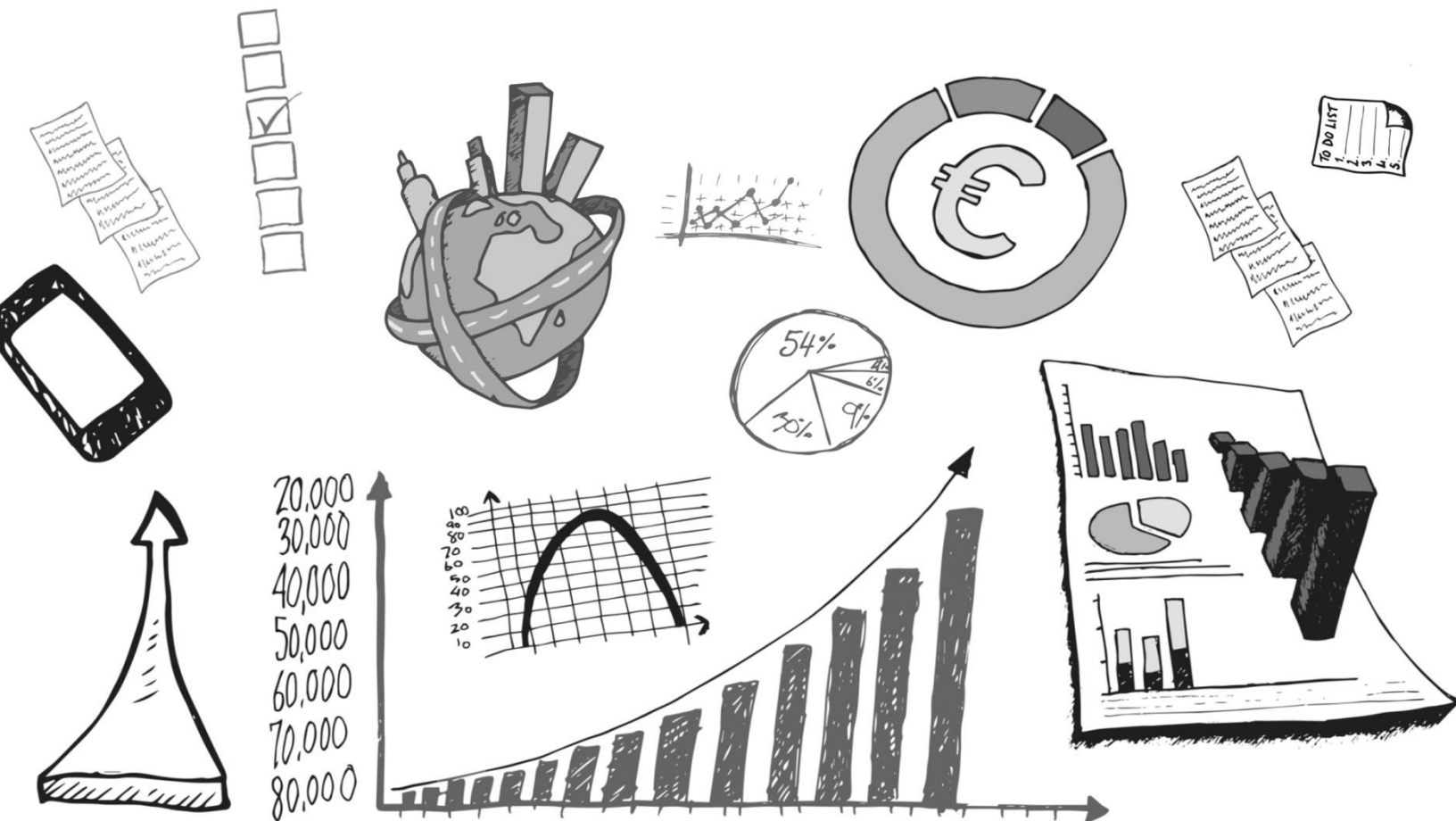


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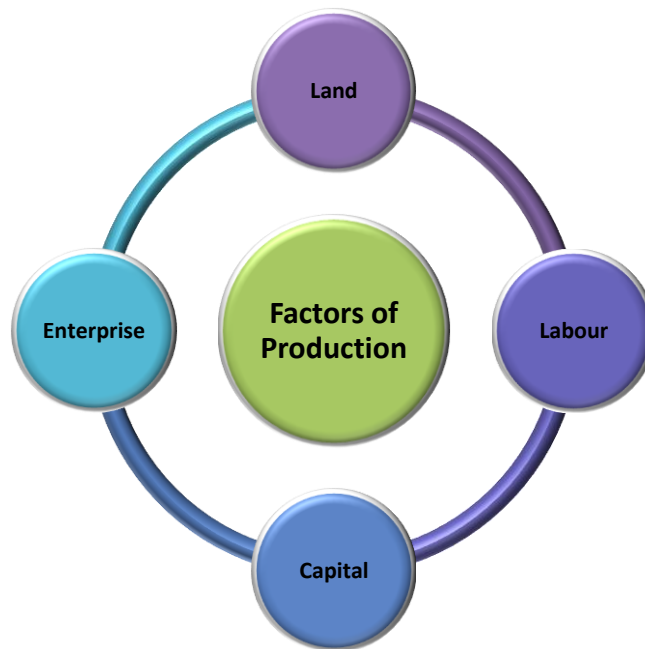


