CHAPTER I

INTRODUCTORY

1.1 Statement of the Problem

The economic development of countries, especially when they have a predominantly big agricultural sector, would depend mainly on the improvements taking place in agriculture. Irrespective of the controversies on the prudence of giving priorities to agriculture or industry, the fact still remains that the agricultural production should be enhanced. It gets added importance in countries with high population pressures. India is a good example for those economies which are struggling for the development of agriculture.

Agriculture is such a macro-economic whole that a complete study of it for a country is rather difficult and would be vague. In a country, there bound to be substantial differences in the rate and pattern of growth as between different regions. This is all the more true in the case of India which is so vast in area and so diverse in nature. Moreover, the geographic and climatic differences have great bearing on agriculture. So a regional study extended to lower levels of disaggregates would be able to attempt a better analysis and would be able to suggest policy prescriptions.
We have selected Kerala State as a case for the purpose of our study. Kerala presents many peculiarities in that it is different from other States of India in its social organization, economic characteristics, variety of agricultural products etc. Though population pressure is one of the highest in the country, the labour force engaged in agriculture is low in Kerala. The Kerala economy is tied down to its agricultural sector. The per capita land available for cultivation is very low and it is a chronic food deficit state. The cropping pattern is predominated with high value yielding cash crops. The presence of 'garden lands' and the usual mixed culture are additional features.

Amidst these facts, two other characteristics are that the net income per hectare and the per agricultural worker average net domestic product are among the highest in the country. This reveals the potentiality of agriculture in the state to increase its production. But despite this potentiality, no remarkable progress has been made by the Kerala agricultural sector. The 2.9% compound growth rate from 1952-53 to 1970-71 shows a sluggish growth rate and falls below the All India average growth rate of 3.3% for the same period. Moreover, still the agricultural sector provides a traditional look except the plantation sector.
As Professor T.W. Schultz\(^1\) has remarked, there is a general tendency to conceal the mistake in economic policy by upholding the view that the adversity of nature, or the perversity of farmers, or the fecundity of man are the causes for the failures in modernizing agriculture. While admitting that these are very important factors in the determination of the modernization of agriculture together with many other equally important factors, we would like to look at the problem from a different angle.

In the increase in agricultural production, the farmers and the farm units have a significant role to play. Their investment decisions and actual investments mainly depend upon their income, and income earning is their primary motive. Hence in a diversified cropping pattern, if the farmers find that a particular crop is going to yield high income, they would change their cropping pattern in favour of that crop which yields high income. While considering this income, the cost of cultivation is an important determinant. Higher net income will be possible only in the event of lower cultivation costs. Thus if opportunities for increased income can be made available, the farmers would respond

quickly leading to a substantial increase in production and further development. The presence or absence of such opportunities can be located if the prices paid by the farmers and the prices received by them are analysed. But against this normative condition, we find that such opportunities were insufficient to induce the Kerala farmers to modernise the agriculture and produce more. The Parity Index of prices paid by farmers and prices received by them shows that conditions were unfavourable to the farmers. Moreover, the cost of cultivation has been continuously increasing and the farmers have been clamouring against it. The adverse effect of increased cost of cultivation can be neutralized by three possible alternatives:

1. An increase in the farm prices through subsidies so as to enable the farmers to obtain a reasonable profit,

2. A reduction of input costs,

3. Provision of sound infrastructure to bring down cost.

The first involves provision of subsidies which is not a sound long term economic policy and the second is a function of many exogenous and endogenous market forces which would take their own course. The provision of a sound infrastructure is more an economic policy to be decided at the organizational level. The lapses here will definitely have its adverse repercussions on the agricultural front.
I.2 Objectives of the Study:

We attempt to examine the general hypothesis that the lapses in the agricultural development strategy of the State have left over a weak agricultural infrastructure which has obstructed agricultural development in Kerala. The lack of a proper agricultural policy could not give sufficient emphasis to some crucial factors in the State which are the components of an agricultural infrastructure. More precisely we aim to discuss land reform, irrigation, marketing and research as important components of an agricultural infrastructure in Kerala and to understand its strength and weaknesses in the Kerala context. It would also lead us to suggest policy prescription to the agricultural planners in the State.

This study has particular significance because very few attempts have been made to look at the problem of agricultural development from the angle of agricultural infrastructure. Hence we have linked the theory of agricultural development with that of agricultural infrastructure on the light of which it is attempted to analyse the important components of agricultural infrastructure in an empirical case. Further the very few studies on the agricultural sector of Kerala have
completely ignored this aspect which again is a reason for the condonation of it by agricultural planners. Hence this study would kindle interest to probe into this aspect still deeper.

I.3 Scope and Limitations:

The study covers a time period of 15 years beginning from 1956, the year in which Kerala State was formed, to 1971. Though this time period has been focussed on for analysis, data relating to earlier and later periods too have been referred to as and when found necessary and informative.

We have meant by agricultural development only increase in agricultural production. Further, the term agriculture is used in the narrow sense to imply only the farming sector. Here again, important crops have been taken for analytical purposes, which are mentioned elsewhere.

The term 'agricultural infrastructure' is defined in Chapter II. However, we have taken only four components of the infrastructure for our study namely land reform, irrigation, marketing and research. This in no way underestimates the importance of other components.

The study is limited further by the paucity of statistical information.
I.4 Method of Study:

The study of infrastructure is always not amenable to quantitative measurement, especially when adequate and reliable statistical data are not available. In our study we have made the analysis possible by the help of descriptive statistics. The data is based on secondary sources. Sources, like plan documents of Government of India and the Government of Kerala; reports of the Planning Commissions; reports and Statistics published by the Bureau of Economics and Statistics, Government of Kerala, the department of agriculture, department of co-operation and the department of irrigation; the administrative reports of the Government of Kerala, publications of the Reserve Bank of India; U.N. publications; Seminar reports; Research Journals etc., have been tapped. Further, the extensive study travel through out the State has helped to acquaint with the actual situation and has enabled to imbibe the ideas of people related to agricultural development in the State.