CONCLUSION
CHAPTER IX
CONCLUSION

The agrarian question has been one of the central and abiding concerns of political theorists from the time of the physiocrats. The physiocrats contemplated a society in which the entire social product originated from agriculture. In the countries of Africa, Asia and Latin America, which are yet to complete the transition from an agrarian to an industrial society, the agrarian question still remains at the centre of economic and political discourse. The 1980’s and 1990’s witnessed an appreciation among researchers and policy makers of the multifaceted role that agriculture plays in economic development. A symbiotic relationship between agriculture and other sectors has been recognized, to such an extent that when agriculture does well, so does the rest of the economy and vice versa. Promoting agricultural development appears to be a prerequisite for national economic development.

Major findings

A historical review of the pattern of economic development before the formation of Kerala state reflects the existence of wide intra-regional variations in development. Travancore-Cochin region which comprises the southern and central part of the state were relatively better developed than Malabar which was situated in the
north. The analysis based on available literature revealed that differences in the administrative set up of the regions and commercialization of agriculture were the two significant factors, which contributed to regional disparities in development. The divergent nature of land tenure systems prevalent in the regions were responsible for the differential pattern of agricultural development as between the northern and southern parts of the state. Political developments in Travancore progressively reduced the domination of landlords and paved the way for peasant proprietorship. This in turn had a favourable impact on investment in agriculture and expansion of commercial cultivation. While in Malabar, due to certain inherent structural rigidities, there existed limited scope for capitalist development in agriculture. Hence the region could not make much headway in the development of plantations. A significant factor, which led to an expansion of plantations in Malabar was the large scale peasant immigration from Travancore which took place during the time period 1920-1970.

A noteworthy feature in the present pattern of agricultural development in Kerala is the shift in the cropping pattern favouring non-food crops at the expense of food crops. This trend witnessed since early seventies has been continuing in the nineties. The relatively higher profitability of cash crops and plantations, exemption of plantation crops from land reforms act and the
promotional activities of the government are the main factors which account for the observed shift in cropping pattern.

To get an insight into the agricultural scenario of the state the growth pattern of major crops – food grains, garden crops and plantation crops – cultivated in the state was analysed in terms of area, production and productivity for the time period 1960-61 to 2000-01. Among the foodgrains, paddy occupies the predominant position accounting for nearly 96% of the area under foodgrains and 12% of the gross cropped area in the state. A noteworthy feature regarding this major food crop is the sharp deceleration in the area and production from mid seventies. The continuous increase in rice productivity, witnessed over the years can be attributed to technological factors such as the use of HYV seeds, improvement in fertilizer consumption and agricultural implements used. Among the garden crops, coconut occupies the predominant position accounting for 53% of the area under garden crops and 30.64% of the total cropped area in the year 2000-01. Over the years, wide fluctuations were noted in the area, production and productivity of coconut crop. Rubber occupies a formidable position among the plantation crops in the state, accounting for 74.44% of the total area under plantations and 15.7% of the total cropped area in the state during the year 2000-01. The area, production and productivity of rubber have been increasing continuously over the years.
The overall growth rate for the period 1960-61 to 2000-01 was -0.57 for area under foodgrains, 2.1 for area under plantation crops and 0.45 for area under garden crops. It can be discerned that the growth rate was the highest for plantation crops, positive for garden crops and negative for foodgrains.

An inter-district analysis of growth rates in area, production and productivity of major crops – paddy, coconut, rubber, tapioca, cashew and pepper cultivated in the state during the decades 1970-71 to 1980-81, 1980-81 to 1990-91 and 1990-91 to 2000-01 revealed the following trends. The growth rate in area and production of paddy was negative for most of the districts during the three decades under consideration. However, in the case of productivity, growth rate was found to be positive for all districts. In the case of coconut, the growth rate in area and production was negative in the seventies but positive in the next two decades. The growth rate in productivity was positive in all the decades.

Rubber, the premier cash crop in the state showed positive growth rates in area and production in all the decades. Rubber productivity depicted negative growth rates in the seventies and positive trends in the subsequent decades.

In the case of tapioca, a staple crop, negative growth rates were observed in area and production in most of the districts.
However, productivity was positive for most of the districts. Hence, fall in tapioca production can be attributed mainly to a fall in area under cultivation.

The growth rate in area under cashew cultivation was positive in the seventies and negative in the subsequent decades. The growth rate in production and productivity was negative in the seventies and nineties while positive in the eighties.

Pepper, a chief crop in the export basket of the state, depicted negative growth rate in area in the seventies and positive trends in the eighties and nineties. The growth rate in production was positive for all the decades. Productivity showed positive trends in the seventies and eighties and negative trends in the nineties.

In recent years, plantation crops in general and rubber in particular have assumed special significance in the cropping pattern of the state. Among the plantation crops, the area under rubber, coffee and cardamom cultivation increased both in absolute and relative terms. However, area under tea cultivation depicted a declining trend over the years. The production and productivity of rubber was the highest among the plantation crops. With the exception of slight variations in some years, the production and productivity of tea, coffee and cardamom showed progress over the years.
The high values of the coefficient of variation with regard to area under tea, coffee and cardamom cultivation indicates the region specificity of the crops. The relatively low values of the coefficient in the case of rubber imply that there is less variation or greater uniformity among the districts in the cultivation, production and productivity of rubber crop.

