Impacts of Salinity on Rice Production of Southwest Coastal Region of Bangladesh

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Outline



- Introduction/Background
- Research Questions and Objectives
- Review of Literature
- Study Area
- Methodology
- Preliminary Results and Discussion
- Limitation
- Policy Implication & Conclusion
- Future Work
- References
- Appendix

Introduction/Background

- Salinity is a major factor limiting plant productivity, affecting about 95 million hectares world-wide (Ayers et al., 1994).
- In Bangladesh, salinity occur mainly along the coastal region especially in southwest coastal region of Bangladesh. The adverse effects of salinity will be significant of southwest coastal agriculture.
- Coastal saline soils being silty clay/clay in texture, gets hard on drying, Cracks develop and making tillage operation difficult.
- Most of the rice land kept fellow except Aman season due to the extreme presence of salinity of the southwest coastal region.

Table 1. Rice Production Status

Salinity free region	Name of the variety: Aus Average Prod. = 1878 kg/acre n=129	Name of the variety: Aman Average Prod. =1958 kg/acre n=129	Name of the variety: Boro Average Prod. =2145 kg/acre n=121
Salinity affected region	Name of the variety: Aus Average Prod. =/372 kg/acre n=103	Name of the variety: Aman Average Prod. =1837 kg/acre n=183	Name of the variety Boron Average Prod. =1423 kg/acre n=152

Source: Collected from household micro-cross section data

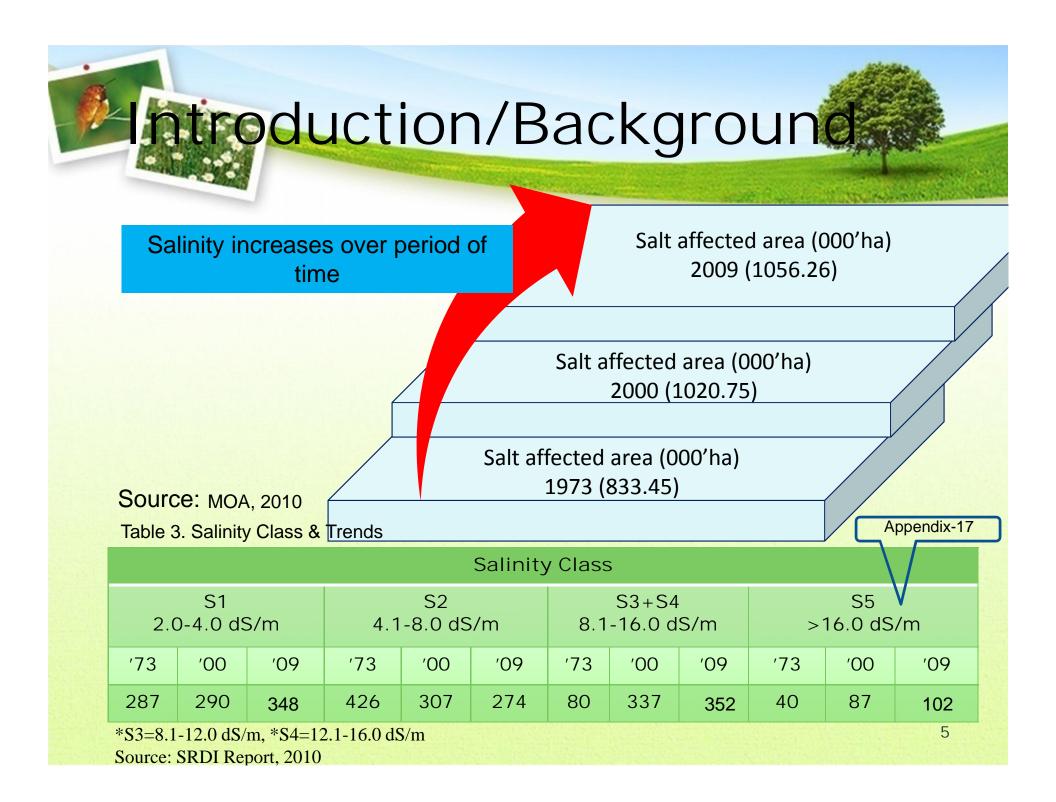
Introduction/Background

- Southwest coastal regions contribute approximately 16 percent of the total rice production of Bangladesh and in recent years production of crop yield by gradual change and total or partial damage due to extreme salinity (Compendium of environment statistics of Bangladesh, 2005)
- Degradation of productive land including quality and physical loss are key concern for coastal agriculture due to salinity intrusion.

Land category	Total cultivated	Land use	Land use	Land use
	land	for Aus	for Aman	for Boro
Cultivated land under normal soil	191 acres	143.7 acres	166.03 acres	162.5
(n=129 for each variety)	(3 times use)	(75.23%)	(86.93%)	(85.09%)
Cultivated land under salinity condition	430 acres	65.42 acres	240.2 acres	78.83 acres
(n=302 for each variety)	(3 times use)	(15.21 %)	(55.86%)	(18.33 %)

Table 2. Land use status

Source: Collected from household micro-cross section data





An electrical conductivity (EC) greater than 2 dS/m, measured on a composite sample, indicates significant areas of a field are salt affected.

Source: Karim, et al,. (1990)

Table 4. Site specific Electrical conductivity (EC) values

EC (dS/m)	Comments
>16	Difficult to grow except few crops
S4: 12.1-16	Very poor growth of tolerant crops
S3: 8.1-12	Poor growth of tolerant crops
S2: 4.1- 8	Suitable for growing salt tolerant crops
S1: 2- 4	Yield of non-tolerant crops reduced
<2	Little effect on yield of any crop

Source: Karim, et al,. (1990)



Table 5. Production Status

Statistics			Yiel	d (kg /acre)				
والمحافظة فالمتكر والأر		Normal s	oil			Salinity	·	
	Aus (n=129)	Aman (n=129)	Boro (n=121)		Aus (n=103)	Aman (n=183)	Boro (n=152)	
Mean	1878	1958	2145		1372	1837	1423	
Standard deviation	962	939	874		749	595	742	
Maximum	4200	3924	4270		3000	3500	3500	
Minimum	600	600	1000		320	337	300	
Coefficient of variation	0.51	0.48	0.40		0.55	0.32	0.52	
Aus, Aman & Boro un	der normal	soil are pro	duce more t	han those of	salinity co	ondition		
Source: Calculated by	the author $C.V = \frac{\dagger}{\overline{x}}$	based on h		household m 2 Circle= mo 1 Circle=not	ore consis	tent in rice p	oroduction	7
								7

Introduction/Background

Table 6. Average input use pattern under different soil conditions

		Aus		Aman		Boro	
Inputs	Statistics	NS	SAS	NS	SAS	NS	SAS
	Maximum value	150	90	126	120	160	90
Fertilizer (kg)/acre	Minimum value	15	10	15	10	18	10
	Mean value	56.56	37.45	57.51	43.51	60.14	35.88
	Standard Devi.	31.47	20.72	26.68	18.74	28.44	20.28
	Sample size	129	103	129	183	121	152
	Maximum value	50	50	52	49	36	45
Labor/acre	Minimum value	9	3	12	8	8	10
(man-days)	Mean value	23.41	22.14	28.29	24.92	23.47	22.18
	Standard Devi.	8.45	12.21	10.91	9.89	7.59	8.82
	Sample size	129	103	129	183	121	152

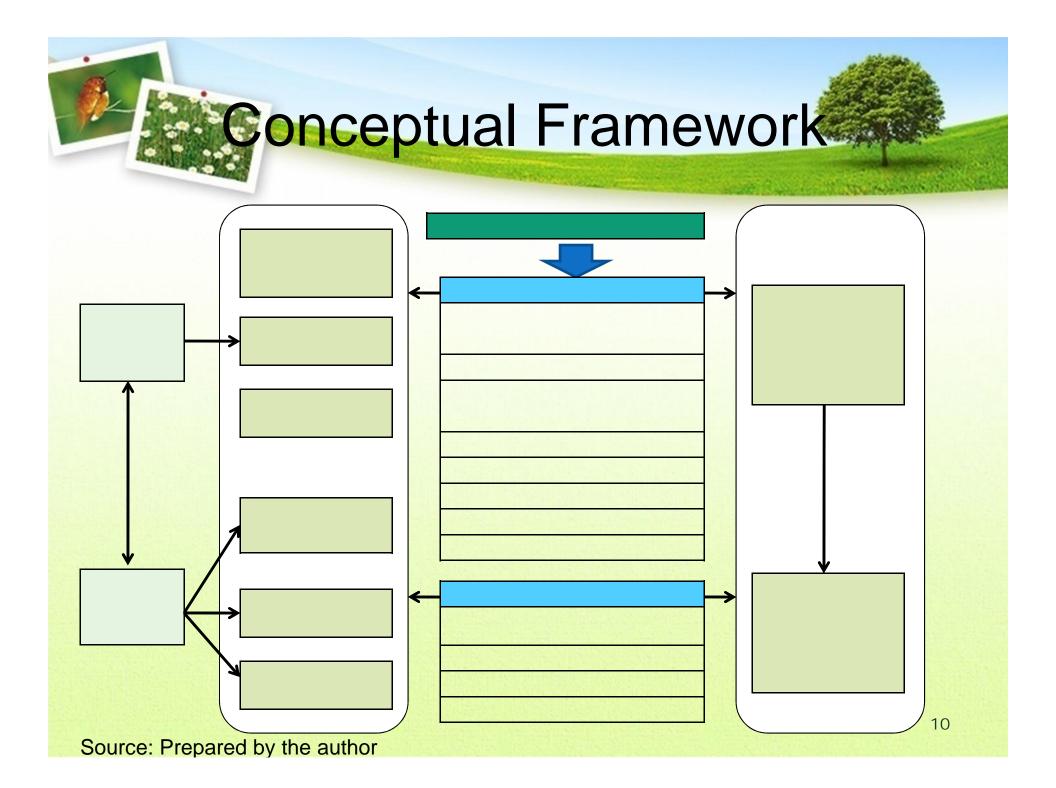
Source: Calculated by the author based on his collected household micro-cross section data NS=normal soil; SAS=salt affected soil

