

Unit - II

Objectives Of Land Ceiling Policy - ~~B~~

Q. What are the main objectives of land ceiling policy of the govt. of India? Discuss the progress of land reform measures associated with ceiling of land holdings.

Ans. A ceiling on agricultural holdings means statutory absolute limit on the amount of land which an individual may hold. The imposition of a ceiling has two aspects -

- a. Ceiling on future acquisition
- b. Ceiling on existing holdings

The main objectives of land ceiling policy of the government of India are -

- i. Reducing inequalities in ownership and use of land.
- ii. Reducing inequalities in agricultural incomes.
- iii. Enlarging the sphere of self employment
- iv. Redistribution of surplus land.
- v. Meeting the widespread desire to land
- vi. To improve the standard of living of the poor

These are the main objectives that the govt. of India of ceiling on land wants to acquire.

Progress Of Land Reform Measures - The govt. of India has taken various measures associated with ceiling on land holdings. In this case how far these measure attained success can be discussed as follows:

As a result of effective implementation of various land reform measures 50.08 lakh acre of land has been distributed out of the 72.94 lakh acre declared surplus to ~~48~~ 47.88 lakh beneficiaries. In respect of consolidation of holdings, about 1510 lakh acre of land were consolidated. Moreover, 23.2 lakh acre of Bhoodan land and 124.61 lakh acre

of waterland were also distributed among the landless people.

In order to maintain records of rights on land, computerisation of land records have been undertaken on pilot basis in 21 districts.

During the period between October 1991 to January 1993, about 2.10 lakh acre of surplus land has been distributed among the landless cultivators. So, it is found that progress of land reform in India is very slow.

Considering this poor progress of land reforms the central govt. has recently in July 1995, decided to bring all land reform laws under the Ninth schedule of the constitution, in order to free land from illegal disputes. The centre has suggested the state govt. for setting up tribunals under article 323 B of the constitution of expeditious disposal of pending cases connected with ceiling laws.

Considering the encouraging result of "Operation Barga" drive launched by the West Bengal govt. to bring the share croppers ^{on} record, the centre has asked the other state govt. to launch similar drive in their states for adequately protecting interests of the tenant share croppers.

Implementation of land reforms laid in the effective enforcement of ceiling law distribution of ceiling surplus land and modernisation and updating of land records. government, 22 states govt. and union territories had enacted laws for imposition of ceiling on agricultural holdings. As a result of this, 74.10 lakh acre of land had been declared surplus, of which 51.46 lakh acre had been distributed to 49.94 lakh families of 50% belonged to schedule caste and schedule tribes. Thus about 70% of declared surplus land had already been distributed benefitting around 2.50 crore people.

of the country directly.

Thus, what is urgently required is the combination of both political will and effective administrative and an organised from the people so as to ensure fundamental changes in agricultural land ownership in India.

Q. Discuss the main features of India's land tenurial system. Examine the various policies adopted by the govt. to remove the harmful consequences of land tenurial system.

Ans: Land tenure system should maintain certain features which are important for preventing the interest of the farmers. In general the main features of India's land tenure system are:

i. The tiller or cultivator of the land should possess a definite and permanent right over land. The tenants in India possess a definite land owned and he has permanent right over his land. He can grow any crop over his land, nobody can interfere in his right over his land.

ii. Rent should be collected from the cultivators at reasonable rate. Every farmer have to pay rent for the use of land to the govt. This rent are determined by the govt. but this rent should be reasonable to that tenant.

iii. The limits of cultivation should specified clearly.

iv. Farmers right to transfer the ownership of the land. In India, farmers have the right to transfer his ownership of his land. He can sell or give his land on to others.

v. Fixation of rents on land are flexible. In India the fixation of land ~~are~~ vary from place to place. It is seen that the rent fixed

- by the govt. are not similar to all the states.
- vi. Inequalities in the distribution of land - In India there is inequality in the distribution of land. Some people possess a huge amount of land but on the other hand some are landless people.
 - vii. Direct contact between govt. and farmers - There is a direct contact between the govt. and the farmers. There is no intermediaries between the tenant and the govt. Govt. in this case plays an important role.
 - viii. Faults in legislation - In India the legislation enacted for land reforms is having certain built-in faults. These include unsatisfactory definition of personal cultivation, unlimited retention of land for personal cultivation etc.
 - ix. Incomplete land records - It is one of the characteristic of land tenure system in India. Land records collected by the state govt. are incomplete.

* Examination of tenancy reform policies adopted by the govt. of India : Tenancy problem in India is quite acute. The 4th plan documents has observed that about 12.7% of the total agricultural population are tenants and tenants households constitute about 23.6% of total cultivating household of our country. Only a small proportion of the tenants of the country have acquired permanent rights and a great majority of those tenants (nearly 82%) mostly in the states of Andhra Pradesh, Bihar, Haryana, Punjab, Tamil Nadu and West Bengal have Riscular tenure. In India, tenants are broadly divided into 3 categories.

- a. Permanent Tenants.
- b. Tenants at will or temporary tenants.
- c. Sub tenants.

* Measures Of Tenancy Reform Include :

i. Regulation of rent : Before 1951 tenants in India had to pay 50% of their total produce as rent. Thus, the first and the second plan recommended that the volume of rent be reduced to the extent of 20 to 25% of the total production. Accordingly various states have enacted necessary legislation to regulate rents, even though large variations in the rates of rent fixed by different states still prevail. But due to the weakness of tenants and prevalence of widespread land hunger, those legislations failed to regulate the rent perfectly, leading to a much of its breach (breaking) than in its compliance.

ii. Security Of Tenure : Tenancy regulation in India has also made enough provision for security of tenure. The legislation made a provision that the tenants cannot be ejected from their land so long as they continue to pay rent.

Due to the enactment (performance) of tenancy legislation, Indian tenants have acquired complete security in only 9% and have acquired no security at all in 12% of total cultivated area of the country.

iii. Ownership Right : Tenancy legislation enacted by various state govt. have offered these tenants their right to purchase their holdings. States like Gujarat, Kerala, MP, UP, West Bengal and Union Territories have already enacted necessary legislation in this regard. But in the states like Assam, Bihar, Jammu and Kashmir and Tamil Nadu no such legislation has yet been enacted for conferring ownership rights by purchase. Nearly 3 million tenants and share croppers have already been able to acquire ownership rights even the land area

if more than 7 million acres. Besides, provision has also been made to offer compensation for permanent improvements and also for remission of rent to tenants during natural calamities.

