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BOOK REVIEWS

Regulation of Forward Markets, W. R. Natu, Asia Publishing House, Bombay, 1962. Pp. x + 280. Rs. 18.00.

India is perhaps the only country, besides the U.S.A., in which the regulation of forward markets has been undertaken on a comprehensive scale. For this purpose the Government of India enacted the Forward Contracts (Regulation) Act in 1952. The book attempts to review the working of the forward markets under the Act until about the middle of 1960. The Act established the Forward Markets Commission as the operating agency of the Central Government and armed it with certain definite powers. The author, an eminent economist and brilliant administrator, was appointed as its member in 1954 and was its Chairman from 1955 to mid-1960. The book, therefore, is not only an authentic account of the progress in regulation of forward markets in India but provides a critical assessment of the Commission's work by a person who was intimately associated with it right from its inception and was responsible in a large measure in shaping its policies and forging its instruments of regulation.

The book begins with a short standard account of the nature and functions of forward trading and of its advantages and drawbacks. This is followed by a review of development of forward markets in India and the earlier attempts at their regulation, leading to the enactment of the Forward Contracts (Regulation) Act in 1952 and the setting up of the Forward Markets Commission for its administration. The following five chapters are devoted to the detailed study of the working of the forward markets in cotton, oils and oilseeds, spices, jute and *gur*. These chapters give very useful account of the constitution and working of the associations dealing in these commodities, the main features of the contracts traded and various problems which cropped up during the course of their regulation. Thus they provide a wealth of information to the students of commodity exchanges in India.

After a detailed review of the working of the forward markets the author in the chapter that follows, throws light on the problems that arose in their regulation. Since the regulation of forward markets was attempted for first time on an all-India basis, the Commission had no precedents by which it could be judged. It had, therefore, to break new ground and formulate its own policies and procedures, keeping in mind the interests of trade and the public. The general policy of the Commission has been to address itself directly to the practical requirements of the situation and to work out flexible and pragmatic solutions. This has been illustrated with reference to the problems that arose during the course of application of the Act, recognition and regulation of associations, revision of constitutions of associations, enforcement of reasonable conditions of trading, etc. The author's experience with regulation, made him draw some lessons for making regulation more effective. Some of these suggestions were embodied in the Amendment Act of 1960. The events after mid-1960 are briefly noted in the last chapter. Further statistical and other information is given in appendices and also the text of the Forward Contracts (Regulation) Act, 1952. A valuable addition to the literature on the subject in relation to India, the book will be very useful to the administrators of the commodity exchanges, as also to the economists and future policy makers.

V. M. JAKHADE

Agrarian Relations and Early British Rule in India, Sulekh Chandra Gupta, Asia Publishing House, Bombay, 1963. Pp. xix + 338. Rs. 26.00.