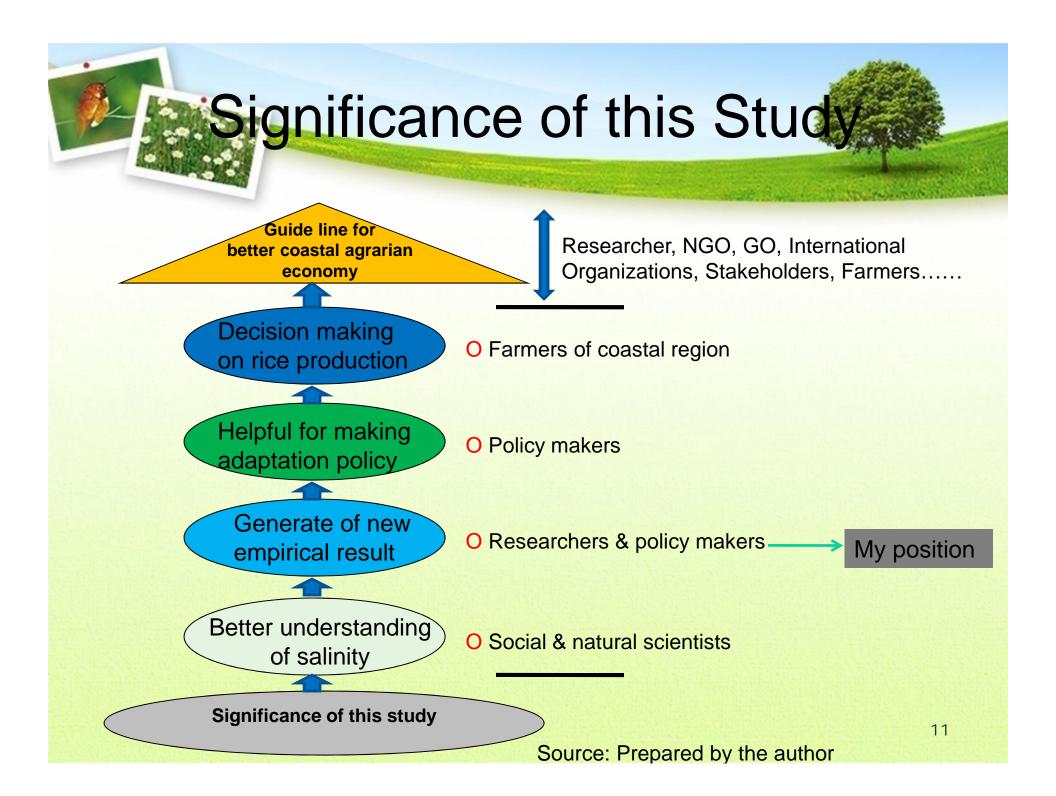


Table 7. Average yield and returns from rice varieties under different type of soils and salinity

Rice/Soil type	Average Income	Average Variable expenses	Average Profit
	(Tk/acre)	(Tk/acre)	(Tk/acre)
Normal soil	33804	8267.	25537
Under salinity condition	26696	7466	19230
Normal soil	35240	9752	25488
Under salinity condition	33066	8433	24633
Normal soil	38610	8364	30246
Under salinity condition	25614	7443	18171

Source: Calculated by the author based on his collected household micro-cross section data







Research Questions

- 1. Does the salinity affect the rice production ? (Generally speaking 'Yes')
- 2. Does the level of salinity influence the utilization of factors of production?
- 3. What are the adaptation requirements against the salinity intrusion in the southwest coastal region ?

Research Objectives

- 1. Investigate the impacts of salinity on rice production.
- 2. Investigate the utilization of factors of production in the salinity affected rice farm.
- 3. Develop the device of the necessary adaptation options.



Exploring the relationship between climate change and rice yield in Bangladesh: An analysis of time series data

Sarker, M. A. R., Alam, K., & Gow, J.

Agricultural System 112 (2012)11-16

Data: Time series data for the 1972-2009 periods at an aggregate level.

- 1. Explore the relationship between rice yield and climate variables
- 2. Estimate the potential effects of climate change
- 1. Quantile regression (QR) model
- 2. Ordinary least squire (OLS) method
- 1. Three climate variables (Max. temperature, min temperature, rainfall) have substantial effects on the rice yield of three different (Aus, Aman and Boro) crops.
- 2. The overall Aus model is found to be significant
- 3. Maximum temperature and rainfall have positive effects on Aman production, whereas minimum temperatures affect Aman production negatively.
- 4. The Boro model reveals that maximum and minimum temperatures have substantial effects on Boro production.
- 5. Rainfall is significant for the Aus and Aman rice but it is insignificant for the Boro rice.



Evaluation of energy input and output of sweet sorghum as a bio-energy crop on coastal saline-alkali land.

Ren, L. T., Liu, Z. X., Wei, T. Y., & Xie, G. H.

Energy 47 (2012) 166-173

Cross section data through questionnaire survey for face-to-face interview of 116 farmers.

- 1. Analyse the energy input and output of sweet sorghum on coastal saline-alkali soils.
- 2. Evaluate the input sensitivity with Cobb-Douglas (C-D) production function.
- 3. Compare the energy productivity of the bioenergy crop with the dominant cash and food crops cotton and maize.
- 1. The energy productivity index
- 2. The Cobb-Douglas production function
- 3. Ordinary least square (OLS) method

The energy crop sweet sorghum showed a significantly lower energy input and a higher energy productivity than the cash crop cotton or the food crop maize.



Land degradation and economic sustainability.

Singh, J., & Singh, J. P.

Ecological Economics 15 (1995) 77-86

Cross section data through questionnaire survey for face-to-face interview of 248 farmers.

- 1. Measure the impact of soil salinity and water logging at farm level in terms of resource use, productivity and profitability of crop production.
- 2. Its consequent effect on employment in affected areas of northwest India.
- 1. The Cobb-Douglas production function
- 2. Ordinary least square (OLS) method
- 1. The incidence of soil salinity and water logging directly affects the farmer in resource allocation and resource transformation.
- 2. The returns from affected soils decline, and this may even lead to abandoning crop production activities in extreme cases and the production per-unit problem area may be reduced even further because of the cut-back in non-land resource use on such soils.
- The employment of farm labor, particularly hired labor was restricted due to low crop productivity on moderately degraded lands and abandoning crop production activity in severely affected areas.



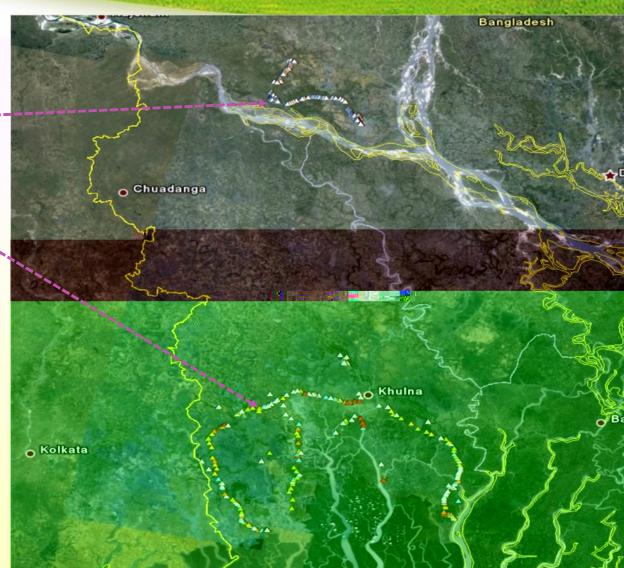
Study Area

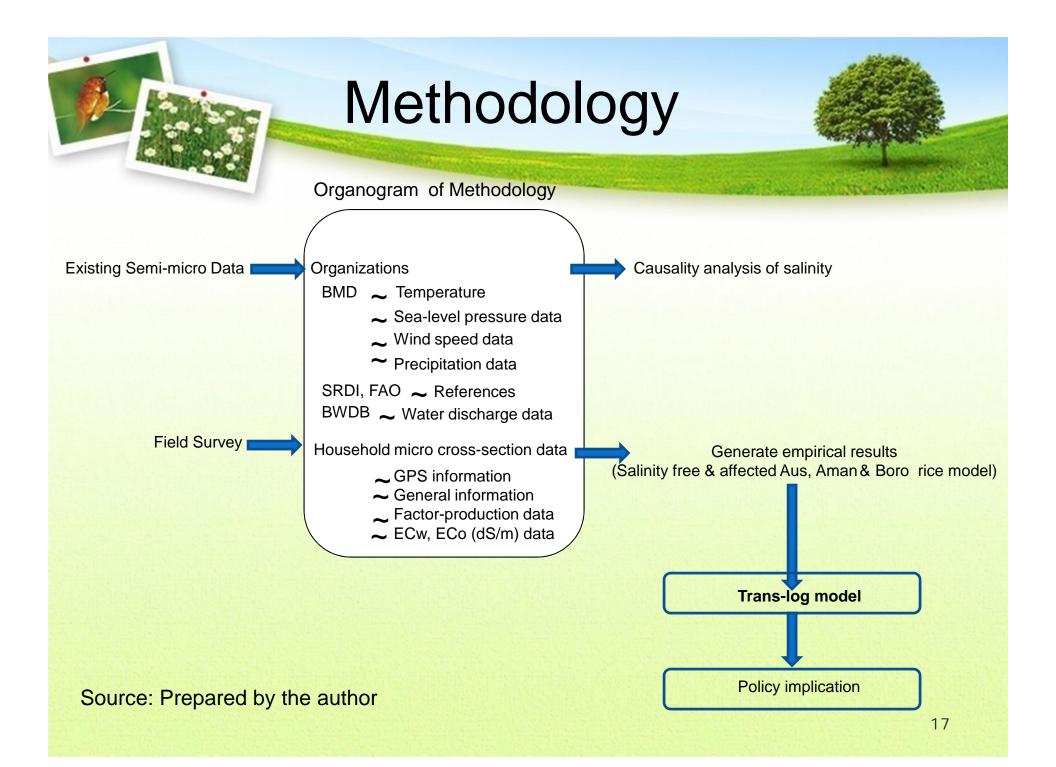


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Source: Calculated by the author based on his collected GPS & physical value of salinity







