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RAPPORTEURS' REPORTS & SUMMARY OF GROUP DISCUSSIONS

TAXATION AND OPTIMUM LAND UTILISATION

RAPPORTEUR: DR. J. P. BHATTACHARJEE*

There are in all nine papers contributed on this subject. The titles of most of the papers suggest a general coverage of the broad field of the subject. There are, however, three papers deviating from this general pattern. One of these merely presents the factual data collected in 1950-51 from 16 villages in the Upper Ganges Doab region of the U.P. and seeks to show the variations among holdings in different size groups in the rates of land tax per acre of cultivated and of cropped lands, and in the proportion of total output and total cultivation expenses accounted for by the land tax. Another paper deals with a specific area of the general field and examines from the point of view of the optimal allocation of resources within the farm the advisability of increasing the burden of the land tax on small owner-operated holdings. There is also a paper in which the issue of taxation of land is discussed in relation to its effect on the practice of leasing out of land by the larger landowners and its impact on land improvements.

The other six papers can be conveniently classified into two groups ; one dealing largely with the issue of taxation of land and agriculture against the background of planned development of the country, and the other primarily with the present pattern of land-use in India and maladjustments in it. Papers in the former group bring in the issue of the optimum land utilisation only incidentally, while those in the latter group discuss only marginally the issues involved in the taxation of land and agriculture.

Objectives and Analytical Framework

Very few of the authors have clearly stated the objectives they set themselves in preparing the papers and have tried to develop analytical approaches to suit these. This will be apparent from a brief examination of the framework of the papers. One of the authors has adopted a descriptive, fact-finding approach and reported the results of a survey, as has already been mentioned. No attempt has been made to derive any statistical or economic relationships on the basis of these data. Indications about a few general tendencies are given on the basis of the variations in the rate and proportion of the land tax according to the size of holdings without any attempt to show their bearing on the optimisation of land utilisation. Somewhat similar data showing the proportion of land tax to total farm inputs have been quoted by another author from the recent Farm Management Reports to show the relative unimportance of the land revenue (tax). In this paper also no attempt has been made to relate the factual and proportional data to the issue of land utilisation. In fact, the paper does no more than present a few general arguments and quote a few specific proposals from another paper submitted for discussion.

Four of the papers start off with a statement of the present pattern of land-use in India and its unbalanced nature, and then jump over to a discussion of different tax measures and their likely effects. In three of these the distinction

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between the national or macro-economic level and the farm household or micro-economic sphere is not clearly maintained in discussions either of the pattern of land-use or on the need and effect of taxation. In fact, in one paper there is an interesting distinction drawn between land-use and land utilisation by restricting the use of the former term to individual management of land and the latter to use by the nation as a whole. This distinction is obviously untenable because the existing literature does not justify it. Only one of these papers tries to approach the subject in a strictly analytical framework. This paper combines a fairly balanced discussion of the land-use aspect as well as of the taxation measures.

Another paper makes its starting point the hypothesis that farmers in India are guided mainly by the prices of agricultural commodities in their land utilisation programme. In later discussions, however, agricultural prices are treated as given and taxation measures are discussed from welfare and capital investment points of view.

An attempt is made in two of the papers to set forth a deductive framework on the basis of the theory of the firm and the household. In one an attempt is made to approach the problem of agricultural taxation through the help of projected relationships between income and savings, income and investment. The conclusions drawn are that taxation, if it falls on idle balances (conversely if public expenditure reduces the gap between savings and investment) will tend to increase the level of efficiency of farmers. It is also sought to be pointed out that the effect of a progressive tax on effort would depend on the workers' subjective marginal rate of substitution of leisure for income or their subjective marginal valuation of income in terms of leisure. This analysis is followed up only partially, however, in later discussions.

The other paper in which a strictly theoretical framework has been attempted approaches the issue of the land tax on allocation of resources in small holdings within the framework of the micro partial static theory of the firm. Optimality in land utilisation is equated with maximisation of the overall efficiency along with fullest utilisation of inputs. In later analysis, however, he finds it difficult to continue the analysis in the direction of minimizing costs and switches to the criterion of maximum output.

Concepts, Arguments, etc.

It is not possible in the course of a short summary to enumerate all the points mentioned in the papers. An attempt has, therefore, been made to deal with some of the points that are fundamental to the subject-matter. These relate to the concept of the optimum utilisation of land and its application to Indian agriculture, the sufficiency and efficacy of taxation measures in general to bring about the desired shift from the present to the optimal pattern, and the cases of individual tax measures.

Optimum Utilisation of Land

Of the nine authors only five have attempted to build their arguments around the concept of optimum utilisation of land. The interpretations given by these authors are summarised below:

(i) One of the authors seems to have accepted a definition of the concept in terms of a balance between the broad categories of land-use, namely, forestry, arable farming and pasture. The main discussion of the paper centres, however, round increasing the area of cultivation by the owners themselves through the prevention of subdivision and fragmentation of land.

(ii) Owner-operation of cultivable land is taken up much more seriously as a criterion of optimality in another paper, in which it is implicitly held that the optimum land utilisation involves the abolition of the practice of leasing of land on which the system of share-cropping is based. The author here equates optimum utilisation of land with the enlargement of holding size of the smaller farms and reduction of it among the larger ones in order to ensure fuller utilisation of family labour.

(iii) Another interpretation of the concept of optimum utilisation of land as given by one of the authors runs in terms of maximisation of yield from each tract through the adoption of the best possible measures of husbandry and through the equalisation of marginal income or returns among the different uses that the tract can be put to.

(iv) Another definition discussed by one of the authors is maximisation of land productivity through the elimination of the misuse of land. The approaches to this concept as found in the available literature run in terms of the optimum intensity in land use, marginal specialisation on the basis of cost advantage and social cost and output.

(v) One author has tackled the problem from the point of view of the individual farm and the allocation of resources within it. The criterion he has used is the equation of the price of the product of land with the value of the marginal amount of land needed to produce one additional unit of the product. Unfortunately, however, the practical difficulties in the application of this criterion force the author to approach the topic from other indirect aspects.

It may be in order here to recognize the fact that the issue of land utilisation admits of separate approaches from the national and the farmer's points of view. From the national angle, the optimum pattern involves the balanced apportionment of land among the major use categories like pasture, arable farming and forestry, maximising the efficiency in the use of land in each class and minimising the costs of production of the output, simultaneously with raising the returns to the factors employed, and optimising the level of intensity in land use keeping in mind the need to improve the quality of this scarce and limited factor through irrigation, conservation, etc. From the farmer's point of view, however, the criterion for optimality is essentially of a short-run nature and is prescribed by the accepted rules governing the allocation of resources in a firm. It is best to keep in mind these two points of view in discussing relevant measures of taxation.

Sufficiency of Taxation Measures

Whether taxation measures by themselves are sufficient to ensure the optimum utilisation of land is a question that arises immediately the issue of optimum land utilisation is resolved. That the past and the existing patterns of land taxation have succeeded neither in conserving our forest and pasture resources nor in maxi-

mizing the intensity in the use of the arable lands is obvious. Besides, the issue of taxation is no longer relevant to the use of land for purposes of forestry which has now been included in the public sector. Planning, direct allocation and management at the national and State levels have, therefore, been accepted as the procedure for ensuring the optimum size and intensity of our forestry enterprises. As for the use of land for arable farming, horticulture and pastures, the policy of the Government seems to be to rely on service schemes and extension methods for improvement. At the national or State levels, therefore, there seems to be an implicit recognition of the insufficiency or unsuitability of taxation measures for optimising land utilisation. Is this hypothesis unchallengeable?

