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SUMMARIES OF GROUP DISCUSSION

Subject I

Regional Variations in Agricultural Performance in the Last Two Decades

Rapporteur: S. Mahendra Dev*

It is known that agricultural performance has an economy-wide impact and this performance has to be examined at a disaggregate level in a large agro-climatically diverse agrarian economy like India. It is also recognised that reduction in regional disparities in agricultural performance is important for achieving both growth and equity. The growing regional disparities will lead to social tensions and conflicts and the possible adverse consequences thereof on potential output.

The session started with a brief presentation by the Rapporteur on the main conclusions of the keynote paper and on the proposed issues for discussion which were already published in the Conference Number of the Journal (Vol. 52, No. 3, 1997). Recognising the importance of this theme, the Group discussed extensively on the critical issues which are crucial for achieving higher growth and equity through reduction in regional disparities. The deliberations of the Group is summarised here under five broad heads: (a) Data quality and research on regional variations; (b) Agricultural growth; (c) Potential in the Eastern Region; (d) Issues on dryland areas; and (e) Subsidies, investments and regional variations.

DATA QUALITY AND RESEARCH ON REGIONAL VARIATIONS

It was stressed by the Group that researchers should be cautious and not unquestionably accept the published data. For example, it is known that in several states (particularly in southern states) the land revenue officials were replaced in the early 1980s and as a result collection of crop area statistics might have suffered. It is possible that data are being collected by people unfamiliar with the village setting. Similarly, district level crop production figures published refer to the final estimates which are generally provisional. The bias in the direction of change in production is unknown since we do not have revised estimates at the district level. The problems relating to irrigation statistics are also known. Irrigated area is defined as the cropped area to which irrigation water has been applied at least once in a season, irrespective of whether the irrigation is adequate, inadequate or in excess of requirements. The irrigated area does not take into account the depth or frequency of watering. The Group felt that it would be possible to use the Timely Reporting Scheme (TRS) data as a cross check against other published data. Another source of data could be the Cost of Cultivation Surveys being conducted regularly by the Ministry of Agriculture.

* Associate Professor, Indira Gandhi Institute of Development Research, General Vaidya Marg, Goregaon (East), Mumbai-400 065.

The Group felt that the research on regional variations tended to be descriptive and not sufficiently analytical. The research should go beyond tabulations of growth rates and explore determinants of agricultural performance at the regional level. The Group also suggested that National Bank for Agriculture and Rural Development (NABARD) could act as an umbrella organisation to bring together researchers who work on regional issues. It was reported that NABARD has already sponsored many studies on agricultural performance in different regions of India.

AGRICULTURAL GROWTH

The Group generally agreed that agricultural growth during the 1980s was higher than during the earlier decades and there has been a reduction in regional disparities because of widespread growth in the 1980s. The higher growth occurred in spite of a decline in public investment in agriculture. One explanation was that the growth in the 1980s was a lagged response to earlier public investment or an increase in the efficiency of investments. The declining investment of the 1980s was manifesting in terms of lower growth in foodgrains production in the 1990s. It was, however, cautioned that one should be careful in selecting periods for estimating growth rates as some extreme years in terms of weather can influence the growth rates. The Group noted the achievements in oilseeds, and in some states, in pulses. Coarse cereal output growth continued despite a decline in area growth, and thus implying increased productivity. It was pointed out that diversification of area from coarse cereals to oilseeds represented an increased income for the farmers. The Group discussed about agricultural growth experiences across districts for some states such as Andhra Pradesh, Assam, Himachal Pradesh, Maharashtra and Tamil Nadu. It was noted that there were significant regional variations within states with widening inter-district disparities. However, it was also noted that there was some evidence of convergence in some states. The Group also felt the need for distinguishing between natural resource endowments and public policy in explaining the differences in regional variations.

One question that was examined by the Group was to what extent the institution of tenancy and tenancy laws could explain the regional variations in agricultural growth. It was observed that according to Agricultural Census data, less than 10 per cent of the land was tilled under tenancy. Furthermore, even though tenancy was legal in many states, its incidence was low. This may be true even after taking into account concealed tenancy. A consensus emerged that tenancy can not explain regional variations to any great extent.

The Group also discussed about the Ninth Five Year Plan target of achieving 4.5 per cent per annum growth in agricultural output and 226 million tonnes of foodgrains by 2001-2002. The Group felt that the targets could be achieved if we have higher agricultural investment on infrastructure and research and extension. It was noted that higher growth was largely dependent upon efficient delivery of inputs and technological improvements in agriculture. A massive application of science and technology can enable the country to face the challenges of food security. The importance of agro-climatic regional planning was stressed by the Group. For achieving Ninth Plan targets, the need for diversification from foodgrains to non-foodgrains and from crop sector to livestock and fisheries was also noted.