VII. Methodology

Important Features of Field Survey

Time

:7 September ~ 30 September, 2012 :3 February ~ 10 February, 2013

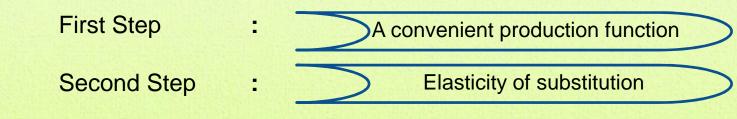
Area

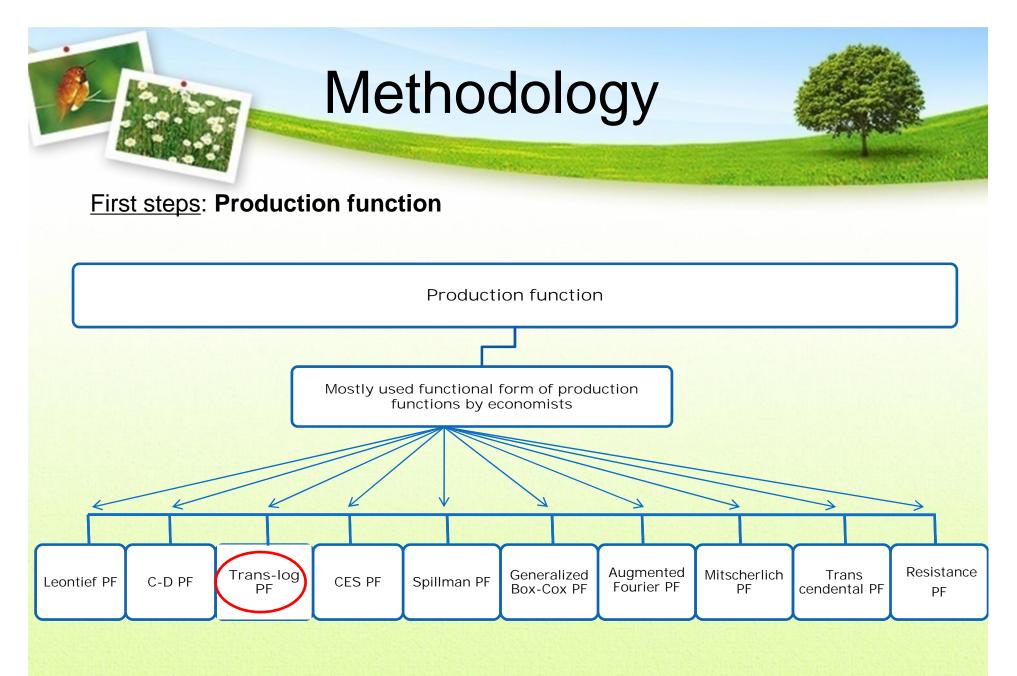
:Southwest (Khulna, Satkhira & Bagerhat district) region of Bangladesh. (Salinity affected region) $(N:23^{\circ}0'00'' E:90^{\circ}0'0'')$:Northern (Pabna district) region of Bangladesh (Salinity free region and considered as base line) $(N:24^{\circ}0'00'' E:89^{\circ}0'0'')$

No. of Respondents: 302 farmers ~ affected by salinity :129 farmers ~ not affected by salinity

Data collection method: Questionnaire survey, GPS, Salinometer, Secondary source

Generate the empirical results





Source: Prepared by the author



Methodology

Preferability for taking Trans-log model

- Trans-log model is a generalization of the Cobb-Douglas production function
- •It is Commonly used and easy to get elasticity of substitution by applying Shephard duality
- •It is a flexible functional form providing a second order approximation
- •It is possible to impose restrictions on the parameter (homogeneity condition)
- •It is linear in parameters and can be estimated using least squares method

Source: Blackorby & Russell, 1989

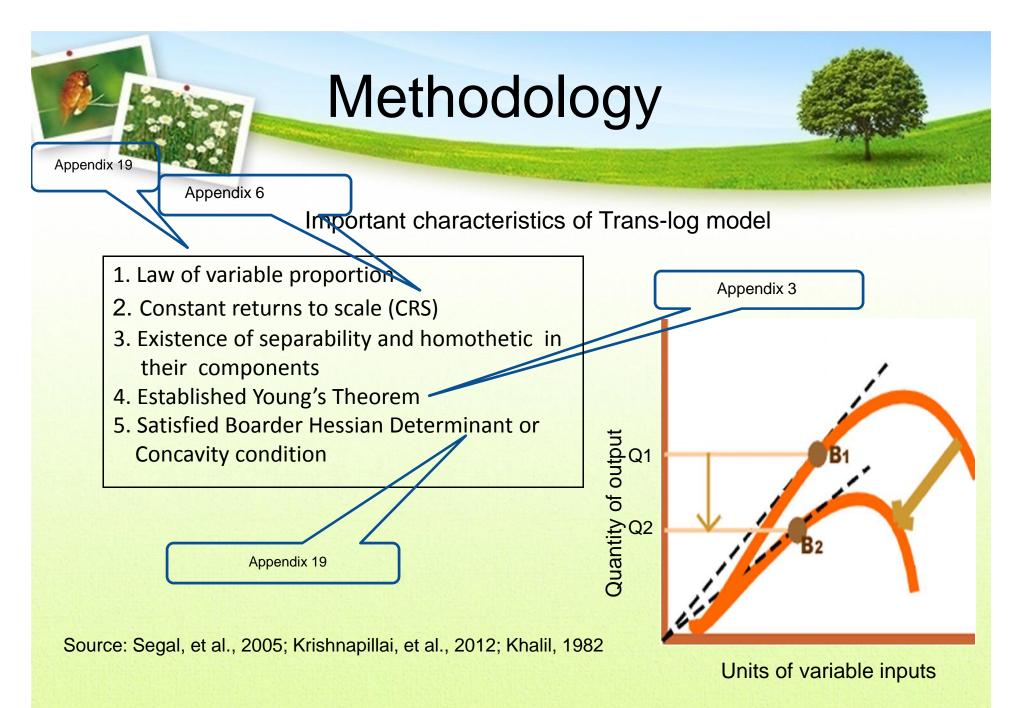
See appendix 5

Trans-log (transcendental logarithmic) production function

The trans-log production function is a generalization of the Cobb–Douglas production function. The three factor trans-log production function is:

$$\begin{aligned} \ln(q) &= \ln(A) + a_L \ln(L) + a_K \ln(K) + a_M \ln(M) + b_{LL} \ln(L) \ln(L) \\ &+ b_{KK} \ln(K) \ln(K) + b_{MM} \ln(M) \ln(M) + b_{LK} \ln(L) \ln(K) \\ &+ b_{LM} \ln(L) \ln(M) + b_{KM} \ln(K) \ln(M) \end{aligned}$$
$$= f(L, K, M).$$

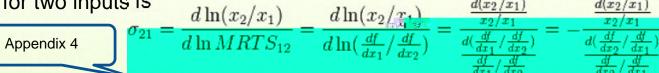
where L = labor, K = capital, M = materials and supplies, and q = product.



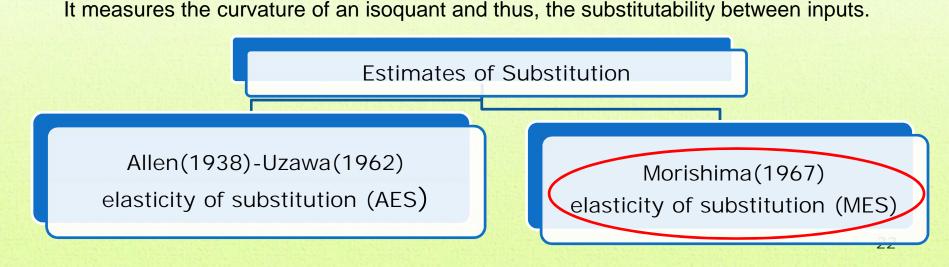


Second Stapes: Elasticity of substitution

The **elasticity of substitution** is a well known concept which has received much attention in the economics literature. Originated by J. R. Hicks (1932), this concept has become a backbone of applied microeconomic theory. The functional form of **elasticity of substitution** for two inputs is $d(x_2/x_1) = d(x_2/x_1)$



Where, *MRTS* is the marginal rate of technical substitution. The inverse of elasticity of substitution is elasticity of complementarity.