At the farm level, however, the importance of the taxation measures can be much greater, despite the very low levels and the regressive nature of the land taxes as assessed at present. Much more important, however, are the institutional arrangements regarding tenancy and credit. In fact, the sufficiency of taxation measures will increase to the extent these institutional arrangements are simplified and standardized. In any case, the role of taxation in inducing optimum land utilisation by the farmers for and among crop and livestock enterprises is undoubtedly greater than in the case of shifts from one major use category to another.

Only one of the papers discusses the question of the adequacy and sufficiency of the taxation measures in the context of optimum land utilisation. The author recognizes the limitations of taxation and advocates direct intervention or action by the Government in suitable cases. Some of the authors also discuss non-tax measures without, however, going into the general question. Imposition of ceilings on land ownership, modification of the laws of inheritance and enforcement of penal measures for failure to utilise land properly are some of the measures discussed.

Effectiveness of Taxation Measures

How far taxation measures can be effective in optimising land utilisation is an issue that has not been tackled explicitly by any of the authors. Only one author has tried to show that taxation (or public expenditure) will be effective to the extent it closes the gap between savings and investments. In the discussion of the different taxes, most of the authors have looked at the direct penal or incentive side of these. The distributive aspects have also been emphasised by many. But the extent of their effects on prices, profits and capital formation have been discussed only by a few of the authors.

Taxation Measures

The taxes discussed are land revenue and cesses, surcharge on land revenue, agricultural income tax, irrigation charges, betterment levy and wealth tax. Most of the authors have kept the developmental needs of the country in the perspective. In fact, three or four of the papers have dealt in this connection with the oft-repeated proposal for deriving a greater amount of tax revenue from the rural sector in the Third Five-Year Plan. The point of view of the farmers is accepted by some of the authors, some others adopt a national outlook, while the rest combine the two. The recommendations of the authors are discussed in the following section.

Findings and Conclusions

The more important of the findings and conclusions of the authors are summarised below.

(i) The existing pattern of land use in India is unbalanced. The shares of forest and pasture areas are very low, while the share of cultivated area, though not small, can be increased by utilising some of the waste and fallow lands.

(ii) Utilisation of land on farms falls far below the optimum in most of the size-groups of holdings. Intensity of land use is relatively low and inadequate. Capital formation is also inadequate.

(iii) Land reforms, particularly the imposition of ceilings, the reduction of rents and abolition of the system of share-cropping are urgently necessary for better and fuller utilisation of farm lands.

(iv) While the agricultural income-tax is recognised as a just and desirable measure, most of the authors who discuss it also point out that its importance is likely to decrease in future with the imposition of ceilings and the enforcement of land reforms.

(v) All the authors agree that the land revenue as assessed at present is inadequate and unjust, and does not influence land utilisation by the farmers. The proposal to make land revenue rates progressive with the size of holdings finds favour with most of the authors. In fact, all the authors agree that the burden of the land tax (revenue) should *not* be increased on the small farms.

(vi) The need for codifying the land revenue assessment procedures as well as for standardising them is advocated by some of the authors along the lines of recommendation by the Taxation Enquiry Commission (1953-54). The need for shortening the intervals between simple re-settlement operations is also mentioned.

(vii) Many of the authors advocate the inclusion of penal and incentive provisions in the land revenue codes. Differentiation in rates of land tax is advocated in order to induce reclamation of waste lands, give incentives for effecting desired shifts in cropping patterns and cultural practices and penalise wasteful practices or failures to achieve the objectives stated above.

(viii) The case for a wealth tax on land is considered by one of the authors as one of the most effective taxation measures for promoting fuller land utilisation.

(ix) Exemption of co-operative farms from agricultural income tax is also recommended by a few of the authors.

(x) The irrigation rates and charges, according to some of the writers, should be standardised and made a compulsory levy on the concerned farmers. The betterment levy should be fixed at a fair level.

(xi) Other recommendations include associating the village panchayats with revenue administration and assessment, modification of the laws of inheritance so as to allow inheritance of landed property either by one heir or a joint partnership of the heirs working together on farms as wage-earners.

It may be mentioned here that many of the recommendations are of a general nature, lacking in quantitative precision. This is perhaps inevitable in papers that seek to cover too much in too short a space. If most of the authors had narrowed down their fields to manageable dimensions, they would undoubtedly have added more to the quality of their efforts.

SUMMARY OF GROUP DISCUSSION

CHAIRMAN: DR. M. B. DESAI*

The major issues concerning land taxation measures as instruments of achieving optimum land utilisation concern not merely the allocation of available land resources as between the major purposes of cultivation, pastures and forests but also as between different crops and dairying and other subsidiary agricultural pursuits. We are confronted at present not only with the food crisis but also with the prospects of the shortage of one or more of the cash crops now and again. The question is whether the instruments of land tax would be brought to bear on the solution of these issues through a reallocation of resources to achieve not merely optimal utilisation but also the pattern of production which would be in the larger national interests. The relevant taxes that were considered in this context are land revenue, agricultural income-tax, betterment levy and irrigation cesses. Before going individually into the prospects of these taxes achieving the purposes enumerated above, it would be desirable to examine the views of the speakers on the subject.

Most of the speakers agreed that there is considerable difference between optimal land utilisation, the pattern of utilisation according to national needs, utilisation on the basis of the individual farmer's considerations and a pattern feasible under existing circumstances. Looking to the level of land taxes that obtain today, their incidence *vis-a-vis* the input factors in agriculture as well as farm returns and the by and large rigid farm production pattern due to the existence of a large number of subsistence farmers, the efficacy of the existing nature and level of tax structure to help achieve optimum or desirable land use is extremely limited. There are certain sectors such as forests which do not come within the ambit of the tax structure. Therefore, any balance in the national interest between cultivation, forests and pastures will have to be achieved by means other than the tax instrument. Even between the optimal and desirable land utilisation pattern, the former rather than the latter is difficult to reach under existing conditions even with a measurable adjustment both in the types and the level of land taxes. Emphasis was also laid on the conflict between the national objectives and the farmer's personal interests which largely go into his decision-making. It was pointed out that it is extremely difficult to strike a *via media* between the private and the social marginal costs. They are difficult to equate by taxation measures. The optimum and the national land use pattern that one might think of are invariably likely to conflict with the private or individual's interests.

