

THE POLICY ANALYSIS MATRIX OF RICE CULTIVATION IN INDIA

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ABSTRACT

This paper combines policy analysis matrix techniques to model the analysis of profitability from farming. Policy analysis matrices are computed for a sample of rice growers located in the wetland of the *Tamil Nadu* (Southern India) under observed conventional and profit-efficient farming conditions. While conventional analysis points to a lack of profitability, farmers are shown to make positive profits at private and social prices when data reflecting efficiency adjustments are used in the analysis. The main conclusion is that the usefulness of the policy analysis matrix might be substantially enhanced by simulating profitability after efficiency-improving managerial decisions have been adopted.

Keywords: *Tamil Nadu Rice growers*, Policy Analysis matrix, NPC, EPC, ERP, DRC, Indian agricultural policy, multifunctionality.