Producers' Response to Changes in Prices and Marketing Policies: A Case Study of Sugarcane and Paddy in Eastern U.P. by S. C. Gupta and A. Majid. New York: Asia Publishing House, 1965.

It is alleged that the agricultural output in poor countries responds very little to movements in prices and costs because of subsistence-oriented production and self-produced inputs. The work of Gupta and Majid is concerned with the empirical verification of the responsiveness of farmers to prices and marketing policies in a backward region. The authors' analysis of the responsiveness of farmers to economic incentives is based on two sets of data (concerning sugarcane, cash crop, and paddy, subsistence crop) collected from the district of Deoria in Eastern U.P. (Utter Pradesh) a chronically foodgrain deficit region in northern India. In one set, they have aggregate time-series data at district level and, in the other, they have obtained data from a survey of five villages selected from 170 villages around Padrauna town in Deoria.

The authors try to "find out how far prices influenced the decisions of farmers to grow sugarcane and paddy and to substitute one crop for the other". Their method of analysis is, however, very elementary. No econometric model has been applied to find the magnitude of variation in supply as a result of the changes in prices. The acreage under rice and sugarcane is put against absolute and relative prices of the two crops to find the direction of variations in acreage as a result of the variation in absolute and relative prices. Since the price of sugarcane is fixed by the government well in advance of the sowing season and since the guaranteed price for sugarcane changed only four times during the thirteen years' period of their study, "the district data for the last 13 years do not bring out much meaningful association between the raw prices of rice and sugarcane on the one hand and the acreage of the two crops on the other". They, however, find some significant evidence of short-term response, *i.e.*, year-to-year response of relative acreage to relative prices. The trend movement is approximately removed through the device of link relatives: "in 7 out of the 11 observations, the direction of change in both the variables has been found to be the same".

In order to explain the lack of long-term changes in response price, the authors bring factors like the difference between the value of sugarcane and

that of rice per acre, the subsistence-crop nature of rice and cash-crop nature of sugarcane, assurance of a guaranteed market for sugarcane at a price fixed by the government and announced in advance, climatic conditions favouring sugarcane and provision of credit for sugarcane cultivation. The authors, however, seem to miss one significant association, *i.e.*, between the absolute price of rice and acreage under sugarcane. The Table No. 1 on page 14 and the graphs on page 15 show that the acreage under sugarcane may be correlated (inversely) with the price of rice. Since the price of sugarcane is fixed, it is reasonable to expect that land could be shifted from rice to sugarcane and *vice versa* primarily in response to variations in the price of rice.

The authors show, from the survey data, that farmers with larger holdings devote proportionately more land to sugarcane than to rice in comparison to farmers with smaller holdings and that the net monetary return is higher for large than for small producers. But small farmers are increasing their acreage under sugarcane because it enables them to liquidate their debts whereas the large producers are not increasing their acreage under sugarcane because of the fear of over-production and their desire to ensure adequate supply of good quality rice from their own holdings. The authors have avoided regression models probably because of the lack of clear associations between the relevant variables in which they were interested. However, the regression of acreage under sugarcane on the price of rice might have given a fairly good fit.

In spite of the lack of regression models, the book is well written and shows up well the depth of the authors' knowledge of local conditions. The concluding chapter is concise and clearly summarizes the findings of the study.

Pakistan Institute of Development Economics MOHAMMAD IRSHAD KHAN