ROLE OF AGRICULTURE AS A GROWTH STIMULANT IN
THE ECONOMIC DEVELOPMENT OF UTTAR PRADESH
SINCE 1951

ABSTRACT

In this thesis entitled "Role of Agriculture As A Growth
Stimulant In the Economic Development of Uttar Pradesh Since 1951", the author has analysed the role of agriculture in the economic growth of the State. The misconception that developing countries should make all out efforts to industrialise themselves without making a strong agricultural base has been dispelled through the experiences of the U.S.A., U.K., U.S.S.R., Canada, Germany and Japan.

It was noted that up to 1963 the State's agriculture instead of proving growth stimulant remained neutral to growth. Likewise, the State could not achieve its objective of self-reliance and self-generating growth through its planned development programmes because of the poor performance of agriculture. Although agriculture occupies an important place in the economy of the State for it supports a major portion of the State's population and contributes substantially in the net output yet its over all achievement is far from satisfactory. Some of the
black spots of agriculture are its lower yield, defective cropping pattern and ineffective agricultural policy. The agricultural planning in Uttar Pradesh up to the beginning of the Third Plan was based on trial and error method. This State did not follow any sound agricultural strategy but relied on the routine business of the Department of Agriculture. It focussed its attention on the maintenance of regional balance, social justice and infra-structure rather than on the development of agriculture on scientific lines. It was only in the middle of the Third Plan that a new strategy was adopted to transform agriculture from a mere way of living to an economic and business proposition. The experience gained through the Intensive Agricultural Area programmes reveals that there is nothing basically wrong with Uttar Pradesh's agriculture and its farmers. Both of them possess enough potentials to transform the State into a surplus State within a short period of time but a change from within is the need of the hour. The State should, therefore, concentrate on the maximisation of the net revenue per cultivator's family instead of maximising the net yield per acre so that such a family may feel the thrill of the results of inputs and outputs from a commercial point of view and exercise judgment for maximising both productivity and profit through the development of industries ancillary to agriculture.

To achieve the above objective it is recommended that the State should follow an agriculture-oriented Two-sector Growth Model based on the development of agriculture as well as industries. The agricultural
programmes however effective, cannot deliver the goods single handedly.

For the economic development of the State, agriculture and the industries ancillary to agriculture must progress simultaneously. The programme of agricultural development should be carried on through a multi-phased, concentrated and coordinated approach in areas which can quickly respond to such production efforts. The programme should not only involve the adoption of a package of improved practices such as improved seeds, fertilizers, pesticides, improved implements, proper soil and water management but also there must be effective provision of a package of other essential services consisting of competent technical staff, adequate credit and production supplies, land and water improvement, storage and marketing facilities, price assurance and sufficient growth incentives through the development of village institutions. Similarly the development of industries should also be on a selective basis. Instead of starting all types of industries in every part of the State, a few growth points should be selected and those industries should be developed first which help agricultural programmes and also those which are agro-based, through the establishment of Agro-Industries Corporation. The main emphasis should be laid on small and village industries because they would not only make agriculture a full-time occupation but also provide employment and raise the standard of living of the people. Small scale and cottage industries are a healthy means of tolerant and evolutionary pace of economic development in the State.

On the basis of the two sector growth model it has been
calculated that the annual growth rate from the present low level of 3.11 per cent can be raised to 9.6 per cent. Thus it would double the per capita income within the period of ten to twelve years only. Uttar Pradesh has two alternatives either to execute the old Plan or start an altogether new Plan from April 1960. In case it decides to stick to its present Fourth Five-Year Plan, it would on the basis of the model need only Rs. 790.00 crores instead of Rs. 1,055.44 crores, proposed by the planners. Since the National Development Council has decided and all Chief Ministers of the States have also agreed to it, the Fourth Plan of Uttar Pradesh is likely to start from April 1960.

In order to achieve the targets of the proposed Fourth Plan of the State, Rs. 480.00 crores are to be invested on Three Annual Plans at the rate of Rs. 160.00 crores per annum and the Fourth Five-Year Plan of the State be prepared involving an outlay of Rs. 1,122.48 crores.

The development programme as enunciated in this thesis is technically feasible but requires a growth-oriented fiscal, monetary and administrative policies for its success. The State would do well to mobilise resources from the rural sector through Agricultural Income Tax and by enhancing the levy on electric and irrigation consumption. Further the procurement price should be brought down so that the price level be stabilised at a reasonable level. Through direct State intervention the inflation as well as recession both could be controlled. Similarly the banks as well as the organised business sector be persuaded to help the cultivators and the small entrepreneurs in their day-to-day business
needs. To save the cultivators from financial distress crop loans should be encouraged and the farmers should be insured against the crop failures and the untimely loss of livestock etc. Further, the land reform policies of the State should be designed in such a way that they not only remove motivational impediments from the agrarian system but also guarantee land to the tillers and establish the system of 'owner-cultivation' on a large-scale. Besides this, the administrative reforms should be made jointly by the Central and State Governments to lift the economy of the State from stagnation to growth. All these measures will stimulate agriculture and increase the pace of economic development.

This thesis maintains that to overcome the present backwardness of Uttar Pradesh the programmes as analysed should be pursued with courage and confidence. Our farmers are receptive to new ideas of self-sustaining growth and self-generating progress.