

THE POLICY ANALYSIS MATRIX OF RICE CULTIVATION IN INDIA**Dr. S. Kanaka**Research Associate, Department of Social Sciences
AC& RI, Killikulam- 628252, Tamilnadu, India.

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Chinnadurai, MDirector, CARDS, Tamil Nadu Agricultural University
Coimbatore-641003, Tamilnadu, India**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.

Abbreviations used: CAP (common agricultural policy), c.i.f. (cost, insurance and freight), CMO (Common Market Organisation), DEA (data envelopment analysis), Nominal Protection Coefficient (NPC), Effective Protection Coefficient (EPC), Effective Rate of Protection (ERP) and Domestic Resource Cost (DRC) f.o.b. (free on board), OECD (Organisation for Economic Cooperation and Development), PAM (policy analysis matrix).