POTENTIAL IN THE EASTERN REGION

The Group felt that the eastern region has a lot of potential for achieving higher growth rates. In particular, the recent experience of West Bengal was cited as a model. A major part of the irrigation potential is unexploited in the eastern region. Consolidation of holdings, public investment in irrigation, flood control and provision of drainage facilities are some of the policy prescriptions suggested by the Group for increasing yields in this region. The Group strongly felt that minor irrigation should be developed in the eastern region. Credit was considered as a major constraint for adoption of new technology. It was felt that institutional finance procedures should be simplified in order to help the small and marginal farmers.

There was a discussion on the roles of land reform and irrigation on the success story of West Bengal. It was felt that 'Operation Barga' had only a partial role in explaining this performance. Development of tubewell irrigation and water markets were considered as engines of agricultural growth in West Bengal. The Group also suggested that Bihar and Orissa should learn lessons from the West Bengal model and the future of agriculture in the eastern region lies in the development of small farms.

ISSUES ON DRYLAND AREAS

The problems and performance of dryland areas were discussed. The 'dryland' here refers to areas with low rainfall and low irrigation. The nineties witnessed around 3.3 per cent growth in coarse cereals, partly due to increase in the adoption of hybrid seeds. There has been a shift towards oilseeds in many of these areas. The problems for dryland areas affected both irrigated and non-irrigated areas.

In five states, viz., Madhya Pradesh, Maharashtra, Rajasthan, Gujarat and Karnataka, even on full utilisation of the currently known irrigation potential, around 50 per cent or more of the current net sown area was likely to remain dependent on rain which itself was low and uncertain. In irrigated areas, the cultivation of water intensive crops such as rice and sugarcane has continued and it has to be avoided. For example, it was noted that in Maharashtra, based on the present pattern of cropping under irrigation, no more than 34 per cent of the cultivated land in the state was likely to be ultimately irrigated. A changed pattern of cropping away from sugarcane to low water intensive crops can increase this to more than 50 per cent of the total cultivated area. Also, this would bring many more small and marginal farmers within the fold of irrigation.

On unirrigated areas, the cropping intensity is very low. On such lands, the strategy of growing tree crops should be explored. The Group also discussed the importance of watershed development and soil conservation in dryland areas.

Another promising area in the dryland areas would be to exploit the animal husbandry. As such much research needs to be done relating to rearing of goats and sheep.

SUBSIDIES, INVESTMENTS AND REGIONAL VARIATIONS

There was considerable discussion on the issues related to subsidies and investments relating to regional variations. The discussion tackled questions like (a) who benefited from input subsidies; (b) whether removal of subsidies was possible without affecting output; (c) whether better targeting was possible; (d) whether some efficiency gains were possible in power and water delivery; and (e) whether removal of subsidies would automatically increase

public investments in agriculture.

There was a consensus that agricultural subsidies (particularly subsidies on fertilisers) should be continued at present and phased out over a period of time. Some of the supporting reasons cited were: (a) recognising that much greater subsidies and foregone revenues were prevalent in other sectors wherein subsidy cuts could be less painful; (b) in the light of regional variations, subsidy cuts would strongly affect the currently backward regions, which have a large potential for future growth; (c) subsidies benefit not only farmers but also consumers, and hence their removal would have a wide adverse effect; (d) subsidy removal would also jeopardise food security and self-reliance in food and fertilisers.

The Group discussed about the three reasons that are usually cited for subsidy removal, viz., fiscal unsustainability, adverse environmental impact due to inefficient input use and crowding out public investment.

It was felt that fiscal unsustainability cannot be allowed to compromise food security, just as defence expenditures are kept untouched. Inefficient use of inputs was not only due to subsidies. In matters of power and water subsidy, it was felt that some political actions had also caused inefficient use.

The Group also discussed the importance of public investment in agriculture. The Government's role seemed to be much more important for not only raising public investment but also for inducing private investment. It was noted that one of the major factors determining private investment was public expenditure including investment. Private investments can be expected to grow given the complementary effects of public investments. It was stressed by the Group that efforts must be made to increase the availability of credit which can increase private investment.

TOPICS FOR FURTHER RESEARCH

- (a) Impact of reduction of subsidy on regional disparities.
- (b) Role of dryland technology and potential for goat and sheep husbandry on dryland areas.
- (c) Watershed development in dryland areas.
- (d) The region specific determinants of agricultural growth.
- (e) The role of technology versus institutional factors in explaining regional variations.
- (f) Potentiality of export crop in different regions.
- (g) Using cost of cultivation data for examining intra-state variations.
- (h) More studies on eastern regions particularly on Bihar and Orissa.