- * System Of Land Tenure In Pre - Independent India :
- * Objective of Land Tenure System :
 - a. Rent should not exceed $\frac{1}{4}^{th}$; $\frac{1}{5}^{th}$ of the produce
 - b. Tenant should be given permanent right.
 - c. There should be security against evictions.
 - d. Except in some cases the tenants should be conferred with ownership rights.

Importance Of Land Tenure System : Land tenure system has got its specific importance for the development of agriculture. The following are some of the importance of land tenure system -

- i. Locating Actual Owner : Land tenure system prevailing in the country helps to locate the actual owner of the land by the govt. Locating owner of land is important for removing land revenue and implement agricultural development programmes.
- ii. Development Of Agriculture : Land tenure system helps a cultivator to establish right of ownership of land by farmers. This would help the farmers to establish a line between the cultivators and the govt. Land tenure system makes the ownership of land more secure and permanent which is very much important for the development of agriculture. In this connection Amherst Young has rightly observed, "the magic of private ownership turns dust into gold. Give a person a secured right to a large mountain and he will turn it into a garden. However, if the same garden is leased to him for nine years, he will turn it into a desertion."

iii. Importance of Society : Social structure of a country is influenced by the land tenure system. If the land distribution pattern in a country is skewed or uneven, then it paves the way for exploitation of farmers. But when the farmers' right over the land is already established, it may lead to equitable distribution of income and thereby the society will become comparatively peaceful.

* Features of An Ideal Land Tenure System : Ideal land tenure system should maintain certain basic features which are important for preserving the interest of the farmers. In general, the 2nd five year plan document has identified the following features for an ideal land tenure system :

- i. The tiller or cultivator of the land should possess a definite and permanent right over his land.
- ii. Rent should be collected from the cultivators at reasonable rate.
- iii. The limits of cultivation process must be specified clearly.
- iv. Farmers should be given the full rights to transfer the ownership of the land.
- v. Fixation of rent on land should be flexible.
- vi. Irregularity in the distribution of land should be reduced to the minimum.
- vii. The land tenure system should establish a direct contact between the govt. and the farmer.

This in order to ensure an ideal tenure system the above mentioned features should prevail in the system and also be maintained in the long-run.

* Growing Subsidies To Agricultural Produces: Gross subsidisation of agriculture in the developed countries have been well known function. Despite the promises made by the developed countries in round they are giving heavy export subsidies to agricultural exporters and domestic support to farmers. In 2001, the OECD countries subsidise their agricultural sector to the of \$ 311 billion. This subsidies added up to as much as 31% of their gross value of agricultural output of these countries. In Japan, the subsidies accounted to as high as 59% of the gross value of agricultural output. In EU this subsidised account for 35% of total agricultural earnings in 2001.

The developed countries have been persisting estimation of agri subsidies. Still after the negotiation in WTO. At the Doha ministerial conference the EU and other developed countries agreed to only a substantial reduction but not estimation of their domestic support.

The US has announced the most generous form of subsidy package in its history under the Farm Security And Rural Investment Act, 2002 promising additional federal spending of near about US \$ 82.6 billion in the next calendar of farming. Developed countries in arguing about the multifunctionality of agri and decoupling support from prices to justify high level of subsidies. The EU and US have been resistance even to share out export subsidies even after 7 years negotiation in WTO. These subsidies like those imposed on industries and agricultural product are clearly trade distorting and need to be phase out immediately, so that developing country can take advantage in international trade.

Q. Discuss in detail the different sources of agricultural credit. Evaluate the role of co-operative credit societies in the provision of rural credit.

Ans: Agricultural credit is considered as one of the most basic input for conducting all agricultural development programmes. In India there is an immense need for people agricultural credit as Indian farmers are very poor.

In India agricultural credit are being advanced by different sources. These sources are divided into two categories, viz. institutional credit and non-institutional credit. Let us now discuss briefly all these sources of agricultural credit in India.

i. Non-Institutional Sources:

a. Money lenders: From the very beginning, money lenders have been advancing a major share of farm credit. Money lenders are of two different types:

1. Professional Money Lenders

2. Agricultural Money Lenders

These two money lenders were supplying a major portion of agricultural credit and indulged into malpractices like manipulation of accounts and charged exorbitant rate of interest on their loan.

b. Traders And Commission Agent: Traders and commission agents are also advancing loan to the agriculturist for productive purposes before the maturity of crops. This type of loan are mostly advanced for cash crops.

c. Relatives: Cultivators are also normally borrowing fund from their own relatives in times of their crisis both in terms of cash or kind. These loans are a kind of informal loans and carry no interest are normally returned after harvest.

The importance of this source of favour credit is declined in recent years.

d. Land Lords: In India, small as well as marginal farmers and tenants are also taking loan from the landlords for meeting their financial requirements. This source has been following all the ill-practices followed by money lenders, traders or sometimes landless workers are even forced to work as a bonded labour.

ii. Institutional Credit Source: The main motive of institutional credit is to assist the farmers in raising their agricultural productivity and maximising their income. Institutional credit is also not exploitative in character. The following are some of the important institutional sources of agricultural credit in India -

a. Co-operative Credit Societies: The co-ops and the best source of rural credit in India is definitely the co-operative finance. In India, the active primary agricultural credit societies cover nearly 86% of the Indian villages and account for nearly 36% of the total rural population of the country.

b. Land Development Bank: LDBs are advancing long-term co-operative credit for 15-20 years to the farmers against the mortgage of their lands for debt.

c. Commercial Banks: In the initial period, the commercial banks of our country have played a marginal role in advancing rural credit. After the nationalisation of commercial banks in 1969, the commercial banks started to extend financial support both directly and indirectly and also for both short and medium periods. With help of "Village adoption Scheme" and services area approvals the commercial banks started to meet the credit and other requirements of the farmers. They also sponsored

various marginal rural banks for extending credit to small and marginal farmers and rural assistance of artisans just to save them from the clutches of village money lenders.

c. Regional Rural Banks : As per the recommendations of working groups on rural banks the RRBs were established in 1975 for supplementing the commercial banks and co-operatives in supplying rural credit. Since 1975 these RRBs are offering direct loans to small and marginal farmers, agricultural labourers, rural artisans etc for productive purposes.

d. The Government : Another important source of agricultural credit is the government of our country. Their loans are known as loans and are lend by the govt. during emergency as distress like famines, floods etc.