As against this, it was also suggested that it would be desirable to evolve a pattern of land-use that will suit our conditions and requirement. It can be based on the existing levels of productivity, the likely technical improvements in the near future and the targets of production in different spheres. The land area available then could be adjusted on the basis of the above data to produce a certain land-use pattern. An effort can then be made to achieve this pattern through adjustments in the existing land-use structure. In case of need a few new items of taxes could also be added in order to achieve the objective. In this connection, the poll-tax was mentioned as a possible instrument to augment agricultural production. A few speakers also emphasised the possibilities of relating the types and levels of land taxes and performance by different groups and classes of farms, in order to achieve an overall improvement in agricultural techniques and higher production. Differential taxes which would include a two-tier system of tax and cess on cash

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crops were also mentioned as possible alternatives to achieve certain land-use. This was indicated as a possible way out for consolidation or co-operative farming and thus improve the structural conditions in Indian agriculture. Under this, all holdings below a certain minimum would be taxed at a level higher than the one that would prevail if they agree to consolidate their holdings. This exemption would be available only upto a certain size limit. Beyond this optima, there would be a progressive tax on agricultural holdings. This would yield both a revenue to the State as well as compel larger farms to produce more and better to equate production with higher imposts.

The systems of survey and settlement as well as the scientific nature or otherwise of the basis of assessment also came in for considerable discussion. It was agreed almost unanimously that whatever injustice or inequity that might have been in this system both on principle and procedure and whatever might have been the incidence of land revenue on the farmers on account of the defective system of assessment and settlement in the initial stages, they have largely disappeared in the changed context of the economic situation and planning era as also the fact that the land revenue has not been by and large revised for over 40 years in large parts of the country. The land tax seems to have lost most of its significance from this point of view.

Precise data to evaluate the incidence of land taxes are not available. A few broad generalisations were possible on this question. Before the World War II, land revenue was the most important land tax. There were also such taxes as sub-soil water tax and *dhekudiat* and *akashia* rates which largely resembled the irrigation cess. The irrigation cess and the betterment levies only came into the picture because of major irrigation projects executed under the Plans. It was estimated that before the War, the land tax on an average worked out to about 10 to 11 per cent of the cost of cultivation. Since 1940, but more particularly after the World War II, the abolition of the double tenures and the systematisation of the tenancy rights in the ryotwari areas, the incidence of unauthorised exactions and levies have been considerably reduced. The rise in prices have also had a favourable effect on the incidence of land tax. Even if we take into account the rise in the farm costs, the rough estimate of incidence is about 7 per cent on the very tiny holders and about 2 to 3 per cent on the large and the medium holders. Thus, the land tax as an item of costs seems to have little significance. A speaker mentioned that in the Punjab, the land tax would be only about 1 per cent of the total farm inputs. As percentage of returns it would be slightly higher or lower in relation to subsistence and medium and large farms. Even during the earlier years, that the land tax constituted a small proportion of the total farm expenses leads us to the inference that probably it played very little or no role in the farmer's decisions with regard to his crops and land-use. Later, of course, the land taxes seem to have almost disappeared as items of expenses.

Thus land tax appears to have little impact on the rural economy. There seems to have been small relationship between taxes and agricultural production and productivity. The crisis of agricultural production and productivity appears to be deepening as the declining incidence of land taxes on farm costs. This leads one to the conclusion that more than land taxation, perhaps, it is the other facets such as supply of finance, and the structural and organisational problems within agriculture that go to determine the conditions as well as the pattern of land use in agriculture in a large measure.

Water rates were levied under the previous settlements at a flat rate on all lands which carried irrigation potential but they do not seem to have guided the course of land-use as indicated by the fact that the total irrigated area is not the same as the area which carries irrigation imposts. The agricultural income-tax which is only about a decade old seems to be yielding revenue below the estimates partly because of the difficulty of locating the taxable sector and partly because of the problems of collection and administration. The ratio of the costs of collection to realisations from agricultural income-tax works out unfavourably on the whole.

A number of suggestions have been made to use land tax as an instrument of achieving certain objectives. It has been suggested that we should have differential land taxes so as to serve as incentives to higher production. It has also been indicated that land utilisation pattern as between different purposes and crops would lead to a balance between targets through tax measures. But within this framework it is possible to double the land revenue without any difficulty in order to make the agricultural sector contribute in some measure towards the Plan outlay. On the other hand, suggestions were also made to the effect that the small holders should be exempted from any increase in levy in order to avoid distress.

The betterment levy and irrigation cess also came in for comprehensive treatment. Opinions were expressed for and against the imposition of betterment levy. The criticism, however, applied more on the ways and means of levy as well as the level of these taxes rather than about any objections to them on principle. It was, for instance, pointed out that it would be unfair to tax the farmer on the basis of increased production potential on the lands that would be served by irrigation canal water. Similarly, it was pointed out that the irrigation cess should be light for a number of years and could then be steeply enhanced. Opinions were also expressed about the possibility of staggering the betterment levies as well as the irrigation cess on lands covered by major irrigation projects over a number of years or exempting them for some years, to increase irrigation farming and ensure a larger area under food crops. Apart from the practicability of achieving a highly developed and perfected system of differential levies which an approach of this nature would require, it is difficult to visualise their effectiveness. The irrigation rates such as sub-soil water, *akashia*, *dhekudiat* rates have been with us for a long time and do not seem to have any discouraging effect on the extension of irrigation cultivation. Besides, the switch-over in the techniques and the question of equipping new lands for irrigation cultivation, technical know-how and provision of finance for irrigation extension are all time-consuming processes. The experience of the existing canal system suggests that apart from other considerations, a period of roughly 20 to 25 years is needed to achieve full use of irrigation water on new lands.

Some of the speakers indicated the possibilities of indirect taxation on certain farm inputs and items of consumption entering the family budgets of the farmers. The items illustrated were fertilisers, diesel oil, kerosene, manures and iron and steel used for manufacturing agricultural implements. It was pointed out that the base of the factor-markets in agriculture is widening rapidly. New and more items are being used by the agriculturists. As these enter into the business budgets of the bigger cultivators, their imposition would have no adverse effects on the less resourceful. Similarly, taxes on consumer goods used by the farmers would also fall on those who would use them. It was, however, pointed out that the discussion on indirect taxes falls outside the purview of the subject as they are not related to

the question of land utilisation. Besides, a number of consumer goods used by the farmers already carry one or more indirect taxes along with the urban consumers. The question of additional indirect levies on the farmers' consumption, therefore, would be inequitous.

The organisational and the structural problems present formidable tasks. The provision of necessary technical know-how and financial resources are other important issues. Their solution would demand priority and attention. It is their solution that would help farming to produce a surplus and a self-generating process. Land taxes as an instrument to achieve a desirable pattern of land utilisation can only operate after these conditions are brought into existence and the rural sector acquires necessary economic sensitivity. To co-relate levels of land taxes with performance would presuppose a highly progressive agriculture. A number of political considerations would intervene and prevent enhancement of land revenue and levy of fresh imposts on agriculture. It is an important question to consider whether under our conditions it is possible to visualise taxation as an instrument to produce certain desirable results in agriculture

The discussion group appeared to be unanimous on certain major points. It was universally agreed that no relationship can be established between optimum utilisation and land taxation. The conditions both within agriculture as well as the tax system do not make this feasible. At most, some relationship can be brought about by a desirable land use pattern and the tax system provided the scope to increase land tax to the fullest extent is availed of. It is only at a fairly high level of taxation that it would be possible to raise it to some extent towards the objectives of a national land use pattern. Here also speakers agreed that whatever might be the pattern of taxes or the tax system, the two main bases of imposing them on agriculture would be the size of holding and the crop pattern. Other criteria seemed to offer limited scope for application and to work out fully and successfully.