The author presents in this book a case study of Ceded and Conquered Provinces (now called Uttar Pradesh). The Ceded Provinces was the name given to the territories ceded by the Nawab Vazir of Oudh to the East India Company and Conquered Provinces to those annexed by the Company after conquest from Daulat Rao Sindhia. The districts of Allahabad, Cawnpore, Gorakhpur, Moradabad, Bareilly, Etawah and Farukhabad comprised the Ceded and Agra, Aligarh, Saharanpur and Bundelkhand comprised the Conquered Provinces. The author analyses the evolution of the agrarian system in the region during the first thirty-three years of the British rule, viz., 1801-1833. The book contains a minute analysis of the early resolutions and regulations leading to the development of this system. Classic historical works examining the land systems of British India are available in volumes such as those written by B. H. Baden-Powell and others. But this intensive survey, leaning heavily on a mass of primary material preserved in the record rooms of the Governments, attempts to focus attention on a limited canvas, a part of then British territory. The East India Company laid down a framework of agrarian relations regarding the Permanent Settlement in Bengal. It sought to create a class of landed proprietors, with a heritable and transferable right of property in the soil. Agricultural improvement was sought to be promoted through the landed aristocracy in whom the rights of private property in the soil were vested and on whom all the benefits of a permanent settlement of land revenue were conferred. Vast stretches of waste land were enjoyed free of revenue payment by them. Later it was realised that this system neither provided 'as large revenue as possible' nor did it lead to a rapid accumulation of capital in agriculture and its consequent improvement. The rationale behind fixed rental was in fact this. The revenue needs of the State also increased with disturbed internal conditions. Thomas Munro, the architect of the *ryotwar* mode of assessment and collection, advocated its introduction in the Ceded and Conquered Provinces on two accounts : one, as a fiscal measure to fetch greater revenues and secondly, by acknowledging the peasant proprietors as the best instruments of agricultural progress. The *ryotwar* system was further equitable in its incidence—better lands being charged higher rates and demands adjusted according to nature of the season. For its introduction the British Government embarked towards the year 1824 on a vast undertaking, an intensive programme of 'minute local research' which embraced two great branches of enquiry : first, the relation of the people to each other and to the government; and secondly, the extent of productiveness of land, including in the term all circumstances, natural or artificial, that affect its power of yielding rent. This survey included a complete record of each and every field. It was more *khet-war* than *ryotwar*. The implications of this gigantic task were, perhaps, not visualised then by Holt Mackenzie and others who wanted to introduce this new principle of revenue settlement; but Lord William Bentinck was quick in declaring towards 1830 that there was ground for the apprehension that it could not be so expeditiously accomplished as was reason to hope. The assessment of government demand on the basis of rent yielding capacity of various soils, and the adjustment of disputes between different classes of the agricultural community were tasks that required more personnel, time and labour. The discussions were put in reverse gear as it were and ultimately a system was finally decided upon in 1833 which was neither akin

to the Bengal Permanent Settlement nor to the type of Madras *Ryotwar* Settlement but was 'unique' in itself as the author mentions. This debate regarding the merits of the Permanent *versus* the *ryotwar* mode of settlement was influenced in great measure by the economic philosophy advocated by James Mill, John Stuart Mill, Ricardo, Malthus and Richard Jones who succeeded Malthus as Professor of Political Economy in Haileybury College that trained British East India Company's Indian administrators. Empirical facts also led people to turn their faces away from the landed aristocracy. As Dr. B. N. Ganguli has put it in his Foreword, 'Landlordism under the Bengal system had not produced progressive agriculture; indeed it had been impoverishing the peasantry' (p. ix). The Select Committee which presented in 1812 a full report known as Fifth Report advanced the cause of Free Traders who wanted to develop India as a market for manufacturers and as a source of raw material for them. The zamindars 'consumed upon worthless domestics and in waste.' British manufacturers wanted a larger body of potential consumers that individual cultivators were. The core of the problem was the reform of land tenures and land revenue administration.

This is what Gupta surveys in 'Agrarian Relations and Early British Rule' and succinctly summarises in his first chapter, 'Introduction.' In fact his 'Preface' minus acknowledgements appears out of place in view of the presentation of the problem in 'Introduction.' The methods of assessment and the state of revenue administration developed by the Mughal rulers have been described in Chapter II. The fundamental principle was that the State was entitled to a certain proportion of the annual gross produce of every *bigha* of land. It varied according to the State's own needs and discretion. This inherent power to make temporary or permanent alienation of the State's right to a share of the annual produce, etc., provided the State ample means of creating several layers of agricultural classes. A class of *Jagirdars*, *Talukdars*, *rajahs*, etc., came into being. Village was the ultimate unit entering the amount of financial demands. The principles of Akbar's ten-year settlement of land revenue are instructive and some research worker should dive deep into it. Land revenue administration in the early years of British rule is outlined in Chapter IV. Chapter V describes the revenue settlement from 1801 to 1822 and this brings us nearer to the main theme of the book. Settlements were so made as to confer the new rights of private property in land or its produce on the class of former intermediaries, revenue farmers and government officials. Gradual process of transformation in land tenures was set in. The battle between the Permanent Settlement and *ryotwar* system 'which raged over a decade' is examined in Chapters VI and VII. Replete with documentation it examines the evolution of the system in the light of economic policy at Home. Chapter VIII describes difficulties in implementation of the revenue settlements under the New Principles. The changes in the perspective of landed property—that next to the general term 'revenue' the word 'tax' was the most appropriate designation of government demand—are examined in Chapter IX. This implied modifications of the government's notion of proprietary rights as well. Two main tenure types were acknowledged: zamindari and *pattidari*. By keeping revenue settlements temporary, subject to revision after 30 years, the government reserved to itself right to enhance demand from an improvement in land. In times that followed large number of *pattidari* estates were converted into zamindari estates through the sale of the rights of cultivating proprietors as mentioned in the last chapter.