From the above discussion it has been revealed that the extent of agricultural credit in India is very much inadequate and the private non-institutional source still remained very important in supplying credit to the farmers.

* Role Of Co-operative Credit Societies : Co-operative credit is the best and most important method of making available institutional credit. Untill now it has not made satisfactory progress. But keeping in view the fact that it is most useful for the country, efforts have to be made to make it success. In 1972, an expert group constituted and another such group formed later on to examine this problem have made various suggestions. The major ones are —

a. Increase in the resources of credit societies.

- b. Non-insistence of land on security for credit.
- c. Provision of facilities for small farmers to become members of these societies.
- d. Associating grants of loans in production, marketing and other activities, transaction in overdrafts etc.

Co-operative credit societies have been assigned an important place in the plans and progress has been made. These societies provide the short-term as well as long-term credit to the farmers. Again from the point of view of working of these institutions, some changes in the right direction have taken place, eg - the grant of credit is no longer limited to production alone but its supply is now related to the development of agriculture as a whole. The farmer is now given credit for variety of purposes like production, marketing, investment, and also to some extent consumption. It has also been provided that in certain circumstances loans should be given without security of land.

Steps have also been taken to channel an increasing part of co-operative credit to small and marginal farmers and to weaker section of the population such as tenants and share croppers. For example - relaxations have been allowed with regard to the share capital required to be held by them for borrowing. Again in Small Farmers Development Agency (SFDA) areas, the primary co-operative for land development banks have been allowed to finance fully their loans from the state co-operative land development banks irrespective of the percentage of their overdrafts. Further Special Service Societies in SFDA, as per the recommendation of the National Commission of Agriculture have been set up to provide integrated credit supplies and service. An additional feature of such societies is

that while membership of these societies are open to all cultivators, management control is vested in the weaker sections who have two third of the seats on the board of management reserved for them.

Types Of Agricultural Credit: Considering the period and purpose of credit requirement of the farmers of the country, agricultural credit in India can be classified into 3 major types:

a. Short-term credit - The Indian farmers requires credit to meet their short-term need, viz., purchasing seeds, fertilisers, paying wages to hired workers etc for a period of less than 15 months. Such loans are generally repaid after harvest.

b. Medium-term credit - This type of credit includes credit requirements of farmers for medium period ranging between 15 months and 5 years and it is required for purchasing cattle, pumping sets, other agricultural implements etc. Medium term credit are normally larger in size than short-term credit.

c. Long-term credit - Farmers also require finance for a long period of more than 5 years for the purpose of buying additional land or for making any permanent improvement on land like sinking of wells, reclamation of land, water culture etc. Thus the long term credit requires sufficient time for the repayment of such loans.

* Types and pattern of co-operative societies: There are many co-operative societies and institutions to deal with credit supply, marketing, supply of inputs and consumption. The most of the important

of those are the following -

- i. State Co-operative Apex Bank : The premiere co-operative institution in the state, the Assam Co-operative Apex Bank Limited was established in 1948. The bank is to look after the financial requirements of all co-operative institutions and promote their growth in the state. It obtains its working funds from its own share capitals and reserves, its deposits from public and loans and advances from the Reserve Bank of India.
- ii. Central Co-operative Bank : These banks are intermediaries bank. Huge accumulations of loan overdue was one of the major problems of the bank. The paid up capital due to members is reduced. The deposits are too small.
- iii. Primary Agricultural Credit Societies : These co-operative societies are at the base of co-operative credit structure. It may be started with ten or more person with nominal share value for each member. The loans received are for short-period, generally for a year and carrying an interest charge of 6%. Profits are not distributed but used for welfare of the village. Primary credit societies have been organised in almost all villages and sometimes for a group of villages. The primary credit societies are of the following types -
 - a. Ordinary type primary agricultural societies.
 - b. Gaon panchayat level co-operative societies and
 - c. Large sized multipurpose co-operative societies.
- iv. Land Development Bank : A central LDB and 21 primary LDBs with membership of 37 and 18479 were functioning respectively in the states during 1980-81. Their objective is to provide long-term loans against the loan land mortgaged. These banks have not only been of much help to farmers.

Only a few loans of rupees which they have advanced is like a small drop in the ocean of need.

v. Primary Non-Agricultural Credit Societies : During the year 1980-81, there were 403 such societies with a membership of 36000. However, one third of the societies are not functioning due to want of funds and other organisational problems.

vi. Non-Credit Societies (Statefed, Housefed, Artfed, Fishfed etc) : These societies include various categories of societies with activities in many diverse fields such as marketing, processing, gardening, weaving, housing, fishery, milk supply, transport etc. To deal with these diverse tasks, a number of state level co-operative federations have lately emerged in the co-operative sector of the state mainly as promotional, technical and guiding agencies for organising and nurturing the grass root level organisations.

* Problems Of Rural Credit : In the post independence period various attempts were made by the govt. for enriching the institutional agricultural credit structure of the country leading to continuous growth in the base and coverage of agricultural credit. Both the co-operative sector, commercial banks and regional rural banks are trying simultaneously for meeting credit requirements of the farmers. Even then, there are number of problems faced by the agricultural credit structure of the country. The following are some of these problems.

i. Insufficiency : In spite of expansion of rural credit structure, the volume of rural credit in the country is still insufficient as compared to its growing requirements arising out of increase in prices of

agricultural inputs.

- ii. Inadequate Amount of Sanctions : The amount of loan sanctioned to the farmers by the agencies is very much inadequate for meeting their different aspects of agricultural operations, considering the amount of loan sanctioned as inadequate and insignificant. The farmers often divert such loan for unproductive purposes and thereby defeat the very purpose of such loan.
- iii. Lesser Attention of Poor Farmers : Rural credit agencies and its schemes have failed to meet the needs of the small and marginal farmers. Thus lesser attention has been given on the credit needs of the needy farmers whereas, the comparatively well-to-do farmers are getting more attention from the credit agencies for their better credit worthiness.
- iv. Growing Overheads - The problems of overheads in agricultural credit continue to be an area of concern. The recovery of agricultural advances to various institutions is also not at all satisfactory. Such growing overheads has also been resulted poor repaying capacity of farmers. As a result of that the credit agencies are becoming worried of granting loans to farmers.
- v. Inadequate Institutional Coverage : In India, the institutional credit arrangement continues to be inadequate as compared to its growing needs. The development of co-operative credit institutions like primary agricultural societies, land development banks, commercial banks and regional rural banks have failed to cover the entire rural farmers of the country.
- vi. Red Tapism : Institutional Agricultural Credit is subjected to red-tapism. Credit institutions are still adopting cumbersome rules and formalities

for advancing loans to farmers which ultimately force the farmers to depend more on costly non-institutional source of credit.

