

Extended Cultivation of Jute

THE acreage under jute which had been stepped up last year by nearly a quarter, i.e., from 11.63 lakhs to 14.49 lakhs has been further raised to 18.20 lakhs for the current season. This is a considerable expansion and will only be justified if, unlike last year, the increase in acreage results in a corresponding increase in jute production.

in terms of monetary returns, the case for diversion is often painted in rosy colours. In stating the case for making India wholly self-sufficient in raw jute which would need the diversion of some 9 to 16 lakhs acres from the cultivation of paddy to that of jute, it has been claimed in all seriousness that the change would result in a net gain of some 112 to 134 crores of foreign exchange, after making due allowance for what would be needed to pay for imported rice to make good the deficit arising from the diversion of acreage from paddy.

Now, since jute is regarded as the more paying crop, and the argument is advanced that the agriculturist would benefit from the diversion and that the natural tendency is for such diversion, one wonders what prevents the agriculturists from switching over in a much bigger way to the cultivation of cash crops in general, not only that of jute? The question of soils and climate must be one. There is also the question of seed and manure as that of skill and capital. Shortage of jute seed had been a considerable handicap last year though it does not fully explain why an expansion of 24.6 per cent in acreage resulted in an increase of production of jute, of only 6.6 per cent. This year it is to be hoped that the Agricultural Department have taken sufficient precaution to prevent the repetition of the same fiasco. Seed itself can be a formidable hurdle when expansion is contemplated on a large scale as farmers do not find it remunerative to grow jute seeds instead of jute. Retting can be another, since the areas where jute can be grown may not always have stretches of standing water where jute stocks can be left to rot for the fibre to be extracted.

In the matter of jute seeds obviously the social and individual marginal returns vary widely but the gap can be filled by Government firms or by subsidising the growers of seed. Even so, the magnitude of the problem is not small, since 40 to 60 thousand acres will be required to grow the seeds needed if 16 lakhs

acres are finally to be brought under jute, the target for self-sufficiency.

Does social and individual marginal net product vary equally and widely when food shortage is weighed against the possible advantages of higher money returns to the jute grower—or against foreign exchange earnings, a part of which could pay for food; if food prices are controlled and jute prices are not, they certainly would. The problem would then be to explain why paddy is cultivated at all on lands that can be pressed into growing a more remunerative crop.

Here average costs and returns, the figures for which are often bandied about, do not seem to throw much light. The degree of compulsion that is exerted on the farmer to grow one kind of crop rather than another is itself so obs-

cure that both commonsense and published figures of acreage contradicts the presumption that land utilisation could be determined by comparative prices alone.

The data of comparative costs are so meagre and unreliable that even where they are available, they tell us very little. It is not always the case that the net income is necessarily higher from the cultivation of jute. In West Bengal, for instance, some of the published data suggest that the net income from paddy is about double that of jute. Add to this expectations such as that arise from the memories of Bengal Famine, from the scope for selling rice at a price higher than the procurement price and so on, and one gets hopelessly involved in the cobwebs of agricultural economics that have never been really cleared.

Our Delhi Letter

Budget Estimates Gone Awry

INDICATIONS are now definite that the budget estimates of the Government of India for 1951-52 have already been badly upset. On October 1 the Finance Minister will present, to Parliament supplementary demands for grants totalling about Rs. 28.5 crores. The main reasons for the unbalance in the budget are heavy increase in food subsidies to the States and increased expenditure on relief and rehabilitation of displaced persons. The Food Minister is to ask for Parliamentary sanction for a supplementary grant of over Rs. 17 crores out of which Rs. 15.5 crores are under the head, Food subsidy to the States. We are told that higher prices of imported grains, larger imports and higher cost of freight were responsible for this additional demand of Rs. 15.5 crores. Spokesmen of the Food Ministry point out that in the case of milo alone, which is consumed by the lower income groups, the increase in price has accounted for Rs. 12 crores and that as this item cannot justifiably be passed on to the consumers, suitable budgetary provision has to be made. Additional rehabilitation grant is estimated to run to Rs. 4 crores, most of which would lie spent on the refugees from East Bengal. Among other items which contributed to abnormal expenditure are: Rs. 3.5 crores for increased grant to the States "consequent on the finalisa-

tion of various revenue gap figures and contribution to privy purses to Rulers", Rs. 50 lakhs for the Scheduled 'bribes and the loan recently granted to Kashmir Government. On the whole 60 items have contributed to the budgetary disequilibrium.

Though it is too early to assess the full implications of the supplementary demands and to say how far they would necessitate additional taxation in the coming budget or even before February next, is likely to have a mixed reception from political circles. Some see in them timely aid to the unfortunate DPs in Bengal who have fallen victim to the renewed attempt at squeezing the minorities in East Pakistan. Food subsidy also cannot be criticised strongly in view of the acute food shortage in the country and the rise in food prices abroad. Minor items like additional provision for expenditure on Income-tax Department, under Sales Tax in Centrally-administered areas and increased dearness allowance are unlikely to evoke protest. But what about the implications of budgetary unbalance on the Five-Year Plan accepted by the Government for implementation? Even in March last when Mr Deshmukh chose to convert the anticipated deficit of Rs. 5.54 crores to a surplus of Rs. 25 crores in his estimates for 1951-52, many doubted the wisdom of achieving a surplus