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## INAUGURAL ADDRESS

By

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*Chief Minister, Gujarat State*

This is the second occasion in the short span of four years that the Conference of Agricultural Economists is meeting in Gujarat. In a sense, this can be taken to be a token of earnestness which the academic institutions, the people and the State of Gujarat are imbued with in furthering developments in the very important field of agriculture. While I cannot claim any expertise or speciality in your sphere, my very close touch with our people almost over a life time, the privilege that I had of getting myself acquainted with the problems of the State during my membership of the Lok Sabha and the intimacy I could develop when called upon by the Committee on Plan Projects of the Planning Commission to study the scheme of Community Development and suggest improvement thereon, make it but natural that a lasting interest should develop in agriculture and agricultural activities which provide sustenance to over 70 per cent of the total Indian population. As Chief Minister of the newly formed Gujarat State and being in charge of the Planning Department of the State Government, my interest in your deliberations is all the more keener. I indeed deem it to be a privilege to have the opportunity of having been called upon to inaugurate this Conference and to associate myself with your discussions.

The Conference is meeting at a very critical time and the attention of the whole country will certainly be centred upon your deliberations and the suggestions emanating therefrom both for short-term as well as long-term solutions of the problems of agricultural development.

Taking a bird's-eye-view we see that there are several aspects of the situation each having a distinctive feature and each calling, perhaps, for separate action but all together demanding closest co-operation not only of the people and agriculturists, not only of the various administrations in the country and of the Central Government but also of other sectors of economy like industry and trade. It has been said that it is imperative for India to tackle the problem of agriculture and especially of food production on a War footing. I must admit that taking stock of the situation, the earnestness that is demanded of a decision of this nature is not readily evinced by the various sectors of the community. The development process for the total regeneration of the economy calls for a degree of price stability. Over the past few years, prices have shown a continuously rising trend making for considerable discomfort to our population. Some sections of distributive trade have tended to take advantage of temporary imbalances between supplies and demand and the Governments have been forced to devise stern measures to deal with these anti-social elements. It is my hope that saner counsels will prevail and efforts at larger co-ordination between the people, the trade, and the State will be successful.

The indices of agricultural production compiled by the Ministry of Food and Agriculture indicate a steadily rising trend of production. The index of agricultural produce based on 1949-50 production increased from 95.6 in 1950-51 to 124.3 in 1956-57, was 141.4 in 1961-62 but has dropped to 136.8 in 1962-63. The progress over the years has not been uniform, but the index numbers series shows that each successive peak has been higher than the previous peak and each successive trough has been less than the previous trough. In the First Plan period, the lowest level of production was 97.5 and in the Second Plan period the lowest level of production was 115.9. The peak in the First Plan was 117 and in the Second Plan 139.7. These indices indicate very clearly the positive impact of development efforts on agricultural production in the country. Analysing the data, we see two main contributory factors leading to increase in agricultural production—namely, the expansion of area under crops, and the improvement of productivity per acre. Basing the calculation on three-yearly moving averages of index numbers, we find that the rate of increase in agricultural production has been of the order of 4.07 per cent brought about by 1.99 per cent increase in area under crops and 1.75 per cent increase in agricultural productivity. Analysing the situation further, we find that foodgrains production has registered an average annual growth rate of 4.06 per cent resulting from 1.82 per cent rate of increase in area under crops and 1.90 per cent rate of increase in productivity. For non-foodgrains, the rate of increase is very near that recorded in foodgrains, resulting, however, from a larger increase in area under crops (2.79 per cent), the productivity registering an improvement of 1.06 per cent.

Over these years, by and large, the annual rate of growth of population in the country has been of the order of about  $2\frac{1}{4}$  per cent. We have, however, to reckon with the fact that because of very low levels of living, there was a sizable pent up demand with the population in 1950-51. With the growth in economy resulting from planned efforts and with the increase in agricultural production, an increase in the quantity for sale could be expected. In absolute terms this has also come true, but all the increase especially in the production of foodgrains has not been for sale, since most of the farming families did not have adequate produce to satisfy their own requirements and increase in production have, therefore, been partly absorbed in satisfying their needs.

