

Failed Economics

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One evening I was driving to my village, a small hamlet in the North of Rajasthan, I saw a few people sitting on the road just outside the village with heaps of boots scattered all around busy discussing something. They aroused my curiosity as they did not look like the regular villagers. To my utter surprise, these people introduced themselves as major economists. There was grave disappointment and lines of worry as they explained with much sadness that their theories had failed in the village. Leaving them busy with deliberations, I promised them to undertake a survey to find out the causes of failure of their widely, approved economic theories in that small village of mine.

My village consists of about 55 households of which 30 belong to the land holding class and rest to the labour class. The total agricultural land of the village is around 560 acres. The canal irrigates only 60% of this land and 40% is kept fallow because the underground water is unfit for this purpose. The Green Revolution brought new machinery, seeds and introduced the use of fertilizers and pesticides. To remove capital deficit, loans were given by banks and financial institutions. Productivity increased and major problems of food scarcity were solved. The results, however, were not as they had been anticipated.

A single household on an average cannot hold more than 11.2 acres of irrigated land. In the village there are about 21 tractors, all purchased with bank loans. On an average one tractor is used for ploughing 16 acres of land, much less than the norms. For 16 acres one tractor runs only for not more than 3 hours. After sowing, the chemicals are used to remove weeds and the harvest is collected with machinery. The activities of land households and labor class revolve around these 3 hours of field with tractors. The real capacity lies wasted as the inputs combined are in a greater proportion than the output, leading to negative returns.

An air view of the village economy presents a fully employed set-up in which each and every individual is contributing to agricultural process. A reality check, however, paints a picture of disguised employment, where a population of about 300, on average, is engaged only on 1.344 acres of productive land, a figure definitely below capability.

Everyday 7-8 man hours of each adult are available and that time has increased consumer needs in shape of cars, motorcycles, jeeps, etc. In this small hamlet there are 17 cars, 33 motorcycles and almost every family has a television and a mobile phone. Even crop loans are used for paying consumer goods. With availability of unproductive leisure time hunger for consumer goods increases further.

Village economy happens to be a very narrow economy where most of the activities just

revolve around agriculture and that too on lines that have been followed down the generations. The produce is sold to pay part of loans and further loans are then taken up. Psychologically farmers are not willing to diversify their crop rotations and nor are they willing to utilize available time for axillary activities to supplement their income.

Digging in to the causes of failure of economic phenomena, the highlighted reason seems to be a disinterested approach towards learning and change. There is only one primary school and higher education is limited to class 8th or class 10th. The technological boost has proved more to be a source of entertainment than a gateway to prosperity. The capital (machinery) overtook the work in the fields increasing the number of free man hours. Sources of distractions such as television, mobile phones, gossip, or any other non-productive activities are undertaken in those free man hours. The problem of economy is not lack of facilities but lack of will to reach out to those facilities in a productive way.

Welfare theories, government intervention policies, no-tax rules, subsidy grants have failed because they have yielded a race of lavish consumers who do not contribute proportionately to the real agricultural process. The technological advancements have formed a comfort zone in which the village society has receded.

Equipped with this survey, I came to the economists and explained that the real reason for the lack of awareness about basic financial management especially utilization of leisure time was due to lack of education. With inflow of knowledge they would understand their true economic potential. Further, I assured the dignitaries that their next visit would definitely witness changes and will acknowledge that their economic theories have not failed totally.