Chapter VII

ISSUES EMERGING FROM THE STUDY
7.01 Introduction

The present chapter makes an attempt to highlight the main issues that have emerged from the study as explained in the preceding chapters. It is, therefore, essentially an evaluation of the study in a nutshell so far made.

7.02 Emerging Issues/Findings of the Study

The main findings that have emerged during the course of research work are furnished below:

1. In agriculture, Nadia district is occupying a significant position in West Bengal. This is evident from the fact that it is producing 8.30 per cent of agricultural output with its share of 5.70 per cent of the population of the State (Chapter II, Section 2.13). It is also evident from higher per capita production of principal crops (Chapter II, Section 2.13), higher average daily wages for agricultural labourers (Chapter II, Table 2.05) and the lion's share in jute production (Chapter II, Section 2.13) in comparison with other districts in the State.

2. Canal irrigation facilities are almost absent in Nadia district. In 1991-92, out of 1059 thousand hectares irrigated by government canals, the share of the district is nil. The cultivators are, therefore, provided with irrigation facilities by Government Deep Tube-well, Shallow Tube-well, Dug-well, Surface Flow Irrigation Scheme and Surface Lift Irrigation Scheme. Inspite of these, the scenario of irrigation facilities is grossly inadequate in Nadia district (Chapter II, Section 2.07).

3. Greater area of land is mobilised in the hands of a few landowners. Perhaps, this uneven land distribution pattern is not limited to Nadia district in particular,
rather it is the scenario of West Bengal if not that in other States as well (Chapter III, Section 3.04).

4. Chi-square ($\chi^2$) test shows that the samples are drawn from the population systematically as the calculated value of $\chi^2$ is 3.38 while the tabulated value of the same is 5.99 (Chapter III, Section 3.10.2).

5. By paying weightage to the area of cultivation, output and revenue potential of various crops, the study clearly identifies that boro-paddy, aman and aus-paddy, jute and vegetables are principal crops while pulses and oilseeds are non-principal crops in Nadia district (Chapter IV, Section 4.06).

6. By sketching cropwise cost analysis under the heads principal crops and non-principal crops on the basis of per hectare and per tonne, the study highlights the magnitude of change in total cost over different crops. It discloses that larger farms are, as compared with smaller ones, deriving the benefits of large scale production in respect of total cost for the production of principal crops (Chapter IV, Tables 4.02-4.09). Again, it points out that the production of non-principal crops is unsuitable for larger units because of rise in cost which negates the concept of large scale production (Chapter IV, Tables 4.10-4.13).

7. On an average, coefficient of variation is less than 25.00 per cent on all crops but vegetables which is 34.50 per cent (Appendix VIII). It gives a positive sign of decreasing tendency with larger farms. The lower the degree of coefficient of variation, the greater the degree of consistency in cost pattern. This indicates that larger farms are, as compared with smaller ones, more efficient in relation to cost control. Nevertheless, such a moderate degree of coefficient of variation is acceptable because of the fact that natural agents have great influence over the fluctuation of costs.
8. Smaller farms are, as compared with larger ones, spending more on irrigation. This indicates that small farms are getting lesser government irrigation facilities. So, they have to depend more on private irrigation which increase costs (Chapter IV, Tables 4.02-4.13).

9. The expenditure on direct labour is rising while the expenditure on direct expenses is falling with larger holdings. This indicates that larger holdings are, as compared with smaller ones, banking more on human labour to complete the process of cultivation in time. Moreover, small farms are spending more on marketing overhead for marketing vegetables in particular and other crops in general (Chapter IV, Tables 4.14-4.19).

10. Direct labour absorbs 44.91 per cent of total cost. Next comes direct expenses (29.92 per cent). These two jointly represent 74.83 per cent of total cost (Chapter IV, Table 4.21). The incurrence of highest expenditure on direct labour particularly on human labour focuses on the present set up of agricultural farming in Nadia district in particular and in West Bengal in general.