An interesting discussion ensued on the farmers' resistance to the imposition of betterment levy and irrigation cess. It was difficult to note any consistency in this resistance *vis-a-vis* the farmer's anxiety to secure as favourable a compensation for the land they surrendered for canal construction. Whereas the compensation is paid on the basis of almost a free market price of land, the basis of land value for payment of betterment levy is the one decided by the revenue department under various land reform acts and an allowance for the production potential that would be generated. In the matter of irrigation cess, it was commonly agreed that their imposition on the basis of actual use with a provision for exemption for a certain number of years to allow for the technique of irrigation cultivation to percolate should normally be welcome.

Similarly, all speakers agreed that the system of land taxation as well as the nature of concessions and exemptions that might be offered should particularly be related to the need for technical change in agriculture and the desirability of achieving a balance between agricultural and non-agricultural sectors through a shift in work force. Discussions also ensued on whether we have achieved a certain level of technical change during the last 10 years as to justify a tax system which might not be relevant under earlier circumstances. The consensus of opinion was that we are a very long way off from the desirable state of affairs, and, therefore, any tax system that we may conceive should leave a very large margin for technical advancement for a long time to come.

ROLE OF PROCESSING OF AGRICULTURAL PRODUCE IN THE INDIAN RURAL ECONOMY

RAPPORTEUR: DR. G. D. AGRAWAL*

Eight papers were contributed on the subject "The Role of Processing of Agicultural Produce in Indian Rural Economy." One of the papers confines itself to the examination of the economics of sericulture. The study is based on the data obtained from a village survey. One paper describes the organization and working of a co-operative cotton and ginning mill in the Punjab. Another examines the prospects for hand-pounding of rice. The remaining papers deal with in general—(i) the present situation in respect of processing of agricultural produce; (ii) the steps being taken to improve the processing service; and (iii) suggestions relating to lines of approach to the problems of processing.

Processing is defined as the conversion of raw material into finished products for consumption or for preserving perishable products, *e.g.*, fruits, milk, etc. A number of papers discuss both the processing and manufacturing of agricultural produce, as it has been found difficult to make any clear distinction between the two. In one paper, distinction has been made between farm products which are regarded as raw material for other industries and those which are not. Processing is regarded as a stage in marketing. Accordingly, the production of sugar, textiles, woollens, jute goods would fall in the category of manufacturing and would not be treated as processing, while preparation of agricultural produce for use as raw material in manufacturing, *e.g.*, ginning of cotton, or for consumption, *e.g.*, wheat grinding, rice hulling, butter making, etc., would constitute processing. Whether or not distinction should be made between processing and manufacturing deserves some attention; if the distinction is to be made, where the line should be drawn and what is the theoretical basis in its support.

The problems of processing differ with the nature of commodities. Accordingly, agricultural produce could be divided broadly into the following three groups: (1) Food Crops, (2) Commercial Crops, (3) Livestock Products.

The first category of products could further be classified into foodgrains which can be stored for some time and perishable products such as fruits and vegetables. Livestock products are also perishable. The problems in respect of each of these agricultural products are indicated. Statistics are presented in respect of—

(1) the percentage quantities brought to the market for sale in the processed and unprocessed condition;

(2) the extent of wastage in perishable products due to inadequate facilities of processing;

(3) role of individual producers, co-operatives and middlemen, both rural and urban, in processing;

(4) producers' share of the price paid by the consumers;

(5) Government plan for augmenting the processing facilities.

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Sources of statistics are mainly official. Lack of objective studies and investigation for data are obvious in the papers presented on the subject. On the basis of a case study in a village in Bihar, one paper provides very interesting information on the increasing importance of machines in preference to hand method in the processing of foodgrains and oilseeds and the effect of this change on the employment situation in respect of both self and hired labour. The persons benefiting from the installation of mechanical devices are usually those who are comparatively well off, while those in the low-income group are the losers, the worst sufferers being the women-folk.

Some of the salient points brought out by the papers presented are reported below:—

(1) A growing processing industry is a concomitant of a growing economy with rising personal income.

(2) The middlemen, whatever be their status, are predominantly profit-seeking interests.

(3) The competition between the intermediaries is often imperfect, thus creating a monopoly element of one or more of the following forms:— (a) market-sharing, (b) other non-aggressive price behaviour, (c) price leadership, (d) bilateral monopoly, (e) price discrimination and (f) product and service differentiation.

(4) Rural electrification will aid in processing considerable quantities of marketable produce in the village.

(5) The seasonal variation in the production of buffalo milk is much more marked than in the case of cows; hence, processing assumes greater importance in areas where buffaloes are the prodominant milch animals.

The factors helpful to the continuance of traditional methods of processing of rice, wheat, oilseeds, etc., are mainly—

(1) the subsistence nature of farm economy

(2) inadequate transport

(3) savings in cost

(4) consumers' preference, as in the case of hand-pounded rice or *ghani* oil or conversely consumers' dislike, as in the case of tinned products;

(5) food habits, *e.g.*, *gur* fits in better than sugar in the diet of rural people.

It would have been better if some thought was given to items (2) and (3) above. The forces working in favour of mechanised processing are mainly economies in the cost of processing. However, in the case of self-employed labour, particularly in areas where alternative employment opportunities are rare, even the lowest money cost of processing would be found higher than the cost of processing with the help of self-employed labour. This aspect deserves better attention. It would be worth examining how far this factor has been responsible for the continuance of traditional method of processing in the villages. Another implication, were this premise tenable, would be that the traditional hand method of processing would prevail relatively more in regions of low-income and high density

of population, or in areas which are backward in transport. *A priori*, this is so. This aspect offers interesting scope for study.

The unanimous recommendation in favour of producers' co-operatives for processing is based mainly on the premise that the middleman's charges for processing services are unreasonably high. The farmer would add to his low-income by undertaking processing through co-operatives. The farmer's share in the price-spread would increase. Here again, there is extreme dearth of factual information in substantiation of the thesis. Incidentally, the drawback of a co-operative set-up for processing, not well integrated in respect of supplies and, entering into open market for purchases in competition with other buyers is clearly brought out by the example of the Mullanpur Co-operative Ginning, Pressing and General Mills Ltd., in Ludhiana district in the Punjab.

In the light of the papers contributed on the subject and for a better appreciation of the role of processing of agricultural produce in Indian rural economy, a discussion on the following issues may prove fruitful:—

(1) What constitutes processing in the context of the subject under discussion? Does its scope extend to production of cloth, woollen and jute goods which in common parlance are regarded as manufacturing activities? A clear understanding of this would make the discussion more precise.

(2) Which of the criteria, *e.g.*, productivity, efficiency, cost, employment, interests of producers, consumers, industries and foreign trade, etc., should get priority in decisions on the methods and agencies for processing.

The order of priority may vary with the nature of produce. In the case of commercial crops, particularly those exported, considerations of cost and quality are highly important.

(3) Should the policies in respect of processing in the case of internal and external market differ?

