

# Rephase the Plan for Agriculture

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*The causes of the current economic strains will not be found where they are usually sought, i.e. in the planning of financial resources or the execution of the programme of expenditure,*

*Origin of the "stresses and strains to which the economy has been subjected of late lies in the failure of our agriculture to keep in step with developments going on elsewhere in the economy, when it has to lead rather than to follow. The solution, therefore, lies in re-phasing and vitalising the programme of agricultural development—land reform, major irrigation works, supply of seed and fertilizer and Community Developments*

*The recent speech by Shri Morarji Desai in which he said that the recent fall in the exports of agricultural products was due to internal production lagging behind internal and external demand confirms the view stated below that the need of the hour is an all out effort to raise productivity of our agriculture.*

THE Second Five Year Plan is in danger of running into a blind alley. Within hardly a year of its Inception, the economy is showing unmistakable signs of serious disequilibrium. The balance of payments shows a gap of Rs 210 crores and the internal price level has shown an alarming rise in the whole of the year in question. The recent Taxation proposals have added to this rise and there is a cry from some quarters that the authorities are trying to bite more than they can chew. Competent economists feel that the investment expenditure scheduled to take place in the Second Plan period is far bigger than can be financed from the available savings of the public. Official as well as non-official opinion, for the first time in the short history of national planning, is seriously thinking in terms of economy drives, of slowing down the tempo of the Plan and of pruning the unessential parts.

It is worth noting that the actual Plan expenditure during the year 1950-57 has fallen short of the budgeted expenditure by about Rs 120 crores and that the Centre has tapped resources for the expenditure in general accord with the directives of the Plan. It is true that the State Governments have not been able to act fully in accord with the Plan for finding resources for their own outlays. But the total performance does not seem to have been too far away from the lines and limits chalked out in the beginning of the year. It is true that deficit financing to the tune Rs 230 crores has added to the volume of money in circulation, a sizable sum which exercises an inflationary pressure. It is also true that the unexpected rise in defence expenditure last year and the proposed further rise this year add to unproductive expenditure and strengthen the inflationary poten-

tial. It will, nevertheless, be of interest to note that the causes of the disease are located elsewhere, more than in the level of planned and executed programme or expenditure. It will be easy to appreciate this statement if we analyse the current symptoms and put them in proper—perspective.

## An Underlying Cause

In the general picture of the balance of payments position, the figures of merchandise import and export values are very important for our purpose. Two outstanding features of our import position are that (a) capital goods figure prominently in the import list, and (b) the imports of foodgrains figure almost equally prominently, if not more prominently, in the list of goods annually purchased from abroad. It will be readily agreed that there is nothing unusual or unexpected in the imports of capital goods. The planned programme of development requires these imports. This, however, is not so in regard to our food imports. Efforts were in fact directed towards doing away with food imports. For the pre-plan year of 1950-51 to the year 1954-53, we have been importing food grains to the tune of Rs 120 crores in value on an average per year. It is true that in 1953-54 and 1954-55 we imported roughly Rs 72 and Rs 68 crores worth of food grains respectively. It is also true that in the year 1955-56 our food imports totalled only Rs 17.68 crores in value. But a disquieting rise has undoubtedly taken place in the year 1956-57. In the first nine months of the year i.e., from April to December 1956, we imported wheat and rice valued at Rs 40 crores, in addition to the wheat imports from the U S A which were financed from the Wheat Loan. From the beginning of the year 1957 upto April, we have imported six lakh tons of wheat

from the U S A, and the Union Government has a programme of purchasing about 2½ lakhs of tons of wheat every month. Other food grains are also being purchased. It is reported that since the beginning of the year foodgrains imports have totalled roughly Rs 40 crores. This brings the total of imports of foodgrains to Rs 80 crores which certainly is a disturbingly large amount. These Rs 80 crores do not seem to include the value of wheat purchased from the Wheat Loan, which is calculated at about Rs 25 crores.