Talking in terms of an increase in supplies resulting from an increase in agricultural production, it is significant to note that in 1951 the imports of cereals in the country stood at about 48 lakh tons. The imports dwindled to 7 lakh and odd tons in 1955 but with the increase in demand, larger and larger imports had to be provided for and in 1960 the imports of cereals were over 51 lakh tons. In the succeeding two years, there was a drop of about 33 per cent in our imports but in 1963 again, the country was required to import  $45\frac{1}{2}$  lakh tons and in the current year, as has been disclosed by the Union Food Minister, we will be importing nearly 65 lakh tons of foodgrains. The seriousness of the position needs no further explanation. The country cannot continue such a huge import of foreign supplies, if at the same time it is to plan for larger rates of industrial growth. It is true that some countries like Japan and the United Kingdom have continuously been importing food stuffs but these countries are able to balance their imports of food stuffs by exports of manufactures. The day when we can place ourselves in a similar position is distant and therefore it becomes incumbent upon us to explore

all the avenues open to us which will make for larger availability of food requirements from within the country.

The contribution of improvement in productivity per acre has not been as substantial as we would wish though in case of one crop at least, *viz.*, coffee, the growth rate in productivity has been of nearly 13 per cent. In respect of rice and wheat also, there has been a fair rate of growth in productivity. This, however, cannot be said of the non-food crops, where bringing larger areas under non-food crops has been the main factor in increasing production. We cannot aim at a continuous increase in areas under crops.

We have to think in terms of dovetailing the rural economy, the urban economy and the industrial expansion. We have to integrate the requirements of hygienic and social life with the demands of agriculture and the demands of expanding industrial structure. This will call for comprehensive land use planning, what may be called, Regional Planning. A very substantial expansion in the area under crops does not, therefore, appear to be very feasible, though such lands as can be reclaimed for agricultural production must continue to receive our best attention and potential of such development where revealed as in the case of the little Rann of Kutch should be accorded proper priority. Increasing stress however will have to be on improving productivity of our land. This may call, among other things, for the realisation of a basic economic fact which seems to have been lost sight of in the recent past; the realisation that certain crops can thrive much better in certain soils and climes and viewed from the total economy of the country, it is necessary to encourage production of such crops in these areas. The crop pattern in a region should be determined on the basis of suitability of land and the economic contribution it can make to the generation of wealth and income. Any deviation from this policy would be harmful to the region and the country. If for example, the soils and climatic conditions in Gujarat and Maharashtra make for larger production of cotton and oilseeds, these are the crops that should be encouraged in Gujarat and Maharashtra. If wheat has better potential of production in Punjab, Uttar Pradesh and Madhya Pradesh, emphasis should be on larger and better production of wheat in these States. Similarly in the case of rice. Taking the country as a whole, the requirements of cotton and edible oils of the wheat growing and rice producing areas should be freely met by Gujarat and Maharashtra. The requirements of Gujarat and Maharashtra in respect of foodgrains should be freely met from other foodgrains producing areas. The formulation of a national policy in regard to the distribution of foodgrains is urgently called for. It will be conceded that such a policy has got to be evolved. I do not mean to suggest that efforts should not be directed towards fuller exploitation of potential of areas under food crops in Gujarat and Maharashtra by more intensive cultural practices, but I do wish to suggest that the present policy of cutting up the country into Food Zone is contrary to the basic principles of the agricultural economy of India, when India is viewed as one country.

Accepting that the salvation for the country lies in improving agricultural productivity, that is, in improving the quality and quantity of yields per acre, I would like to draw the attention of the Conference to some salient features which have emerged in our rural economy in the recent past. I would suggest that with the inauguration of *Panchayati Raj*, there has been a revolutionary change in the

administrative pattern of the country. Each village has now been equipped, each taluka has now been furnished, and each district has now been provided with a representative set up of administration responsive to the needs of the areas. It should be a matter of pride for us that starting with the nucleus of Community Development Programmes, in a short span of about ten years, we have been able to enunciate and implement a complete scheme of decentralising the process of rural development and thereby making for development of agricultural economy through local initiative and popular participation. The extension services which are transferred to the administrative control of Panchayats at various levels can now be set more purposive and area-oriented programmes.

