CHAPTER I
INTRODUCTION
I N T R O D U C T I O N

Since time immemorial, the agriculture in our country has been devised with some socio-religions superiorities among all other occupations. The farmer therefore always owned it more than an occupation or rather they considered it their way of life descended to them by their ancestors. Even today, to own land and to cultivate it, is a matter of social prestige in the villages and those who own and cultivate land, command better social status in the community against those engaged in other occupations, irrespect with the fact that they earn more from non-agricultural sources. No wonder, agriculture occupation has been on the deteriorating trend for a long time to become a profitable business in the overall situation. Long ago, it started failing to keep pace with the demands of the population and at one stage it even could not feed properly those who remained engaged in it in one way or the other.

However, the retarding conditions of agriculture did not remain unrealized from the British Government for a long time. In its efforts, the British Government also initiated a number of measures for the development of agriculture in the country, but not to the extent the situation warranted. After Independence, there started a new chapter in the field of agricultural development in the country when it was given top priority in all the Five Year Plans. The present Government took a number of steps for overall development of agriculture so as to increase the agricultural production to the maximum level so that import of foodgrains etc. may be stopped in the near future. Among the steps so far taken,
the grow more food campaign, Indian Agricultural Development Programme, High Yielding Varieties Programme, Marginal Farmers Development Agency, Small Farmers Development Agency etc. have been the landmark efforts in the field of agricultural development to boost up the production. Undoubtedly, the steady progress of agriculture was checked to a greater level by drought conditions during 1965-67 but thereafter both the farmers and Government interested themselves with a new zeal to fulfill the task of agricultural development and there has been a commendable progress in the field during recent years.

Hitherto, the improved seed, chemical fertilizers, insecticide and pesticides have become popular in our country except a very few areas and their wide adoption has resulted in the green revolution. The production of wheat, paddy, sugarcane, maize, bajra, jowar, gram and groundnut has sharply increased during recent years, just because of the improved practices of cultivation which the farmers are taking up in progressive manner from one to another years.

How long the farmers will persist with this type of progressive trend in future, is an important point for further planning. This question can be correctly answered by the study of cost and production relationship or the extent of net profit in relation to costs. Now a days, the farmers are going on with the increased production without giving due thinking to the cost and production relationship and if they ever think about it, they do not include family labour (both human and animal labour) including the cost of organic manures as the cost input. But this type of
process will not continue for a long time and sooner or later, the farmers will become aware of this relationship and at that time if they find that the improved practices of agriculture including mechanization or the agriculture in general is not a profitable business in the overall situation, there may be a great shift of capital from agricultural sector to other sectors. The traditional type of socio-religios importance of agriculture has almost withered these days due to the pronounced and pervasive influence of monetization and urbanization on the rural population. If the agriculture remained as profitable business, it will lead to the search of most profitable crops that may cause abrupt change in the cropping pattern as well as in the production of different crops. Thus, the farmers have become themselves aware of this relationship and have started with either of the above said situation at their own accord. Hence, it is very much desirable to study the cost-return and net profit relationship systematically in relation to the given resources of situations. It is because, among other things, this study will be of permanent importance in visualizing the cost of cultivation, volume of production and the price relationship in the overall situation of agriculture as well as the profitability of each crop in the given situations. It will highlight the factors which are affecting the cost and agricultural improvement.

The basic consideration before the farmer is the optimum use of each resource factor among different competitive alternatives to get the maximum profit on the farm as a whole.
The problem as such presents the question of allocation of limited farm resources and combination and coordination of farm enterprises for maximizing the farm returns. The decision of the farmer in the allocation and combination of limited resources partially depends on the inter-relationship that exist between resources and enterprises raised on farms. Hence, the knowledge of the farmer in respect of inter-relationship between resources, inputs and enterprises in terms of complementary, supplementary and competitive nature and productivity of resource input is essential for optimization of resources and maximization of farm returns.

