

# The Madras Agricultural Journal

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## Editorial

**Ceiling Prices and Cost of Production :** In the December issue of the Madras Agricultural Journal, we published an article from a contributor from Tinneveli, on the economic price of paddy. A correspondent from South Canara whose letter is published elsewhere in this issue takes us to task for publishing the article without our comments. We may state at once that as a general rule the Editorial Board does not hold itself responsible for the opinions expressed by its contributors, nor can it vouchsafe for the correctness of the figures furnished by them in support of their opinions. But in this particular instance it so happens that we agree with the main contention of our Tinneveli contributor viz., that when ceiling prices are fixed by the Government due consideration should be given to the cost of production and at the same time the cultivator should be guaranteed a reasonable margin of profit. To this proposition no one could take any objection. But divergent opinions may be justifiably held regarding the actual cost of production in relation to different crops and in determining what constitutes reasonable margin of profit. We hold that the figures by Mr. A. Chidambaram Pillay with regard to cost of cultivation are reasonable. The price of land which has been taken at Rs. 6,000 in the Tinneveli district, we believe, is the prevailing price obtaining in the locality. The tract is very fertile and the yield of 5,600 lb. per acre is about the highest in the Province.

Now as regards the margin of profit, we note that Mr. Pillay has added Rs. 270 to the cost of cultivation representing  $4\frac{1}{2}\%$  interest on the capital outlay and allowed a margin of 5 kottas per year against bad years. The question arises whether  $4\frac{1}{2}\%$  is a reasonable rate. Considering that in other enterprises this rate of dividend is normally obtained and taking into consideration the prevailing bank rates many of our readers will agree that the rate fixed by Mr. Pillay is not unconscionably high. For, be it noted that the entire profit to the cultivator is merged in this amount and there is no reason why the producer



of food should be at a disadvantage in comparison with producers of other commodities. But then food should be produced and made available to the consumer at prices which he can afford. Here comes the difficulty for the Government in fixing ceiling prices, and the periodical revisions of prices bear evidence to this difficulty and every attempt is made to reconcile the interest of the consumer and producer to the extent possible under given set of circumstances.

Mr. Savur has stated that he has been able to secure land at Rs. 60 an acre and he finds his agricultural enterprise profitable, but he forgets that the ceiling price of paddy in his district is more or less the same as in the districts where an acre of land costs one hundred times more. From what we know of the Tirunelveli cultivator, we do not consider him less efficient or less enterprising than cultivators in other parts of the Province. Cost of land and labour varies within wide limits in our Province and is dependent on various factors over which the cultivator has no control and therefore it is inevitable that the margin of profit also varies from tract to tract when a more or less uniform selling price is fixed for the entire Province.

**Our Agricultural graduates:** We understand that many of the Agricultural graduates who passed out last year still remain unemployed. One would have thought that the last group of persons to remain unemployed under the present circumstances would be those who have equipped themselves with special knowledge in Agriculture. Not a day passes without some important person or other, making a statement about the 'food crisis' and the need for increasing production. Plans and schemes there are in plenty and we believe it is intended that some of them should be implemented. The plea that schemes are being held up for lack of trained personnel cannot be advanced in this instance, and it will be agreed that the alumni of the two Agricultural colleges in the Province have justifiable reasons to feel frustrated, if their talents are not utilised in this emergency. While in normal times Government cannot undertake to provide employment for every graduate who takes his degree in Agriculture, we are of opinion that the present crisis warrants the absorption of all available talent for furthering the cause of increased food production.

## A Soil Survey

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