Book Review

Problems of Rural Development

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BOOKS on Indian rural economy are often replete with barren statistical tables, sterile generalisations and subjective projections of pious wishes about how the rural life should be improved. The better ones are full of abstract propositions postulating logical relationships between abstract categories, often denoted in mathematical symbols, which neglect to take into account all the institutional and organisational realities of agricultural enterprise in India. It is for this reason that problems of Indian rural economy remain an outstanding challenge even today despite their having been analysed by many scholars and many Committees and Commissions of enquiry.

The hook under review however, is a welcome exception. It is generally free of these limitations and combines refined theoretical analysis with empirical data. It is a collection of essays on diverse subjects in agricultural economics some of which have been already published in different journals. The author has dealt with specific subjects in these essays, using unpublished statistical data collected by the Agro-Economic Research Centre at Santiniketan and from other sources. The topics covered are labour surplus, employment and growth, nature and pattern of consumption, capital formation, role of small farmers, cooperation and community development, techniques of evaluating rural development programmes, inter-relations of agricultural and industrial prices and taxation in relation to the optimum utilisation of agricultural land. The concluding chapter is entitled 'Investment Criteria for Rural Areas' followed by three brief appendices, including one on 'A Model for Growth of a Rural Economy' and an index.

Marginal Productivity of Labour

Let us first deal with the group of essays on labour surplus, capital formation and consumption in a rural economy. Starting with the "proposition that Unemployment has got some subjective meaning which can be understood only in terms of willingness to work" (p 22), the author holds the view that "if people consider and report themselves as self-supporting workers or employed no amount of 'idle hours' can be taken as index of their under-employment". Assessment of unemployment or underemployment in terms of hours of work, according to him, is quite inadequate, and a more scientific approach would be to determine the marginal productivity of labour. But in view of the limitations of measurement of marginal productivity, the author suggests that since agriculture is a seasonal activity and in peak periods there is shortage and not surplus of labour, physical removal of labour surplus may affect the output adversely. Therefore, he derives "a moderate view of the state of unemployment or under-employment in rural areas". (p 20).

He, however, does not detract from the importance of raising the output per worker in agriculture, as against output per acre, since the expansion of 'surplus' per worker and not per acre is the more crucial determinant of economic growth as the latter may be mimicked away by the small subsistence farmer. He therefore suggests a host of measures like land enlargement of the unit of cultivation, even through formation of cooperatives, raising the capital-intensity of farming and utilisation of surplus labour thus saved for capital formation like construction of roads, irrigation channels, excavation of tanks, reclamation of waste lands, housing and education. In brief he stands for the adoption of labour-saving techniques in agriculture and diverting the surplus labour into capital-formation activities. Even though in a static context, lie feels that this labour surplus is 'over-estimated' in view of the magnitude of the labour intensive constructional work remaining to be undertaken in the rural sector.

Not Ready Alternatives

All this is quite familiar by now. But the important questions inherent in this diagnosis are neither raised nor answered by the author. The basic difficulty of this approach arises from the failure to work out the full implications of the distinction made by the author between self-employed labour and wage-labour in Indian agriculture. He appears to place both types of employment at par and in fact tries to explain the limits to the lowering of wage-rates by the alternative opportunity of earning from self-employment and the choice of the worker between work at a low wage, and leisure or freedom and feeling of satisfaction derived from one's own work and owning its entire product.

One who is familiar with the rigidities of the land system in India and the conditions of agricultural labour would immediately appreciate that the flexibility between wage-employment and self-employment is nowhere so neat and smooth as is made out. Self-employment tends to be characterised by severe under-employment and a lot of open unemployment. The former is supposed to be reduced by means of land reforms and supply of irrigation water, manures and fertilisers while the latter is thrown to the winds of the forces of demand for wage-labour in agriculture which is to come from the ex-intermediaries taking to direct cultivation on
Suddenly, a star exploded. Turning within its spiderwork of iron and steel, the 200 ft. wide saucer-shaped 'eye' of the radio telescope at Jodrell Bank looked deep into black space and recorded: the star had exploded FIVE MILLION YEARS AGO. Peering so deep into space as to question time itself such radio telescopes are revealing to us the breathtaking, even frightening, dimensions of space and time, gathering astronomical data that are making space travel a fast nearing reality. Into the fashioning of the 2000 ton Jodrell giant went the most advanced techniques and knowledge of welding and gas cutting. It is this precise knowledge of industrial gas and its diverse applications that Indian Oxygen affords Indian industry.
their holdings with the help of hired labour. Beyond this, there is no mechanism in Indian agriculture either to raise capital-intensity of farming or for diverting surplus labour in capital formation. The State by itself hardly provides an adequate machinery for undertaking this task on an organised basis. All this can become possible only when the movement for increasing productivity and minimising costs is not confined only to a limited group of large farmers, ex-intermediaries or spreads throughout the vast peasant otherwise, who are taking up farming on a commercial basis, but spreads throughout the vast peasant society of small farmers, who being made owners of their small holdings, and released from the various compulsive pressures of money-lenders and tracers, would usher in the era of a rapid development and forward outlook in agriculture.

