Policy Insights for Vidarbha's Economy

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This response to "Generating Agrarian Dynamism: Saurashtra's Lessons for Vidarbha" (Tushaar Shah, Yashree Mehta, Vivek Kher, and Alka Palrecha, EPW, 28 June 2014) agrees in part with the authors but contests their claim that stepping up public investment in agriculture is not the only way of accelerating agricultural growth.

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Tushaar Shah, Yashree Mehta, Vivek Kher, and Alka Palrecha in "Generating Agrarian Dynamism: Saurashtra's Lessons for Vidarbha" (EPW, 28 June 2014) offer their readers a refreshing perspective on why the economy of Vidarbha continues to stagnate. They have drawn a parallel with Saurashtra, a region similar to Vidarbha in many ways but also with a difference: the economy of Saurashtra is growing.

Missing Element

While Vidarbha had to contend with a zamindari tenurial system, Saurashtra, "if anything, was worse off than Vidarbha at the time of the creation of the state" because "until independence, Saurashtra was fragmented into 202 princely states ruled by local kings and overlords". Saurashtra had only 3% of its net sown area under government canal irrigation while Vidarbha had 9%. Not only is the monsoon more unstable in Saurashtra it is also less able to retain rainfall water. Likewise, "the rural social structure of Saurashtra was even more divisive than Vidarbha's". The missing element in Vidarbha was a class-caste group corresponding to the land-owning Maratha elite of western Maharashtra who fostered a network of viable cooperative structures. Saurashtra like Vidarbha "remained inhospitable to farmer cooperatives of any kind" even though cooperative structures flourished in Gujarat (p 87).

Both the regions also share a part of constitutional history in Article 371(2), enacted to protect the interests of the underdeveloped subregions of Maharashtra and Gujarat. This history is rooted in the interplay of linguistic forces between 1956 and 1960 when the two states were formed. In 1956 the Constitution was amended enabling the president of India under Article 371(2) to provide for a special responsibility for the governors of the respective states to institute statutory development boards and oversee the equitable sharing of development funds between regions. This constitutional remedy was brought about by pressure exerted by the regional consciousness of Vidarbha to protect its interest in the emerging state of Maharashtra. The beginnings of this consciousness go back to the Maratha conquests in central India in the 17th century and took shape during the colonial regime in the 18th and 19th centuries.

The Maharashtra legislature unanimously invoked this Article in 1984, development boards were set up in 1994 and the Maharashtra governor is now an arbiter of state funds. Invoking the 1956 enactment four decades later and that too by consensus was an admission that the state polity had failed to address the grievances arising out of the uneven growth of the subregions in Maharashtra. Since the economy of western Maharashtra was growing, the stagnation of Vidarbha's economy was attributed to its being deprived of state funds.

Saurashtra's Growth

How did the economy of Saurashtra grow without the Gujarat legislature resorting to Article 371(2)? With no advantage in its human and natural resources the gross value of output of agriculture (GVOA) of Saurashtra in 2005-08 "was more than three times that of Vidarbha's" though just a decade and a half back in "1990-93, the GVOA per hectare of net sown area for Saurashtra and Vidarbha was nearly equal" (p 88). The authors attribute this rapid growth to policy interventions by the state government.

The two growth areas of Saurashtra's economy have been crop productivity and dairying. My comment ignores dairying because even in the mid-1980s the milk production in Saurashtra was ahead of Vidarbha by nearly three times. But this was not the case with crop productivity. How did Saurashtra succeed? The authors put forward three key reasons.

One is a massive movement to create small structures to recharge groundwater. The second is the provision of eight hours of uninterrupted power supply of full voltage every day. Under the Jyotigram scheme agricultural feeders were separated from other rural feeders. The third reason is the widespread use of Bt cotton hybrid seeds by farmers. The area under cotton cultivation in Saurashtra was less than half of that of Vidarbha in 1996. By 2010, this position had reversed; primarily because "the adoption of Bt cotton in Saurashtra was closely followed by the conversion of rain-fed cotton to irrigated cotton" (pp 89-91).