Despite the fact that the rate of increase in agricultural output resulting from improvement in productivity is lower than that from an expansion of the area under crops, the results of crop competitions organised all over the country from year to year and of the performance of our *Krishi Pandits* in respect of all our important crops point to the vast potential of our land and of our people. A study of the management practices of the award winners and their extension to the cultivators in general can certainly make for a realisation of the potential to the extent of a growth rate of over 5-6 per cent demanded of us by our Fourth Plan programmes. The prime factors of increasing agricultural production are irrigation, seeds, and fertilizers. We are pushing ahead with our schemes of building up irrigation potentials and of improving the rate and pattern of utilisation of the potential already created. While we must accept the urgency of according priority to quickly maturing projects, I, for one, feel that attempts at overcoming the existing shortcomings in irrigation facilities in areas such as Gujarat, though of longer maturity period should also be pursued vigorously.

Experience in other countries has shown that fertilizers are the largest single factor in increasing the total crop production. France is reported to have increased the average grain yields from pre-war 1,490 to 2,280 kilogrammes in 1956-58 by stepping up the fertilizer consumption from 37 to 81 kilogrammes per hectare of arable land. In the United Kingdom, 1956-58 grain yields registered an increase of over 30 per cent over pre-war yields with an increase in fertilizer use from 59 to 141 kilogrammes per hectare. In India, only about 10 per cent of our cultivators use fertilizers and our per hectare use of fertilizers of just over 2.5 kilogrammes is the lowest in the world. The indigenous production has at present to be supplemented by imports and we have planned additional capacities. The economics of still larger investments in fertilizers, commensurate with natural resource availabilities, could be examined in the interest of rapid growth of agricultural production. Crop protection measures and adequate storage also have an important role to play in augmenting the availability of agricultural produce. It has been reported that in food preservation and processing our current losses amount to about Rs. 1,400 crores a year. Stepping up the inputs in agricultural production at private level in the shape of larger use of insecticides and pesticides and at community level in countering the damage by wild animals and birds and at the same time augmenting adequate storage facilities would certainly be an economic proposition in the present context. Production of manually operated plant protection equipment can be added to the programmes of rural industrial development. As has been observed by the Planning Commission, there is need also to review legislation in the States relating to agricultural pests and disease.

Similarly we have a great potential in the field of animal husbandry and dairy development. Indian breeds of cattle have proved over a long stretch of time to be equal to the task of achieving fair yields of milk production. Though our yields may not be high compared with those in some of the foreign countries, the scope of improvement is substantial and must be achieved to balance the economy of the animal husbandry. The military farms and certain other dairy farms have milk yield of cattle well above the average of the country. The working of Milk Producers' Co-operative Society like the one we have in Kaira District have shown that by proper planning milk production and through it the economy of the rural population can be uplifted and solution found, for meeting the dietary needs of metropolitan areas. Here too, the problem is of improving productivity through upgrading of our existing stock, through scientific management of their herds and through better fodder availability and veterinary care. That animal husbandry can be an important proof to the economy of small farms should also not be lost sight of.

One of the obstacles that beset the agricultural situation related to land reforms. By and large, almost all States have enacted land reforms legislations aimed at making the tiller of the soil, its owner. The process of implementation, however, has not kept pace with our expectations and the Planning Commission has been urging the States to speed up the process of implementation. I am sure that this very important aspect affecting the programme of agricultural development will receive adequate attention and attempts furthered to complete the reforms in the near future. It is the sense of ownership that alone can assist in furthering the programme of land and crop improvement.