**Rural Consumption**

Capital intensity in farming, historically, has risen either through the market forces of competition when many productive twits, under the influence of competitive market prices are trying to produce at minimum cost for deriving maximum profit, or through the State organising vast works of a capital intensive nature and pumping in capital goods in agriculture to bring about its technical transformation. Moreover, it has been possible to achieve only at a time when the capital goods required for raising capital-intensity in agriculture have started becoming available in the market at prices lower than the cost of labour. Such a situation arises when the pace of industrialisation is rapid enough to create such conditions which in India will yet take some years. Hence in the intervening period it is necessary to see that the vast segment of self-employed labour produces more and more on their farms both per acre as well as per worker. And for that even labour intensive techniques of cultivation may have to be adopted which will help to raise output both per acre as well as per worker. The author does not appear to have paid any attention to these exigencies of the short-period in the Indian rural economy.

Regarding the pace and pattern of consumption in rural areas, the author has only one important point to make viz, to suggest an alternative method for estimating additional food consumption of the agricultural workers to that of Professor V M Dandekar employed in his "Report on the Use of Food Surplus for Economic Development". Instead of deriving the additional demand for cereals by the agricultural workers on the assumption of a full employment income of Rs 350 (or Rs 300) per worker and estimating therefrom the total additional requirements of food as is done by Dandekar, Dr Mandal first estimates their total additional income on the basis of the number of days of unemployment and the wage-rates prevailing in different States as given in the Report of the first Agricultural Labour Enquiry. The proportion of this additional income spent on food is assumed to be the same as at present, and it is estimated how much cereals (in terms of ounces) would be available per worker at the prevailing prices. This is called the worker's marginal propensity to consume cereals. There appears to be nothing wrong in the method (although one may question the assumptions implicit in this method) but it appears to be doubtful whether the concept of marginal propensity to consume can be so stretched as to be expressed in terms of ounces of cereals.

Regarding capital formation, Dr Mandal would like the definition of capital formation "to be widened to embrace every striving of people and every act of new investment directed towards augmenting the productive capacity of society to deliver finished consumer goods in future at enhanced rate". But he is sceptical about the use of idle labour for capital formation in the absence of an appropriate organisation. Since wages and prices are the only mechanism through which a free economy operates, it is only by pulling down wages that employment of labour can be expanded. But that would not come until the cost of living of the worker and his family is brought down which can be done only by lowering the cost of production on small family farms which dominate the economy by their sheer numerical strength. But since this is difficult, he finds the prospects for capital formation in the rural sector uncertain. However, he suggests education, cooperative organisation, and a village organisation entrusted with the task of overall management of production in the village as essential for encouraging capital formation. Thus, he seeks escape from the realities through wishful idealism.

**Unrealistic**

This is noticeable at several other places as well, including the concluding chapter. Dr Mandal ends on a highly idealistic note: "Agriculture can strive towards ensuring a high rate of economic growth, when opportunities are opened up in rural areas of a combination of industrial and farm works, when industrial job opportunities are brought nearer to the frontier of a village economy and when villagers need not go far in search of additional jobs". This is well known, but how can it be done? Cooperatives of such a comprehensive character are a remote idea in the present milieu. Rural industry appears to be languishing instead of prospering — or, at best, is maintained on Government subsidies. The entrepreneurial classes in rural areas are hardly competent to start such agro-industrial enterprises. In such an environment, is it sufficient only to end in generalities?

In respect of the role of small farmers, cooperation and community development, the book presents familiar arguments in a cogent form. The case for cooperative farming is well-argued. Since the book is a collection of essays it has suffered much by repetition of the same ideas from one chapter to another. However, there are valuable ideas scattered all over in the book which have got to be pieced together to make a coherent argument.

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