11. The highest spending on any ingredients of cost demands more concentration on exercising cost control. In the context of cost control, both direct labour and direct expenses require continuous effort in reducing wastages and inefficiencies to keep them within the planned ones (Chapter IV, Section 4.10).

12. The incurrence of highest expenditure on direct labour particularly on human labour and animal labour has another dimension. Higher spending on both human labour and animal labour implies heavy dependence on traditional method of agricultural farming in Nadia district as well as in West Bengal (Chapter IV, Tables 4.02-4.13).

13. On an average, 63.75 per cent of the farms are preparing rough estimate instead of budget. The position improves significantly with the rise in the
size-group of farms. Yet they are not keeping records/accounts (Chapter IV, Section 4.11.1).

14. The farmers in general remain in the dark as far as determination of cost of produces and profitability thereof are concerned (Chapter IV, Section 4.11).

15. On an average, 10.00 per cent of the farms entered into leased-out agreement while 7.50 per cent of the farms entered into leased-in agreement. Such a significant proportion (17.50 per cent in total) of the cultivation of leased land in Nadia district in particular and in West Bengal in general indicates the existence of uneven land distribution pattern (Chapter IV, Section 4.06).

16. Employment of own capital, on an average, is 96.67 per cent of total capital on the selected household farms and it increases steadily with the rise in the size-group of farms. Conversely, employment of external capital, on an average, is only 3.33 per cent of total capital on the sample farms and it is declining gradually with larger farms. The position of external finance injected to agricultural farming is, therefore, grossly inadequate (Chapter V, Table 5.03).

17. One can raise question as to why the position of external finance is so meagre on the selected household units. The answer lies in low income, low repayment capacity, lack of security except tiny plot of land particularly of small farmers and above all, processing delay and hurdle in getting loan funds. As an alternative to institutional finance, farmers are, however, switching over to money-lenders, village mahajans etc. in order to get quick loan with high rate of interest against standing crops (Chapter V, Section 5.04.1). Ultimately, they suffer heavily on two counts—high rate of interest and lower disposal value of crops because sale of crops at a lower prices is a mere formality in getting quick loan.

18. Investment in land alone accounts for 61.16 per cent of total investment (Chapter V, Table 5.05). Therefore, the farmers in general, find lower amount of funds which can be invested in other capital assets and in working capital.
19. Blockage on working capital declines with the size-group of farms. Larger the size of the farm lower is the investment and vice-versa. This indicates that larger size-group of farms are, as compared with smaller ones, either purchasing inputs at a cheaper rate or they tend to impose better control on working capital or both (Chapter V, Table 5.05).

20. The Government of West Bengal has set up 3 regulated principal markets and 7 regulated sub-markets in Nadia district for the development of agricultural marketing. Yet they are not functioning effectively for lack of good transportation system, modern storage facilities and promotional financing scheme. It is a good message in the matter of improvement of agricultural farming that a few co-operatives controlled by the government have already set up in the regulated markets and some are going to be established in the near future in the district to satisfy the interests and needs of the farmers more effectively. Nevertheless, the farmers are not getting fair prices for their produces due to the presence of too many intermediaries and bad financial state of affairs particularly of the small farmers (Chapter V, Section 5.10.2).

21. The big farmers who are financially sound and can bear the cost of burden of 'peak sale', are only the main beneficiaries of the regulated markets. But they are handful in number (Chapter V, Section 5.10.3).

22. Most of the farmers have to sell their produce relatively at a lower price either to the village brokers or to the mahajans who provide finance for cultivation as well as sustenance for their families. Consequently, the farmers' financial state of affairs and standard of living can hardly improve (Chapter V, Section 5.10.3).