Methodology



Reason for taking Morishima elasticity of substitution

Morishima elasticity of substitution (MES) has several advantages over the Allen-Uzawa elasticity of substitution (AES):

- 1. The MES measures the curvature of an isoquants.
- 2. The MES is a sufficient statistic for evaluating changes in relative prices and quantities.
- 3. The MES is the log derivative of the input quality ratio with respect to the input price ratio like $^{\dagger} = \frac{u \ln \left(\frac{L}{F}\right)}{u \ln MRTS}$. These characteristics were the original function of J. R. Hicks, but not

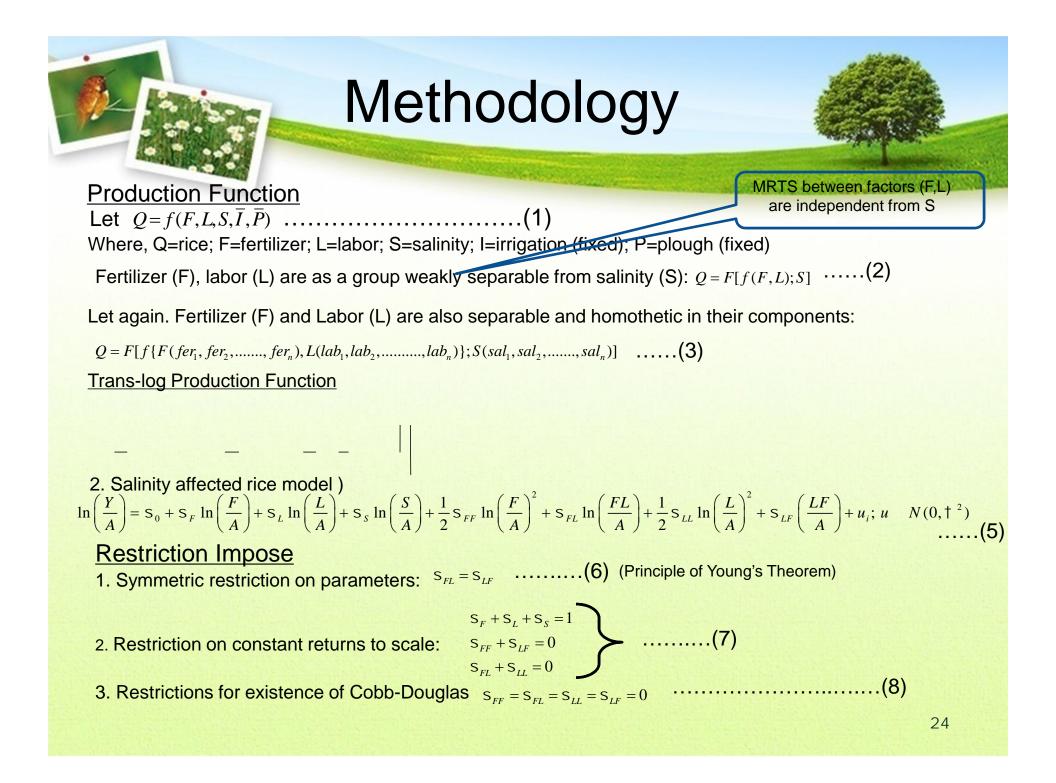
apply to the AES.

- 4. The MES, therefore, is the more natural extension to the multi-input case.
- 5. An important characteristics of the MES is the inherent asymmetry except CES and Cobb-Douglas production. The AES on the other hand, is symmetric for all input pairs by definition. (Blackorby et al., 1989).

Functional form of Morishima elasticity of substitution.

•Own and cross input elasticity of production: $y_{ii} = \frac{x_{ii}}{S_i} + S_i - 1$; $y_{ij} = \frac{x_{ij}}{S_i} + S_j$; $y_{ij} \neq y_{ji}$

• Morishma elasticity of substitution: $M_{ij} = y_{ji} - y_{ii}; M_{ij} \neq M_{ji}$



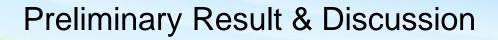




Table 8.. The results for the Salt free & salt affected Aus rice model

Table 8: Wald test for imposed restriction

	Aus (normal soil)	Aus (Salt-at	ffected soil)
Coefficient	Trans-log Model	Trans-log Model	Hybrid Model
	Estimated value	Estimated value	Estimated value
	2.740641***	1.541964*	2.053447***
βο	(1.259121)	(1.036832)	(0.988806)
	1.286970***	0.110400	0.186934
β_F	(0.369612)	(0.849068)	(0.837031)
	0.373434	2.580708***	2.278422***
β_L	(0.593131)	(0.742082)	(0.746285)
		-0.617950	-0.937969)***
βs		(0.587867)	(0.182660)
	-0.196472***	0.776755***	0.716530***
β _{FF}	(0.051955)	(0.276624)	(0.256726)
	-0.238071***	0.720028***	0.744306***
β_{LL}	(0.0899808)	(0.210970)	(0.259911)
0		-0.121867	
βss		(0.142695)	State of the second
THE ASSIST	0.315852***	-1.787463***	-1.722761***
$\beta_{FL} = \beta_{LF}$	(0.102986)	(0.459210)	(0.467879)
		0.163555	
$\beta_{FS} = \beta_{SF}$	和基本和日期的影響	(0.290104)	
		-0.087395	
$\beta_{LS} = \beta_{SL}$	and the states of the	(0.284735)	and in the se
o. of observation	129	115	103
R^2	0.795560	0.532686	0.49806

	Contraction of the Contract of Contract
Null hypothesis	Significance level
(H ₀)	(5%)
Symmetry	
$S_{FL} = S_{LF}$	V
Constant returns	
to scale	
$S_F + S_L = 1$	V
Equality	V
$S_{FF} + S_{LF} = 0$	V
$S_{FL} + S_{LL} = 0$	V

*** Significant at 1% probability level; ** 5% probability level and * 10% probability level Figures in parentheses represent standard errors



	Aman (normal soil)	Aman (Salt-	affected soil)
Coefficient	Trans-log Model	Trans-log Model	Hybrid Model
	Estimated value	Estimated value	Estimated value
	4.070112***	6.383768***	5.430944***
	(1.776682)	(1.303078)	(0.717125)
	0.730715*	-2.054511***	1.588820***
	(0.480856)	(0.566234)	(0.407571)
n de la contra de la	0.255481	2.039350***	2.610615***
	(0.984153)	(0.470722)	(0.399540)
		-1.787704***	-0.489350***
		(0.401934)	(0.413457)
	-0.212304***	0.746837***	0.720296***
	(0.067722)	(0.130082)	(0.137515)
	-0.325787**	0.196942	0.283231***
	(0.067722)	(0.133777)	(0.127115)
	-	0.186246***	200 H 200 - No. 18
		(0.074672)	
	0.502500***	-0.873985***	-1.127158***
	(0.150978)	(0.281435)	(0.268243)
		0.468524***	22722 - P.S.S.
		(0.158096)	
		-0.111797	
		(0.129313)	
of observation	129		AND THE REPORT OF A DEPENDENCE



Preliminary Result & Discussion



Table 10. The results for the Salt free & salt affected Boro rice model

Boro (normal soil) Boro (Salt-affected soil) Hybrid Model Coefficient Trans-log Model Trans-log Model Estimated value Estimated value Estimated value 4.723095*** 1.521592*** 1.319271* ßo (1.353556)(0.777548)(0.614751)0.659621*** 0.367891 0.141213 ßF (0.464042)(0.615834)(0.512753)0.192029 2.357830*** 2.676098*** β_L (0.585969)(0.522878)(0.450816)-0.647909* -0.785946** ßs (0.150791)(0.426753)-0.119393*** 0.699590*** 0.892015*** BFF (0.047247)(0.204584) (0.170433)-0.179976*** 0.665021*** 0.823177*** β_{LL} (0.085413)(0.151794)(0.164953)-0.162187** BSS (0.101359)0.270109*** -1.653365*** -2.027354*** $\beta_{FL} = \beta_{LF}$ (0.099429)(0.342862)(0.312432) $\beta_{FS} = \beta_{SF}$ 0.165732 -(0.210060) $\beta_{LS} = \beta_{SL}$ -0.113042 -(0.195772)No. of observation 121 178 152 \mathbb{R}^2 0.656856 0.631290 0.694099

Null hypothesis	Significance level
(H ₀)	(5%)
Symmetry	
$S_{FL} = S_{LF}$	V
Constant returns	
to scale	
$S_F + S_L = 1$	v
Equality	V
$S_{FF} + S_{LF} = 0$	v
$S_{FL} + S_{LL} = 0$	V

Table 8: Wald test for imposed restriction

*** Significant at 1% probability level; ** 5% probability level and * 10% probability level Figures in parentheses represent standard errors



Table 11. Average own, cross and Morishima elasticity of demand for factor of production

Elasticity		Aus	A	man	В	oro
Factor Demand	Salt free	Salt affected	Salt free	Salt affected	Salt free	Salt affected
y _{FF}	-7.5	25.7	-8.28	29.02	-5.22	34.71
У _{<i>LL</i>}	-18.20	45.52	-24.56	21.20	-17.23	50.44
y _{FL}	10.50	-63.76	17.32	-46.94	9.65	-81.06
У _{<i>LF</i>}	25.51	-107.60	35.89	-80.48	24.57	-126.66
MES	Salt free	Salt affected	Salt free	Salt affected	Salt free	Salt affected
$\dagger m_{FL}$	28.7	-109.28	41.88	-71.14	26.88	-131.5
† <i>^m</i> _{LF}	33.01	-133.3	44.17	-109.5	29.79	-161.37



