cannot the state see the problems of malnutrition, health, education, basic sanitation and power crisis, rather than “shortage of liquor” as the major problem?

In addition, the report prepared by the Maharashtra Industrial and Technical Consultancy Organisation (MITCON)6 on which this entire policy is based and which is frequently quoted by the government to justify its stand, states that a subsidy of Rs 5 per litre7 of alcohol should be given. Why then, has the government doubled the amount of subsidy?

Whither Food Security?

Under this policy, the distilleries will use jowar, corn and bajra as raw materials. The annual production capacity of all 36 sanctioned distilleries (the additional four were sanctioned before this policy was announced) is 46 crore litres of absolute alcohol. To produce one litre of absolute alcohol, around 2.8 kilogram of grain is needed. This implies that the annual foodgrain requirement of the grain-liquor industry would be 13 lakh tonnes.

In 2006-07, the total production of cereals including wheat, rice, corn, jowar and bajra in Maharashtra was 101 lakh tonnes.8 This means that the state is going to divert 13% of its total cereal production for grain-based liquor production, creating scarcity of foodgrains in the market. On the other hand, during the year 2005-06, the state government had imported 25.34 lakh tonnes of cereals to meet the shortage and fulfill the hunger of its people (Government of Maharashtra 2009). This clearly demonstrates that on one side the state is importing 20% of cereals, and on the other it is diverting 13% of cereal production for grain-liquor. Since jowar, corn and bajra are the major parts of the rural diet, such huge shortage in foodgrains will adversely affect a large section of the society. The shortage will further lead to hike in prices in both rural and urban markets, resulting in food inflation.

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The state is already facing a severe problem of malnutrition which has been recognised as the third most common cause of childhood mortality – causing 50% to 56% (about 45,000) of the child deaths in the state every year (SATHI 2009).

The grain-liquor policy will lead to food crisis and inflation and will further worsen the situation.

According to the Economic Survey of Maharashtra (2007-08), the annual per capita cereal consumption in the state was 123 kg and 104 kg in urban and rural areas, respectively. Then the 13 lakh tonnes of cereals consumed by grain-liquor industry would be equivalent to the annual cereal requirement of more than one crore population of the state, i.e., every one in ten citizens will be deprived of cereals for one whole year.

Who Is the Bigger Beneficiary?
The distilleries are owned by the near and dear ones of politicians. The owners include:

- Son of Union Heavy Industries Minister Vilasrao Deshmukh;
- Daughter of Bharatiya Janata Party's deputy Lok Sabha leader Gopinath Munde;
- Sons-in-law of former Prime Minister Narasimha Rao;
- Former health minister Vimaltai Mundada;
- Nationalist Congress Party leader Govindrao Adik;
- Dhaval Pratapsingh Mohite Patil, nephew of former public works department minister; and
- Navi Mumbai deputy mayor Sunil Shashikant Birajdar.

By implementing this policy we are converting jowar into a cash crop. Further, the distilleries are purchasing grain directly from dealers and not from the farmers unlike in the case of cotton and sugar cane growers. Thus, the policy will not benefit farmers, especially rain-fed farmers, an argument often made in support of the policy.

If the government was serious about the welfare of the farmers, it could have considered providing assured returns on jowar, and should have begun distributing local coarse grains such as jowar under the public distribution system (PDS). In 2005-06, the state had imported around 25 lakh tonnes of grains under the PDS. Wheat and rice are imported from Punjab and Haryana and distributed in villages, resulting in huge transportation and storage costs. Further, this also forces villagers to change their food culture. An alternative policy in the form of procuring jowar under the PDS will assure a market for the farmers, and people will get local coarse grain in ration shops.

Misleading the Poor
On this policy, the politicians have been making false statements to justify their stand. The Union Heavy Industries Minister Vilasrao Deshmukh said, “We are manufacturing industrial alcohol and not the liquor from jowar under this policy” (Times of India 2010). But the information obtained under the Right to Information (RTI) from the Alcoplus Distillery at Latur which is owned by his son, reveals that till December 2009 the distillery had sold 1.05 crore litres of absolute alcohol, out of which 93.5 lakh litres, i.e., 89% alcohol was utilised for liquor production.9

Though the state government claims that only rotten jowar is being used for producing grain-based liquor, the state...
has no record of how much rotten jowar it produces per annum. Further, as per the information obtained under the RTI, the Alcoplus Distillery purchased hybrid jowar from dealers and not from farmers, at the rate of Rs 810-1,150 per quintal. It is significant that in the market organised by the Agricultural Produce Marketing Committee (APMC), the rates of good quality hybrid jowar are in the same range as the jowar procured by Alcoplus Distillery for liquor production. Thus, good quality jowar is being used instead of rotten jowar. In addition, the quantum of grain utilised is also huge – Alcoplus Distillery alone consumed 44,000 tonnes of hybrid jowar till December 2009. This has strong implications for the poor and landless, who will have to compete with these mighty grain-liquor industries for limited cereal grain availability in the market.

**Ignoring Other Voices**

Recently, a public interest litigation (PIL) filed in the Mumbai High Court was rejected by the judiciary on grounds that the high court does not want to interfere in a policy designed by the government. Further, the high court said that jowar is not the staple food of Maharashtra and thus the policy will not affect the food security of the state. But the figures state that in 2006-07, cereal production (including wheat, rice, jowar, bajra and corn) in the state was 101 lakh tonnes, out of which 37.7 lakh tonnes (i.e., 37%) was contributed by jowar alone.

On one side, the government is promoting policies such as the Tanta Mukta Gaon (dispute-free village) under which the state government is now considering proposals to produce jowar liquor for industrial use. The government seems to be promoting this liquor policy, as though liquor is the one magical solution to all sorts of problems Maharashtra faces today, including hunger, sanitation, farmers’ suicides, power cuts, malnutrition and water crisis.

Since liquor brings in revenue of around Rs 4,000 crore to the state, the government will not come forward to reduce it. Politicians belonging to both the ruling and opposition parties own all the distilleries, and hence, no political party has declared its stand on this issue. The judiciary does not want to intervene in the government policy. Ultimately, the question that remains is this: where does the common man go from here?

**REFERENCES**


