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Vol XL
No. 4

ISSN 0019-5014

OCTOBER-
DECEMBER
1985

INDIAN JOURNAL OF AGRICULTURAL ECONOMICS



INDIAN SOCIETY OF
AGRICULTURAL ECONOMICS,
BOMBAY

SUMMARIES OF GROUP DISCUSSION

SUBJECT I

IMPACT OF RURAL DEVELOPMENT ON ECONOMIC STATUS OF WOMEN

*Rapporteur: Bina Agarwal**

Four broad topics were jointly identified by the Rapporteur and the participants as needing a particular focus in the group discussion. These were:

1. What are the indicators of the economic status of rural women, and why is it necessary to examine rural women's economic status separately from the overall economic status of the households to which the women belong?
2. What are the conceptual and data biases in measuring rural women's work?
3. What have been the implications of agricultural modernization for rural women, especially those of poor households?
4. What can be done to raise the economic status of poor rural women, with particular reference to the Integrated Rural Development (IRD) Programme?

A broad idea of the discussion that took place under each of the above themes is provided below.

I

INDICATORS OF RURAL WOMEN'S ECONOMIC STATUS AND THE NEED FOR A SPECIFIC FOCUS ON WOMEN'S ECONOMIC STATUS

While there was general agreement that rural women's economic status cannot be defined only in terms of their labour force participation and earnings, there was a good deal of discussion on what additional indicators were necessary. It was noted that, among others, we should include women's access to and control over productive resources, especially land, and their access to and control over household income and consumption. Rural women's work participation itself has several dimensions including (a) the type of work done (agricultural, farm-related non-agricultural, and non-farm non-agricultural); (b) whether the work is done outside the home (e.g., agricultural field work) or within the home (grain processing, etc.); (c) whether it is paid work or unpaid (such as work on the family farm). It was noted that the recognition given by the household to women's work was likely to be greater when it was done outside the home, and when it brought in visible economic benefits in the form of cash income.

A related question discussed was what factors affected the noted dimensions (indicators) of women's economic status; in particular, what affected female labour force participation? A variety of supply and demand factors were identified as likely to affect women's work participation on the farm, especially in manual tasks performed outside the home. On the supply side would be factors such as the economic class of the household, the woman's caste (especially whether she belongs

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to a scheduled caste or tribe), etc., and on the demand side would be factors such as farm size, the farm technology used (*e.g.*, irrigation, bio-chemical inputs and mechanical equipment), the cropping pattern, the specific preference for male or female labour for specified tasks, depending on the prevailing sexual division of labour in the region, etc. It was noted too that women in economically better-off households usually did not undertake manual work in the fields due to social prestige considerations. In this context, the question was also raised: does greater work participation of a woman outside the home lead to her greater participation in decision-making within the home? From existing evidence it can be said that higher work participation does not necessarily ensure women's greater say in household decision-making. However, more studies on this are needed. Also, the social and economic aspects of women's status often interact and affect one another in complex ways; and, in particular, the linkages between women's labour force participation rates, women's access to productive resources, marriage patterns, and the degree of intra-household discrimination against female children in the distribution of basic necessities, would need exploring.

The importance of taking account of women's economic status was stressed in the group discussion. In particular, the issue of why we need to focus specifically on *women's* employment and income in rural households was discussed. Among the reasons pinpointed were the following:

(a) In female-headed households women are usually the sole earners. According to the Census, about 10 per cent of the rural households are female-headed, and by some alternative estimates, in *de facto* terms, 18 per cent of the households in rural India are headed by women. These households are noted to be much more prone to poverty than male-headed households, and their number is likely to grow over time with increasing individual male and female job-search migration.

(b) Even in poor male-headed households, women's earnings are often crucial for the family's survival. In many agricultural labour households, with both male and female earners, women are noted to contribute half or more of the household income.

(c) There is some evidence to indicate that the nutrition of women and children, and especially of female children, is much more closely linked to the mother's employment than the father's, as poor rural women tend to spend their earnings on the family's basic needs, while the men often spend at least some part of their income on their own needs.