Comparison between Aus Rice under Different soil Condition

Salt free Aus	Salt affected Aus
1. We can't say anything about the labor input.	1. Salinity is negatively related with Aus.
2. Like Aman & Boro production, fertilizer plays an important role.	2. We can't say anything about the fertilizer input.
3. Marginal effect of labor and fertilizer are negative and support the law of variable proportion or diminishing marginal effect	3. Marginal effect of labor and fertilizer are positive and not support the law of variable proportion or diminishing marginal effect.
4. Cross effect of fertilizer and labor are positive. Meaning that fertilizer and labor are substitute to each other.	4. Cross effect of fertilizer and labor are negative. Meaning that labor and fertilizer are complements to each other.
5. Production's C.V of normal soil Aus <production's affected="" aus="" aus.="" c.v="" certainty.<="" has="" high="" meaning="" normal="" of="" possibility="" production="" salt="" soil="" td="" that="" with=""><td>7. Production's C.V of salt affected Aus > production's C.V of normal soil Aus. Meaning that salt affected Aus has less production possibility with uncertainty.</td></production's>	7. Production's C.V of salt affected Aus > production's C.V of normal soil Aus. Meaning that salt affected Aus has less production possibility with uncertainty.
6. The value of MES of normal soil is positive. Meaning that fertilizer and labor are substitute to each other.	8. The value of MES of salt affected soil is negative. Meaning that fertilizer and labor are complements to each other.

Slide 28

Appendix 8

Comparison between Aman Rice under Different soil Condition

Salt free Aman	Salt affected Aman
1. We can't say anything about the labor input.	1. Salinity is negatively related with Aman rice.
2. Marginal effects of labor and fertilizer are negative and	2. Marginal effects of labor and fertilizer are positive. Meaning
support the low of variable proportion or diminishing marginal	that Farmer doesn't know the optimal utilization level of
effect.	fertilizer and labor.
3. Cross effect of fertilizer and labor are positive. Meaning that	3. Cross effect of fertilizer and labor are negative. Meaning that
fertilizer and labor are substitute to each other.	fertilizer and labor are complements to each other.
4. Production's C.V of salt free Aman> production's C.V of salt affected Aman. Meaning that normal soil's Aus has less production possibility with uncertainty. Slide 7	4. Production's C.V of salt affected Aman< production's C.V of salt free Aman. Meaning that salt affected Aman has high production possibility with certainty.
5. Fertilizer's C.V of salt free Aman>fertilizer's C.V of salt affected Aman. Meaning that fertilizer has less access to the potential Aman rice production activity. Slide 8	5. Fertilizer's C.V of salt affected Aman <fertilizer's c.v="" free<br="" of="" salt="">Aman. Meaning that fertilizer has high accessibility to the potential Aman rice production activity.</fertilizer's>
6. Labor's C.V of salt free Aman< labor's C.V of salt affected Aman. Meaning that labor has easy access to the potential Aman rice production activity.	6. Labor's C.V of salt affected Aman> labor's C.V of salt free Aman. Meaning that labor has not easy access to the potential Aman rice production activity.
7. The value of MES of normal soil is positive. Meaning that fertilizer and labor are substitute to each other.	7. The value of MES of normal soil is Negative. Meaning that fertilizer and labor are complements to each other.

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Comparison between Boro Rice under Different soil Condition

Appendix 9

Salt free Boro	Salt affected Boro
1. We can't say anything about the labor input.	1. Salinity is negatively related with Boro rice.
2. Marginal effects of labor and fertilizer are negative and	2. Marginal effects of labor and fertilizer are positive. Meaning
support the low of variable proportion or diminishing marginal	that Farmer doesn't know the optimal utilization level of
effect.	fertilizer and labor.
3. Cross effect of fertilizer and labor are positive. Meaning that	3. Cross effect of fertilizer and labor are negative. Meaning that
fertilizer and labor are substitute to each other.	fertilizer and labor are complements to each other.
4. Production's C.V of salt free Boro < production's C.V of salt affected Aman. Meaning that normal soil's Aus has production possibility with certainty. Slide 7	4. Production's C.V of salt affected Aman > production's C.V of salt free Aman. Meaning that salt affected Aman has less production possibility with uncertainty.
5. Fertilizer's C.V of salt free Boro < fertilizer's C.V of salt affected Boro. Meaning that fertilizer has high access to the potential Boro rice production activity.	5. Fertilizer's C.V of salt affected Boro > fertilizer's C.V of salt free Aman. Meaning that fertilizer has less accessibility to the potential Aman rice production activity.
6. Labor's C.V of salt free Aman< labor's C.V of salt affected Aman. Meaning that labor has easy access to the potential Aman rice production activity.	6. Labor's C.V of salt affected Aman> labor's C.V of salt free Aman. Meaning that labor has not easy access to the potential Aman rice production activity.
7. The value of MES of normal soil is positive. Meaning that fertilizer and labor are substitute to each other.	7. The value of MES of normal soil is Nagative. Meaning that fertilizer and labor are complements to each other.

Slide 28



1. Aman is mainly cultivated rice in the southwest coastal region depending on rainfall. This regain should only produce Aman rice.

2. More fertilizer utilization can play important role to maintain, reduce and control the salinity. There is a big gap between the recommended and actual use of fertilizer in the southwest coastal region. Soil test and the Prescription of the amount of fertilizer plays an important role to produce more rice. Soil test and the optimum level of fertilizer can help to increase rice production.

3. Descriptive statistics and econometrics model suggest that Aus and Boro rice are mostly vulnerable with the existence of salinity of the southwest coastal region of Bangladesh.

4. Aus and Aman rice produce farmers not get profit and cover total cost from the cultivation of Aus and Aman. They can produce Sorghum and Cotton instead of Aus and Aman.

5. Sorghum and Cotton are more salinity tolerance crops and they are easily grows in more than the degree of salinity 16 dS/m (Ayers et al., 1994). Sorghum provides biofuels and promote low carbon society and Cotton production reduce import dependency on Cotton from abroad and it promote our Garments sector.



1. This study doesn't consider the effects of seasonal flections (flood, drought, cyclone, fog and other natural issues) on rice production.

2. This study considers only the common three fertilizers like Nitrogen (Urea), Triple Super Phosphate (TSP) and Murite of Potash (MOP). The effects of other fertilizer like Gypsum, Zinc sulphate, DAP, organic fertilizers are not consider in this study.

3. Like all the fertilizer, this study also not considers irrigation, plough and the other cultivating activities.

4. This study is focus on only the southwest coastal region not the whole coastal regions of Bangladesh. Different coastal regions possess different social and natural characteristics.

5. This study measure only the monsoon time salinity. Salinity level is comparative low in the monsoon time . Generally, Pre-monsoon and post-monsoon hold the strong level of salinity.

Pre-monsoon: March- early June Monsoon: Late June-November Post monsoon: December-Februarg3



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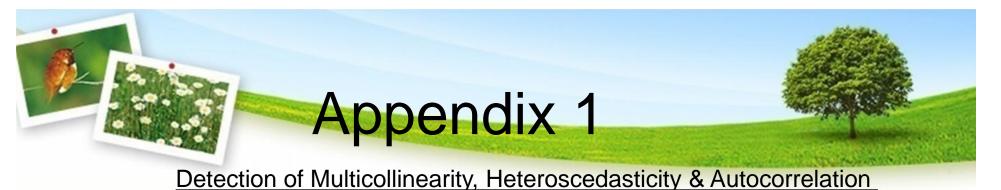
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1. Multicollinearity:

There is strong possibility of the presence of multicollinearity in cross-section data. To detect multicollinearity, I use Tolerance (TOL) and Variance inflation factor (VIF).

tolerance =
$$1 - R_j^2$$
, VIF = $\frac{1}{\text{tolerance}}$,

where R_j^2 is the coefficient of determination of a regression of explanator *j* on all the other explanators. A tolerance of less than 0.20 or 0.10 and/or a VIF of 5 or 10 and above indicates a multicollinearity problem

2. Heteroscedasticity:

White (Lagrange Multiplier) test is very popular to detect Heteroscedasticity. It fdepends on the following test statistics:

$$LM=nR^2 \sim \chi^2 df.$$

if the calculating value of $\chi^2 df$ > the tabular value, there is an evidence of heteroscedasticity

3. Autocorrelation:

Autocorrelation found in time series data. In addition, when lag variable used as explanatory variable, there is a possibility to presence of Autocorrelation. I used the cross-section data and no lag variable in my model, So, I am not interested to test the ³⁵ identification of autocorrelation in my model.

Appendix 2



Tolerance (TOL) & Variance inflation factor (VIF) test:

 $Tolerance(TOL) = 1 - R_j^2 = 1 - 0.795560 = 0.20444 > 0.20 \text{ or } 0.10$ $Variance \inf \ lation factor(VIF) = \frac{1}{TOL} = \frac{1}{0.20444} = 4.89 < 5 \text{ or } 10$

no multicollinearity

2. Multicollinearity test for salinity affected rice model:

Tolerance (TOL) & Variance inflation factor (VIF) test: $Tolerance(TOL) = 1 - R_j^2 = 1 - 0.520445 = 0.479555 > 0.20 \text{ or } 0.10$ $Variance inf lation factor(VIF) = \frac{1}{TOL} = \frac{1}{0.479555} = 2.08 < 5 \text{ or } 10$ To multicollinearity



YOUNG'S THEOREM

A very important and useful result in the calculus of functions of several variables is the following.