This reviewer has enjoyed reading this work since subsequent to the recent land reform enactments in the country, 'rights in land' has assumed an added significance. Its importance is likely to grow further in course of time. In fact, in the zamindari regions a variety of tenures do exist to-date. That apart, it was heartening to see a good piece of research emerging out of the interpretation of letters, despatches, resolutions and regulations of the government carefully preserved in archives—not in museum sense but in sense of treasure that a research worker would love. The presentation of the material collected on the basis of historical records would strain the nerves of the best of research talents since historical method imposes a welcome limitation on the style—to tell the Truth, though that method gains in narration and unfolding of the subject material as one proceeds chronologically. The book is woven round two main Regulations—Regulation VII of 1822 and Regulation IX of 1833. Its economic interpretation would yet be more difficult. And though the author has at times too much occupied himself with just government despatches in 'Agrarian Relations' which are far wider, it is a welcome addition to the existing literature on the subject and would prove to be of lasting value. In fact the book ought to have been entitled more appropriately as "Revenue Settlements in Early British Period" rather than 'Agrarian Relations.' All through, the author himself talks of rights in land which is the core of the book. The chapter on Economic Organisation of the Village in pre-British period is feeble and rather out of place. Persons unacquainted with Indian terms will find the Glossary useful. The book has a good Bibliography. Its 'Contents' could have been shorter giving bare titles of the chapters rather than synopsis under each, which just appears conventional for such a small book. It is a scholarly work written in lucid intelligible style. Both academicians and policy makers whose concern is rights in land will find this book extremely useful.

S. M. SHAH

Labour Mobility and Population in Agriculture, Iowa State University Center for Agricultural and Economic Adjustment, Iowa State University Press, Ames, Iowa, U.S.A., 1961. Pp. viii + 231. \$ 4.95.

During the period 1920-1960 there has been in the United States a net migration of about 27 million persons from the agricultural sector to the non-agricultural sector. What are the forces that bring about such a migration and what are the implications of this migration both to the farm and the non-farm sectors? The Iowa State University Center for Agricultural and Economic Adjustment convened, in November 1960, a conference to analyse the problem of the labour supply in, and its transfer from, the agricultural sector. The present publication contains 16 papers presented on the occasion on different aspects of the subject and also reports of workshops on four topics. Interestingly enough, the theme was not confined to a discussion of the economic aspects of labour transfer alone but also covered other facets; for instance, there is a separate paper on sociological aspects by J. Allan Beegle and another on political aspects by Don F. Hadwiger. Such inter-disciplinary discussion is indeed necessary for a more meaningful formulation of policy especially in relation to a problem like labour migration.

The basic processes involved in industrialisation are not peculiar to the United States but perhaps affect most economies at a certain level of technological and economic development. Shift of labour from the agricultural to the non-agricultural sector is one such process. The background discussion on this point is,

therefore, of more general interest. The demand for labour on farms is derived from the demand for farm products; it is also affected by the rate at which other resources can be substituted for labour. During the period 1940-1960 the development of farm machinery and equipment in the U.S. increased the marginal productivity of capital in relation to that of labour; consequently it became profitable to substitute machinery and other forms of capital for labour in farm production. No doubt productivity of labour in agriculture also increased rapidly. But the rate of increase in productivity of labour exceeded the rate of increase in the demand for farm products. It therefore became possible and profitable to produce the volume of farm products needed with a quantum of labour much smaller than that employed in agriculture earlier. Thus, over the period, while farm output increased by about 45 per cent, farm labour force actually declined by more than 30 per cent.