Here, it may be mentioned that this consideration would arise only in the case of traditional methods of processing *versus* mechanised processing. In the case of the latter, the question of difference in policy does not arise so far as cost and quality are considered.

(4) What are the strong and weak points of producers' co-operatives and middlemen as the alternative agencies for processing?

(5) Should producers' co-operatives be given favoured treatment; if so, in what way?

(6) In the rural economy, should certain areas of processing be restricted to traditional methods as advocated in favour of hand pounding of rice? Obviously, to repeat, the problems and policies may vary for each product.

(7) How best to resolve the interest of producers and consumers when emphasis on a particular method, or agency of processing leads to a conflict of their interests?

(8) The role of processing of agricultural produce in Indian rural economy which forms the title of the subject for discussion has not been covered in the papers adequately in respect of the suitability of processing as an additional activity in villages and its various advantages. Perhaps, it was considered too elementary. However, a discussion on the role of processing in respect of the above aspects would be worthwhile.

With meagre data and inadequate analysis of the available information, any value judgment on the issues mentioned above may be difficult but the discussion here should create greater awareness of the problem and arouse interest in the study and investigation of the various issues relevant to the processing of agricultural produce.

SUMMARY OF GROUP DISCUSSION

CHAIRMAN: DR. D. K. MALHOTRA*

The various issues arising from the study and presentation of the subject in the eight papers contributed on the subject were summarised by Dr. G. D. Agrawal.

Inviting the members to offer their views on the various issues, Dr. Malhotra said that a discussion of the precise meaning to be attached to the term 'processing' may not prove very fruitful because whatever definition was suggested, there would be some snags or exceptions. Moreover, nothing vital in the study of the subject under discussion depended on their success in reaching a completely acceptable definition of the term. The more important issues to discuss were whether processing of agricultural produce should be carried out in such a manner as to bring larger income to the grower of agricultural produce and more economic strength to the rural economy, whether there was scope for reducing the cost of processing and whether processing at the village level was necessary to create additional employment opportunities in the rural areas. In a sense all these were facets of a single wider problem of integrating processing of agricultural produce with the other operations of agricultural production.

During the discussion that followed it was pointed out that various considerations had to be kept in view in arriving at a clear concept of processing and that without at least a reasonably workable definition of the term it may not be possible to examine the various issues connected with the role of processing of agricultural produce in the Indian rural economy. One suggestion was that a line of demarcation between 'processing' and 'manufacturing' could be drawn on the basis of the scale of production as well as the methods and techniques used including the use of power. Where the produce was put through processes which would make it usable for direct consumption, the operation could be called processing but where it was converted through use of power and mechanised processes into a finished product, it would be manufacturing. On the other hand, it was pointed out that the scope of the term 'processing' would include also manufacturing be-

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cause it was difficult to identify the stages in the process of converting agricultural produce into the final product for which the term 'processing' should be exclusively reserved. It was generally felt that an attempt at trying to evolve a widely acceptable definition of the term processing might not be very fruitful. The consensus of opinion, however, was that processing in the context of the discussion of the subject should refer primarily to the preparation of agricultural produce for the market at the village level and as far as possible by the grower himself, functioning either individually or collectively through associations or co-operatives. It was also agreed that processes not connected with agricultural produce as such, *e.g.*, sericulture, could not be brought within the scope of the subject.

During the discussion of the various issues connected with processing of agricultural produce it was pointed out that in the case of some articles, particularly those of perishable or bulky character, *e.g.*, milk, fruit, sugarcane, etc., processing at the growers' end or at the village level would not only be desirable but was almost inevitable. Further it was mentioned that by undertaking processing at the village level particularly through co-operative form of organisation it would be possible to reduce the cost of processing and bring larger income for the grower. The experience of the working of certain cotton sale and ginning co-operatives functioning in Gujerat was cited to establish the point that the undertaking of processing through co-operatives resulted in bringing a better price for his produce to the grower. It was, however, pointed out that the success of these co-operatives was at least partly due to the presence of conditions favourable to their success, *viz.*, the limited number of varieties of cotton in the tract covered by the operations of the society, standardisation of the product and the consequent policy of price pooling among the members of co-operatives. It was felt that while the experience of a few co-operatives did not furnish a conclusive evidence that processing of agricultural produce through growers' co-operatives could be successfully undertaken in the same types of agricultural produce in other parts of the country also or would be successful in all kinds of agricultural produce, it did indicate that where co-operative processing was successfully established it brought definite economic gains to the growers. It could also result in establishing a kind of price leadership by the co-operative so that even those growers who were not members of the co-operative society benefited from the higher price which they could obtain for their produce.

It was generally felt that the undertaking of processing of agricultural produce through co-operatives would have better chances of success if it were attempted in areas where conditions were favourable. Among the conditions mentioned were homogeneity of the commodity dealt in and the measures already taken for its proper grading and standardization. The general trend of thinking was that at the early stages of its working at any rate a favoured treatment should be accorded to the processing co-operative. One view was that within the area over which the operations of a processing co-operative extend a kind of virtual monopoly should be established in its favour by denying certain facilities, for example, wagons for transport, etc., to the private entrepreneurs. On the other hand, it was pointed out that it would not be desirable to prevent individuals from functioning in the sphere of processing and the field should be left free for both co-operatives of growers as well as individual growers to function. There was, however, consensus of opinion that the processing co-operatives would need and should be provided certain facilities in respect of storage of agricultural

produce and its transport. It was also mentioned that where agricultural produce was processed for markets outside the village or in foreign countries, arrangements will have to be organised for the study of the market trends and market requirements.

In regard to the impact of the processing of agricultural produce on employment in the rural areas it was mentioned that this aspect was closely linked with the level of techniques used and use of power. While for agricultural produce which was to be made usable for consumption at the village level, elementary techniques might perhaps suffice, it would be necessary in regard to agricultural produce processed for the market to use better techniques. It was recognised that in some cases this might cut across the employment objective. It was, however, felt that the question of higher techniques *versus* larger employment was a somewhat bigger issue which has to be examined with reference to the economy as a whole and the rate of technical change which it can absorb.

It was felt that the undertaking of processing by the producers individually or collectively need not result in a conflict of interest of the growers and the consumers. It was recognised that in a few cases the feeling may arise in the minds of the consumers that the benefits of processing arising through the displacement of middleman were accruing entirely to the growers and were not being shared with the consumers. This would, of course, arise where a growers' co-operative had taken the place of an erstwhile middleman. The general view, however, was that a co-operative even if it were functioning in a quasi-monopolistic position would not act to the detriment of the consumers to the same extent as a similarly placed middleman might do. On the whole, it was felt that the mere fact of the grower undertaking the processing of agricultural produce need not give rise to a conflict of interests of the producers and the consumers. The grower would no doubt have to take great care that consumers' interests are not overlooked in such matters as the quality of the processed goods.

Finally, the group recorded its recommendation that the Indian Society of Agricultural Economics should undertake studies in different parts of the country in respect of selected agricultural produce—food, commercial and livestock products—with a view of obtaining data on the existing position in regard to the processing and the scope for processing at the village level. Some case studies should also be taken up of the co-operative and other agencies of growers who are engaged in processing so that more accurate information becomes available in regard to the conditions pre-requisite to the successful undertaking of processing by growers and the precise benefits that accrue to the growers as well as the rural community in general.

