CHAPTER IV

Cultivator's Costs

In the preceding chapter we have analysed the expansion in jute acreage, more particularly since partition, and the necessity, in order to attain the desired degree of self-sufficiency, to relate as far as possible the size of the crop to current demand. The problem of prices is of vital importance to the grower of jute. It is the most dominant factor which affects the acreage and determines the availability of raw jute supplies for the industry. We have referred to improvements in the agronomy of jute suggested by the Expert Committee and shall be dealing with it in some detail later also. The most important point is the question of the costs to the cultivator, i.e. his expenditure on growing jute and the factors which affect it as against the yield from the land and the return he gets by marketing the product. We have made every effort to get as full information on this point as possible on which a comprehensive survey has not been so far made but only isolated local studies exist.

The replies that we have received from the different State Governments, certain Associations and a large number of witnesses cultivators as well as representatives of growers' Association whom we interviewed during our tours, have covered these points. In view of the detailed examination and because it has been done as a scientific field study, the findings of the Economics Directorate of the Indian Central Jute Committee are the most comprehensive. We have therefore examined their reports.

Costs of cultivation of jute

The figures given by State Directors of Agriculture as costs of cultivation of jute for the same period diverged very widely from State to State and even as between different areas in the same State and also diverge greatly for different crops. The following estimates for costs of cultivation of jute have been made in the replies we have received from State Governments.

TABLE VIII.

	1939		1953		
	Costs		Costs		Estimate yield per acre
	per acre	per maund	per acre	per maund	
	Rs.	Rs.	Rs.	Rs.	mds.
Assam . .	60	5 0 0	240	20	12
*Andhra .	†	†	175	10	17½
Uttar Padesh	†	†	160	16	10
West Bengal .	32	2 7 0	230 to 340	16 to 26	12 to 18
Orissa . .	29	2 10 0	200	18	11
Bihar . .	31	2 6 0	150	15	10

*For mesta. †Figures not available.

The Indian Central Jute Committee have made comparative studies of costs of cultivation in selected places at five different centre, Monoharpur in West Bengal, Belakoba in Jalpaiguri (West Bengal), Purnea in Bihar, Kendrapara in Orissa and Nowgong in Assam. They have calculated as given below the total cost of cultivation per acre in 1952 including cash rent which varies between Rs. 2 to Rs. 15 per acre for cash rented plots.

	Rs. as. ps.
Monoharpur . . .	348 11 0
Belakoba	153 9 0
Purnea	115 0 0
Kendrapara	89 4 0
Nowgong	279 15 0
All centres	201 7 0

For the same period they have worked out in detail the operational cost per acre in terms of man days of 7 working hours. These also show an equal degree of variation, as

indicated below:—

TABLE IX

Operations	Monoharpur	Belakoba	Purnea	Kendrapara	Nowgong	All centres.
Irrigation . . .	..	..	..	1·1	..	0·2
Ploughing . . .	7·0	16·2	16·2	8·2	11·3	12·0
Manuring . . .	7·1	1·3	..	1·7	..	1·7
Sewing . . .	1·5	0·7	2·2	2·5	2·5	1·9
Weeding . . .	47·1	17·5	14·1	18·3	34·4	26·3
Cutting . . .	11·9	9·6	12·1	5·0	16·2	11·6
Steeping . . .	11·2	1·2	1·4	5·3	6·2	4·9
Stripping . . .	20·9	8·2	10·3	6·1	13·0	11·7
Drying . . .	3·5	1·2	1·1	2·0	5·2	2·7
Total man days . .	110·2	55·9	57·3	50·1	88·8	73·0
Cattle days . . .	16·2	48·3	52·7	28·9	37·8	37·8
Seeds (srs.) . . .	5·81	8·97	4·08	4·57	6·55	6·03
Far manure (mds.) .	28·9	73·0	1·4	10·8	..	22·2
Total operational costs (in Rs.).	333 5	151 4	113 0	86 11	267 3	193 7

Data still unsuitable for price fixation.