This transfer of labour could also be viewed as a process of adjustment of incomes between the farm and the non-farm sectors. The next question that is therefore posed is : Why is it that such a shift of labour has not been rapid or complete enough to equalise returns to labour in the two sectors ? In other words, an explanation is sought for the phenomenon of the agricultural sector in industrialised countries tending to be overmanned and underpaid. In answering this question, Dr. Bishop's paper is of particular interest. Dr. Bishop starts with the hypothesis that the following reasons may be responsible for this imperfect mobility, or the continued existence of surplus labour in agriculture : (i) Capital is not available to finance the transfer of labour; (ii) People in agriculture do not know of opportunities for more remunerative employment; and (iii) Alternative jobs are not simply available at the prevailing wage. With the help of the migration data Dr. Bishop proves that the first two reasons are of little importance and concludes : "... migration has failed to equalise returns for farm and non-farm labour because the number of people who are willing to transfer to non-farm jobs at prevailing rates of return exceeds the number of jobs that are available."

Much of the rest of the discussion centres around the more specific policy implications for accelerating off-farm migration in the U.S. and hence may not be of much direct interest to Indian students. Professor T. W. Schultz makes out a strong case for public investments for enabling potential migrants to acquire particular skills. Other contributors bring out the impact of non-economic factors—social, cultural and political—on such labour transfers.

From some papers one is likely to get the general impression that what prevents the equalisation of returns to labour in the farm and the non-farm sectors is the insufficient migration. This may not be wholly true. Researches conducted by J. R. Bellerby and his associates have made the students of agricultural economics familiar with the causes underlying the disparity in income between the two sectors.* Perhaps a discussion of the problem in the more specific framework of these causes would have added to the value of the volume. However, for understanding the problems that off-farm migration poses in a developed economy like the U.S., this publication should prove very useful.

N. A. MUJUMDAR

* J. R. Bellerby and others: *Agriculture and Industry : Relative Income*. London. 1956.

Farm Planning and Management, C. H. Blagburn, Longmans, Green and Co. Ltd., London, 1961. Pp. ix + 372. 45s.

This book very systematically discusses the methods and techniques by which economic assessment could be made on overall performance of the farm business. The author has developed and applied in practice a system of analysis of the physical and financial results of individual farm businesses. Methods by which the farmer can work out more efficient and profitable plan, once he has learnt the technique to identify the nature of economic weaknesses in his present organisational set up, are lucidly illustrated. Methods applied in this book suggest how a shift of emphasis from one enterprise to another may lead to higher gross output with little or no increase in cost or capital outlay. A change in the balance of resources in right direction may similarly improve the economy of the farm as a whole.

The book is divided into five major parts. Part one is concerned with the role of farm planning in increasing the farm business income and profits and the methods and techniques of examining the economic efficiency. Various case studies are cited to add support to the analytical framework. Farm costs and net output are considered to be the simple efficiency criterion. The author suggests that the method of approach in farm planning should be that of first detecting the weak points from the point of view of both organization and technique, in the existing farming system and subsequently building up alternative farm plans. In regard to new farm business, with no prior experience, the analysis starts with the assumptions that there are on every farm one or more limiting factors, and the best farming system is the one which gives the maximum return to these limiting factors. But this sort of analysis is sometimes obscured by various unpredictable factors, i.e., productivity of the farm, the skill of the farmer, etc., which the author does not take into account.

Part two is a recitation of the common hymn on resource allocation and its efficiency norm. The efficiency norm set by the author has three main objectives : increasing the efficiency of conversion of feed into livestock products, cheapening the unit cost of food available, getting the best out of the forage area. Importance of these objectives can be explained by the fact that animal feeding stuffs account for approximately 60-75 per cent in the total costs of the British farming industry. Since labour is the British farmers' second biggest item of expenditure, the author lays considerable emphasis on the 'work study' methods of labour saving. But this method has limited use because the scale of employment in farming is relatively small. The decision problem in the use of capital is primarily concerned with the total capital requirements of different types and by size of farms, and with the return on capital likely to be earned from these different alternatives. The author suggests that there is a need to prepare a detailed capital budget as for a proper guidance to the farmer.