TECHNIQUE OF EVALUATING RURAL DEVELOPMENT PROGRAMMES

RAPPORTEUR: PROF. D. GHOSH*

The authors are all agreed on the need for evaluation of Rural Development programmes. Briefly, the programme relates to a basic sector of our economy and covers an increasingly large proportion of the population.

They are also agreed on the meaning and purpose of evaluation of the programme. Its purpose is to measure the progress achieved in terms of the objective or objectives for which it has been designed and to serve as a guide for the future.

The objectives have been classified by Agrawal into fundamental, general and working or specific. Kurian further suggests that there should be a consensus of opinion on the priority of objectives, but does not say how the priority list is to be prepared.

Since the purpose of évaluation is to act as a guide to the framers and operators of the programme, it should cover both its content and methods including organisation, resources. Singh would want an evaluation even of the objectives.

Agrawal enumerates different types of evaluation ; informal and formal. But most authors, including Agrawal are in favour of scientific, objective and independent evaluation. Jain states his view succinctly on page 117. Kurian is of the same view. But Pande who is preoccupied with an examination of how the information already available in the normal course (of administration) can be best utilised for evaluation, seems to give the impression that normally evaluation should be done by the administrator, but there should or may be periodic *ad hoc* surveys, apparently by others.

To be objective, evaluation should be based upon data collected scientifically. Not many authors have considered the two issues of what facts to collect and how to collect them. They state that the relevant facts may be a legion, and that some selection should be made. But they do not discuss how this selection should be made and the appropriate questionnaire prepared. Shastri, however, devotes a good deal of attention to the issues connected with the collection of facts, *e.g.*, the representativeness, and size of samples, period of survey, etc.

Mandal draws attention to the need for adapting the evaluation to the phase or stage of development of the programme. He enumerates three stages—the formulation, the execution and the post-execution. Different tests are appropriate to these different stages of evaluation of the programme. According to Mandal, the test proper to the formulation phase, is the degree to which the plan is based upon the felt needs of the people, it must also take into account the resources of the area.

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Most authors, however, concern themselves with tests that are relevant to the execution stage of the programmes. The fruits of the programme are divided into tangible and intangible or subjective and objective. Bansil and Singh confine themselves to indices of agricultural and economic changes, though they do not ignore or under-rate the importance of non-economic changes. Others consider, in different measures, the problem of measuring social and cultural changes. Bansil is not satisfied with indices of production, production potential or income per capita ; he wants more refined indices, *e.g.*, caloric or starch content, etc. Mandal attaches good deal of importance to evolving measures of capital formation. All authors are in favour of physical productivity or input-output or cost-benefit tests. Mandal and Jain would like some "attitude" tests to be employed. Agrawal mentions some of the devices that can be used to measure intangible benefits in qualitative terms. Pande argues strongly for a single weighted index of progress for whole blocks, districts, states and the country. But I am not sure if he has sufficiently considered the problem of weighting involved in the preparation of such an index.

There is, finally, the problem of isolating the effects or impact of the programme from those of other factors to which the areas under study may be exposed. References are made to the utility of bench-mark surveys and control blocks ; but the problems of employing these techniques are not discussed adequately.

SUMMARY OF GROUP DISCUSSION

CHAIRMAN: PROF. D. GHOSH

The members of the group were in agreement on the need for evaluating the rural development programme in the country. There was also broad agreement on the meaning and purpose of the evaluation. The programme was to be evaluated in terms of its objective or objectives. The evaluation should cover both the content and the method of the programme. There was some discussion on *whether* the objective or objectives should not be evaluated too. The group concluded, with some dissentients, that while the broad objectives of the programme as laid down by the Government might be accepted, it was necessary to evaluate the specific targets in relation to the needs and resources of individual blocks. *Two issues* were raised at this point ; how should the needs and resources be ascertained and who should do it. It was agreed first, that the determination of the needs and resources of each area should be the responsibility of the villagers, they should, however, be assisted in their effort by properly organised socio-economic surveys, and secondly that while the programme should take note of the felt needs of the people, it would be necessary to go beyond them and include items which were required for in the interest of national development. However, no pressure should be used ; on the other hand efforts should be made to educate the people on the importance of these items in the rural programmes.

The group believed that the evaluation should be independent and objective. It should be done by an organization other than the agency or agencies responsible for the execution of the programme and it should be based upon scientific collec-

tion and analysis of facts. It was necessary in this connection not only to resort to sampling, but to ensure that the samples were adequate and the sampling truly random.

The group thought that the tests to be applied should be appropriate to the stage of development of the programme and the importance of the time factor should be kept in mind. Moreover, different criteria had to be used in respect of tangible and intangible effects of the programme. It was, however, agreed that a rise in income per head which is not accompanied by increased inequality of distribution could be regarded as a fairly reliable test of economic improvement, while the degree of social consciousness provided a good index of social progress. In this connection, it was necessary to ascertain the impact of the programme not only on the community as a whole, but on the different sections, especially the poorer and the socially backward sections.

Some members of the group were in favour of using various refined indices both in the framing and the evaluation of the programme. It was, however, agreed that while there should be continuous effort to improve the tests it was not possible in the conditions of our rural economy, to use very refined indices. The group emphasised the necessity of measuring changes in capital formation and in the attitude of the people. These should be regarded as indices of long-term changes in the economic and social bases of the rural community.

The group finally considered the problem of isolating the impact of the programme on the people of an area from the impact of other forces to which they might be exposed. It was agreed that while "repeat bench-mark surveys" and "control" or "shadow blocks" were useful instruments, they did not completely solve the problem and the evaluator had to supplement these by his understanding of the operation of social and economic factors, to arrive at reasonable conclusions on the specific contributions of the programme.

THE ROLE OF AGRICULTURE IN THE THIRD FIVE-YEAR PLAN

RAPPORTEUR: PROF. M. L. DANTWALA*

We have ten papers for the subject "Role of Agriculture in the Third Five-Year Plan." All the papers emphasise the critical importance of the problem of increasing agricultural production, particularly in view of: (1) the accelerated rate of growth of population, and (2) inflationary pressure consequent upon a large investment programme during the Third Five-Year Plan. Disappointment has been expressed at the performance of the agricultural sector during the Second Five-Year Plan, and the Planning Commission has been blamed for its complacency and want of foresight. Exception has been taken to the shifting of emphasis during the Second Five-Year Plan from Agriculture to Industry, and within the agricultural sector, from cereal production to diversification of the cropping pattern. Failure to realistically estimate the rate of population growth has also been mentioned as a factor contributing to the imbalance between demand and supply of foodgrains. Several papers refer to the impact of land reforms on agricultural production and express the view that the half-hearted and ineffective implementation of the reforms, and much more so, the uncertainty arising from frequent amendments and the changing policy objectives have had an adverse psychological effect. Reference has also been made to the failure to introduce an integrated price policy for the agricultural sector. The inadequacy of financial allocation for the agricultural sector is considered a major drawback of the Second Five-Year Plan. An equally important factor which has come in for much comment is the inefficiency and ineptitude of the supply and service organizations.