The authors also recommend three key reasons to jump-start the economy of Vidarbha and which are undisputed. What is questionable is the authors' assertion that stepping up public investment in agriculture is not the only way of accelerating agricultural growth and "Saurashtra's agricultural boom is driven not so much by public investment but by smart, farmer-friendly government policies that have stimulated private capital formation in agriculture" (p 93). Saurashtra farmers could raise their crop productivity because eight hours of uninterrupted power supply of full voltage was made available every day. This was done by separating agricultural feeders from other rural feeders. Were these measures undertaken as private investment? The authors also fault the "special packages" for failing to jump-start the agriculture economy of Vidarbha. These packages were more in the nature of crisis-intervention palliatives to help indebted farmers come out of their debt trap. And they have certainly helped in reducing the number of suicides.

Cotton Productivity

Cotton productivity is low in Vidarbha because wells dry up after December and power supply is erratic and inadequate. If supplementary irrigation was made available farmers could pick cotton both during monsoon and in winter and double their yield. Vidarbha farmers now favour intercropping of cotton with millets and pulses which does diversify the production risks but "offers little yield advantage over desi (local) cotton" (p 88). The presumed advantage of the expensive Bt seed – promising higher yields – sown by farmers gets nullified. To improve productivity "the dry-season availability of groundwater in Vidarbha's 3.8 lakh irrigation wells" needs to be improved and "six to eight hours of full-voltage, uninterrupted power-supply" must be ensured. Is this possible through an immediate policy intervention? (p 93).

Broader View

Gujarat's success, as Tongia (2014) has pointed out, is built on its adequate power supply and "also, the consumer profile in Gujarat is different from many other states, amenable to rural non-pump set loads". This led to a national level feeder segregation programme whose success has not been uniform with variations from state-to-state (*The Hindu*).

Zamindari tenurial relations are generally viewed as barriers to growth in rural economies. Eastern Vidarbha (with central provinces but excluding Berar) was subject to such a tenurial relation whose beginnings go back to 1860 when the colonial regime had conferred proprietary rights on erstwhile revenue farmers known as *malguzars* of Nagpur and Chhattisgarh. This led to the carving out of estates owned by a group of revenue paying landlords. The rent-paying tenants were subordinate to these revenue paying landlords followed by layers of cultivators with even lesser and lesser rights. Baden-Powell (1988) in Volume II of his book has repeatedly said that this conferral was a mistake (pp 386, 388, 456).

The consequences of this mistake became evident in 1968 when Nanekar (1968) assessed land reforms in Vidarbha. The abolition of intermediary interests did away with the "Legal superstructure of feudalism. But it had nothing to do with the concentration of land." The landholdings of the big landowners had been reduced but it did not make land available to "tenants, small landowners and the landless". Much of the partitioned land remained within the family while the family land was sold to substantial landowners. The enactment of tenancy legislation led to a decline of the area under tenancy between 1950 and 1962 because tenants lost their lands. Anticipating these enactments there was a spurt in land partitions leading to the "evil of absentee landlordism" (p 217, p 221). This was the structure which Vidarbha inherited in which a thin stratum of rich peasants belonging to diverse castes including the dalit community gained from the land reform measures. This class-caste group was too heterogeneous and with little access to urban-industrial linkages they were too weak to exercise the agency role which the Maratha elite undertook in western Maharashtra.

The success of Saurashtra tells us that for Vidarbha, in spite of the legacy of landlordism, growth is possible without necessarily altering the land relations. Without contesting this assertion, will not a more egalitarian structure of landownership also make growth a more inclusive process, which in turn will strengthen the "demand" impulses of the local economy? The authors conclude by suggesting that invitations and incentivising can draw in milk producers who by competing with each other can "energise the region's dairy economy like it did in Saurashtra". Recently the Nagpur Milk Scheme was sold to a milk producer from Delhi: perhaps the first step in an emerging set of smart, farmer-friendly policies.

References

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