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Ways to take farming forward

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Higher farm output in dryland states has been a positive feature of the Eleventh Plan period. However, for medium-term improvements, decentralised planning and implementation need to improve.

Better technology can make agriculture a source of cheaper food and resources.

After a long period of high food prices, positive output growth, despite one of the worst droughts in 2009-10, and now a good monsoon, it is time to take stock.

The Mid-term Appraisal (MTA) of the Eleventh Plan by the Planning Commission takes stock of the experience of the first three years of the Plan. While some consider the appraisal to be an exercise in generalities, its diagnosis is important. Take, for instance, its cautiously optimistic position on the prospects of agriculture in the Plan period — that agricultural GDP is likely to be less than 4 per cent but better than the previous five years. This points to negligible growth for those who depend on farming for livelihood on a per capita basis.

What worked and what did not? It is yet again the deficient institutional mechanisms that have played a role in this respect.

Among the positives, what is striking is the sustained good performance of some states, particularly those that rely on dryland conditions. The best performers are Andhra Pradesh, Maharashtra, Bihar, Chhattisgarh, Gujarat and Rajasthan. The appraisal also notes that fruits and vegetables, which account for less than 5 per cent of the crop area, contribute to more than a quarter of the value of crop output of the country. What's more, the share of ‘high value agriculture' comprising fruits and vegetables, livestock and fisheries now contributes more than half the value of output of the agriculture and allied sectors.

Future income growth for the farmers would, therefore, be in these sectors, so far considered to be ‘niche' areas. Some of the better-performing states perhaps benefited from these dynamic sectors. The strategies for achieving growth in farm income would have to be broader.

DECENTRALISATION CHALLENGES

A number of problem areas, which are common to other sectors of the economy, are also in evidence in agriculture. In this context, what states do in supporting farm growth is crucial. The relative lack of independent plans for agriculture at the state level is a serious issue. A new approach to implementing the Centrally Sponsored Scheme, the Rashtriya Krishi Vikas Yojana, in which states play a prominent role, appears to be doing better than some of the other programmes.

However, the ‘bottom-up' approach of district plans, based on village plans and so on, is yet to take off. The new approaches are essentially aiming to gain from better planning and implementation of agriculture projects. However, building capacity to achieve this new approach in the districts is a mammoth task.

Capacity constraint is also a major factor that holds up utilisation of allocated resources. Whether it is programmes relating to the crop sector, animal husbandry or research, utilisation in the first four years is expected to be at best 50 per cent of the allocation.

The capacity to plan, implement and monitor to improve performance down to the village level programmes is obviously a constraint. Planning from the top was easier, even if it was quite inefficient.

Good planning from the bottom requires more capacity and coordination. Will this new approach work? The MTA notes that the results are better in states which are known for their relatively successful panchayat institutions. Indeed, if decentralisation itself is weak, how can the bottom-up approach work? Harvesting the potential benefits of the bottom-up approach, therefore, would not be easy.

PRIVATE INVESTMENT STAGNANT

The second broad point that emerges, which again is true for other sectors as well, is the mismatch between public and private investment in agriculture. While public investment increased in the Eleventh Plan (it is likely to be much more if we include other rural infrastructure investments), private investment growth remains modest.

Given the modest improvement in agricultural GDP, there will have to be some significant breakthrough in technology that can catalyse investments.

Public private partnerships are, in fact, now seen as catalysts to take new technologies to the farms. There are, however, no promises of breakthrough technologies. While Central research efforts are being strengthened, state-level public research is under-resourced. The enormous technology work in the public sector remains to be transferred to the farms.

Given the land and water constraints to expanding output and the imperatives of food security, trade and technology choices will be crucial. Better technology is likely to make agriculture a source of cheaper food and resources: The planners are recommending disincentives for water guzzlers. However, the proof of better prospects would lie in the revival of investments by the farmers.

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