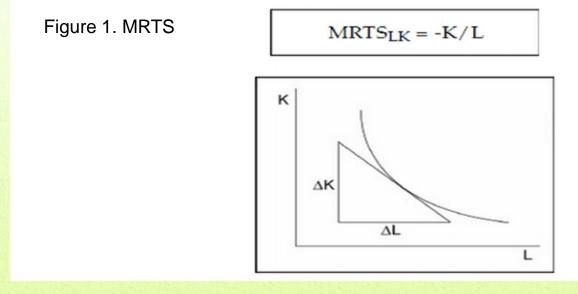
Theorem: Let $f : \mathbb{R}^n \to \mathbb{R}$ be twice continuously d ferentiable on its domain of definition, $\mathbb{X} \subset \mathbb{R}$. Then on the interior of its domain, the n×n matrix of second-order partial derivatives is symmetric,

$$\frac{\partial^2 f}{\partial x_i \partial x_j} = \frac{\partial^2 f}{\partial x_j \partial x_i}, \quad \forall \quad i, j = 1, \dots, n.$$



Marginal rate of technical substitution (MRTS) is the rate where an input can be substituted with other inputs while total output remains unchanged.

When production only involves the use of labour and capital, MRTS _{LK} is the marginal rate of technical substitution of capital to labour, that is, the rate in which capital is substituted with labour without any change in output.





The **Cobb–Douglas** functional form of production function is widely used to represent the relationship of output and two inputs. The Cobb-Douglas form was developed and tested against statistical evidence by Charles Cobb and Paul Douglas during 1900–1947.

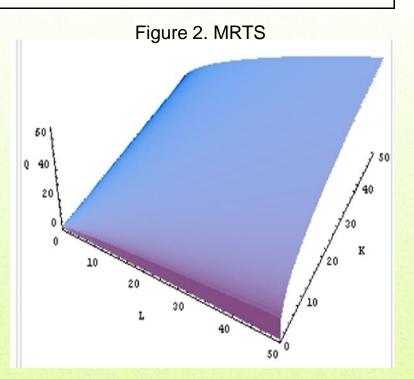
The functional form of Cobb-Douglas production function $Q = F(K,L) = AK^{b}L^{1-b}$ Where A>0 and 0<b<1.

where:

Y = total production (the monetary value of all goods produced in a year)

- L = labor input
- K = capital
- A =total factor productivity

and are the output elasticity of capital and labor, respectively. Output elasticity measures the responsiveness of output to a change in levels of either labor or capital used in production, ceteris paribus. For example if = 0.15, a 1% increase in labor would lead to approximately a 0.15% increase in output.



A two-input Cobb-Douglas production function



The term returns to scale arises in the context of a firm's production function. It refers to changes in output resulting from a proportional change in all inputs (where all inputs increase by a constant factor). If output increases by that same proportional change then there are constant returns to scale (CRS).

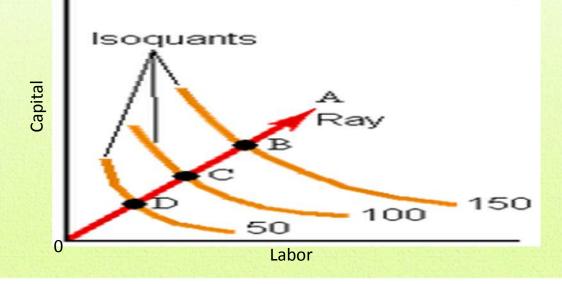
The Cobb-Douglas functional form has constant returns to scale when the sum of the exponents adds up to one. The function is:

 $F(K,L) = AK^{b}L^{1-b}$

Where A>0 and 0<b<1. Thus

$$F(aK, aL) = A(aK)^{b}(aL)^{1-b} = Aa^{b}a^{1-b}K^{b}L^{1-b} = aAK^{b}L^{1-b} = aF(K, L).$$

Figure 3. Constant Returns to Scale (CRS)





=

Dependent Variable: LNAUS (Salt free Aus model) Method: Least Squares Date: 03/13/13 Time: 08:21 Sample: 1 129 Included observations: 129 White Heteroskedasticity-Consistent Standard Errors & Covariance

Variable	Coefficient	Std. Error	t-Statistic	Prob.
С	2.740641	0.942454	2.907986	0.0043
LNFER	1.286970	0.356948	3.605487	0.0005
LNLAB	0.373434	0.445640	0.837973	0.4037
LNFER^2	-0.196472	0.042669	-4.604536	0.0000
LNLAB^2	-0.238071	0.080361	-2.962509	0.0037
LNFER*LNLAB	0.315852	0.060264	5.241145	0.0000
		E press and a market		
R-squared	0.795560	Mean dependen		7.418439
Adjusted R-squared	0.787249	S.D. dependent	var	0.486678
S.E. of regression	0.224480	Akaike info crite	rion	-0.104668
Sum squared resid	6.198110	Schwarz criterio	n	0.028347
Log likelihood	12.75106	Hannan-Quinn d	riter.	-0.050621
F-statistic	95.72860	Durbin-Watson	stat	1.790584
Prob(F-statistic)	0.000000			

Dependent Variable: LNAUS (Salt affected Aus model) Method: Least Squares Date: 03/07/13 Time: 09:40 Sample: 1 103 Included observations: 103 White Heteroskedasticity-Consistent Standard Errors & Covariance

Variable	Coefficient	Std. Error	t-Statistic	Prob.
		The Course		
С	2.053447	0.988806	2.076694	0.0405
LNFER	0.186934	0.837031	0.223330	0.8238
LNLAB	2.278422	0.746285	3.053020	0.0029
LNSAL	-0.937969	0.182660	-2.153037	0.0338
LNFER^2	0.716530			



Table 14. Trans-log Non-salinity Aman Model

 $\ln(\frac{Y}{A}) = S_0 + S_F \ln(\frac{F}{A}) + S_L \ln(\frac{L}{A}) + \frac{1}{2}S_{FF} \ln(\frac{F}{A})^2 + S_{FL} \ln(\frac{FL}{A}) + \frac{1}{2}S_{LL} \ln(\frac{L}{A})^2 + S_{LF} \ln(\frac{LF}{A}) + u_i; \ u_i = N(0, \uparrow^2)$ Table 15. Trans-log Salinity Aman model

$$\ln(\frac{Y}{A}) = S_0 + S_F \ln(\frac{F}{A}) + S_L \ln(\frac{L}{A}) + S_S \ln(\frac{S}{A}) + \frac{1}{2}S_{FF} \ln(\frac{F}{A})^2 + S_{FL} \ln(\frac{FL}{A}) + \frac{1}{2}S_{LL} \ln(\frac{L}{A})^2 + S_{LF} \ln(\frac{LF}{A}) + u_i; \ u_i = N(0, 1^{-2})$$

Dependent Variable: LNAMAN (salt free Aman model) Method: Least Squares Date: 02/25/13 Time: 18:06 Sample: 1 129 Included observations: 129 White Heteroskedasticity-Consistent Standard Errors & Covariance

Dependent Variable: LNAMAN (salt affected Aman) model) Method: Least Squares Date: 03/07/13 Time: 13:20 Sample: 1 183 Included observations: 183 White Heteroskedasticity-Consistent Standard Errors & Covariance

Variable	Coefficient	Std. Error	t-Statistic	Prob.
		1.53.22.2360	11225115	
С	4.070112	1.776682	2.290850	0.0237
LNFER	0.730715	0.480856	1.519615	0.1312
LNLAB	0.255481	0.984153	0.259594	0.7956
LNFER ²	-0.212304	0.067722	-3.134952	0.0021
LNLAB^2	-0.325787	0.164621	-1.979010	0.0500
LNFER*LNLAB	0.502500	0.150978	3.328308	0.0012
R-squared	0.696476	Mean depender	nt var	7.462799
Adjusted R-squared	0.684138	S.D. dependent		0.494387
S.E. of regression	0.277854	Akaike info crite		0.321951
Sum squared resid	9.495928	Schwarz criteric	on	0.454966
Log likelihood	-14.76584	Hannan-Quinn criter.		0.375997
F-statistic	56.44806	Durbin-Watson	stat	1.300045
Prob(F-statistic)	0.000000			

Variable	Coefficient	Std. Error	t-Statistic	Prob.
		ARSIS PAS	SHE UNKS	
С	5.430944	0.717125	7.573215	0.000
LNFER	1.588820	0.407571	3.898264	0.000
LNLAB	2.610615	0.399540	6.534057	0.000
LNSAL	-0.489350	0.413457	-2.746408	0.006
LNFER^2	0.720296	0.137515	5.237961	0.000
LNLAB^2	0.283231	0.127115	2.228145	0.027
LNFER*LNLAB	-1.127158	0.268243	-4.202004	0.000
R-squared	0.348232	Mean dependen	tvar	7.45916
Adjusted R-squared	0.326012	S.D. dependent		0.34884
S.E. of regression	0.286389	Akaike info criter		0.37457
Sum squared resid	14.43530	Schwarz criterio	n	0.49733
Log likelihood	-27.27315	Hannan-Quinn c	riter.	0.42433
F-statistic	15.67244	Durbin-Watson s	tat	2.16927
Prob(F-statistic)	0.000000			42



