CHAPTER-VII

CONCLUSIONS

(A) Estimated regression equations of consumption for all food-grains from NSS data reveal these features:

(i) Consumption curve for all food-grains is positively sloped.

(ii) Total expenditure exerts a much greater degree of influence than price. Positive expenditure elasticity happens to be larger than negative price elasticity which makes the consumption curve upward sloping.

(iii) Cross price elasticity happens to be statistically non-significant. However, its statistical non-significance reveals that this variable does not explain much of the changes in consumption.

(iv) Another feature of these results is that removal of other prices does not affect either the sign or statistical significance of the price and expenditure elasticities. This shows that prices of other goods are statistically superfluous explanatory variable so far as consumption of food-grains is concerned.
(B) Estimated equations for consumption for all the five commodities from Haryana data reveal the following features:

(i) Consumption curves for all the five commodities are positively sloped.

(ii) Income happens to be more important determinant of the shape and location of consumption curves.

(iii) An interesting point of these results is that with the substitution of expenditure for income, results are affected both qualitatively as well as quantitatively in all the cases except in case of all food-grains. The reason for such a difference seems to be that in Haryana agricultural output does not seem to have been immunised to the adverse weather conditions as it has been in Punjab.

(iv) Above results imply that consumption behaviour of farmers has not changed either qualitatively or quantitatively in post-green revolution period which is known as a period of high output and high level of development. There occurred a positive growth in income and expenditure. But it appears to us that farmers have given due importance to requirements of growth. They consider food-grains as superior commodity. If, however, their efforts
at development of agriculture continue consistently for a few years, it may be possible for them to raise their consumption level sufficiently and diversify its structure adequately in future. But the development so far has not been sufficient to lift the middle and small farmers out of poverty trap so far as their consumption behaviour is concerned.

(C) Main features (of the results) of estimated elasticities of marketable surplus from Punjab and Haryana data are as follows:

(i) Size is not a decisive determinant of marketable surplus. If there is any influence of size on marketable surplus, it is not direct. It might be exercising its influence via income/output.

(ii) Consumption levels of small and medium farmers are low, so any rise in output raises only their consumption rather than augmenting the sales for market. So inducement or incentives in the form of higher prices will not affect their sales behaviour so long as their pent up demand is not satisfied adequately.

(iii) These results lend empirical support to the hypothesis of positive relationship between marketable surplus and output/income.
(iv) Another important implication of these results is that if one wants to enlarge the size of marketed surplus either for building buffer-stocks, or for meeting ever increasing urban demand for food-grains or to keep the price fluctuations within the limits during the periods of shortages, efforts and inducements should be directed towards medium and large farmers as small farmers contribute very inconsequential if not negligible share of total marketable surplus.

(v) Output is more important determinant of marketable surplus of different commodities than income so far as sales behaviour of all farmers taken together is concerned. It is implicit that income is comprised of farm and non-farm income. A large part of total income is derived from other sources than agricultural sources. Hence, incentives and inducements to raise output or income whatever be their form, are the means through which market arrivals can be raised largely.

(D) Main features of the calculated rate of growth of different variables and sign test are as follows:

and

(i) Output, marketable surplus/cash-requirements have grown positively for all the families. Increase in
output reflects higher income and higher level of development. Change in output and marketable surplus emerge in the same direction.

(ii) Sign test applied on the rate of growth of cash requirements and marketable surplus provide empirical support to the hypothesis of positive relationship between the two variables.

(iii) Positive sign for the association of output/income and marketable surplus lend support to the hypothesis of positive relationship between dependent and independent variables.