Part three attempts to indicate the role of balanced enterprise combination. Focus is on the consideration of the main technical and management factors

affecting the contribution which the different enterprises can make to total farm profit. In this connection, case studies on major enterprises, like sale crops, dairy farming, cattle and sheep farming, and pigs and poultry, are illustrated. The author very systematically examines the prospects of combinations between the different enterprises under typical farm, resource, and market conditions.

Part four contains a discussion on various price support measures in order to maintain the competitive position of the British farmers. One of the major price support measures is pronounced in terms of price guarantee. Price guarantees are short and long-run-oriented. As regards the short-run, the Agricultural Act 1947 requires the agricultural minister to carry out each year a review of the economic conditions and prospects of the agricultural industry, and in this light to decide what changes should be made in guaranteed prices for farm produce and in the various forms of production grants which farmers receive. In 1957, a long term price guarantee policy was instituted in order to ensure improvements in farm organizations and resource allocation.

The last part contains a brief discussion on farmers' accounts and records to be used as guidelines for farm management decisions. The primary objective of this section is to describe the minimum records which every farmer should keep for accounting and economic calculations.

Although the book is generally well organised, the discussion on budgeting and general farm planning processes, which precede the treatment of farmers' resources, farmers' enterprises, and farmers' markets, seems out of order. Mr. Blagburn has avoided to answer the frequently raised basic question in farm planning processes, whether the farmer should begin by considering the economy of particular enterprises and then proceed to that of the whole farm or *vice versa*. Another shortcoming of this book is that it does not deal with any planning techniques other than a partial budget or a single whole farm budget. Furthermore, some of the assumptions made by the author do not fulfil the requirements of the analysis. In general, the five parts of the book do not seem to be well integrated. Part four and five do not meet the expectations raised in the earlier part of the book.

However, one of the chief merits of the book is that it gives a complete coverage of topics in the area of farm management. Detailed exposition of some of the problems in the technique of farm planning would have considerably enhanced the utility of the book. Mr. Blagburn gives the detailed analysis of record keeping. This helps understanding of the application of economic principles in various typical decision making situations.

The book is well written, comprehensive, and easily understandable. The author's practical insights into the problems of British agriculture will make the book of immense value to practical farm managers, progressive farmers, agricultural advisory workers and students of farm management. The appendix given in the book would help in understanding the methods of calculation.

S. C. JHA

Farm Management Decisions, Trimble R. Hedges, Prentice-Hall, Inc., Englewood Cliffs, New Jersey, U.S.A., 1963. Pp. xi + 628. \$ 6.75.

“Farm Management Decisions” is a welcome addition to the existing literature on Farm Management. The author has frankly stated that this work is not a systematic treatise on economic theory. The major objective of this book is to serve as a text book for under-graduate students majoring in Farm Management. This work is an outcome of the author’s teaching experience and hence recognises the various aspects of the subject from the point of view of a text book. The book deals with all types of farms beginning with grain farming, livestock farming and specialised farming and this rich variation renders the book more valuable because of its comprehensive character. As most other text books on the subject, Hedges has relied heavily on the analytical procedures of farm budgeting technique.

“Farm Management Decisions” is treated under five sections : problems and procedures in farm management decisions, evaluating farm resources and problems, analysing and budgeting the farm business, planning for profitable crop and livestock production and planning for efficient resource use. The whole book is a micro-analysis of a farm-firm situation and the problems arising out of operating a given live-situation are dealt purely from a practical standpoint.