Arising from this appraisal, a strong plea has been made for according "highest priority" to agriculture and for "an all-out national effort" at intensifying agricultural production during the Third Five-Year Plan. Some idea of the expectations of achievements in the agricultural sector may be provided by reference to some of the papers. One paper expects that planning in agriculture should lift the rural economy from its subsistence level to one producing for the market. It laments that "Plan effort has (thus) not helped agriculture to a self-generating and financing process." Shri L. P. Sinha suggests that "agriculture should be so organised that food problem or crisis is solved, imports of foodgrains checked, mounting spiral of food prices brought down and stabilised, drainage of foreign exchanges due to heavy food shortage stopped and balance of payments position made easier." He observes that all these problems have to be tackled simultaneously so that the Plan may not be reshaped and re-phased in the middle. He also emphasises the imperative necessity of setting up at least 14 fertilizer plants of medium and moderate size of the total capacity of 17½ lakh tons. Land area under foodgrains and commercial crops should increase from 272 million and 60 million acres (1954-55) to 300 million and 100 million acres respectively by 1965-66. He also desires that population growth and increase should be limited to between 5 to 5.5 million per year.

As against this, it is worth noting that some authors have cautioned against being stampeded into uncritical emphasis on the agricultural sector. Thus, Dr. M. B. Desai suggests that we should not be forced into planning entirely on the basis of certain emergencies, and adds: "It is only through (such) a stead-

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fastness to long-term needs in agriculture that it would be possible for us to free ourselves from sudden appearance of emergencies and problems such as food shortage, floods, crop failures, etc., than merely (by) concentrating on them from year to year and devoting scant or little attention to the long-term issues in agriculture." Prof. D. C. Misra also observes that "it is essential for rapid economic development in the country that agriculture should not get a disproportionate emphasis in the Third Plan" and makes a plea for a correct balance between agriculture and industry in the Third Plan. He observes: "It is generally argued that investment in agriculture is in many ways a better proposition than investment in industry. The capital-output ratio is smaller and the output is generated more quickly in agriculture than in any other enterprise. But this argument neglects the benefits of such investment on *growth factors*, on future savings and investment, on consumption and population growth." Prof. S. K. Bose argues that "the approach to the rural sector in the Third Five-Year Plan shall be basically the same as in the preceding one and there is no going back, in the interest of agriculture and the agriculturist himself, from the emphasis on rapid industrialization".

To sum up, it will be seen that every conceivable factor which, with any semblance of plausibility, could be marshalled to explain the failure of the agricultural sector has found place in the set of papers before us. These factors include: complacency of the Planning Commission and lack of foresight and co-ordinated approach, inadequate allocation of financial resources, lack of sincerity in implementation of land reforms and their ineffectiveness, adverse pychological effect of proposals like ceiling on holdings and co-operative farming, the uncertainties about the future agrarian set-up, absence of integrated price policy, organisational failure in matters like distribution of seeds, fertilizers, etc., and non-utilisation of irrigation potential (see particularly facts revealed in Dr. Srinivasan's Paper), excessive reliance on Community Development Projects, etc. The enumeration of the factors responsible for the failure automatically indicates the line of remedial action for the Third Five-Year Plan.

It would, however, be unrealistic to proceed on the assumption of unlimited financial and organisational resources during the Third Five-Year Plan. If planning means a judicious selection between the competing alternatives and allocation of priorities from amongst an exhaustive list of worthwhile objectives and lines of action, the major task during the discussion on these papers would be to indicate such a choice and priorities.

With this in view, some issues around which discussion may be organised are indicated below:

(1) Critical appraisal of the production trends; assessment by regions and crops; contribution of increased area and that of developmental effort.

(2) Assessment of demand for foodgrains and commercial crops during the Third Five-Year Plan.

(3) Overall financial allocation to the agricultural sector and investment priorities within agriculture. In this connection, an indication should be provided, to the extent possible, of developmental activities handicapped by lack of sufficient funds *by reference to* Progress Reports of the State Plans.

(4) The problem of organisation: allocation of functions and of responsibility between Government Departments (such as Agricultural and Irrigation Departments), co-operative movement, community development and NES and Panchayats.

(5) Formulation and implementation of an integrated price policy; minimum prices; price relatives between agriculture and commercial crops; agriculture and consumers' goods; mechanics of integrated pricing; statistical basis; problem of forecasting—uncertainties of supply.

(6) Content of land reforms and suggestions for their more effective implementation.

(7) Problem of marketable surplus; hoarding; price incentives; institutional arrangements—procurement methods, co-operative marketing, state trading.

SUMMARY OF GROUP DISCUSSION

CHAIRMAN: PROF. M. L. DANTWALA

The group felt that it would be useful to assess the performance of the agricultural sector during the Second Five-Year Plan particularly with a view to ascertaining whether it had any lessons from which we could benefit in the formulation of the Third Five-Year Plan. Naturally, attention was first devoted to the performance of the sector in relation to production. It was realised that care should be exercised in the choice of the statistical method used for analysing the production trend, but whichever way this was done it was clear that production had registered a distinct improvement. It was pointed out that, whereas during the First Five-Year Plan, under the best of weather conditions, the economy was able to produce a maximum of 68 million tons of foodgrains, during the Second Plan the highest production already achieved was 73.5 million tons—indicating a substantial increase in the production potential. No doubt production has not come up to our expectations but it is for consideration whether the expectations were not pitched too high and without a realistic assessment of our organisational and resource capacity to bring about the increase. In this connection, it was pointed out that during the Third Five-Year Plan the planning technique will need to be improved if the disappointment resulting from excessive shortfall in achievement and performance is to be avoided.

It was also suggested that the performance of the agricultural sector should not be judged solely in terms of production. It would be more useful to judge it in terms of the achievement of the organisational targets such as multiplication and supply of improved seeds, supply of fertilizers, extension and utilisation of irrigation potential, etc. In attempting to do this, the group was handicapped by the absence of authentic information regarding the progress in these fields. We were told that during the last year or two, there has been considerable improvement in the performance in these fields as reported by State Governments. If so, the group felt that there was need to disseminate this information more ex-

tensively. It was necessary for the administration to remove the feeling that there has been a serious failure in the agricultural sector if the facts do not warrant such a conclusion.

The group also tried to discover the major factors which may have hampered the progress in the agricultural economy. The question was specifically asked as to the extent to which progress was impeded by lack of adequate funds provided to the sector in the Second Five-Year Plan. Supply of fertilizer was mentioned as an instance where inadequate allocation had impeded progress. It was also mentioned that in some States, at any rate, land development could have been attempted on a much larger scale had adequate funds been available. But the consensus of opinion was that the major obstacle to progress was the weakness of organisation. It was emphasised that fuller and better utilisation of the available resources would be achieved through improvement in the organisation, official as well as non-official, in the agricultural sector.

This brought us to the question of the role of agriculture in the Third Five-Year Plan. Most of the authors had suggested that agriculture should be given "top priority" during the Third Five-Year Plan. Attempt was made to spell out more precisely what the allocation of top priority really meant. It was mentioned that this did not necessarily mean simply allocating larger funds for the agricultural sector, though this may be necessary to some extent. A more important question was of strengthening the organisational set-up concerned with the developmental programmes. This involved not merely the governmental administration but also such semi-governmental institutions like the co-operatives.

