Nilabja GHOSH, Methods of calculating land input in TFP calculations – The case of India, Associate Professor, Institute of Economic Growth, New Delhi, India.

India has a large agricultural sector that still provides livelihood to the largest section of people many of whom are poor. Farming is increasingly perceived as a low paying occupation that is holding little appeal for the youth who tend to migrate to cities for employment in other sectors. Moreover India is urbanizing and industrializing. Land, in current times, is emerging as a resource that is critically contentious because it is scarce in relation to the large population and the resulting demand for food, housing and industries. Public interest in clean environment, growing consciousness about ecological implications of resource use and the global concern over climate change add new dimensions to the significance attached to land use.

In the last few years India has been strengthening its statistical data base, by synthesizing the traditional statistical methods with other scientific techniques. Also there has been significant improvement in recording and updating the data on electronic platforms and making updated information on economic indicators available in the public domain. While physical land use in the geographic domain and within agriculture is by tradition recorded with fair amount of regularity, the information base on land is rather weak in terms of value. Land prices are not officially published for research use and agricultural land market being thin and hardly formal, access to price data is limited.

India, now embarked on achieving high economic growth while ensuring inclusiveness and cleanliness, is participating in the world market as a trader and closely cooperating in deliberations over global issues as a partner. Measurement of total factor productivity (TFP) of the economy by sectors would be useful in monitoring and guiding the economy in the most efficient path and in assessing the country’s position vis-a-vis others for a global economic balance. Such a measurement ideally also needs to take account of environmental implications of land use coming via ecological interactions, long term effects, external effects and green-house gas (GHG) emissions all of which add to either cost or benefit of growth but are not readily visible to the national income accountant.

For the purpose of estimating the environmentally adjusted TFP and compiling the national accounts and the balance sheet for the same purpose it is important to take account of land which is a most critical factor of production in demand in India from various sectors besides being an environmental resource. The objective of this note is to explore the possibilities and ways of compiling data on land as an economic asset and stock in agriculture.