The author has ably demonstrated the use of economic principles at the farm-firm level for obtaining optimum profits. In the first part of the book “Problems and Procedures” the different areas of decision-making are grouped separately under conditions of certainty and conditions of uncertainty. These six groups of decisions practically cover the whole range of problems normally encountered in a commercial farm:

“Deciding farm enterprises and resource allocation; adjusting farm plans to conform with laws or regulations, and other institutional forces; planning farm capital investments and their financing, procuring production materials and contract services; deciding and arranging the marketing and the sales programme; and planning and maintaining effective management control.”

The author has employed a simple analytical approach in explaining the profitable use of the marginal analysis in resource allocation and has handled the familiar ground of farm budgeting with clarity. The treatment of unit test analysis for choosing between alternative enterprises finds a clear exposition. This procedure as well as the suggestion of following a calendar of operations in farm planning has enabled the treatment of the chapter on planning highly practicable.

Part V on planning for efficient resource use at the macro level of production economics deals with the four basic aspects of factor-product relationships, factor-factor relationships, product-product relationships and scale-relationships. The aggregate aspect of production economics has been dovetailed with the farm-firm situation which calls for operational knowledge needed for making decisions at the farm level. Hence, this book is in a way a synthesis of the intra-firm allocation of resources, referred to generally as farm management, and the aggregative aspect of agricultural production economics. Because of the practical bearing, this book should be useful not only to students but also to extension workers, and advanced farmers in recognising their problems in organizing and operating a farm business.

K. V. SRI RAM

The Small Farmer—Present Situation and Future Prospects, Margaret Bramley, Crosby Lockwood & Sons Ltd., London, 1961. Pp. xiii + 106. 15 s.

How true is the common image of a small farmer as a poor and inefficient producer resting heavily on the twin props of grants and subsidies? This study of small farmer (having less than 100 acres of land) in Great Britain written by one belonging to the group argues that the popular conception regarding this group in Great Britain is more a product of prejudices than of verifiable facts. With a skillful use of her personal observations and statistical material culled from a number of recent studies of this group in Great Britain, the author tries to absolve the small farmer of the charge of inefficiency in production. On the criterion of returns obtained per unit of broad categories of inputs such as land, labour and equipment, the performance of small farmer is seen to be in no way inferior to that of the medium and large farmers.

However, the data on incomes of small farmers provided by the author leave an uncomfortable feeling that the average input/output ratios for the group as a whole probably conceal some inefficiency. It is her estimate that about a third of the 120 thousand full-time farmers having less than 100 acres of land get an annual income lower than £ 500 which is regarded as necessary for a fairly comfortable living. The author attributes the low incomes of this section of small farmer to low turnover without realising that the low turnover in its turn could be an outcome of unemployment or inefficient use of family labour both of which would connote relative inefficiency in production. It is rather unfortunate that, probably owing to paucity of data, the author has not furnished details of this section of small farmers such as their holdings and average productivities of their land and labour. This lacuna introduces an element of inconclusiveness in her analysis. As a result, it will be truer to say that her study suggests the weaker hypothesis that there is no inevitable link between productivity and size of holding in agriculture.

The author pleads for differential aid to small farmers to ease the availability of credit to them, especially the long-term developmental credit. Her case for differential aid rests on two propositions. The conventional yardsticks of credit-worthiness governing the lending operations of commercial agencies discriminate against the small farmers. They obtain a smaller share of the benefits accruing from price-support measures as these vary directly with total turnover. She views with alarm the growing economic domination of monopolistic combinations which exist both in the market from which the farmer purchases his needs and the market in which he sells his produce. Individual farmer, large or small, will find it increasingly difficult to contend with this force. Hence, according to the author, the continuance of independent family farming in Great Britain will depend decisively on the growth of co-operation in the sphere of marketing.

The closing chapters of the study contain a weakly substantiated and, hence, unconvincing argument for substitution of imports of farm products into Great Britain with domestic production and for larger farm exports. The author brushes off with a charming disdain the competitive strength of established exporters of farm and dairy products such as Canada, Denmark and New Zealand. However, this line of argument is not strictly necessary for her main contention that large number of small farmers in Great Britain are potentially viable. The study is of interest chiefly for this contention which the author has put forth with an appealing sincerity and conviction.