The need to ensure stability in prices of agricultural commodities was also mentioned. A specific question was asked whether production was suffering because of inadequate incentive provided by prices. It was felt that more than the level of prices what mattered was a more stable price level which would remove the fear of uncertainty from the mind of the cultivator.

Questions of implementation of an integrated price policy and the role of land reforms during the Third Five-Year Plan were raised but it was not possible to devote adequate time to the discussion of these topics.

PROCEEDINGS OF THE NINETEENTH ANNUAL GENERAL MEETING HELD AT BARODA ON 27TH DECEMBER, 1959

At the Annual General Meeting of the Society Sir Manilal B. Nanavati retired as President of the Society after 18 years of its stewardship. For some time past he had frequently expressed a desire to retire because of advancing age and the strain of day-to-day work. He felt that with the rapid economic development of the country, problems of Indian agriculture were becoming more complex and the Society should have a younger person to pilot its activities. Members had not permitted him to retire pending the International Conference of Agricultural Economists in 1958. The successful holding of the International Conference in India, in a way, marked a stage of the Society's progress, and he felt that this was a proper time to hand over the charge to his successor. He proposed Prof. Karve's name for the Presidentship of the Society and expressed confidence that under his presidentship, the Society will continue to prosper. The suggestion was unanimously approved with acclaim by members.

At the unanimous desire of the members, Prof. Karve was elected the President of the Society. Thereafter other office-bearers were elected. Prof. D. R. Gadgil then proposed a vote of thanks to the President of the Conference, Dr. S. R. Sen, to the M. S. University of Baroda—the hosts of the Conference—and the office-bearers of the Reception Committee and volunteers for the excellent arrangements made by them for the Conference. He made appreciative reference to Dr. Sen's contribution to Agricultural Economics research in this country and observed that he had played a leading part in building up the new institutional structure of India's agricultural economy. The establishment of Agro-economic Research Centres, the initiation of Farm Management Surveys and other developments in agricultural economics owed much to his initiative. His help and support to the Society's activities were also gratefully acknowledged. Prof. Gadgil then referred to the University of Baroda as an old place of learning and academic discipline and recalled his old associations with Baroda. The young University of Baroda was developing rapidly as an academic and cultural centre and members of the Society were happy to meet at Baroda. Sincere thanks were conveyed to the M. S. University of Baroda for their courteous hospitality. On behalf of the Society and the delegates, he thanked the Vice-Chancellor for the personal interest he took in the organization of the Conference and in its proceedings.

After the formal business of the meeting, a function was organised in honour of the retiring President, Sir Manilal B. Nanavati. Prof. D. G. Karve said that Sir Manilal had been a part of our academic life since many years. As a token of appreciation and gratitude of the members for the invaluable service rendered by him in building up the Society, a silver plaque was presented to Sir Manilal. The Special Number of *The Indian Journal of Agricultural Economics* brought out in his honour was also presented.

Speaking on the occasion, Prof. M. L. Dantwala said that the Agricultural Economics Section of the Bombay University was Sir Manilal's creation. Right from the start he had taken keen interest in its development. "In a way, all of us are products of Sir Manilal's efforts. We in the Agricultural Economics Section in the University grew in our academic career with the Society under his in-

spiring guidance." He further observed that during his association with the Society for the past twelve years and more, he has learnt many things from him not only in the sphere of academic work but also in many other walks of life. During these years, he had 'quarrelled' the most with him. "I was so sure of his affection that I did not stop to choose my words." "The trouble was he was invariably an optimist and I was usually a pessimist." He narrated at length the story of Sir Manilal's optimism in getting financial assistance from Government in which he succeeded ultimately. He said that Sir Manilal cannot retire for even though we might not have him as a President, his blessings, guidance and inspiration will be there. "He cannot leave the Society and the Society cannot leave him". Dr. S. R. Sen paying tributes to Sir Manilal agreed with Mr. Elmhirst who, at the last International Conference of Agricultural Economists, had referred to Sir Manilal as the God-father of the Indian Society of Agricultural Economics. There could not be a more apt description of Sir Manilal's work. He referred to Sir Manilal's long and active association with the Indian Agriculture and observed that "personalities like Sir Manilal never retire." He wished him many more years of long and active life.

Dr. V. K. R. V. Rao associated himself with the sentiments expressed at the meeting and said that Sir Manilal had always found happiness in his devotion to work relating to agriculture. The Society was his child and he hoped that his guidance will always be available even though he was retiring. Prof. D. G. Karve said that emotion uppermost in one's heart on the occasion was that of deep gratitude. "When one looks back to the last 20 years or so, one is struck by the devotion with which Shri Nanavati has nursed and developed this Society. The whole character of this institution has been changed by Shri Manilal Nanavati." Sir Manilal gave a new and more constructive and a continuing meaning to the Society's activities. After his retirement from the position as the Deputy Governor of the Reserve Bank of India, instead of enjoying a well earned rest he went from door to door collecting donations in aid of Society. Sir Manilal set aside many tempting assignments in business undertakings and gave all his time to the Society and to the promotion of the interests of Indian agriculture. He said that Sir Manilal was retiring only in the sense that we shall not bother him with the routine work, but for all practical purposes he will continue to guide the work of the Society. In conclusion he expressed members' deep sense of gratitude for all that Sir Manilal had done for the Society as also for his life's message to the profession to become better economists and to make constructive contribution to the development of Indian agriculture.

Sir Manilal acknowledged the kind words expressed on the occasion and thanked the members for presenting to him a silver plaque and the special number of the Journal. These mementos, he said, he would cherish as a "token of your good-will for me", and promised to continue to do the work of the Society as long as he could. Tracing the growth of the Society and the mile-stones in its path of progress, he said that three institutions had mainly helped the Society all along. The first was the Agricultural Economics Section of the University of Bombay right from Professors C. N. Vakil and J. J. Anjaria to Prof. M. L. Dantwala, Dr. M. B. Desai and their associates. The second was the Reserve Bank of India—from Sir Chintaman Deshmukh and Sir B. Rama Rao to Dr. Madan, Shri Jakhade and their colleagues. The advice and guidance of Prof.

Karve and other distinguished men connected with the Reserve Bank were always available to the Society. The third institution to which the Society owed a great deal was the Ministry of Food & Agriculture in the Government of India and particularly Dr. S. R. Sen. Shri H. M. Patel in his capacity as Secretary to the Ministry of Agriculture was the first person to get a generous grant for the Society from the Ministry. In 1952, Mr. L. K. Elmhirst came to India and with his help and the help of the Government of India, Prof. Ashby and subsequently two other eminent agricultural economists from U.S.A. were invited to survey the progress of teaching and research in Agricultural Economics in India. It became possible to invite the International Conference of Agricultural Economists in 1958 because of the generous grant from the Ministry. With Dr. Sen's help the annual grant to the Society was increased. Lastly, he said that the members of this Society had played a notable part all these years in the building up of the Society as a premier research institution in the country. He expressed a fervent hope that the Society would play an increasingly vital role in further stimulating interest in the study of the problems of agricultural economy of the country under the able guidance of Prof. Karve.