Suggestions for removing limitations and problems of agricultural credit : In order to remove limitations and problems of agricultural credit in India, the following measures may be suggested -

- i. To monitor the loan offered by the govt. in a serious manner.
- ii. Co-operative credit societies should be organised to make it efficient and purposeful for delivering the best in terms of rural credit. Moreover, these societies may be transformed into a multipurpose society with sufficient funding capacity.
- iii. Middleman existing between credit agencies and borrowers should be eliminated.
- iv. Reserve Bank of India should arrange sufficient funds so that long term loans can be advanced to farmers.
- v. Powers and activities of the mahajans and money lenders should be checked so as to declare an end to the exploitation of farmers.
- vi. The govt. should introduce the credit guarantee scheme so as to provide guarantee on behalf of the farmers for getting loans.
- vii. The banks should adopt procedural simplification for credit delivery through rationalisation of its working patterns.
- viii. The govt. should issue Kisan credit to the farmers to draw cash for their prodⁿ needs on the basis of the model scheme prepared by NABARD.
- ix. In order to check the fraud practices adopted by the farmers for getting loans from different agencies by showing some tangible security, a credit card should be issued.

against each farmer which will show the details about the loans taken by them from different agencies.

1. Q. Discuss the nature and causes of price fluctuation of agricultural commodities in short run and long run.

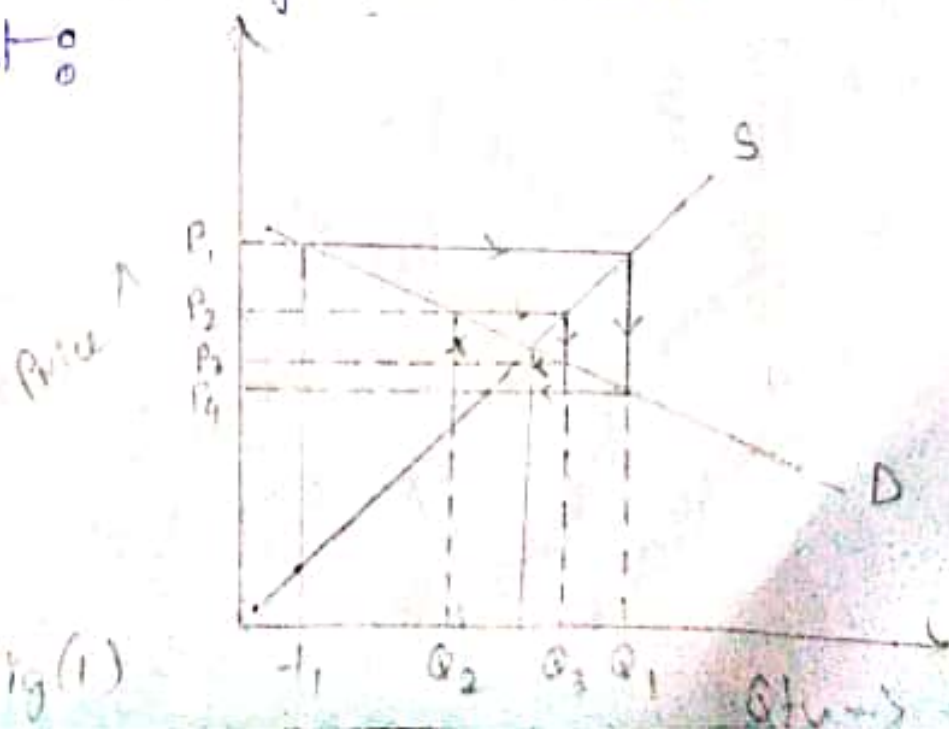
→ Prices of agricultural commodities are determined by the demand & supply. Agricultural prices fluctuate more than the prices of man-made products mainly due to the nature of supply and demand.

Short Run Price Fluctuations:

Short run price fluctuation can be discussed with the help of lag model i.e., from the time of planning of any ——— production to the harvesting it takes time eg. $t_0 - t_1$, during this gap price has change universal lag model is referred to Cob-Web model. There are three types of cyclical path in Cobb-Web —

① Convergent ② Divergent ③ Continuous

① Convergent:



Fig(1)

In the fig (i) let price increases to P_1 , at higher price demand is Q_1 and supply is Q_2 . As supply is higher than demand, price go down to P_2 . But supply is still higher than demand here. Buyer will push up the price to P_3 . In this way price fluctuate in convergent way towards eq^m level.

② Divergent:

In this case the prices of agricultural commodities became divergent rather than convergent.