The analysis relating to the value of plantation output depicts an increasing trend over the years. The increase in the value of rubber output was tremendous when compared to other plantation crops.

The plantation sector development was measured in terms of area under plantation crops and value of plantation crops in each district. Among the fourteen districts in the state, the districts, which rank high in plantation sector development, are Kottayam, Idukki, Wayanad, Ernakulam and Pathanamthitta.

Regional development was examined in terms of various socio-economic indicators covering broadly three sectors – primary, secondary and tertiary. Altogether 32 indicators spreading across all the sectors were used for working out both sectoral and aggregate development. In the primary sector, 14 indicators were selected for analysis. The indicators selected pertain to agricultural development, animal husbandry development and other techno-economic factors.
The extracted principal components at different points in time revealed that all these variables had a profound influence on primary sector development. The combined contribution of all the variables can be represented by three prominent factors - overall development in agriculture and animal husbandry, commercialization of agriculture and availability of agricultural infrastructure.

The analysis based on the computed factor scores reveal the existence of wide inter-regional inequalities in development. Pathanamthitta, Alappuzha, Kottayam, Ernakulam and Thrissur are the districts, which have been classified in the highly developed or developed category of primary sector development. It can be discerned that all these districts are in the southern or central part of the state, which formerly comprised the Travancore - Cochin region. Barring one year, in all other years, the districts in the northern part of the state, which belonged to the erstwhile Malabar region were classified as moderately developed or backward. The inter-temporal variations in development were confined either among developed districts or between moderately developed and backward districts.

The values of the correlation coefficient between area under plantation crops and primary sector development were found to the negative in all the years except for the year 1980-81. The same relationship existed between value of plantation output and primary sector development.
In the secondary sector, seven indicators selected for analysis reflects the overall development of the sector in terms of manufacturing, large, medium and small scale industrial units. An analysis of the factors extracted show that all the selected variables have been influential in secondary sector development. The two variables which have significant correlation with the extracted factors include income from manufacturing and industrial development promoted by the progress in large, medium and small scale industrial units.

The analysis based on the factor scores obtained by the various districts reveals that there exist inter-regional disparities in secondary sector development. The districts belonging to the former Travancore-Cochin region were comparatively better developed. Thiruvananthapuram, Alappuzha, Thrissur and Ernakulam were classified as highly developed or developed in all the four years under study. Kollam, a southern district was promoted to the status of developed in the year 1990-91. Only one district - Kozhikode hailing from the former Malabar region categorized as developed from the year 1980-81 onwards. All other districts figured as less developed in secondary sector development.

The analysis of secondary sector development after state formation supports the view that the initial industrial base that a region inherits plays a crucial role in determining the pace and
direction of further industrial development of the region. A review of industrial development before state formation reflects the dominance of agro-processing industries in the industrial sector of Kerala. In Travancore, the development of agro-processing industries was related to the expansion in commercial agriculture. At the time of state formation, Kerala had only a few modern industries, which were set up in the Travancore region. In Malabar, the growth of joint stock enterprises was far behind that in Travancore-Cochin region.

The correlation analysis between area under plantation crops and secondary sector development of districts yielded negative results. The same relationship existed between value of plantation output and secondary sector development. The plantation dominant districts of Idukki and Wayanad were least developed industrially.

The key indicators relating to education, health, banking, transport and communications, selected for analysis, have provided a comprehensive picture of tertiary sector development. Historically, Travancore-Cochin regions had a developed service sector. The commercialization of agriculture has been a significant factor, which had a profound influence on the pattern of tertiary sector development of the region. In Malabar, the pace of commercialization was less when compared to Travancore-Cochin regions. Hence the economic forces, which were instrumental in
promoting the service sector in the two princely states, were absent in Malabar.

In tertiary sector development eleven indicators reflecting the general development of the sector in terms of education, health, banking, transport and communications were selected for the analysis. A perusal of the factors extracted in various years reveal that all the variables selected have played a prominent role in determining the pattern of tertiary sector development. The two factors can be identified as firstly, 'overall development in tertiary sector development' augmented by the presence of socio-economic over heads like education, health, banking, transport and communication and secondly, 'progress in general and technical education'.

An inter-temporal analysis of the development status of districts indicate that four districts-Alappuzha, Ernakulam, Thiruvananthapuram and Thrissur have retained their developed status in all the four years, under study. Kottayam, which was moderately developed in the year 1970-71 was categorized as developed in the subsequent years. Pathanamthitta was included in the developed category in the years 1990-91 and 2000-01. Kozhikode was considered developed in the year 2000-01. It can be observed from the above analysis that all the developed districts except Kozhikode belong to the former Travancore-Cochin region.
An important inference is that inter-regional differences in tertiary sector development, which existed before state formation, still persist in Kerala. The computed values of correlation coefficient between the ranks obtained by the districts in terms of area under plantation crops and tertiary sector development and also between value of plantation output and tertiary sector development were negative. The implication is that there exists negative relationship between plantation sector and tertiary sector development.