The Story of Village Palampur

Basic Concepts: Production

The main activity of Palampur village is farming. Other activities include small-scale manufacturing, dairy and transport. Palampur has a well-developed system of roads, transport, electricity, irrigation, schools and a health centre. Let us understand how these production activities are undertaken with the various resources available in this village.

There are four main factors of production of goods and services. These are land, labour, capital and enterprise/human capital. First, land is required to produce goods. Second, labour is involved to execute production activities. Third, physical capital, which is classified into fixed and working capital, is required at every stage of production. Finally, enterprise and knowledge are able to form all the inputs together to produce goods for self use or to sell in the market.



Farming in Palampur

Land is fixed

- Nearly 75% of the working people depend on farming.
- Land area under cultivation is basically fixed.
- There is no scope for expansion of production with new cultivable land.

To grow more from the same land

- Kinds of crops grown and facilities available to Palampur village would resemble the western part of the state of Uttar Pradesh.
- All the land is cultivated and nothing is left unused.

- Rainy season (Kharif): Jowar and Bajra are grown in this season. Potato is cultivated between October and December. Winter season (Rabi): Wheat is produced. Sugarcane is harvested once in a year. Wheat is used for self-consumption as well as sold in the market at Raiganj. A part of the sugarcane crop is sold in the raw form, while the remaining is sold as jaggery to traders in Shahpur.
- Due to a well-developed system of irrigation in Palampur, farmers are able to grow three different crops in a year. Electricity came early to Palampur. They used electric-run tube wells to irrigate the land effectively. By mid-1970s, the entire cultivated area of 200 hectares was irrigated.
- Multiple cropping: To increase production, more than one crop is grown on a piece of land during the year. At least two main crops are grown in Palampur, and they have been growing potato as the third crop in the past fifteen to twenty years.

Cultivated Area over the Years	
Years	Cultivated Area
1950	120
1960	130
1970	140
1980	140
1990	140
2000	140

- Modern farming methods are used for higher yields. The yield is measured as crop is produced on a given piece of land during a single season. High-yielding variety (HYV) seeds produce greater amounts of grain on a single plant. Higher yields were possible only from a combination of HYV seeds, irrigation, chemical fertilisers, pesticides etc. Through the traditional method, the yield of wheat grown was 1300 kg per hectare. With HYV seeds, the yield went up to 3200 kg per hectare.

Will the land sustain?

- Modern farming has overused the natural resource base.
- The Green Revolution is associated with the loss of soil fertility due to increased use of chemical fertilisers.
- Consumption of chemical fertilisers in Punjab is highest in the country.

How is land distributed between the farmers of Palampur?

- One third of the 450 families are landless. Most of them are dalits and have no land for cultivation.
- Of the remaining families who own land, 240 families cultivate small plots of land less than 2 hectares in size.

Who will provide the labour?

- Small farmers along with their families cultivate their own field.
- Medium and large farmers hire farm labourers to work on their fields.
- Wages are paid to the hired labour. Wages can be in cash or in kind.
- Wages are paid on a daily basis, for one particular farm activity like harvesting or for the whole year.



Capital needed in farming

- Most small farmers need to borrow money for their capital.
- The rate of interest on such loans is high.
- The medium and large farmers have their own savings from farming.

Sale of surplus farm products

- Small farmers produce for their own consumption.
- Medium and large farmers who supply wheat to the market.
- Traders buy the wheat from the market and sell it to shopkeepers in the towns in cities.
- This amount is saved for lending to small farmers who are in need of loans or used for arranging working capital.
- Some farmers may use their savings for buying cattle or trucks. These constitute the capital for non-farming activities.

Non-farming in Palampur

Dairy

- Dairy farming is a common activity in many families.
- During the rainy season, jowar and bajra are grown.
- Milk is sold in Raiganj village.
- Two traders from Shahpur town have set up collection-cum-chilling centres at Raiganj.
- This milk is transported to far away towns and cities.

Small-scale manufacturing in Palampur

- Less than fifty people are engaged in manufacturing.
- Simple production methods are done on a small scale.

Shopkeepers of Palampur

- The traders of Palampur are shopkeepers who buy various goods from wholesale markets in the cities and sell them in the village.

Transport

- Palampur is connected to Raiganj by road; a variety of vehicles ply on this route.