These data serve to show clearly how the cultivation of jute and its preparation is a highly labour intensive process, and how, in relation to other crops like paddy or sugarcane, considerable expenditure is incurred on weeding and stripping. Even making allowance for the fact that these charges have been computed at a proper wage rate, inclusive of the growers or his family's working time (wages for hired labour include both a cash element as well as free food in the jute growing areas), the differences are too great (in terms of working time) to be explained as due to relative operational efficiency or local variations. The percentage of hired labour varies from 23 to 53, giving an overall average of about 47 and the percentage of hired cattle labour also varies from 6 to 23 giving an average of 3·4, the labour rates vary from Rs. 1/5/- to Rs. 2/11/- per day and cattle hire from Re. -/10/- to Rs. 1/4/- per day. Even in a matter like the quantity of seed and farmyard manure used and the price for these, the variations are great. To some extent the yield factor also varies, and a high yield with a high cost often reflects a relatively

lower cost per maund than a low yield with a low cost. These facts would point to the conclusion that, despite the value of this evidence relating to the economics of jute growing, it cannot be relied on as the basis for a fixation of prices, whether on a 'rock bottom' or 'fair' basis. Fixation of regional prices would be impracticable as the grades of jute vary considerably and the method of preparation (retting and stripping) affects greatly their quality.

Comparative costs of alternative crops.

The average costs of jute and paddy cultivation in the selcted areas in 1952 as reported by the I.C.J.C. compare as follows:—

TABLE X

	Mono harpur Rs. as.	Bela-koba Rs. as.	Purnea Rs. as.	Kendra-para Rs. as.	Now-gong Rs. as.	All centres. Rs. as.
Jute (per acre) .	361—4	196—0	133—0	110—14	303—12	224—9
Paddy (per acre)	207—1	110—9	110—11	89—12	150—4	127—13
Cost per maund.						
Jute . . .	34—5	19—3	17—3	17—4	22—3	22—6
Paddy . .	13—7	9—9	12—13	7—5	15—12	11—6
Price per maund.						
Jute . .	21—15	23—2	19—13	17—2	21—2	20—15
Paddy . . .	13—0	12—15	12—1	5—14	10—6	11—9

Their main conclusions are:—

(i) the areas under paddy and jute per farm is 3:1,

(ii) weather conditions being equal, yield of paddy is higher,

(iii) with cost per acre much higher and yield relatively lower, the costs per maund of jute and paddy are as 2:1,

(iv) fall in prices from 1951 to 1952 has affected jute more seriously than paddy, the former involving almost no return,

(v) proportionally, consumption of labour for jute is double that for paddy,

(vi) cost of hired labour and cash expenses for jute are three times of those for paddy, and

(vii) jute cultivation demands greater input of labour. On the information given by State Governments the costs of cultivation of alternative crops during 1952 compare as below:—

[Cost figures given per acre]

	Jute Rs.	Paddy Rs.	*Sugarcane Rs.	
Andhra &	175	240	..	
Assam	240	150	..	
Uttar Pradesh	160	125	375	(500 mds per acre).
Orissa	200	90	..	
Bihar	150	133	321	
West Bengal	230 to 340	104 to 223	..	

&Mesta.

Jute price not determinable on budget of agriculturists

The large variations in cost between the different centres, the disparity between the two staple crops, and the divergence between costs and prices, all render it difficult to accept these data as a reliable guide for fixation of prices. The fixation of sugarcane prices which seem to be determined more by what the sugar manufacturer or consumer can pay than on actual costs to the grower, is a precedent we cannot recommend for adoption for jute.

The Prices Committee (which we refer to later) have suggested that a fair price for the crop should be such as would leave the producer an income sufficient to meet the costs of goods and services that go to make up his standard of living. The I.C.J.C. have also made a comparative study in 1951 and 1952 of the farmer's family budget at the five centres mentioned above. They have analysed the average family income and family expenditure both in cash and kind for the years 1951-52 and 1952-53. (See Table XI).

In this analysis the following points have to be borne in mind; (1) the agriculturist by and large cultivates a small holding, (2) even in that holding only a small portion is used for cultivation of jute as against food crops like paddy; (3) rotation of crops subsists and sometimes there is also double cropping; (4) in assessment of family income as well as expenditure on costs of cultivation, a value has been set for the cultivators own and family labour; (5) and a value has been computed for hired labour on a cash basis even where part of the wages is in kind.