Another factor which is closely linked both with the question of expanding the inputs and of farm management is that of the distribution of land holdings of our cultivators. It has been assessed that about 60 per cent of the cultivators in the country own less than 5 acres in scattered parcels of land. In the first instance, therefore, the programme of consolidation of holdings should have our greatest attention. The scheme of consolidation of holdings has been initiated in some of the States but it cannot be said that the programme has received due weightage. In Gujarat, we are getting the position in respect of the scheme of consolidation of land holdings examined by a Committee of Government officials. A country-wide detailed study of the progress of implementation of the scheme of consolidation of land holdings and its impact on agricultural production would still be a very welcome programme. The question of viability or economic size of farm holdings is also equally important. For some crops, in certain conditions, a holding of five acres may be sufficient. By and large, however, such holdings are not economic. The only solution that seems to appear feasible and which has been advocated time and again in the context of Indian conditions, is that of sponsoring co-operative farming or joint farming. Here, too we have not achieved that degree of success which we desired. The process of consolidation can perhaps be so planned as to make for contiguity of all holdings below the economic minimum, and for these small holders, joint farming societies can be thought of. The scheme of joint farming can then be linked up very closely with the process of rehabilitating the economy of small holders by inducing them to take to ancillary occupations such as animal husbandry, poultry farming, village and small industries, etc. Larger holdings under the single management of joint farming or co-operative

societies will make possible some degree of economies of scale and could also lead to the possibility of developing agro-industrial units well-linked to the crop economy of the area. Diversification of occupations brought about in this manner will help relieve the growing pressure on land and also improve productivity per man employed in agriculture. How fast the inputs can be stepped up by such collective efforts adequately strengthened by the co-operative credit structure merits examination.

We have made very substantial progress in the field of agricultural credit. In 1950-51, there were 1,05,000 agricultural credit societies with a membership of just over 44 lakhs which had advanced about Rs. 23 crores as loans. In 1960-61, the number of agricultural credit societies had increased to 2,15,000, *i.e.*, an increase of over 100 per cent. The membership registered an increase of over 400 per cent and loan advanced increased to a figure of Rs. 225 crores. The requirements of the agricultural economy are far vaster and with the emphasis on improvement of productivity, need will be felt for still larger stress on expansion both of credit as well as market facilities. Attention will also need to be paid to make larger commercial credit available for programmes of agricultural improvement and land development and public sector institutions like the State Bank of India will have to take the lead in this sphere. The degree to which availability of credit and marketing influences the input for agricultural production is indeed a fascinating field of investigation and the results obtained through the Rural Credit Survey of the Reserve Bank of India can be examined. Your discussions on this and other aspects of the situation will have importance to the States in reviewing their programmes of rural credit.

Mr. President, I have tried in a humble way to place before the Conference some of the salient features of the agricultural economy of the country. This being the subject of your expertise, the various nuances of the situation will be clearer to you and to the friends who have assembled here. I would, however, like to make a very important point at this Conference. If we accept that an increase in agricultural productivity will have to be our main source of improving and expanding agricultural production, we will also have to accept the very prominent role that we must assign to research in agriculture and agricultural economics and in making our extension services more efficient and responsive to the needs of the agriculturists. In the sphere of research, our outlays have been expanding from plan to plan but are comparatively poor. The contribution of agriculture to our economy accounts for nearly 45 per cent of the gross domestic production in our country. I would suggest that at least half a per cent of this amount should be earmarked annually for the establishment of a network of research stations and institutions and for the expansion of the activities of the existing institutions. The number of agricultural colleges in the country will increase to 65 by the end of the Third Plan providing an intake capacity of 7,500 students. Four of the States have established Agricultural Universities, and two more States have enacted the necessary legislation. I would suggest that other States should give serious thought to the urgency of establishing such universities. We should also stress the need for securing satisfactory teaching standards and of reorganising the curricula to the extent called for by our present and future requirements. It is only through efficient teaching institutions at all levels that we can meet the growing needs of extension and research programmes.



Mr. President, I am thankful to you and to the Indian Society of Agricultural Economics for having enabled me to be present amongst you today and to participate in your deliberations. I also would like to express my heartfelt appreciation of the management of the University for their efforts in organising this Conference at Vallabh Vidyanagar which through its comprehensive manifold activities has sought to cover all aspects of regeneration of rural economy. I hope that the deliberations at your Conference will result in indicating the direction which we can pursue for quicker and better realisation of our goal of improving agricultural economy of the country. As I said earlier, the Conference meets at a critical juncture, when the country is seized of its deficiencies in the sphere of agricultural production and at the same time when it is actively engaged in giving shape to its Fourth Five-Year Plan. I wish your Conference very great success and have pleasure in declaring open the 24th All-India Agricultural Economics Conference.