

# THE ECONOMIC WEEKLY

## Which End of the Plough?

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W H A T has the emergency or even the difficulty, most probably temporary, over PL 480 imports of foodgrains to do with the agricultural plan? Very little, really. If one ignores inconsequential gimmicks like exhorting city-dwellers to grow vegetables in flower-pots, the Third Plan had already given the first priority to increasing agricultural production and one of its basic objectives was to achieve self-sufficiency in foodgrains by the end of 1965-66. Yet, when the Food Minister revealed on Tuesday that next year it was proposed to step up the allocation to the States for agricultural programmes by no less than 43 per cent over that in the current year—even though the total Plan outlay next year will be lower—no eyebrows were raised and it was accepted as a natural concomitant of the emergency.

The Food Minister's sketchy account of how the higher allocation to agriculture was to be spent contained no surprises. Expansion of the area under multiple-cropping, improving utilisation of irrigation, preparation of farm manure in compost pits, cultivation of subsidiary crops—these are not new programmes. That, of course, is no criticism of them. Yet, did not the Memorandum on the Fourth Plan state that "the setback in agriculture since the end of the Second Plan is a cause of deep concern and has, in turn, led to fresh consideration of the assumptions, methods and techniques as well as the machinery of planning and plan implementation in the held of agriculture"? What one would like to know is whether the so-called "crash programme" in agriculture is the product of such reconsideration of the assumptions, methods and techniques of agricultural planning which have been the cause of very large investments hitherto yielding very much less than the expected results or whether it is merely based on misconceptions such as that the absorptive capacity of the agricultural sector for fresh investment is virtually unlimited or that in agriculture the results of investment can be expected to emerge almost without any time-lag.

Our past experience is enough evidence that there are definite limits to the *pace* at which investment can be *effectively* made in agriculture even though there may be none to the cumulative total. Apart from the limits set by availability of physical inputs, there is the overriding fact that increases in agricultural output have to come about mainly through a very large number of individual farmers being induced to adopt better agricultural practices. On this score the Planning Commission's own assessment of the achievement so far is worth nothing: "there has been a marked lag in the application of the results of scientific research, in the adoption of better implements and more scientific methods of agriculture and, generally, in the extension of improved agricultural practices. The proportion of cultivators who have taken to scientific agriculture is still quite small. No doubt due to the slow implementation of measures of land reform, the structure of the rural economy has not changed to the extent postulated in the earlier Plans".

The fate of the land reform programme is too well known to need repetition. It has been conceded by one official study after another that land reform legislation in most States is riddled with gaps and loopholes, that the administrative arrangements for enforcing even such legislation as exists have been deplorably inadequate, that records of rights of tenants do not exist in many States and, where they do, they are often incomplete and out of date, that as a consequence, there are vast numbers of 'informal' tenants who are not recorded in the papers and enjoy no security of tenure.

Land reform is a basic desideratum if cultivators are to be induced to invest in better agriculture; so are stable and remunerative prices for agricultural produce, an adequate extension service, in terms both of number and quality of personnel, and a co-ordinated organisational set-up to administer the different rural development programmes. A recent official review, made only months ago, concluded that "our agricultural extension services are weak both in quality and numbers and suffer from dispersal over unmanageable areas". Though a decision was taken three years ago that the village level worker should be assigned only one set of tasks, namely, organising extension and supplies for agricultural production programmes and helping

panchayats and co-operatives to draw up and execute village production plans, it has almost nowhere been possible to implement this decision.

If the extension services are inadequate, the higher official administration responsible for agricultural programmes is unco-ordinated and ineffective. Study teams sent out by the Planning Commission to the States have emphasised the harm done by the multiplicity of agencies responsible for agricultural programmes and the lack of co-ordination among them. As the not infrequent recriminations between the Planning Commission, the Ministries of Agriculture and Community Development and the State Governments show, it is impossible under the present set-up to fix responsibility for failure. This is true at all levels of the administrative hierarchy, starting from New Delhi and the State capitals right down to the village. It has been suggested that each village should be collectively committed to its annual farm production target and that all financial assistance should be

channelled through the village body which should be made responsible for achieving the target. But made responsible to whom? And how, when the dispensers of Government assistance are so numerous and so unco-ordinated?

It is in this context that the decision to increase the financial outlay on agriculture has to be judged. A short-term "crash programme" at this stage can make sense only if it is part of a perspective plan covering the above-mentioned basic factors which will to a large extent determine the pace at which agriculture can absorb investment productively. However, the temper of the Government at the moment appears to be inimical to such an approach, being weighted in favour of *ad hoc* measures which seemingly hold out the prospect of immediate returns. But, unless the experience of the three Plans is completely misleading and holds no lessons, to proceed in this manner is to grip the plough at the wrong end.

becoming increasingly significant, mainly because subscriptions to share-capital of companies from\* the controlling interests increasingly comes from companies and trusts, not individuals. This conclusion has been confirmed by the Reserve Bank which has found that new companies are raising the major part of their capital from companies.

It is not at all surprising that the Commission should tend to take a reassuring view and decry that there should be so much alarmist propagandist nonsense and loose talk by politicians about the economy being dominated by monopolists. After all did anybody know what ultimate purpose the Commission was supposed to serve? Such a definite purpose can be based only on a clearly defined political-economic stand. But India is a socialist country when we are replying to a toast at a Kremlin dinner and a capitalist country when negotiating for American aid in Washington. The "socialist pattern" of our planning does not specify either the institutional pattern of ownership or the economic pattern of competition. Nor has it been stated that our brand of socialism involves "free competition". Was the Commission to find ways and means of perfecting imperfect competition or making imperfect competition a little less imperfect? Joan Robinson in an article in the Special Number of this journal of July 1964 squarely termed the whole attempt as absurd. She expected that the only useful purpose it would serve would be to educate the economists working in the Commission. We have to find out whether the report lives up even to this limited expectation. Its glorious predecessor, the Mahalanobis Committee report took very much longer to produce and contained neither any new facts nor any new conclusions.

## All Semantics and No Facts?

THE one great achievement of the Monopoly Commission which no critic will dispute is that it has submitted its report within the scheduled time—a feat for any committee or commission in India. What else it has achieved it is too early to say. The report has not yet been placed before Parliament and we have nothing more than vague press reports to go on. There is, however, no indication that the fears that were expressed by several correspondents in the columns of this journal have been belied. Not unexpectedly, the Commission has, it seems, devoted a considerable part of its labour to semantic analysis of the term "monopoly"; and also not unexpectedly has it concluded that there are no monopolies in India "in the accepted meaning of the term".

However, problems cannot be liquidated by such semantic processes: monopolies in the "accepted meaning of the term" probably do not exist anywhere; in any case they constitute a small part of the whole complex of problems given rise to by individual decision-making units in trade reaching a size when they can unilaterally or conjointly with others influence the entire market.

if press reports are correct, the Commission has tried to highlight the fact that since the beginning of planning scores of new entrepreneurs have successfully entered the industrial field. One would wait to see what the Commission exactly means by "new entrepreneurs"; one would also eagerly, if somewhat skeptically, wait to get further details of the Commission's alleged findings about the increasing proportion of share holdings by investors belonging to the lower and middle classes. R K Hazari who has looked rather closely into such matters has found on the contrary that institutional ownership of capital has been

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