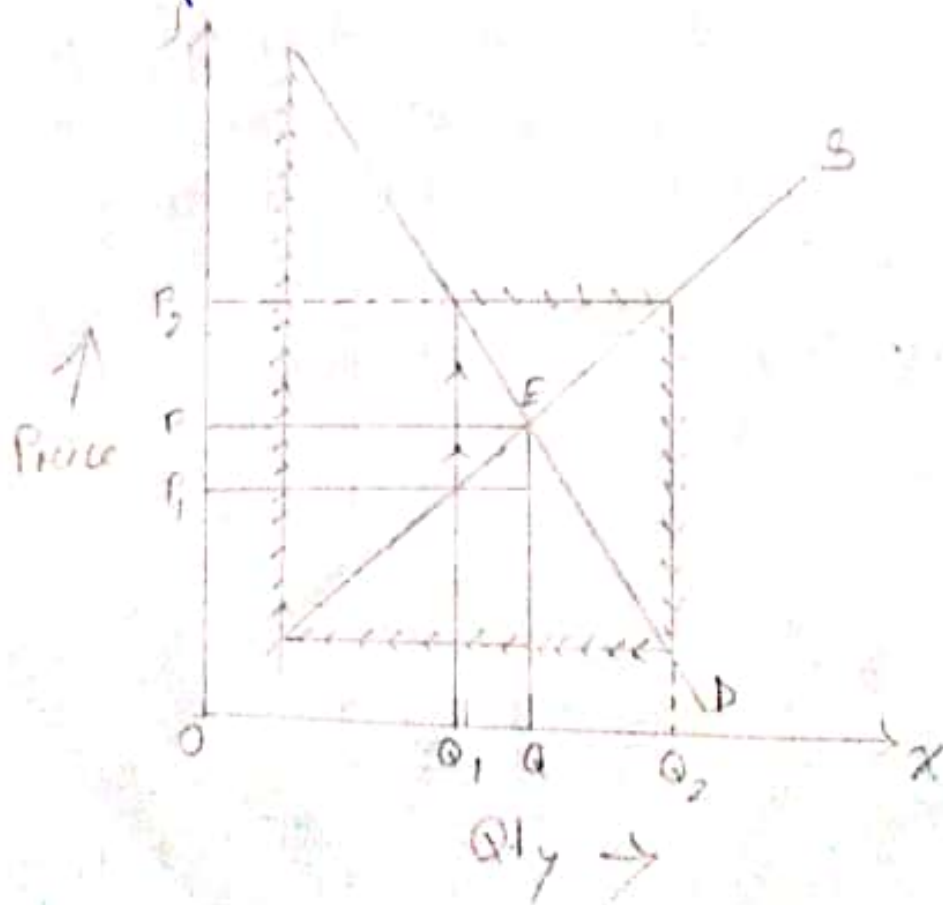


Fig (ii)

In fig (ii) let, price fall to OP_1 , when demand is less elastic, supply is less than demand, As a result price increases to P_2 . Then, price is more than equilibrium price, supply rises more than demand and price falls. The process continued. This situation of fluctuations becomes divergent & would never come to equilibrium point E.

③ Continuous:

This is the third process of price fluctuation in the short run. In this process price fluctuation is continuous in nature. There is no change in other deduction.

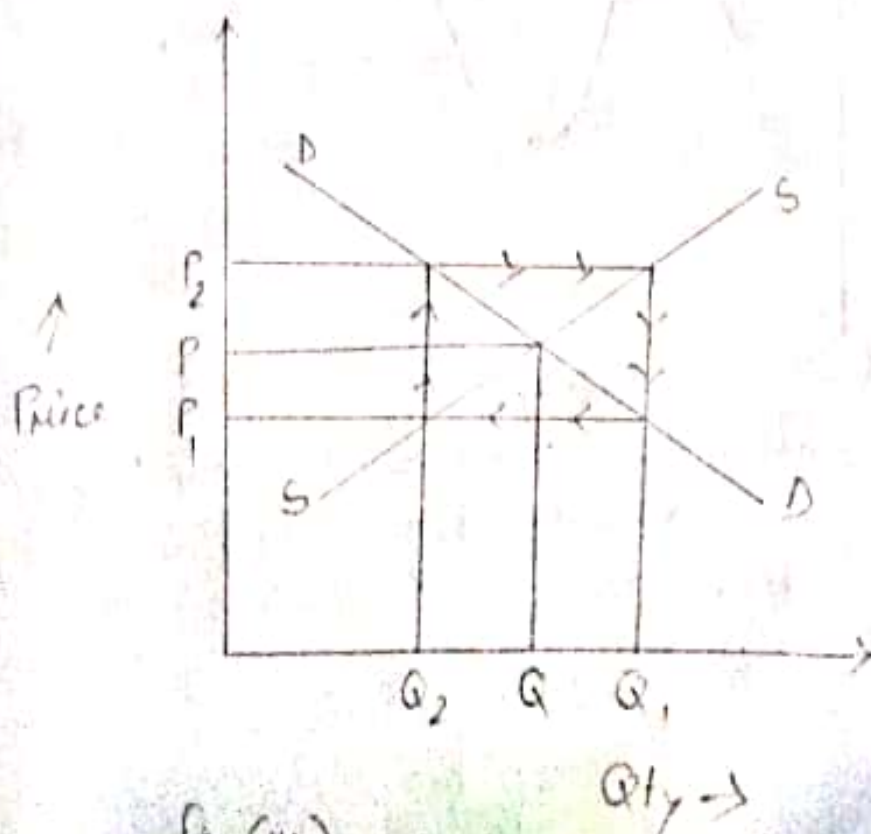


fig (iii)

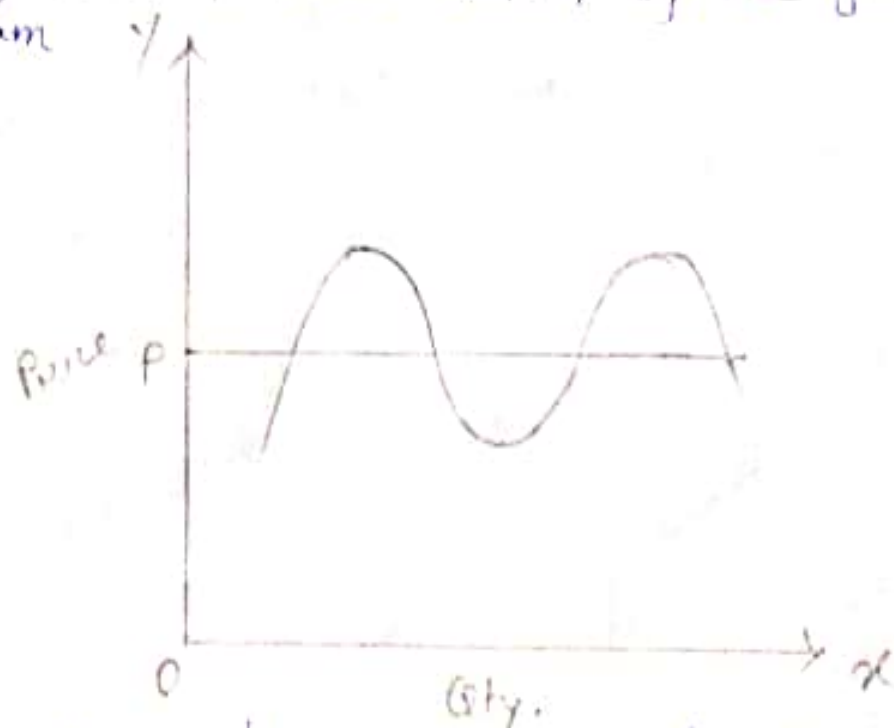
In this situation, the elasticities of demand & supply are equal. Any disturbance in the eq^m path results in gap betⁿ demand and supply. Fluctuations are systematically on the same path.