The country has been running short of food for long, and even though food production is reported to be rising, the internal supplies are falling short of our requirements. This is what makes us dependent on the foreigner. A careful scrutiny of the figures of production of foodgrains shown that after reaching the peak in the year 1953-54, there has been a fall in production in subsequent years. It is this disparity between internal requirements and internal production which has compelled us to import food grains from outside. In the last seven years alone, we have imported foodgrains to the tune of Rs 700 crores and odd. How much valuable foreign exchange is being lost in this way can be easily seen.

And foodgrains are not the only agricultural produce we import from outside. Raw cotton and raw jute are two other agricultural commodities which we have been importing for quite a long time now.

## A Solution

The programme for the development of agriculture has four facets, viz, land reforms, major Irrigation works, supply of good seeds, fertilisers, etc and community development projects. There are undoubtedly some encouraging reports in regard to each one of

these fields. But there are, in all of them, serious defects and deficiencies which have to be removed. The programme of land reform is in many cases not proceeding satisfactorily. It is reported that the consolidation of holdings in Uttar Pradesh has worked in favour of the richer landlords and has created, in consequence, a considerable amount of resentment and unrest among the small cultivators. They cannot in these circumstances be expected to put in their best efforts to raise their output. Consolidation of holdings and also cooperative farming and other measures of land reform, however, are long term measures and cannot be relied upon to give quick results in terms of larger agricultural produce. The need of the hour is a quick rise in the production of agricultural goods so as to enable us to do away with food-grain imports permanently.

Any method by which a quick rise in agricultural production can be brought about would be most welcome. It is very necessary for instance that we complete the major irrigation works on hand as quickly

as possible so that they can start functioning with the least possible delay. But it is reported that in some areas where water supply from new irrigation works is already available, farmers do not avail themselves of the facility because of prohibitive levies. It is further reported that in some other areas brought under irrigation, the farmers cannot make use of the new opportunity for want of credit facilities. These are deplorable facts and show utter lack of planning. If this is the position in regard to completed Irrigation works, grave doubts arise about the possible benefits of new irrigation projects in the event of their accelerated completion.

### Agricultural, Not Community Development

In regard to Community Development Projects, it is becoming increasingly clear that most of the expenditure under items other than on agricultural development (i.e., related directly to the raising of agricultural productivity) is in the present circumstances a waste, whatever may be its ultimate value. I suggest that the entire sum of Rs 350 crores budgeted for Community

Development projects for five years, which works out at Rs 90 crores annually, should be employed more productively in supplying the cultivators with natural manures, artificial fertilisers and improved seeds in an appropriate manner. That such supply raises the produce of farms by as much as 30 per cent is now a fact, proved also by investigation lately conducted into the working of the Community Development projects. We can supply these things as free gifts or on subsidised rates as interest-free advances, for one year, and as advances free of interest in the second year and so on. In this way a large part of the expenditure on community projects can even earn a return and would be available for reinvestment in agriculture year after year. In areas where the irrigation projects are completed, farmers should be encouraged to take advantage of the facilities and, if necessary, the irrigation dues should be immediately scaled down so as to be acceptable to the farmers. Ample credit facilities should also be made available. These measures should help considerably in raising the productivity of agriculture.

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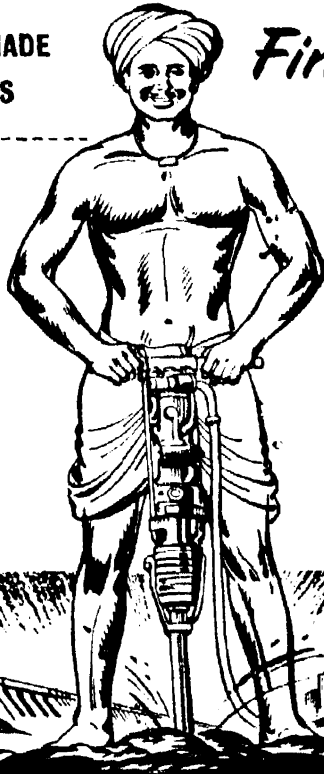


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