23. A few farmers sell their produce in the markets relatively at a lower price because of hurdles created by superfluous brokers who virtually dictate over the prices knowing fully well the low bargaining capacity and poor financial state of affairs particularly of the small farmers (Chapter V, Section 5.10.3).
24. Small farms are heavily dependent on agricultural produces for their sustenance because, on an average, 60.44 per cent of boro-paddy and 57.33 per cent of aman and aus-paddy in relation to total output are used for household consumption. Again, production of non-principal crops irrespective of the size-group of farms is mainly intended to meet the requirements of household consumption. Surplus, if any, is then disposed of (Chapter V, Section 5.11).

25. For small farms, forced sales on jute account for 20.17 per cent of total output, followed by aman and aus-paddy 4.00 per cent and boro-paddy 3.91 per cent. Again, for medium farms, forced sales on boro-paddy account for 4.41 per cent of total output, followed by jute 2.61 per cent and aman and aus-paddy 2.15 per cent. No forced sales is reported for large farms. The loss due to forced sales declines gradually with the rise in the size-group of farms (Chapter V, Section 5.11).

26. Vegetables are the most profitable crops while aman and aus-paddy are the least profitable ones (in terms of percentage) when same number of unit(s) are disposed of in Nadia district (Chapter VI, Table 6.11).

27. The actual contribution of individual crops towards overall profitability is that the vegetables contribute the highest proportion towards overall profitability, followed by jute, boro-paddy, aman and aus-paddy, pulses and oilseeds in that order (Chapter VI, Table 6.12).

28. The study exhibits a clear picture as to the return on capital employed with land (ROCEWL) which presents a positive sign of rising tendency with larger units. This implies that larger size-group of farms are, as compared with smaller ones, generating higher return which is, perhaps, the result of higher holding capacity due to better financial state of affairs as well as economy in costs for large scale production (Chapter VI, Section 6.06.6).
29. The study examines the effect for inclusion of the value of land in the capital employed by return on capital employed without land (ROCEWOL). If the value of land is not included in capital employed, profitability goes up from 10.28 per cent to 26.80 per cent, i.e. by 15.80 per cent on the sample household farms (Chapter VI, Table 6.13).

30. The magnitude of change in overall profitability is supported by various explanatory ratios. The profit turnover and assets turnover with land (ATOWL)/assets turnover without land (ATOWOL) bear the same disclosure what already disclosed by ROCEWL/ROCEWOL. In support of ATOWL/ATOWOL, fixed assets turnover with land (FATOWL)/fixed assets turnover without land (FATOWOL) and current assets turnover (CATO) are adopted. The outcomes of FATOWL/FATOWOL and CATO have no difference with that of ATOWL/ATOWOL (Chapter VI, Table 6.13).

31. It is pointed out that greater emphasis is required to be given on direct labour and direct expenses because these two jointly constitute 46.48 per cent of total revenue on the sample farms (Chapter VI, Table 6.13).

32. Leasing out of land is preferable than cultivation though the difference between ROCEWL and rate of return on land leased-out is 0.83 per cent on the selected units. This does not bear the suggestion that leasing out is always beneficial. Rather, it is preferable to some extent (Chapter VI, Section 6.06.7).

33. On an average, cropwise overall productivity is highest on vegetables, followed by boro-paddy, jute, pulses, aman and aus-paddy and oilseeds in that order. Again, overall productivity of all crops but vegetables under the head principal crops is rising steadily with larger holdings while it is in respect of non-principal crops that it is rising and falling for pulses and oilseeds respectively with larger units. When all crops are taken together, it appears that the larger farms are, as compared with smaller ones, better in relation to management of various agricultural functions (Chapter VI, Section 6.12).
34. There is a positive relationship between overall profitability and overall productivity. As a matter of fact, higher ROCEWL is accompanied by higher productivity (Chapter VI, Table 6.17).

35. There is a strong association between overall profitability and overall productivity as the degree of coefficient of correlation ($r$) appears to be very high. A very high degree of coefficient of correlation ($r=0.88$) is strongly supporting the fact that, an increase or decrease in overall profitability is the result of an equal increase or decrease in overall productivity (Chapter VI, Table 6.17).