Long Run fluctuation of Agricultural Price:

Longrun fluctuation of agricultural price is measured with the help of trend equation. The equation is — $Y = a + by$

where the trend is not less than 20 years.

This fluctuation can be shown by the following diagram



The following factors are responsible for long run fluctuations of price of agri-commodities. This can be briefed under two heads —

- (A) Demand factors
- (B) Supply factors

(a) Demand factor: The demand for commodity is a schedule of the quantities that buyers would be willing to purchase at different prices at any given time. Demand for agri-commodities is influenced by many factors —

(i) Price of Commodity: Usually higher the price lower will be the quantity demanded and vice-versa. There is low income elasticity for agricultural goods in developed countries. Their MPC is low.

(ii) Development of synthetic products results less and less demand for agri-products.

(iii) High income elasticity in agricultural commodity in UDCs.

(iv) Population growth influences price fluctuation. As growth of population is higher demand more consume.

(b) Supply factor: Supply of commodity means the amount of that product that producers are able and willing to offer for sale at a given price.

(i) Impact of technology: It fluctuate agri-commodities for eg, in 1950-51 food grains production was 25 million ton and it was 200 million ton in 2001 due to the technology.

(ii) Immobility of land resources i.e., one can't shift land from one place to another place.

(iii) Climate variation: It may be regulated ^{control} ~~contained~~ _{control}.

using under control situation as _____
eg, ~~monsoon~~ monsoon is cultivated under control situation in Annam.

(iv) Environmental hazard: It may be control by organic ~~manure~~ ^{manure} in place of chemical-fertilizer. It effect supply i.e, if we apply organic manure, then productivity will be high but supply falls.

2. International Trade in Agriculture:

International trade for goods and services is based on the theory of comparative advantage. This theory outline the condition under which two countries can engaged in trade. The simplest version of the theory based on two countries, two commodities model. It states that even if a country have absolute in production of both the commodity it will be better still for the country to produce that commodity it has relative comparative advantage over the other commodity. The country can meet its demand for the ~~rest~~ second commodity by importing it from other country which have relative comparative advantage in producing that commodity; This theory is based on the free mobility of goods but not capital and labour.

Now a days - this theory in the context of trade liberalisation under WTO regime is not valid. For example, a country has comparative advantage in the production of wheat which has largely be produced by deep farmers and comparative disadvantage the prodⁿ of paddy produced by small farmers. If we apply the Ricardian logic the country export wheat and import paddy. The result will be undolining local level of food security in the one hand increase price of wheat and destroyed the economy's base and the poor farmers on the other. In fact, comparative advantage in terms of market forces can lead to disadvantages of agricultural foreign goods. Besides the decision making process of farmers may get reduced over time if too much emphasis is as trade and agricultural commodities under comparative cost advantage. The degree of specialisation and international trade have a great distance betⁿ producers and decision makers. The influence over the direction of agricultural modernisation have shifted from farmers to big businessman and large companies.

Since international trade in agricultural commodity is one form for other took place betⁿ the countries and betⁿ regions. This type of trade was based on the principle of comparative cost advantage as well as meeting demand of the people. However, in those days

There was no consideration for price stabilization of agricultural commodity globally. However, 1946 onwards when the _____ character accepted by UNO, international organisation for price stabilization of agricultural commodities was formed. This form of trading (IT) was based on the principle of international commodity agreement betⁿ the countries. Thus, there was limitation under this programme for price stabilization of agricultural commodities. The formation of WTO in 1995 is a step of stabilization of the economy is based on the objective of price & income stabilization of agricultural commodity.

* International Commodity Agreement:
Most internationally traded agricultural products are wheat, coffee, sugar, tea and ginseng which has experience to money action by the importing countries during the early 20th century. Because during that period there was no international organisation to regulate the marketing of these products. As a result there was no stability of prices in the international markets. Commodity agreement achieved international responsibility after the world war-II. When the UN was formed, the principles applicable to international

Commodity agreement have proposed in conference held at Havana to establish an international organisation with a view to promote ~~stabilise~~ stabilisation of agricultural product which would lead higher standard of living of the farming population. This also aimed at attaining full employment and conditions of economic & social progress among the primary goods producing countries i.e., LDCs. But the regulation formed for individual ICA tend to be so complex that in 1995 it didn't operate smoothly. The major weakness of ICA was that no mention has been made in the clause of A ICA to manage a 'Buffer stock' of the commodities in some places of the world so as to regulate inadequacy in the quantity supply.

* Agricultural Modernisation:

A dynamic contribution to economic development from agricultural sector depends upon the modernisation of ~~through~~ agriculture through technological change. Prof. Schultz was the 1st economist who has analysed the ways transforming the traditional agriculture in 1961. However, in the _____ of Mellan in 1966, the programmatic approach of examining ways and means to transform traditional agriculture is evident explicitly to Mellan. The evident of ~~co-apt~~ of Japan, Taiwan, Denmark and USA is due to substantial contribution of agricultural sector of these

Countries.

Basically, according to Mellare, from the point of view of different dept. of different countries, state of affairs of agriculture can be found following three phases —

- ① Traditional agriculture i.e., phase - I
- ② Phase II - Technologically dynamic agriculture with low capital technology.
- ③ Phase - III - Technologically dynamic agriculture with high capital technology.

① Traditional agriculture:

Traditional agriculture implies a backward primitive, lower intensive agriculture with low productivity and it is technologically stagnant phase in which production can be increased largely through lower increase applications of traditional form of land, labour and capital. Expansion of production in phase - I is accompanied by declining income and productivity per unit of inputs used for expansion of production.

According to Mellare, through organization of ^{farms} ~~farms~~ in low income countries where traditional agriculture is ~~is~~ ^{is} ~~divident~~ ^{diverse} varies because of differences in physical, economic or cultural factors. In these countries most of the farms are present ~~born~~ ^{born} on which bulk of labour force and even capital come from same households.

These farms are generally small in size and labour, some per unit of land is high resulting, experiences of surplus labour in agricultural production and productivity crops tend to be low on these farms. Land & labour are principal inputs of traditional agriculture, implements bullocks and it has a very low productivity. Use of more labour on a green farm follows the law of diminishing marginal productivity. It is seen that a dynamic agriculture may be introduced in ~~can~~ traditional agriculture. But here introduce a single changes in practices, these efforts on production is normally small, dynamic inputs are

* Discuss the impact of Green Revolution on Indian agriculture.