(d) The extent of sex bias against female children in the distribution of household consumption items is noted, *inter alia*, to be related negatively, in broad terms, to women's work participation and earnings.

II

SOME CONCEPTUAL AND DATA BIASES IN MEASURING RURAL WOMEN'S WORK

(i) *The Relative Work Efficiency of Male and Female Labour in Agricultural Tasks*

A common practice in agricultural economics literature when aggregating labour use on the farm is to assume that female labour time is equivalent to one-half or three-

fourths of male labour time. The underlying assumption is that female work efficiency is lower than male work efficiency. Is this view justified?

It was noted that no concrete evidence was presented by the scholars to justify this view and it was generally agreed that such an assumption cannot be supported on *a priori* grounds. In fact, some participants hypothesized that in operations such as transplanting, cotton picking, tea plucking, etc.,—operations which are primarily performed by women—female labour is likely to be more efficient than male labour. However, the participants could not provide examples of studies where a direct measurement of the work efficiency of male and female labour in given agricultural tasks had been made. The Rapporteur, however, described one study conducted by the Department of Farm Power and Machinery of the Punjab Agricultural University, on a government potato seed farm at Matthewara (Punjab), in which the performance of men and women using specified types of potato-digging equipment had been tested. The results showed that female labour was about three times as efficient as male labour in the tasks performed. While generalisations are not possible on the basis of this one study, it does provide a pointer to the need to question existing assumptions regarding relative work efficiency of male and female labour. More such studies need to be conducted by agricultural research stations. Such studies, it was felt, would help provide an accurate basis for determining the correct conversion factor in aggregating male and female labour, and would also help to question the common view that lower wages for women in given agricultural tasks are justified on grounds of their lower work efficiency.

There was also some discussion on the appropriate methodology for measuring relative male-female work efficiency. It was noted that in certain tasks such as weeding or sowing this could be done by measuring the relative time taken to perform the operation on a given piece of land. In operations such as harvesting or threshing an additional measurement could be the output harvested or threshed within a specified time period.

In this context, the question, are women biologically better suited to certain tasks and men to others, was also raised. In answer to this, it was noted that there was adequate evidence to indicate that the tasks done by men and women were culturally rather than biologically determined. For instance, there are considerable cross-regional differences in the sexual division of labour across South Asia, and even within India. Transplanting, for example, is done mainly by women in the southern States of India, but mainly by men in the northern States, and almost entirely by men in Bangladesh and parts of Sri Lanka. The particular tasks that men and women do in different regions is thus attributable to historical and cultural factors, rather than to biology. The issue for concern is that when a new technology is introduced for performing certain tasks which have traditionally been done by women, they are rarely given the necessary training for using the technology and are usually displaced by male labour. This is noted to have happened, for instance, where harvesting and threshing have been mechanized. The importance of training women in the use of modern farm machinery, including tractors was noted.

(ii) *The Relative Wage Rates of Male and Female Labour*

There was some discussion on the question: are women's wages lower than men's wages for the same agricultural operations? It was noted that regional vari-

ation existed in this. In some regions, in certain tasks, no male-female wage differentials are observed, but the general picture in most regions is one showing considerable wage differentials. In this context, it is also noteworthy that the effective wages received by both male and female workers are dependent too on factors such as the interlinkages between the labour, land and credit markets prevailing in the region, the extent of bondedness of the household, etc.

(iii) *Biases in Census and Other Data*

There was an extended discussion on the biases in data on women workers. A variety of biases in data collection lead to an under-estimation of female workers, female participation rates and female unemployment. These biases were identified as stemming from various factors such as (a) the definitions used (the example of the 1971 Census was noted in particular); (b) the instructions given to enumerators even when the definition is appropriate; (c) the prevailing cultural norms under which a woman doing manual work outside the home is associated with low social status, and the male head of the household therefore usually identifies the woman as a housewife and non-worker.

