

FARM SIZE AND PRODUCTIVITY

The background features abstract, overlapping geometric shapes in various shades of green, ranging from light lime to dark forest green. These shapes are primarily located on the right side of the slide, creating a modern, layered effect. The rest of the slide is a plain white background.

Meaning of Economic Holding

- ▶ The Congress Agrarian Reform Committee defined economic holding as one which would provide a reasonable standard of living to the cultivator and give full employment to a family of normal size.
- ▶ There are various factors on which the size of economic holding depends:
 - a. Fertility of the soil
 - b. Methods of cultivation
 - c. Nature of crop

Farm size, Productivity, and Farm Efficiency

- ▶ Farm productivity means output per unit of land
- ▶ Farm efficiency and farm profitability refers to the surplus value of output over all costs
- ▶ Originally, economists asserted that small farms in India were far more productive than large farms holding because of intensive cultivation
- ▶ Since 1945-55 studies in the economics of farm management undertaken by the Government of India (GoI) provided a clear relationship between farm size and productivity

The findings of the study states that :

- a. Much of the Indian agriculture is unremunerative
- b. The profitability of agriculture increases with the size of the holding
- c. Productivity per acre decreases with the size of the holding.

The respective findings can be interpreted in the following manner:

- a. Indian agriculture is unprofitable
- b. Large size farms are profitable
- c. On the basis of productivity per acre, small farms are preferable

- ▶ Thus, the relationship between farm size and productivity is generally *inverse*
- ▶ Khusro confirmed the inverse relationship between farm size and productivity after analysing the farm management data
- ▶ G R Saini also confirmed the existence of inverse relationship between farm size and productivity in traditional agriculture by using the farm management data of different states

Reasons for the inverse relationship between farm size and productivity

1. *Higher input of family labour in small farms*

- ▶ Opportunity cost of family labour is low as India is a labour surplus economy
- ▶ Hence, small farms use abundant family labour and extend cultivation up to the point where MP of labour = 0
- ▶ Large farms use hired labour
- ▶ Small farms - output per acre is maximized
- ▶ Large farms- output per labour is maximised

2. Greater intensity of cultivation

- ▶ Greater intensity of cultivation in small farms than large farms
- ▶ Heavy input of labour on small farms is not on one crop only but on two or more crops produced on the same piece of land during a given production year

3. Higher intensity of cropping in small holdings where the proportion of irrigated land is high

Negative relationship between farm size and productivity is a confirmed phenomenon in agriculturally developed regions in India but not in the less developed regions - Atanu Sengupta & Mahanabendu Chattopadhyay