TABLE XI

Farmers' Family Budget (five members)

		Monoharpur			Belakoba			Purnea			Kendrapara			Nowgong		
		Rs.	As.	Ps.	Rs.	As.	ps.	Rs.	As.	ps.	Rs.	As.	ps.	Rs.	As.	ps.
Food	(51—52)	1599	2	0	1621	14	0	1441	4	0	699	3	0	1320	9	0
	(52—53)	1416	13	0	1057	11	0	1107	14	0	583	12	0	960	1	0
Clothing	(51—52)	50	5	0	43	10	0	76	13	0	46	4	0	78	8	0
	(52—53)	56	11	0	44	3	0	64	11	0	26	9	0	78	13	0
Fuel and Lighting	(51—52)	109	14	0	12	5	0	77	10	0	65	15	0	17	8	0
	(52—53)	111	10	0	13	6	0	78	15	0	71	8	0	47	12	0
Medical expenses	(51—52)	27	3	0	4	10	0	15	9	0	28	12	0	17	3	0
	(52—53)	27	9	0	10	10	0	17	2	0	10	8	0	16	11	0
Social and Religious functions	(51—52)	78	2	0	3	5	0	35	3	0	87	1	0	14	6	0
	(52—53)	55	6	0	2	1	0	21	0	0	120	1	0	45	8	0
Education	(51—52)	17	7	0	6	0	0	6	9	0	8	3	0	12	14	0
	(52—53)	23	10	0	3	12	0	6	0	0	11	11	0	15	0	0
Interest and Repayment of loans	(51—52)	13	1	0	18	4	0	25	8	0	49	12	0	151	8	0
	(52—53)	1	3	0	41	12	0	38	12	0	6	1	0	2	11	0
Miscellaneous	(51—52)	145	6	0	81	5	0	456	15	0	238	8	0	737	3	0
	(52—53)	176	15	0	69	13	0	295	9	0	260	14	0	279	12	0
TOTAL	(51—52)	2040	8	0	1791	5	0	2135	7	0	1222	10	0	2349	11	0
	(52—53)	1869	13	0	1243	4	0	1629	15	0	1091	0	0	1446	4	0
Farmer's average income (cash and kind)	(51—52)	2483	0	0	2299	15	0	2391	5	0	1625	1	0	2308	2	0
	(52—53)	1866	11	0	1197	2	0	1652	13	0	1069	3	0	1498	10	0

The table also indicates a wide fluctuation in income and expenditure to the extent of 7 to 70 per cent. on the gross total, as between different centres. The percentage variation under food item itself is very high in relation to other items. Great caution is required in using such data of the cost of living of cultivators, as a determinant of prices of primary agricultural commodities.

Evidence on the basis of comparative data given to us by certain Associations also indicate an increase of 300 per cent. as between cost of living of cultivators in 1939 and at the present time. While the Assam Government have stated that the cost of living cannot be separately determined, as jute growers grow other crops, *e.g.* mainly food crops, the West Bengal Government have on the basis of certain economic surveys conducted in 1944 and 1949 estimated the cost of living of the cultivator in the two periods as ranging from Rs. 578 to Rs. 696 per family (five members) in the earlier year as against Rs. 570 to Rs. 1,300 in the latter year.

In the course of our tour, we also received from representatives of growers and others, very divergent estimates of the costs of cultivation of jute and the basic minimum price that it is necessary. The estimates range in the former case from Rs. 15 to Rs. 30 per maund, and minimum prices from Rs. 20 to Rs. 40 per maund. On a crop parity ratio basis others have asked for the fixation of price of jute in relation to paddy at 3 : 1 as supported by the previous Committees. There is no particular significance about this ratio, which has prevailed mainly since the World War II period, when there was control of food prices. In fact, throughout the decade before the War, the ratio of jute to paddy prices was nearer 2 : 1. The basis of the research work done by the I.C.J.C. would also indicate that even allowing for the greater labour and cash costs of jute cultivation in relation to paddy, the price relation on the basis would be nearer 2 : 1 than the 3 : 1 level. We have had discussions with the Director of Economic Research, I.C.J.C. on this subject. Since we are, not recommending fixation of minimum prices, we have only pointed out the nature of the different bases that have been suggested for price fixation and the difficulties in applying any of these in actual practice.