Examples were also given to show how some of these biases tended to creep into the collection of farm-level data as well, such as that collected in agricultural universities. In addition, certain productive tasks done by women such as fuel and fodder collection, cattle rearing, etc., tend to get left out in an assessment of gainful activity. The NSS 32nd Round has, however, incorporated a special module to gather information on tasks such as these. An analysis by some scholars based on these NSS data shows that female participation rates are much higher when such tasks are taken into account.

In general, it was agreed that considerable gaps were found in the available data on women's work which need to be filled, and care taken to ensure that the noted biases do not creep in.

III

THE IMPLICATIONS OF AGRICULTURAL MODERNIZATION FOR RURAL WOMEN

The discussion on this topic was brief as it had already been dealt with at considerable length in the papers presented and in the Rapporteur's Report on the papers. Here the Group noted that the impact of agricultural modernization on women would need to be assessed not only in terms of the direct effects, but also the indirect effects. For instance, a participant from Punjab observed that the rise in household income with the new agricultural technology has led to the withdrawal of women in many cultivating households from manual work on the family farm, but this has not meant greater leisure for them; rather their work within the home has increased as they now have to put in more time to process the larger output, to supervise field labour, and to cook for hired agricultural labour. In many cases, the women now work 16-18 hours a day, especially during the peak periods.

Another participant observed that in the hills women are often left solely in charge of cultivation due to high male out-migration in search of jobs. However,

information on new technological inputs seldom reaches the women because of a male bias in extension services. This bias can be reduced to some extent through appointing women village level workers (VLWs). Women cultivators also face problems in getting access to credit because the land titles are usually in the men's names. In general, the need to examine the effect of regional imbalances in agricultural development on the incidence and economic status of female-headed households was highlighted in the discussion.

IV

SCHEMES FOR IMPROVING RURAL WOMEN'S ECONOMIC STATUS WITH SPECIAL REFERENCE TO THE IRDP

In this context, to begin with, there was considerable discussion on the IRDP: its degree of effectiveness, shortcomings and ways by which its implementation could be improved. From the papers of the Conference and other experiences shared by the participants, it was noted that while the women beneficiaries identified were usually among the poorest, only a small percentage received income gains from the schemes; and among them the extent of gain was also usually small. Some of the shortcomings of IRDP identified were:

- (a) the economic non-viability of many of the schemes;
- (b) the poor quality of training provided under TRYSEM;
- (c) the absence of back-up infrastructure for obtaining raw materials and for marketing the products;
- (d) among beneficiaries who are given milch cattle, the absence of the means (land, finance) to adequately feed the animals; the locational inaccessibility of veterinary services; etc.
- (e) indebtedness which leads to the cattle obtained under the scheme being appropriated by the moneylenders; and so on.

Several measures were discussed on possible ways of improving the implementation of the programme including:

- (a) involving the women beneficiaries in identifying suitable and viable schemes, rather than following a top-down approach;
- (b) training women in non-traditional skills such as machinery repairs, etc.;
- (c) linking the milch cattle scheme with that of wasteland development and social forestry. For instance, giving groups of women some land for fodder production along with the cattle.
- (d) following a group approach in general, e.g., giving loans to *groups* of women rather than to individual women; this would help take advantage of any economies of scale in the procurement of raw materials, marketing, etc., and also facilitate the development of mutual support systems among the women. The example of the successful use of a group approach in Nepal for the implementation of its Small Farmers' Development Programme was also described.

This led to a more general discussion on how the women beneficiaries could be formed into groups; in particular the role of voluntary agencies in organizing women was highlighted. It was also noted that different types of

voluntary agencies worked in India today. For instance, there are those which follow a service-(and even a charity-) oriented approach in dealing with the problems of the disadvantaged. However, there are many others which are aiming at strengthening and empowering the women so that the women can themselves become the agents for improving their own situation. The latter approach is the one which is likely to be effective and meaningful.