The analysis of regional development based on the sectoral approach reveal that the performance levels of the districts are not uniform for all the sectors. Some districts are highly developed with respect to one sector while may be lagging behind with respect to some other sector. In the primary sector, the developed districts are Kottyam, Ernakulam, Thrissur and Pathanamthitta. The districts with developed secondary sectors are Thiruvananthapuram, Kollam, Alappuzha, Ernakulam, Thrissur and Kozhikode. Thiruvananthapuram, Alappuzha, Kottayam, Ernakulam, Thrissur and Pathanamthitta are the districts, which have a developed tertiary sector in all the reference years. It can be seen that Ernakulam and Thrissur are the only two districts, which have figured on the top in all the sectors.

The negative values of the correlation coefficient between the ranks obtained by the districts in plantation sector development
and each of the sectoral development is an indication of the negative relationship, which exists between the two variables at different points in time. The analysis reveals that three districts Kottyam, Ernakulam and Pathanamthitta rank high in plantation sector, primary sector, and tertiary sector development. Ernakulam is the only district, which is developed both in plantation sector and secondary sector.

The study highlights the persistence of inter-regional disparities in development, which existed at the time of state formation. Alappuzha, Ernakulam, Thrissur and Kottayam were among the first five developed districts in all the years. Kollam was categorised as developed in all the years except 1970-71. Thiruvananthapuram was included in the developed category in the years 1970-71 and 2000-01 and moderately developed in the years 1980-81 and 1990-91. All these districts belonged to the former Travancore - Cochin region. It is interesting to note that not even a single district belonging to the Malabar region was categorised as developed in any of the years. Among the districts belonging to former Travancore – Cochin region, only two districts - Pathanamthitta and Idukki- were not able to find a place in the developed category. Pathanamthitta was considered as moderately developed and Idukki as backward. All the districts except Wayanad in the Malabar region were categorised as moderately developed. Wayanad was considered as a backward district.
An attempt was made to find out whether plantation sector development has contributed to the overall development of the districts. Among the developed districts, Ernakulam, Kottayam and Kollam, which were developed in aggregate level of development had a developed plantation sector in terms of area under plantation crops and value of plantation output. Contrary to this observation, Alappuzha, Thrissur and Thiruvananthapuram- the other developed districts in the state did not have a developed plantation sector. Idukki, Wayanad and Pathanamthitta were the other major plantation districts in the state. Of these districts, Pathanamthitta was only moderately developed and Idukki and Wayanad were categorised as backward in all the years. The results of the correlation coefficient between the ranks obtained by the districts in plantation sector development and aggregate level of development, yielded negative values implying that there exists negative relationship between the variables.

The nature of plantation crops grown in the districts serves as an explanatory factor for the observed differences in levels of development among the plantation districts of the state. In the developed districts of Kottayam, Ernakulam and Pathanamthitta a major portion of the area under plantation crops is devoted to the cultivation of rubber. In contrast to this, in Wayanad and Idukki the relative share of area under rubber is less when compared with the area under other plantation crops such as tea, coffee and cardamom.
Rubber as a plantation crop is different from other plantation crops in certain aspects. In the case of rubber, region specificity is much less while tea, coffee and cardamom are region specific crops. Moreover, rubber is a small holder’s crop, which can be cultivated in small holdings even in garden lands attached to houses. While tea, coffee and cardamom is large holder’s crop, which can be cultivated only in large holdings or in estates. The relative share of rubber in the net cultivated area in the state is the largest and achievements in the production sector are remarkable in terms of increases in area under cultivation, production and productivity. An important inference that can be drawn is that, due to the increased production and productivity of rubber crop and greater equality in the distribution of income originating from rubber, among the plantation crops only rubber has been somewhat influential in promoting regional development. However, plantation sector, as a whole, has not been a major determinant of regional development in Kerala.

Empirical evidence based on a micro level study has shown that even rubber plantations have not been instrumental in promoting regional development as expected. A sample survey in the region revealed that the rich planters with sizeable amount of incomes form only a small section of the planting community. They do not necessarily save and invest substantial proportions of their incomes in the local economy. Further the nature of the savings and investments, which they indulge into, do not add anything to the
productive resources of the region. The attractive private returns on plantation crops have failed to bring in equally attractive social returns.

Policy Suggestions

Plantation agriculture occupies a formidable position in the cropping pattern of the state. Taking into consideration, the income, employment and foreign exchange earning potential of these crops, the government should take measures to revamp plantation agriculture in the state. Additional promotional activities including price support measures should be undertaken to encourage the cultivation of plantation crops.

A plausible explanation for the inadequate regional development of plantation dominant districts is the absence of industrialization. The government should provide a congenial atmosphere and encourage the setting up of plantation-based industries in the plantation districts of the state.

The saving-investment pattern of the planting community is not conducive for economic development. Hence measures should be taken to divert the surplus income of planters into productive channels. A serious concern on the part of the government in this direction will go a long way in promoting regional development.