Table 16. Trans-log Non-salinity Boro Model

$$\ln(\frac{Y}{A}) = S_0 + S_F \ln(\frac{F}{A}) + S_L \ln(\frac{L}{A}) + \frac{1}{2}S_{FF} \ln(\frac{F}{A})^2 + S_{FL} \ln(\frac{FL}{A}) + \frac{1}{2}S_{LL} \ln(\frac{L}{A})^2 + S_{LF} \ln(\frac{LF}{A}) + u_i; \ u_i = N(0, \uparrow^2)$$

Table 17. Trans-log Salinity Boro model

 $\ln(\frac{Y}{A}) = S_0 + S_F \ln(\frac{F}{A}) + S_L \ln(\frac{L}{A}) + S_S \ln(\frac{S}{A}) + \frac{1}{2}S_{FF} \ln(\frac{F}{A})^2 + S_{FL} \ln(\frac{FL}{A}) + \frac{1}{2}S_{LL} \ln(\frac{L}{A})^2 + S_{LF} \ln(\frac{LF}{A}) + u_i; \ u_i = N(0, 1^{-2})$

Dependent Variable: LNBORO (salt free Boro model) Method: Least Squares Date: 03/07/13 Time: 11:33 Sample: 1 121 Included observations: 121 White Heteroskedasticity-Consistent Standard Errors & Covariance Dependent Variable: LNBORO (salt affected Boro model) Method: Least Squares Date: 03/07/13 Time: 13:55 Sample: 1 152 Included observations: 152

White Heteroskedasticity-Consistent Standard Errors & Covariance

Variable	Coefficient	Std. Error	t-Statistic	Prob.
and some states and		S. 1. 236 (132531.54.5	
С	4.723095	1.353556	3.489398	0.0006
LNFER	0.659621	0.464042	2.330947	0.0209
LNLAB	0.192029	0.585969	0.327712	0.1834
LNFER^2	-0.119393	0.047247	-2.526999	0.0126
LNLAB^2	-0.179976	0.085413	-2.107134	0.0369
LNFER*LNLAB	0.270109	0.099429	2.716606	0.0074
R-squared	0.656856	Mean depender	nt var	7.593060
Adjusted R-squared	0.644688	S.D. dependent	var	0.394854
S.E. of regression	0.235365	Akaike info crite	rion	0.024798
Sum squared resid	7.810917	Schwarz criteric	n	0.076658
Log likelihood	7.131934	Hannan-Quinn	criter.	0.044193
F-statistic	53.98129	Durbin-Watson	stat	1.589941
Prob(F-statistic)	0.000000			

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.521592	0.614751	2.475135	0.0145
LNFER	0.141213	0.512753	0.275402	0.7834
LNLAB	2.676098	0.450816	5.936117	0.0000
LNSAL	-0.785946	0.150791	-0.707719	0.0648
LNFER^2	0.892015	0.170433	5.233833	0.0000
LNLAB^2	0.823177	0.164953	4.990376	0.0000
LNFER*LNLAB	-2.027354	0.312432	-6.488944	0.0000
R-squared	0.694099	Mean depender	nt var	7.106456
Adjusted R-squared	0.681441	S.D. dependent	var	0.585126
S.E. of regression	0.330251	Akaike info crite	erion	0.667034
Sum squared resid	15.81457	Schwarz criteric	n	0.806291
Log likelihood	-43.69456	Hannan-Quinn	criter.	0.723605
F-statistic	54.83483	Durbin-Watson	stat	2.543540
Prob(F-statistic)	0.000000			45