However, income-generating schemes constitute only one type of intervention for improving rural women's economic status. Other forms of intervention would include organizing women for demanding higher and equal wages, and rights to agricultural land, for planting trees for fuel and fodder and preventing the destruction of forests, etc. Several efforts in this direction, made by various non-governmental organizations working at the grass-roots level in different parts of the country, were described by some of the participants. Among those mentioned were the efforts of SEWA (Ahmedabad), the Chatra Yuva Sangharsh Vahini in Bodhgaya (Bihar), the Chiko Andolan in Uttar Pradesh, the Social Work Research Centre at Tilonia, and Seva Mandir in Udaipur. The issue of unionising female agricultural labourers—and the potentialities and possible difficulties likely to be faced in such attempts—was also discussed at some length.

In general, the importance of both types of efforts towards improving poor rural women's economic status was noted, namely, (a) the effort to improve the implementation and effectiveness of the IRDP and of non-governmental schemes for raising women's incomes; (b) the effort to organize women at the grass-roots level to strengthen their ability to improve their own situation.

SUBJECT II

DIVERSIFICATION OF RURAL ECONOMY

*Rapporteur: V. M. Rao**

ISSUES FOR DISCUSSION

As indicated in the Rapporteur's Report on the papers accepted for discussion on the theme of diversification of rural economy, these papers covered in the main issues connected with diversification within agriculture. The Group felt that the theme of diversification of rural economy would have to be looked at from the wider perspective including the issues relating to the non-agricultural sectors in the rural economy. Hence, after some discussion on the agricultural aspects, the Group proceeded to consider in some detail the principal analytical and policy questions suggested by our experiences in the broader area of rural diversification including the other sectors.

As far as the agricultural aspects were concerned, there was a lively discussion on the policies and measures needed to promote a more development-oriented use of irrigation and to bring about patterns of crops—particularly in areas like the Punjab undergoing pronounced technological changes—moving in line with the changing priorities and requirements of the national economy.

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As regards the broader theme of rural diversification, the following questions evoked considerable interest and discussion.

(i) What effect does agricultural growth have on the other sectors in the rural economy?

(ii) Do we have any identifiable patterns in the spatial spread of rural diversification? It was seen that this question assumed importance when the diversification processes are modest in terms of changes observable at the aggregative level and needed to be analysed at the area and village levels.

(iii) What clues could be discerned from these patterns about the requirements of an effective strategy for rural diversification?

(iv) If progress in diversification was likely to be slow, could we identify opportunities relevant for the short run, particularly to improve the conditions of rural poor.

(v) In terms of their actual usefulness in the field, do programming and area level planning techniques afford substantive help in preparing viable programmes for diversification?

AGRICULTURAL DIVERSIFICATION

By way of a brief recapitulation of the discussion on the agricultural aspects, some participants argued that the price policies of recent years with respect to cereals are bringing in concentration on favoured crops like wheat and rice. They felt that in regions like the Punjab it is now necessary to have measures to promote other crops such as sugarcane. It was mentioned that this would need, besides appropriate price policy, adequate processing facilities like sugar factories. Sugarcane and rice also figured in the discussion in a different context. It was pointed out by some participants that in Maharashtra about 60 per cent of irrigation water was being used for sugarcane occupying less than two per cent of cropped area; a similar situation prevails in Andhra in relation to rice. It was argued, particularly with reference to the situation in Maharashtra, that a more judicious use of irrigation water to grow a wide range of light-irrigated seasonal crops could make a major contribution to the objectives of rural development, *viz.*, growth, diversification, equity and regional development. There was some discussion on the economic viability of this proposition. It was also mentioned that the necessary corrective measures—economic pricing of and better distribution arrangements for irrigation water—would be quite difficult to implement because of the powerful lobbies having vested interest in the prevailing patterns of irrigation use.