Ans: During the sixties, Indian agriculture experienced spectacular increases in prodⁿ, especially in that of wheat & rice crops. It was mainly through an increase in productivity per hectare of these crops. The jump in the rate of increase in productivity of the crops was so sudden & conspicuous that some economists termed the new change as "Green Revolution". In this period the traditional agro practices are gradually being replaced by modern technology. Initially the new technology was tried as a pilot project in seven Intensive Agro-Dist. Programme (IADP) in 1960-61. Later on High Yielding Varieties Programme was also added to IADP & the strategy was extended to cover the entire country. Therefore, green revolution is the direct outcome of new agricultural strategy adopted since mid-sixties.

Factors Behind Green Revolution: Green Revolution is the combined result of various measures taken by the govt. Some of these are:

a. Supply of Input.

- i. Adoption of High Yielding Varieties of seeds.
- ii. Supply of chemical fertilisers.
- iii. Expansion of Irrigation facilities.
- iv. Plant protection & Pest control.
- v. Development of infrastructure.
- vi. Use of machinery.

b. Multiple Cropping Programmes: It aims at increasing

the cropping intensity of land through better utilisation of the existing irrigation facilities as well as development of new irrigation potential throughout the country.

C. Provision of Agricultural Credit: The provision of cheap agricultural credit facilities has encouraged the adoption of new agricultural technology.

d. Incentive Prices: Prices of agricultural commodities became reasonably high so as to ensure that the farmers are able to meet the expenditure incurred on the purchase of new inputs but are also able to reap more profits through the adoption of modern technology.

e. Development Programmes for small & Marginal Farmers: The role of small & marginal farmers is not less important than medium & big farmers in ushering fourth the era of green revolution because these farmers do not lag behind the large farmers in the adoption of production rising technology if they are provided necessary incentives and facilities in this regard. As such, special agencies such as Small Farmers Development Agency (SFDA) & Marginal Farmers and Agricultural Labourers' Agency (MFALA) were set up to enable these farmers to adopt production rising technology.

Impact of Green Revolution in India.

a. Good impact of green revolution in India are:

i) Increase in food grain output: A major achievement of green revolution in India is the remarkable increase in food grain output which went up from 54.9 million tonnes in 1950-51 to 208.9 million tonnes in 1999-2000. This increase in turn considerably reduces India's dependence on food imports.

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ii. Increase in Marketed Surplus: The increase in the production of food grains is ultimately reflected in the increase in the marketed surplus of food grains.

iii. Generation of more employment opportunities in the agricultural & non-agricultural sector: In the agricultural sector changes in biological inputs such as quality seeds & the use of chemical fertilisers & pesticides have created more demand for labour to look after sowing, weeding & harvesting activities. Double cropping has also necessitated more labour.

Increase in agro-production has resulted in an impressive development of the agro-based industries. Labour force working in these industries has also increased.

In the manufacturing sector, factories have been set up to produce fertilisers, insecticides & pesticides & for the manufacturing of agro-machinery. These have provided employment to more workers.

iv. Rural Development: Green Revolution has also resulted in the overall rural development. The growing income of the people in the rural areas has encouraged various types of construction activities in the rural areas. A part of the expenditure on construction of school & hospital buildings & roads in quite a few cases has been met by the rural people themselves.

v. Saving of foreign exchange: Green revolution has saved the foreign exchange which was paid for all the import of food grains. The same foreign exchange has been used for the imports of capital goods & other essential commodities needed for the economic development of the country.

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vi. Increased income of Rural People: The new agricultural technology has increased the income of rural people. There is an evidence that standard of living of the farmers who have adopted new technology has gone up. Luxury goods, too are finding their way into the rural areas.

vii. Stimulus to Industrialisation: Green revolution has also stimulated the pace of industrialisation in the country by creating demand for industrial goods among the farmers. The rapid development of industries manufacturing agricultural inputs such as fertilisers, insecticides & machinery is the gift of green revolution. Increase in marketable surplus has also facilitated, in general the smooth expansion of the industrial sector.

b. Bad Impact: No doubt, the country has benefited economically and even politically from the green revolution. It has generated some problems too, in fact. There are-

i. Imbalance in the economy: Green Revolution, according to some economists, has created what they call development duality in the agro-sector. It has benefited mainly those areas which already had the advantage of irrigation facilities. According to C.H. Hanu "the principle beneficiaries of the green revolution have been the big farmers who are able to grab the superior quality inputs & credit facilities to their own advantage."

ii. Wide disparity in the distribution of income: Another harmful impact of green revolution is that it has promoted inequalities among different regions of the country. In fact the impact of green revolution is limited to only a few regions while other regions are not aware of components of it.

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In other words, new technology with its package approach could be applied only in those areas which had adequate water supply. At the same time, it led to another type of disparity. It was the disparity in income generated on farms of different sizes. Large farmers gained more because of their capacity to invest liberally in the new inputs. So the gap between productivity on large & small farms grew. And as a result, difference in the income of the large & the small farmers widened.

iii. Reduction in employment opportunity on large farms : The mechanical changes in agriculture i.e. introduction of better implements displace human & animal labour. There is an evidence to show that though the use of modern biological & chemical inputs & also the multiple cropping have increased the demand for labour, the use of machinery, by itself, has reduced this demand.

iv. Social Tension in Rural Area : Green Revolution has created a class of farmers who have resources & opportunity to prosper while others have lagged behind & stagnated. There is now a very conspicuous difference in the economic status of the two groups of farmers. This is leading to a social polarisation in the rural area.

v. Uneven Progress in Crop Production : There is uneven progress in the spread of HYVs of different crops. Still restricted crops have shown spectacular increase by adopting new technology but it failed to make any favourable & significant impact on the total agricultural

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production. Again, some important commercial crops like sugarcane, oil seeds & pulses have not been covered by new technology.

vi. Growth of Capitalistic farming: The new agro-technology necessitates heavy investment in machinery, fertilisers & irrigation which is beyond the capacity of small & marginal farmers. The rich class of farmers which has been making investment in tubewells, & agro-machinery & has reaped the benefits of the latest research & technology. Thus it resulted in the growth of capitalistic farming as well as in the concentration of income in a few hands. It has also created a class of gentleman farmers comprising ex-servicemen, retired civil servants & urban based businessmen who have adopted agriculture as an industry. The exploitative nature of capitalistic farming is well known.