Table 18. Correlation Matrix of Aus rice for normal soil

	LNAUS	LNFER	LNLAB
LNAUS	1		
LNFER	0.869429	1	
LNLAB	0.411324	0.375942	1

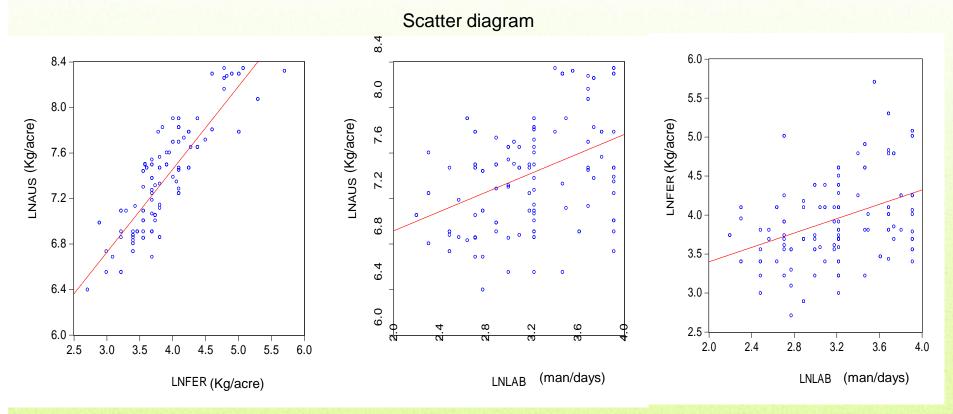




Table 19. Correlation Matrix for Saline affected Aus rice

	LNAUS	LNFER	LNLAB	LNSAL
LNAUS	1			
LNFER	0.073222	1		
LNLAB	0.498293	-0.178648	1	
LNSAL	-0.116021	0.048517	0.055353	1

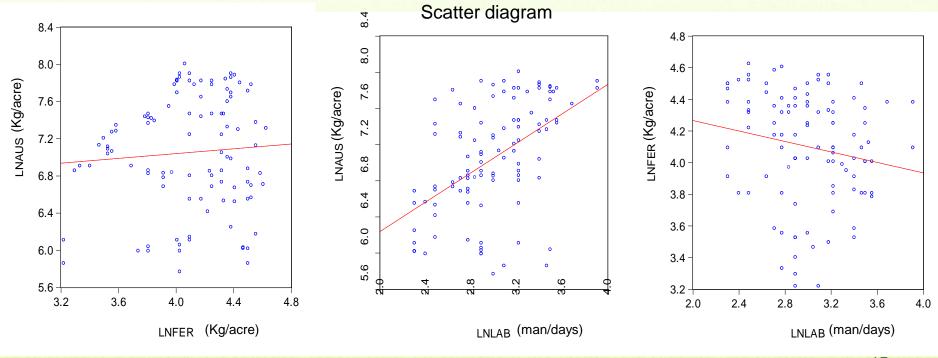






Table 20. Correlation Matrix of Aman rice for normal soil

LNAMAN		LNFER	LNLAB
LNAMAN	1		
LNFER	0.809831	1	
LNLAB	0.408413	0.408954	1

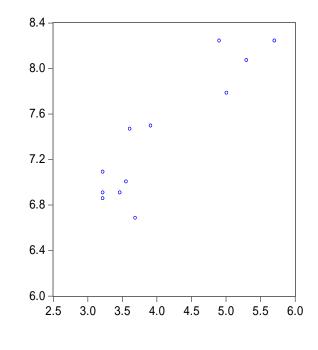






Table 21. Correlation Matrix of Salt affected Aman rice

	LNAMAN	LNFER	LNLAB	LNSAL
LNAMAN	1			
LNFER	0.392659	1		
LNLAB	0.294249	0.575139	1	
LNSAL	-0.118556	0.013658	0.106998	1

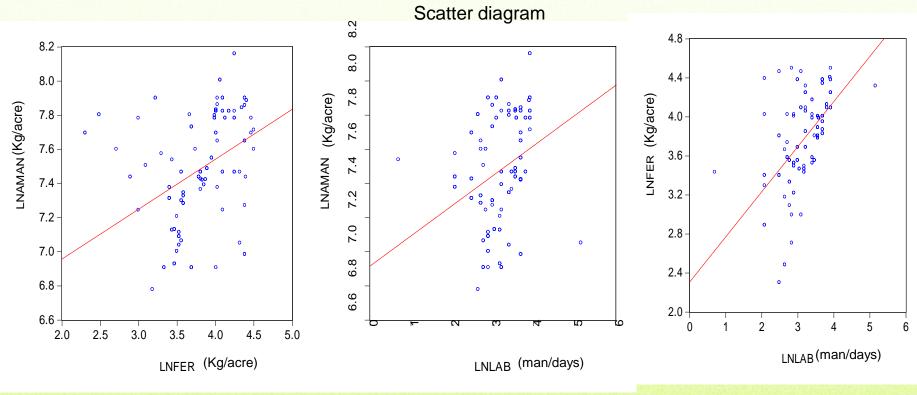


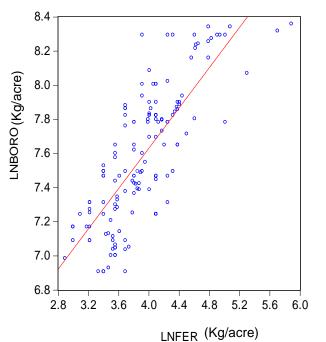




Table 22. Correlation Matrix of Boro rice for normal soil

	LNBORO	LNFER	LNLAB
LNBORO	1		
LNFER	0.783680	1	
LNLAB	0.387077	0.367684	1

Scatter diagram



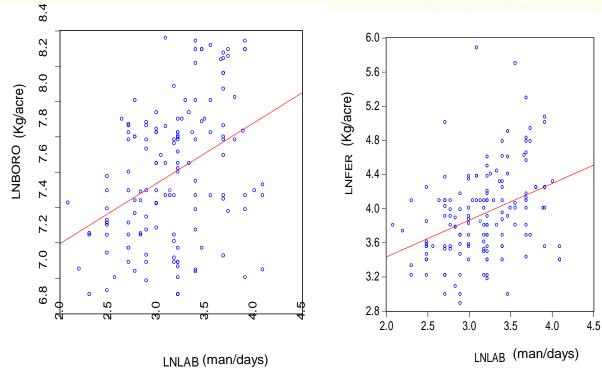


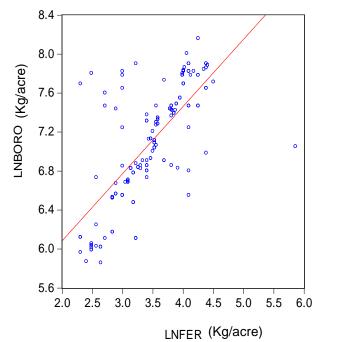


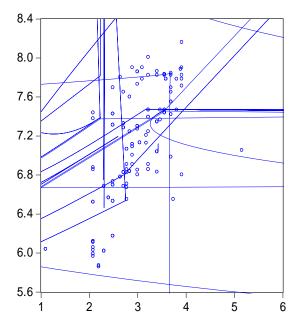


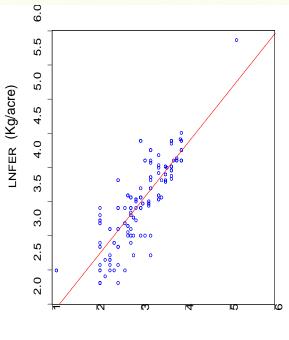
Table 23. Correlation Matrix of Salt affected Boro rice

	LNBORO	LNFER	LNLAB	LNSAL
LNBORO	1			
LNFER	0.713471	1		
LNLAB	0.710223	0.841077	1	
LNSAL	-0.004253	0.0125907	0.049537	1

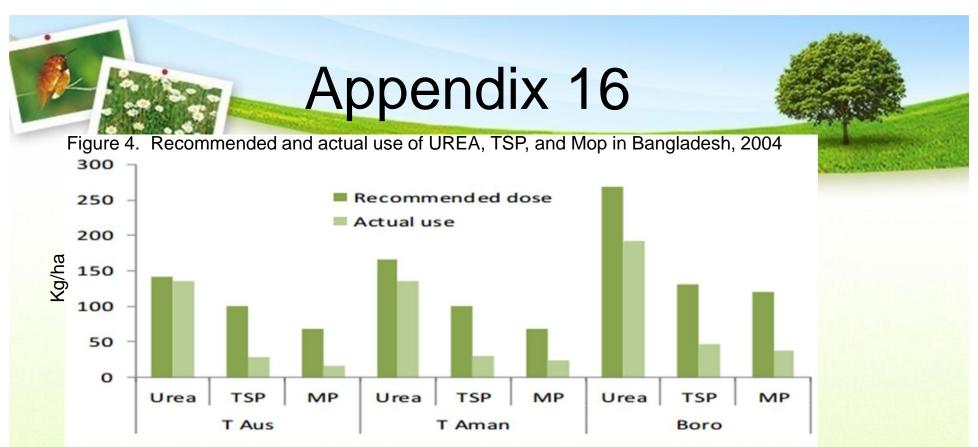
Scatter diagram







_{LNLAB} (man/days)



(Source: Jaim & Akter, 2012)

Tabl 24. Recommended and actual use of UREA, TSP, and Mop in Bangladesh, 2004

Name of the Input/Output	Price per kg & wage per day (09:00 am to 17:00 pm)
Labor (man/day)	ቴ 300.00
Urea	ិ 15.00
Triple Super Phosphate (TSP)	ቴ 28.00
Murite of Potash (MOP)	ե 22.00
Zinc Sulphate	ቴ 10.00
Gypsum	ቴ 20.00
Aus/Aman/Boro	ቴ 18.00

Source: Bith & Khan (2013)





Table 25. Used fertilizer status by the rice produce farmer

Name of the Fertilizer	A	us	Am	nan	Boro		
	NS	SAS	NS	SAS	NS	SAS	
Nitrogen (kg)/acre	50.60	75.47	82.21	77.04	72.81	65.02	
Phosphorus (kg)/acre	38.42	19.87	10.74	13.39	15.74	27.53	
Potassium (kg)/acre	10.98	4.66	7.05	9.57	11.45	7.45	

NS=normal soil; SAS=salt affected soil

Source: Calculated by the author based on his collected household micro-cross section data

dS/m=deciSiemen/metre in S.I. units (equivalent to 1 mmho/cm=1 milimmho/centi-metre





Table 26. Site no. 17A, Soil series: Bajoa, MHL, Location: Fultala, Batiagha(Soil Salinity(ECe: dS/m))

Voor	Months											
Year	J	F	М	А	М	J	J	Α	S	0	N	D
2004	5.2	4.0	12.4	5.3	22.3	10.9	_	-	-	6.1	5.2	13.2
2005	5.0	4.4	17.2	11.0	15.7	5.6	6.0	2.5	-	-	5.6	2.5
2006	4.3	25.8	28.7	21.9	18.4	5.3	5.1	2.4	1.8	2.5	1.2	2.4
2007	4.7	5.5	12.8	5.8	17.5	11.7	5.3	1.4	2.0	4.4	1.5	5.3
2008	6.7	4.8	5.5	10.4	10.9	7.2	4.1	1.5	1.4	1.7	1.9	1.8
2009	1.9	3.8	4.8	7.7	13.5	8.5	2.2	8.6	2.3	2.6	1.2	1.5
2010	1.4	2.5	5.7	8.0	5.3	4.9	1.9	5.4	1.3	2.2	1.2	1.4
2011	1.6	1.6	5.8	10.6	9.6	1.4	1.6	1.7	1.2	2.0	1.8	3.8
2012	2.5	4.8	6.3	7.6	10.2	3.8	2.1	1.7				

Table 27. Site no. 15. Rupsa river, Rupsa Ferryghat, Khulna(Water Salinity(Ecw: (dS/m))

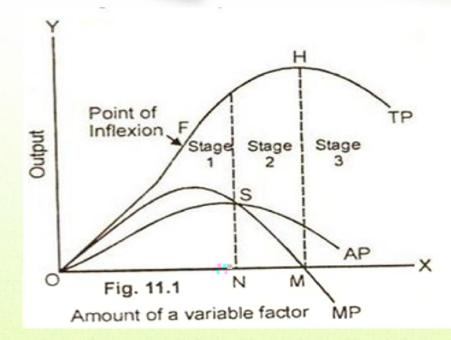
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2004	0.4	2.9	11.3	16.4	25.5	0.6				0.3	0.4	0.5
2005	0.6	3.2	9.0	13.5	21.8	14.0	0.32	0.39	-	-	0.45	0.53
2006	0.8	3.9	14.7	23.3	24.9	0.4	0.4	0.3	0.6	0.4	0.5	0.6
2007	1.0	4.6	15.5	22.2	27.7	4.9	0.3	0.5	0.2	0.4	0.5	0.8
2008	1.7	7.9	13.1	17.0	22.0	0.7	0.3	0.3	0.4	0.4	0.5	0.5
2009	1.5	6.0	12.5	21.1	24.3	27.0	0.6	0.5	0.3	0.3	0.4	0.5
2010	1.6	9.1	17.1	27.0	27.6	2.8	0.3	0.3	0.4	0.4	0.4	0.5
2011	2.6	10.0	12.3	18.4	22.0	6.4	0.3	0.3	0.2	0.3	0.6	0.6
2012	0.6	1.0	6.0	17.0	6.0	0.4	0.5	0.4				1422/191

Source: SRDI, Botyaghata, Khulna





Figure 5. Law of variable proportions



Boarder Hessian Determinant (BHD) is the Second-order conditions for constrained Optimization problems

The <u>second-order conditions</u> can be expressed in terms of the following "**bordered**" Hessian - where λ is taken as the first variable in L =L(λ , x₁,x₂).

		0	81	82
$ \overline{H} $	=	81	$f_{11} + \lambda g_{11}$	$f_{12} + \lambda g_{12}$
		82	$f_{21} + \lambda g_{21}$	$f_{22} + \lambda g_{22}$

Local constrained <u>maximum</u> if $|\overline{H}| > 0$ Local constrained <u>minimum</u> if $|\overline{H}| < 0$

NOTES

[1] If g is a linear function of x_{1},x_{2} then $g_{11}, g_{12}, g_{21}, g_{22}$ will all be 0 so the bottom four right hand side elements will just be $f_{11}, f_{12}, f_{21}, f_{22}$.

[2] These conditions can be extended if the number of choice variables increases from 2 to n. They can also be extended to cover problems with more than one constraint. For the details refer to Chiang.





Problem of salinity tolerance rice?

1. Immature grain fall. (Rahman, 2012)

- 2. Immature rice grain. (Rahman, 2012)
- 3. Rice is tasteless. (Gani, 2012)
- 4. Not cover the total cost (TC) because of low production and low market price compare to those of other common rice of Bangladesh (Gani, 2012).
- 5. Bangladesh introduced some salinity tolerance rice like BRRI dhan-28, BRRI dhan-47 and BRRI dhan-55. They can with stand 12-14 dS/m of salinity on land and while they are tender, the entire lifespan of 152-155 days (The Daily Star, July 3, 2012).
- 6. The representative part of southwest coastal region possess the salinity level at >16 dS/m. (SRDI Report, 2010).
- 7. Salinity varies from time to time and from location to location (field visit observation).

Thank You