Some participants made the point that when diversification was observed at the farm level, two distinct patterns were seen differing in their nature and motivation. Often, diversification of crops and related activities on the small farms arose as a response to the precarious resource position and economic situation of these farms; the motivation behind such diversification was not so much the desire for more income as a desperate strategy for protection against low and unstable incomes. The other pattern, generated by the search for new opportunities for lucrative gain, could be seen in the activities of large farmers covering a variety of farm and non-farm enterprises. It was mentioned that the distinction between the two

patterns of diversification—in particular, the handicaps of the small farmers—should be kept in mind by both the analysts and the policy makers.

LOOKING BEYOND AGRICULTURE

The participants took note of the aggregative trends in the sectoral composition of rural economic activities, indicating an extremely slow pace of change. A measure of diversification was discernible within the primary sector in terms of growth in Animal Husbandry, Fisheries and Forestry but it was not of the kind capable of bringing about any major shifts in output or employment. Many participants felt that the processes of rural diversification need to be observed at more disaggregated levels to get insights into the factors and linkages influencing these processes. It was mentioned that the areas with substantial agricultural growth did show evidence of growth in secondary and tertiary sectors. The sugarcane areas in Maharashtra were cited as an instance of agricultural growth bringing about major developmental changes in rural communities and in the life-styles of rural people. Some other participants argued that, more generally, agricultural growth appeared to promote trade and service activities but not, in an equal measure, the manufacturing activities. A particular mention was made that processing activities connected with crops like cotton and soyabean tended to get located in towns and district places rather than in the rural areas growing these crops. A related broader issue which was raised by many participants was that the processes of rural diversification were shaped and conditioned by rural-urban linkages and exchanges.

There was a reference in the discussion to the uneven spread of non-agricultural activities across rural areas. Some participants suggested that it would be interesting to develop village typologies based on characteristics of a village such as its population size, resource base, place in the hierarchy of settlements, etc., with a view to identifying village characteristics related to diversification. It was mentioned, for instance, that villages below a critical size appeared to be severely handicapped in taking up a wide range of non-agricultural activities. Insights into such characteristics could be of relevance in strengthening the village environments for diversification of their economic activities.

SOME STRATEGY ISSUES

Taking up the programmes to promote diversification like IRDP, the Group considered in some detail the problems encountered in the field. The papers presented to the Group included a few identifying the difficulties experienced by the households in benefiting from these programmes. Some of the participants having the experience of implementing these programmes mentioned that the ISB (Industries-Services-Business) components appeared to have good potential in terms of incremental income but, often, this potential was not realised owing to organizational weaknesses. There was consensus in the Group that a critical determinant of the success of the diversification programmes would be the adequacy of supporting services for input supply, credit, extension and marketing. In this connection, some of the participants stressed the importance of selecting area-specific or cluster-of-villages-specific activities capable of being organized on a scale large enough for

provision of supporting services and for providing an adequate thrust to the economy of the area. They argued that this would be a better strategy for rural diversification than the strategy based on a number of dispersed small scale activities each covering a few households.

The discussion on the strategy and policy issues brought to the fore the many constraints on rural diversification arising from the rural-urban linkages. Some participants referred to the tendency of the rural elite to invest their surpluses in urban real estate, hotels, theatres, etc., instead of in rural enterprises. They argued that it would be necessary to have appropriate policy interventions to curb such tendencies. Another proposition which evoked considerable interest related to the question of domination of rural enterprises and appropriation of their surpluses by the urban groups having a hold over the credit, processing and marketing functions.

DIVERSIFICATION AND THE RURAL POOR

A number of participants stressed the importance of diversification of rural economy from the point of view of provision of self-employment opportunities to the rural poor. They pointed out the limitations of programmes providing casual work in helping the rural poor to achieve viability; it was argued that reliance on the employment programmes implemented in an ad hoc manner would only serve to perpetuate the poverty of groups like landless labourers. There was a suggestion that the efforts to create self-employment opportunities should not remain confined to revival of traditional artisan occupations in villages but should be based on products and skills having adequate income potential in the changing rural context and increasing rural-urban linkages.

