

FARMERS DECISION ON ACREAGE RESPONSE OF MAJOR CASH CROPS IN GUJARAT BY USING PRICE AND NON- PRICE FACTORS

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Abstract: In this study, an attempt has been made to examine the acreage response of Major cash crops i.e. Cotton and Sugarcane in Gujarat by using the Nerlovian partial adjustment model. The secondary data for last 30 years (1985-86 to 2014-15) on area, production, yield, rainfall etc., for main crop and competitive crop was collected from various official sources. The competitive crop was selected on the basis of logically as well as statistically by calculating the correlation coefficient between crop area. The results exposed that the estimated coefficient of lagged price of cotton, lagged price of competitive crop, lagged area of cotton, expected price and sowing season rainfall has the significant influence as per logic and expected signs. However, the results of acreage response of sugarcane crop indicated that the coefficient of lagged price, lagged yield and lagged area was positive and statistically significant. This implied that higher price, yield and last year area allocated leads to larger area of the crop in the next year. It is worthwhile to mention that farmers' experience about the obtaining price and yield of any crop plays a crucial role in determining its profitability and hence incentives for its further cultivation and expansion. As farmers at planting time are not aware of the price and yield to be obtained it is their past experience. Thus, our results suggest that if rising trend in prices, yield and lagged area persists it will help farmers' expansion of its cultivation in future.

Keywords: Cash Crops, Acreage response, Price and non-price variables, Nerlovian model

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