vii. Storage problem: This problem became serious after the green revolution. The expansion of storage capacity could not keep pace with the increase of production of foodgrains. As a consequence of this, a large stock of foodgrains & other crops which were produced, had to be stored in the open, exposed to rain, birds & destruction. This resulted in lot of wastage.

viii. High land prices: The green revolution has put more purchasing power in the hand of farming community. This has led to speculative buying & selling of land. Prices of land have increased enormously in the green revolution belt.

ix. Increasing cost of production: The adoption of new technology is a costly affair than the traditional method of cultivation. Inputs in case of modern technology are very costly & available outside the farm. These inputs are not possible without credit facilities while big farmers possessed ample resources at

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price of sugarcane land and 224.61 lakh per

their disposal to buy all these inputs.

x. Risky affair: The new technology is more risky than the traditional cropping pattern. The risk comes from several sides. Eg - excess supply of water or deficiency, lack of proper care may even destroy the prodⁿ potentialities. Thus it involves risk unnecessarily.

Conclusion: There is no denying the fact that green revolution did create some economic & social problems. But the overall judgement can be pronounced only after looking at the positive effects of green revolution. There is in fact, a need to extend the coverage of the 'green revolution' to all crops, to all regions & to all farms, of course, without its accompanying adverse social, ecological & other effects.

Pricing and Procurement.

Agricultural price Policy : Agricultural price policy in India was introduced since independence. But the APP formulated in India has very widely for different years & also for different crops. There policy could much emphasis on the prices food grains like wheat, rice, coarse, cereals such as Jowar, Bajra, Maize etc. The price policy in India was first introduced in 1947 with the formation of food grains Policy Committee which recommended a policy of progressive decartol, reduction of imports of food grains and substantial increase in the production of food grains. Again in 1950, food ~~gr~~ food grains Procurement Committee was introduced which introduce the system of rationing & control with the supply of food grains in the country. The main objective of the price policy in India was to protect the interest of consumers. In this policy no attention was paid to provide incentive price to farmers. It was only in 1964 a clear cut policy was introduced for providing incentive price to farmers. The third planned document rightly observed that, "The producers of food grains must get a reasonable returns. In other words the farmers should be assured that the prices of food grains and the commodities that he produces will not be allowed to fall below

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reasonable minimum." Accordingly, the food grains price committee was appointed in 1964. The various recommendations of the committee were —

- i) Introduction of Rationing in major cities.
- ii) Establishing lower prices ~~so low~~ through lower prices of fair price shop.
- iii) Acquisition control over adequate stocks.
- iv) Withdrawing restriction of interstate movement of food grains.
- v) Imposing regulation & licensing of whole sale trade of food grains and finally strengthening of the administrative machinery.

Again, as per the recommendation of this committee, the agricultural price commission was set up in 1965.

In 1966 the govt. appointed another food grains policy committee which recommended the following matters in connection with the prices of agricultural commodities.

1. In order to create a favourable condition for increasing prodⁿ, the govt. should announce the minimum support price well in advance of the sowing season.

2. Procurement price should be higher than support price so that it can offer proper incentive to the producer and reasonable price to consumer.

3. To create a favourable climate for long term investment, the MSP should be fairly stable.

4. Making adequate marketing arrangement for making purchases at minimum support prices.

Moreover, in 1965 the Food Corporation in India (FCI)

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was set up for making necessary procurement storage and distribution of food grains. The policy of MSP was accepted by the fourth plan but its effectiveness depends on the efficacy of the purchasing machinery like FCI and state trading corporation (STC). The fifth plan also formulated agricultural price policy in order to meet two important considerations —

1. For providing incentive, for sustained and higher agricultural production.
2. Reducing the farmers to plan the production of various crops as per estimated demand.

Need for Agricultural Price Policy

The large scale fluctuation in the price of agricultural produce will create a disastrous effect on the economy of the country.

~~Manifestation~~

Price Policy of the govt. seeks to ensure remunerative prices to growers for their produce in order to encourage higher investment & prodn and also for safe guarding the interest of consumers by making available food supplies at reasonable prices.

The price policy of the country also seeks to evolve a balanced & indicated price structure in keeping with the overall need of the economy.

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Objectives of Agricultural Price Policy.

- 1) To protect or ensure the producer through guaranteed MSP.
- 2) To induce the desired output of different crops according to growth targets.
- 3) To induce & increase in aggregate agricultural output through large scale input use & adoption of HYVs, fertilisers and water responsive technology.
- 4) To induce farmers to part with a large proportion of food grains. prodⁿ as a marketed surplus.
- 5) To protect the consumer (specially the ~~lower~~ low income consumers) against the excessive rise in prices.

Measures introduced for enforcing agricultural price policy.

The agricultural price policy which was introduced just after independence made a compromise with the situation and followed a variable policy of progressive decontrol in 1947 and then a partial control 1955.

Then in 1959 the govt. introduced the state trading in food grains particularly in rice and wheat.

After that in 1964, the govt. introduced food zones for imposing restriction on the movement of food grains from one zone to another in order to enforce stability in agricultural prices.

In 1965, the agricultural price commission

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was set up which announced the MSP & procurement price in successive years in order to guarantee min. prices to the producers and for building up of open stocks to maintain the public distribution system.

Again in order to meet the min. needs of the weaker section of the society, the rationing system through the public distribution system was introduced in India. Accordingly, the total no. of fair price shops has increased considerably.

NAPED is also an impo. agency which appoints state agency for underwriting price support shifts (PSSs) operations.

Moreover, the govt. also implements market intervention shift (MIS) for horticultural & agricultural commodities, specially perishable produce and not covered under the PSS which helps the farmer to get reg. remunerative prices for their produce.

Short Note -

What do you mean by Agricultural pricing & procurement price in Agriculture?

Agricultural pricing policy is a policy to regulate, determine and control the prices of agricultural products. The objective is to ensure good prices for products to stimulate increased investment &

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production and also to protect the interest of consumers by ensuring food supplies at reasonable prices.

On the other hand procurement price of a good refers to the price at which the govt. procures the good from producers for maintaining the buffer stock of the public distribution system.