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Vol V  
No. 1

ISSN 0019-5014

CONFERENCE  
NUMBER

MARCH  
1950

# INDIAN JOURNAL OF AGRICULTURAL ECONOMICS



INDIAN SOCIETY OF  
AGRICULTURAL ECONOMICS,  
BOMBAY

But the grievance of the rural community is that the rise in prices of other industrial products was much higher than the rise in the prices of agricultural commodities. In other words the rise in the other sectors is not commensurate with the rise in their own sector with the result that they did not benefit by the rise in prices fully. Another serious complaint is that their produce coming under essential commodities, were subject to rigid price control.

The imposition of price control and the setting up of procurement machinery with the concomitant movement control, licensing of dealers, and restriction of free market conditions led to a large measure of annoyance especially when the consumption goods and necessary agricultural requisites recorded huge rise in prices; even after the institution of the overall prices control, the flow of necessities into villages was neither regular nor adequate.

### *Conclusion*

Hence stabilisation of prices is essential. But price stabilisation without an assured agricultural income will defeat its very purpose. So, better irrigation facilities, better farming methods, crop and cattle insurance and other allied remedies alone can stop the rot in the core of the economic health of our agricultural economy.

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## HIGH PRICES AND AGRICULTURAL PROSPERITY

*by*

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*Alamuru (E. Godavari)*

Though the prices of agricultural commodities were at a lower level during the early period of the Great War II, there was a spurt immediately after the beginning of the Japanese war and the upward trend continued with a spurt again after the decontrol of distribution of foodgrains in December 1947. The index number of prices of foodgrains is now nearly 400 compared with the pre-war period, and it is generally assumed that this has resulted in a great wave of prosperity for the agriculturists. The extent of this prosperity and the beneficiaries in this cannot be easily estimated because banking habits are very sparse in rural areas and it is not easily possible to get any information from the indigenous bankers. Though co-operative societies have spread far and wide, their aggregate activity in the total transactions is very small.

However, the transactions of these societies by way of demand for and repayment of loans compared with previous years throws some light on this question.

In considering this problem of agricultural prosperity, it must first be understood that the word agriculturist is very comprehensive specially in India. It may refer to absentee landlords of various categories, owner cultivators some of whom may supplement their holdings by taking lands on lease, tenant cultivators and agricultural labour. These four classes are not water-tight compartments because, there is likely to be a large amount of overlap specially between the neighbouring classes. Considering first the absentee landlords, some of them might be depending entirely on the income of their lands and some others supplement it by outside non-agricultural incomes. In their family budgets, there are several items which they cannot get directly from their lands, but must purchase from outside markets. Their relative advantage by differential rate of increase in prices depends on the extent to which their surplus income from agriculture exceeds their extra expenditure. It is very well known that small and medium-sized landlords have not benefited at all even after the prices of foodgrains overtook the increase of prices of other commodities. Of course, the definition of medium and small varies from region to region and depends upon the fertility of the lands and the crops grown. It is only big landlords that are benefited from this rise in prices. Unfortunately, even most of them have frittered away their surplus incomes by purchasing lands and silver and gold at exorbitant prices. Hence, if by prosperity is meant more income, no doubt all classes have more income than before the war, but if prosperity implies saving, it will be very little. Some of those who have even contracted debts in the hope that these prices are likely to continue for long, are likely to be put into great difficulties if there is a sudden crash in prices for any reason.

Coming to the next two groups, owner cultivators and cultivating tenants, we have to consider not only their family expenditure but also costs of cultivation. It is very well known that costs of all items have gone up e.g., labour, seed, manure, cattle etc. In the absence of any data relating to costs of cultivation, it is very difficult to gauge the extent of divergence between increase in incomes and the incidental costs. Further, it is well known that during recent years, several parts of the country have been affected by either floods or droughts causing great losses. The cumulative effects of these different factors cannot be estimated. Even here, however, it may be broadly assumed that extra savings, if any, are probably confined only to cultivators of large holdings.