Considering the slow-moving rural diversification processes, some of the participants sought to draw a distinction between the opportunities realisable in the short run and those needing long gestation periods. It was mentioned that between the two broad groups of ancillary activities (such as dairying, sericulture, etc.) and processing activities (such as sugar factories, cotton ginning, etc.) the development of the former could be more feasible in the short run. While this distinction was felt to be useful, some other participants cautioned that even activities like sericulture require infrastructural components such as drainages and cocoon markets involving considerable investments. A reference was made in this connection to Karnataka's experience in sericulture development which moved at a slower than expected pace owing to the infrastructural weaknesses.

As regards the landless labourers, some participants took the view that over the immediate years ahead programmes like RLEGP and NREP would be important in providing them with employment. Apart from poverty, the landless labourer has the additional handicap of lack of minimum skills and experience needed for taking up non-agricultural production or service enterprises. However, there was a consensus on the point that the employment programmes should be adequately integrated with the programmes for improvements in land base, irrigation systems, rural roads and other amenities having the potential to expand the range and variety of self-employment opportunities available to the rural people.

PRACTICAL USEFULNESS OF PROGRAMMING AND PLANNING TECHNIQUES

An interesting category of papers presented to the Conference consisted of detailed programming exercises to obtain optimum combination of activities for the rural poor households. As was noted in the Rapporteur's Report on the papers, the recommended combinations included crop as well as non-crop activities. Owing to the constraint of time, it was not possible to discuss the substantive implications of these exercises for the preparation of household level programmes. It was mentioned that a mechanical application of the programming techniques would be undesirable. For example, the difficulty in specifying the constraint imposed by the limited managerial and entrepreneurial skills of poor households could lead to recommendation of combinations beyond the capacity of the household to manage; the other possibility was also mentioned, *viz.*, recommendation of combinations putting excessive emphasis on one or few activities. However, the participants having field experience in preparing household plans reported good response in the form of adoption of recommended plans by the poor households and the extent of increased income derived by them. Some participants referred to the transition in progress in Indian agriculture from the subsistence to commercial farming. It was argued that the small and marginal farmers who are handicapped in coping with this transition would need help and support to enable them to take up the combination of activities giving optimum returns.

There was an extensive discussion on the need to secure consistency between the activities recommended to the households and the growth potential of these activities in the area to which the households belong. It was emphasized that this required an area level plan based on careful resource inventories and assessment of activities appropriate to the area. Some of the participants referred to the fact that preparation of area level plans is yet to become an established part of our rural development planning. However, it was also mentioned that the exercises in progress in Uttar Pradesh and a few other States provided some ground to hope that we have feasible techniques and procedures for this purpose.

SUBJECT III

FARM PRICE STRUCTURE

Rapporteur: Gunvant M. Desai*

The discussion was organized around the broad conclusions drawn by the Rapporteur from the papers and various issues suggested by him.

PRICE SPREAD, PRODUCERS' SHARE AND FARM PRICE STRUCTURE

A large majority of the papers had discussed farm price structure by estimating price spread between farmers and consumers, and the share of the former in the latter's rupee. Therefore, the usefulness of these estimates in developing a sound understanding of the farm price structure was discussed at the outset.

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The spectrum of prices from farm gates to consumers was viewed as an outcome of demand and supply transactions at different stages in the flow of output from farmers to consumers with a variety of factors behind these transactions. These factors included farmers' cost of production, costs and returns of adding time, place and form utilities to farm output, variables behind ultimate consumers' demand, structure and efficiency of markets, physical infrastructure, and government policies. It was also recognized that there existed complex conceptual problems and severe limitations of data in estimating price spread and producers' share in the consumers' rupee. Because of these two reasons, the Group concluded that by themselves these estimates cannot throw much light on the farm price structure or changes in it. On the other hand, it was noted that if micro level research on price spread was conducted within a comprehensive analytical framework, it could throw useful light on the relative importance of different factors affecting the spectrum of prices, something not possible in research based on macro level data.

