CHAPTER VI

Summation and Recommendations
SUMMATION AND RECOMMENDATIONS

In a debate organised under the auspices of the Massachusetts University (USA) in the early eightees on the 'economics ills' of India; the Protagonists of industry are reported to have hotly contended that the Indian industry is strangulated under the licence, permit, Quota Raj. The burden of the argument is that the ground swelling initiative from the side of the industry is curtailed by the state denying the former freedom of investment which explained the niggardly growth rates of the economy. The votaries of freedom of industry from the strangulating state (Babu, Neta class!) have won, subsequently, with the policy of liberalization having come to stay. The new economic policy (NEP) with regard to industry is being unfolded from time to time enlarging the sphere of freedom of industry in investment decisions. The new agricultural policy is yet to see the light of the day. The government of the day appears to have no clear vision on its agricultural policy. The off and on policy proclamations in bits are found attendant of
undue caution. It can not but be anything different and it is in the very nature of the things.

The vast hinterland of the countryside forming the agricultural sector is, willy nilly, treated as the internal colony of the state in general and industry in particular. If the freedom of the industry is strangulated by the state, it is more so with the defacto internal colony and it can not be otherwise was seen in the foregoing from the introductory chapter down in the text. The levers of development on the agricultural front are tightly controlled even under the new policy initiative of liberalisation. The control of the State on the agricultural sector is all pervading. Price determination of inputs and outputs (direct or indirect) to ownership of the essential resource endowed infrastructural net work such as irrigation, electricity, roads and communications, last but not the least the finance i.e. the institutional financing of agriculture, all and sundry are subject to control by the state. Simply, the growth rates in the agricultural sector, by and large, are rather a function of the state policies towards it. The agricultural sector stands strangulated by the State Policies even more than the industry claimed to had been subject to. Agricultural
sector suffers from an added disadvantage to the industry.

The state's promotional role in the industrial sector in the last four decades has had brought about a substantial class of entrepreneurs who, in turn, have grown to a take-off stage and so the refusal on their part to be held captive in the cradle any longer. The entrepreneurs class, thus, want to take their destiny into their own hands, state or no state by their side. But, the same cannot be said to be true with the state so far as its policy engagement with the agricultural sector goes. True, a class of substantial farmers, of an entrepreneurial character grew, thick in some regions and thin at the length and breadth of the country. The farming class, thus originated, is constrained to continue with the simple reproduction, if any thing, deprived of the opportunity to make further advances into the agribusiness i.e. the agro-industry in the main. The net result is that either the entrepreneurial farmer continues with the simple reproduction on farm which is no rewarding or opts out of the farm operations altogether in favour of a parasitic tertiary sector. It must be said that minus the lead provided by the agro-industry; the agriculture will remain condemned to the
simple reproduction failing to advance on the path of expanded reproduction. The policy of the State condemns the agriculture to the simple reproduction. Nevertheless, voices are are heard (ex: Sharad Joshi of Shetkari Sanghatana) Protesting the State Policy from amongst the class of the entrepreneurial substantial farming class. Does the government heed to the voices?

In the event of a turn about to the positive in the Policy making and the needed determination forthcoming; the state is well placed to herald an extensive net work of agro-based industry throughout the length and breadth of the country which in turn, will eventually lend a big thrust of growth to the agricultural sector on a sustainable basis. It is possible to replay the Chinese miracle at home. The agricultural growth rate in China in the recent past stands as high as 18% per annum owing to the rapid rate of growth witnessed in the sub-sector of agro-based industry. One wonders as to what prevents the extensive network of bank branches spread in the countryside to act as the nodal agencies sprouting the agro-based industry! The institutional financing of agriculture, the network created at that so far stands out as the classic case of the thoroughly under utilised factor development. Neither, the rating
is any better with regard to the utilization of the factor development.

The policy reforms may be summarised as flows.

a) The gordian knot of industry agriculture nexus should be untied forth with, which, in turn meant untieing the institutional financing of agriculture as well.

b) The freedom envisaged to the industry under the new regime of liberalisation should be extended to cover the agricultural sector in general and the institutional financing of agriculture in particular.

The institutional financing of Agriculture should be accorded autonomy of its own, besides equipping it adequately to carry forward its task of pushing the agricultural growth rates far ahead of what they are found to be at present.

c) The state itself will do well stop intervening in agriculture imposing the pattern of green revolution and tieing the bank credit to it. The high cost projects such as the 'second green revolution' in pipeline by the State Government of Andhra Pradesh may better be withdrawn in favour of a no cost initiative by the institutional financing of agriculture commensurate with the 'arid dynamic'.
Arid dynamic shows the way out:

The ingenuity of the tenacious arid farming community at work has increased the gross national product of Cuddapah several times in the last decade by shifting to the groundnut production en masse. The institutional financing will do well to pickup the thread so as to ensure optimal market price realisation of the produce to the farmer. It is hazardous to suggest the 'appropriate' interventionist measures directed against ousting the usurious interests. Nevertheless, the realisation is that unless the institutional financing can metamorphosise itself into a variant of informal lending in style and operation it cannot justifiably hope to succeed in ousting the usurious interests. Once metamorphosised, and appropriate interventions made such as tying up outputs with inputs and inputs with credit, advances on account of consumption expenditure added; the usurious interests cannot but flock to the institutions unloading their money bags, on it which will go further alleviating the resource crunch of the financing.

The benefits flowing out of the optimal market price realisation, made possible if need be intervening in the export markets on the lines of the ITC, will at
one-go make it appear in comparison that the chase for a green revolution pattern is unwarranted. And the per capita income level of the arid farmer will rather come to parallel that of their counterparts in the command areas. What is more, in the event of an appropriate crop-production such as Jatropha pushed ahead by the institutional financing concerned promising to take care of the risk element thus, ensuring a steady flow of income to the farmer; the favourable land-man ratio of the Cuddapah district will put it at far more an advantageous position on the rest. The substantial area figuring under the so called barren and uncultivable will come to be seen at once as a treasure-house of sorts.

Optimal exploitation of the resource endowment by involving the institutional financing and the populace together is all that what is envisioned. It has no great costs calling for state intervention in the factor development either. The creation of a network of cold storage facility for the high value commercial produce crying for it, a small measure at that falling well within the reach of institutional financing, may in the short run prove to lend a "booster effect" to the agricultural production in and around Rajampet.
The farm surpluses at the disposal of the small time managerial class in the Chennur zone pooled up by the institutional financing so as to crystalise it in the form of a net work of agro-based industry will in the near future wipe-out Chennur from the map of simple reproduction.