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THE AGRICULTURAL SITUATION IN THE FAR EAST *

DR. LOKANATHAN was invited by the Society to address the delegates attending the 7th Annual General Meeting of the Society. The topic he chose for his lecture was "Agricultural Situation in the Far East". Dr. Lokanathan's wide experience in this field is well known. Before dealing with the subject proper he made a few comments on the agricultural statistics in the Far East. The Food and Agricultural Organisation of the United Nations has stimulated the countries of the region to improve the quality of their statistics. When the Economic Commission for Asia and the Far East started functioning in 1947, the statistics required for most of its work were not only meagre but were greatly deficient in quality as well. Several countries had no statistics at all, whatever little they had having been destroyed during the war. Since 1949, FAO and ECAFE have called several conferences of the member countries in the region which led to a considerable improvement in the situation. The activities of the two organisations have given a stimulus to the governments to procure reliable statistics and a considerable body of statistics has been built up which has been found of great value by every country. The countries in their turn have contributed substantially to the statistical information contained in the economic bulletins and accounts of economic surveys published by the ECAFE. Every country in the region has now a statistical organisation and this is a very desirable development as it secures co-ordination of national statistics which is a pre-requisite for ensuring international comparability. In several countries there are central statistical organisations and through these it is now possible

* Summary of a lecture by Dr. P. S. Lokanathan, Executive Secretary, Economic Commission for Asia and the Far East of the United Nations, on the occasion of the 7th Annual Meeting of the Indian Society of Agricultural Statistics. Dr. P. S. Deshmukh, Union Minister for Agriculture, presided.

to obtain statistics which are much better than before. Even so, deficiency still exists. In regard to trade where the coverage of statistics is very good, it is found that the internal trade statistics are very scanty and even in respect of agricultural statistics which every country is trying to improve, there are still serious deficiencies. Either the production is under-estimated or consumption is over-estimated or factors which are relevant to the correct interpretation of statistics are overlooked. Nevertheless, each year marks some progress in regard to statistical knowledge and the statistical conference on national income which was organised by ECAFE recently in Delhi is a definite step forward in this direction. If some data can be secured not only on national income but also on national expenditure, that is, the expenditure made by the community and the amount spent by the Government as also the extent of private and public investment and savings, it will provide valuable guidance in formulating public policy. It is hoped that the discussions at this conference will lead to some improvement in the national income statistics in which many countries are now evincing a keen interest.

In regard to the agricultural situation, especially the food situation, that has emerged during the last one or two years, there has been a revolutionary change in the position in regard to food production during these two years. Since World War II the situation in respect of food was generally difficult. The importing countries not only had to pay very high prices, but there was always a great difficulty in securing necessary imports and while the exporting countries tried to increase their supply, the total amount of food grains available for consumption in the region itself was very much below requirements. That was the situation upto the middle of 1952. But the situation has changed dramatically thereafter for the better. In respect of rice, the three largest exporting countries in this region before the war were Burma, Thailand and Indo-China. Now the only country which has increased its supply of rice both for internal consumption and for export is Thailand. The exporting capacity of Burma has been reduced to practically 50% of the pre-war level. Similar is the situation in Indo-China. The importing countries, India and Japan for instance, have increased their food production and their demand for imported food grains has considerably reduced. Besides, the prices of imported grain are generally higher than domestic prices. This has created a difficult situation for both, importing as well as exporting countries. Now for a country like India, having regard to its growing population and also the fact that the *per capita* consumption is still very low, import of food grains cannot be avoided. In fact, India should import

food provided it is economical. Therefore, while countries like India and Japan should extend their agricultural production to the extent possible or rather desirable, they should not overdo this. They should give due consideration to regional production and the fortunes of the other neighbouring countries. This is important for India because with its growing industrialization she will have to look for the market for her industrial products. She cannot hope to secure better markets than the neighbouring countries like Burma, Indo-China, Thailand, etc. In turn these countries would like their surpluses of food grains to find some economically sound market. It would thus be to the mutual advantage of all countries if some regional adjustment regarding the export and import policy for food as well as industrial products is made. To achieve this end, a forward agricultural programme should be built up in each of the countries of the region, so that they may know how much they are capable of producing in the next five years. An acceptable solution of the problem can be found provided there is a willingness to give and take among these countries.

A second aspect of the agricultural situation is that certain countries of the region are today heavily dependent upon foreign demand for their increased production of rubber, tea, tin, copper, etc., which are some of their major crops and minerals and the prosperity of these countries depends entirely upon the volume and rate of foreign demand. This demand is so fluctuating that it renders the prosperity of these countries extremely unstable. This question has been discussed in several conferences of the ECAFE. The countries concerned should think of changing their economic policy in such a way that their dependence on a few types of products would be reduced. A diversification of agricultural economy is required in their case, so that commodities which can have a domestic market are produced in larger quantity. Unfortunately, there has been very little diversification so far because countries like individuals are often short-sighted and when the price of, say, rubber is high they utilize the profits to produce more rubber. A long term approach is really needed. Every country should have a two-fold plan comprising of a broad frame-work of long-range policy within which planning may be done from time to time for two years, three years and so on. Fortunately India does not suffer from this difficulty because there is a great diversification of economy already.

As mentioned earlier, a tight situation developed in regard to the food supply and other agricultural products after the war and consequently every country has given first priority to agriculture, irrigation, transport, etc., which is all for the good, but there is a danger of

their not being able to keep pace with the requirements of the situation. The need for more industrial and manufacturing activity has to be emphasised simultaneously in order that the total aggregate income might increase, which would absorb the increased agricultural supply at a price profitable to the producer. In the absence of planned economic development matched by industrial development there is a serious danger that the drive for increased agricultural production may come to a standstill, because when price goes down below a point the producers will find it profitable not to produce. This would cause a crisis in the agricultural activity. The increased supply will not find an internal or external market and therefore the so-called first priority will give way. It is, therefore, important to realize that more planned agricultural development should also mean greater attention to manufactured goods and various other related items. The price factor is important because even in India it is found that people think only in terms of statistics of quantity. So much population has increased, therefore food and agricultural supply should be increased proportionately. But that is a very lopsided and dangerous view because investment in only one direction will not give the optimum results. It is necessary to invest in other related fields so that the supply from one sector may absorb the demand in some other sector.

There are also other related topics. One of them is the problem of investment in agriculture. India is not quite up-to-date in regard to the statistical basis for her investment programmes. So far as the public sector is concerned, it is known what the Government of India and the States do, but it is very difficult to know what exactly is the amount spent by the farmers. It is necessary to know what amount is actually invested in agriculture and the amount that should be invested and here there is a statistical gap. Everybody would agree that more investment is needed in order that productivity should increase.

At the end of the lecture, the Minister for Agriculture, Dr. Deshmukh, thanked Dr. Lokanathan for his learned talk. He emphasised how accurate agricultural statistics are important to the development of a country and explained the part that the application of random sampling methods for estimating crop acreages and crop yields was playing in the improvement of India's agricultural statistics. He commended the points brought out by Dr. Lokanathan for further thinking. According to Dr. Deshmukh a dangerous situation could develop if every nation tried to be self-sufficient. It was therefore desirable that countries should try to adopt selective production policies and these might be decided by mutual consultation of the nations interested in one another's economy.