The results obtained from this type of study will be very useful for making the farmers aware in advance about the extent of net profit on different crops so as to restrain them from abrupt change in future. With this kind of information they will find themselves in a better position to bring about an improvement in their cultivation practices and crop enterprises. This study would be a great help to the Agriculture Price Commission, while deciding the price of agricultural commodities. Overall, it will be helpful in many ways to the farm management and extension workers, planners, advisors and to all those engaged in the field of agricultural development in one way or the other.

**SCOPE OF THE STUDY**

Since the main objectives of the study are to analyse the resource situation and crop enterprise combination on different farms, to study the cost structure and level of income on different farms and to find out productivity of different farm resources of
the selected villages in the district, the emphasis is being laid to bring forth the various costs which enter in the production process, the factors affecting the choice of enterprise combination and resource use with a view to maximise production or to minimise the cost. The present study of 10 villages of two adjacent blocks of Etawah district deals mainly with the cost and returns of the selected important crops i.e. wheat, pea, paddy, gram, mustard, sugarcane, bajra and maize and productivity of given resources representing to a large extent the economy of Central U.P.

THE IMPORTANCE AND JUSTIFICATION OF THE STUDY :

It is rather customary to present an inflated picture of the importance of such works. Awareness of this and having said what has already been discussed before, we would be brief about the importance and relevance of the research project. Its importance can be discussed with reference to: (a) the policy maker, (b) the production economics research workers and (c) the farmers.

There is, at present, a very important discussion whether the new farm technology symbolized by the high yielding varieties, chemical fertilizer and certain other basic inputs like irrigation etc, is not increasing the existing income gap between large and small farms and creating the consequent social and economic tensions. Is the new technology being adopted as much as by the big ones only? More importantly in various discussions on agrarian policy and reforms, points to be debated are whether small farms
are efficient farms? In the aggregate output per unit of scarce resources like land is maximised when production is organized in smaller units? Are the bigger farms require a necessity to take advantage of the newer technology? In other words what is the optimum size of farm for achieving the maximum aggregate output under the new technology or more concretely what should be the ceiling on land holding if the criteria of efficiency is not to be all together abandoned. The present study may provide useful indications on some of these aspects to the policy makers.

It is however, in the field of agricultural economics, the relevance of the present study is tremendous indeed.

In the literature of the subject, there are several hypothesis about the impact of the technology on productivity and how technological inputs affect production relationship. Controversies and distortions abound low income and family farm economics. Several scholars have traced out the course of technological change in agriculture. A part of these controversies shall be reviewed in the following chapter. The farm size and productivity relationships on family based farms have come up for a very scholarly analysis in recent works. To the knowledge of the author, however, these attempts are mostly restricted either to theoretical postulations or based on data where the new technology does not exist as a variable or confine to study of response functions of certain inputs. Fortunately now, a part of Indian agriculture, is on the threshold of technological break-through. In this transitional phase, it is possible to find farms belonging
to different sizes operating at different levels of new technology. It is this stage which has to be caught-up and studied empirically to see the ways in which the various production relationship came under pressure for change under impact of changing technology. The growing literature alongwith the analytical frame-work would provide a very useful frame to test some of the hypothesis and reveal some other distortion in different farm situations and types.

To the farmers, the study may not be of direct use and application. But the finding would be a pointer if on a change in technology, he can go in for increase in farm size without any fear of diseconomies of scale. The enterprising new comers will find some guidelines about the scale of farm business, they can start with. Besides, the farmer will find the data useful if even the small farm can promise him a reasonable standard of living. In addition, the marginal value productivities and their ratios to opportunity cost would atleast be a rough indication of the direction and extent of inputs to be applied.

**MAIN OBJECT OF THE STUDY**

Since the problem under investigation is of great economic significance in context of the development of farm plans and policy designed to raise the productivity and income levels of the farmers, the study has been undertaken with the following objectives:

1. To analyse the resource situation and crop enterprise combination of different farms.
2. To study the cost structure and level of income on different farms from crop production.
3. To findout the productivity of different farm resources.

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