MARKETING SYSTEM, GOVERNMENT POLICY AND FARM PRICE STRUCTURE

In discussing the empirical findings of the papers, the Group noted that despite the vast growth in the production of certain commodities (*e.g.*, wheat, rice, potatoes), and geographical expansion in markets for them, the producers' share in the consumers' rupee has generally not fallen as one would expect. This was attributed to improvements in the marketing systems, government intervention in price determination, and the impact of larger turnover on the margins of intermediaries, especially the wholesalers. In this context, the Group stressed the need to pay attention to the small size of the retailers' turnover and the opportunity cost of their labour and resources while judging whether their margins are 'fair'.

As for the evidence on the decline in the seasonal variation in prices reported in a number of papers, it was observed that besides improvements in marketing systems and government intervention in price determination, certain changes in the production pattern resulting from growth in multiple cropping and irrigation facilities were also responsible.

The empirical evidence presented in many papers led the Group to conclude that once production surpluses emerged, agricultural marketing systems would seem to play larger role in sustaining growth in production than has been generally recognized. Viewed thus, improvements in the agricultural marketing systems assumed urgency. In this context, deficiencies in physical infrastructure, in marketing institutions at *micro* levels, and in the flow of market information were stressed. It was further pointed out that without removing these deficiencies, establishing apex level marketing corporations and fixing support prices were of little relevance in improving the farm price structure.

It was further observed that at a number of locations there was no dearth of resources to develop physical infrastructure relevant to improving marketing facilities. Marketing Boards have collected vast funds by way of market charges and taxes. These funds must be utilized to improve marketing facilities. In the absence of such utilization, market charges and taxes only reduced the prices received by the farmers.

In discussing whether regulated markets have benefited farmers, it was pointed out that it was not enough to examine the proportion of marketed surplus passing through the regulated markets. The impact of regulated markets on village level prices was no less important. In this context, ample scope to improve the functioning of market committees and flow of market information were emphasized.

Empirical evidence clearly suggested that often 'high' margins of processing firms were due to their astute trading operations or due to investment in machinery having been recovered. Therefore, the Group observed that policies for developing the processing sector, especially with respect to organizational set-up and technological changes, should be based on careful evaluation of the economics of various alternatives.

INPUT-OUTPUT PRICES AND FARMERS' INCOME

In discussing the impact of changes in input-output prices on the farmers' income, the Group stressed the need to take into account productivity performance and the relevant concept of cost of cultivation. In many situations, poor productivity performance of increased inputs' use rather than changes in input-output prices seems to have been more important in lowering the farmers' income. Similarly, the use of Cost C in calculating cost of cultivation seems to have exaggerated the adverse impact of changes in input-output prices on the farmers' income. In any case, price policy alone cannot be expected to raise the farmers' income because of demand constraints for certain commodities and growing budgetary burden of subsidies on food and inputs. Inasmuch as poor productivity performance is due to deficiencies in input supply and distribution plus agricultural extension systems, public resources are better spent on removing these deficiencies and thus raise the farmers' income. Similarly, improvements in agricultural output marketing systems could also negate the adverse impact of changes in input-output prices on the farmers' income.

That farmers' income depended on many factors other than prices was further highlighted by the discussion on terms of trade. Although commodity terms of trade seemed to have been unfavourable to agriculture in recent years, one cannot conclude from this that income in the agricultural sector has deteriorated. In this context, the limitations of the concept of income terms of trade were also highlighted.

LIMITATIONS OF DATA AND APPROPRIATENESS OF METHODOLOGIES

Finally, the Group discussed various shortcomings of the micro and macro level data on prices, and also of certain methodologies used in the papers to examine the farm price structure. There was general agreement that great care would be necessary in research on farm price structure to draw meaningful policy-oriented conclusions because of the limitations of data, and complexity of issues. In evaluating conclusions based on econometric models, it is important to examine how realistic are the assumptions behind the specified relationships.