As regards labour, different systems are prevalent in different parts of the country, namely, whole-time, part-time or casual, paid in cash or kind etc. A good deal of valuable information about this class is likely to come from the investigations on Rural Labour now being conducted by the Ministry of Labour, Government of India. But it is the general feeling that their position is at least better than that of persons belonging to the lower strata of absentee landlords and cultivators either owners or tenants. Rural wages have gone up and the requirements of this class are very few. Even some of the necessities on which they might like to spend the money have gone out of the market. Hence, though they have not been able to increase their standard of living, they were able to increase their money incomes. Even here, it is very difficult to estimate the extent of prosperity due to increase in agricultural wages because, a good many families received income from members who joined military forces of various categories and several others were benefited by the indirect military works at different places and the general improvement in the level of employment.

It can be definitely stated that the prosperity, if any, did not result in higher standard of living for a large number of people, as the limited imports and rationing of necessities have even reduced the pre-war standard. Some money was frittered away in all sorts of luxury imports specially in urban areas. So, the saving must be reflected either in investment or reduction of debt or increase in bank balances. An analysis of investment which in rural areas is found mainly in purchase of lands can throw some light on the classes which were benefited by this rise in prices. The records of the Registration Department should be analysed for this purpose. It is difficult to trace the saving in silver and gold and even in the limited extent of purchases of government bonds. When analysing the reduction in debt, care must be taken to see how much of it was due to the sale of assets e.g., lands and silver and gold because, due to the abnormal increase in prices of lands and bullion, some debtors got rid of this burden by selling these assets. Further, the extra saving from war service people should also be excluded.

Figures relating to the working of the Alamuru Land Mortgage Bank and Rural Bank are given in the Appendix to throw some light on the trends of demands for loans and repayment of loans during the period of increase in prices.

**The Alamuru Co-operative Rural Bank Ltd., Alamuru. Fixed deposits from members and non-members and collection of loan amounts by the sale of Thrift labels landless labourers.**

Year	Fixed Deposits Amount. Rs.	Thrift labels. Amount Rs.
37-38.. .. .	10,240	115
38-39.. .. .	11,665	788
39-40.. .. .	20,855	1459
40-41.. .. .	28,227	3192
41-42.. .. .	35,042	5224
42-43.. .. .	92,790	8500
43-44.. .. .	1,11,455	6969 14
44-45.. .. .	1,49,250	7232 2
45-46.. .. .	1,84,485	5936 2
46-47.. .. .	2,25,320	7498 4
47-48.. .. .	3,41,030	32411 10
48-49.. .. .	3,74,890	44044 2 9

**Madras Provincial Bank.**

Total deposits on 30th June 1947	..	..	..	..	..	..	Rs. 4,12,000.00
on 30th June 1948	..	..	..	..	..	..	4,60,000.00

on 30th June 1947	..	..	..	..	..	..	4,57,000,00
on 30th June 1948	..	..	..	..	..	..	3,94,000,00

**Deposits from Members :—**

As on 30th June	1948	..	..	..	..	..	..	18,000.00
	1947	..	..	..	..	..	..	16,000.00
	46	..	..	..	..	..	..	17,000.00
	45	..	..	..	..	..	..	15,000.00
	44	..	..	..	..	..	..	14,000.00
	43	..	..	..	..	..	..	14,000.00
	42	..	..	..	..	..	..	

As on 30th June	1948	..	..	..	..	..	..	..	27,000.00
	47	..	..	..	..	..	..	..	26,000.00
	46	..	..	..	..	..	..	..	31,000.00
	45	..	..	..	..	..	..	..	27,000.00
	44	..	..	..	..	..	..	..	25,000.00
	43	..	..	..	..	..	..	..	22,000.00

on 30th June 1946	..	..	..	..	..	..	351,000,00
45	..	..	..	..	..	..	280,000,00
44	..	..	..	..	..	..	272,000,00

46	..	..	..	..	..	..	350,000,00
45	..	..	..	..	..	..	280,000,00
44	..	..	..	..	..	..	272,000,00