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Blueprint for next farm revolution

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The Eleventh Plan, articulated the deficiency in the achievements of agriculture since the planning began. While the GDP from agriculture increased by more than 300 per cent, GDP per agricultural worker rose by only 75 per cent during the period from 1950-51 to the beginning of the new Plan.

Five years on, on the eve of the Twelfth Plan, the relative positions in terms of overall agricultural GDP growth and GDP per agricultural worker may not change significantly. Would the new Census show decline in the number of agricultural workers, including cultivators? That, perhaps, is one element of the agricultural revolution that is necessary for a viable strategy for the new agricultural revolution.

So far, the movement of labour from agriculture to non-agricultural employment has been more due to the 'push' factors rather than the 'pull' factors of non-agricultural sectors.

According to the Eleventh Plan, one of the problems has been the inability to equip those in agriculture to access opportunities emerging in the faster growing non-farm sector. The Plan also said "half of those engaged in agriculture are still illiterate and just 5 per cent have completed higher secondary education".

Better infrastructure

Five years from then, the early figures from the new Census give some hope that these numbers on education of the rural population may have changed for the better. Of course, those who are better equipped may have left farming for the better opportunities, leaving the less equipped behind.

There is also the issue of ageing of the workforce that is left behind and greater proportion of female workforce in agriculture as well.

The blueprint for the second agricultural revolution would have to include an effective strategy for improving productivity per worker and this may not be an automatic consequence of increasing land productivity. And the labour productivity is a function of not only on-farm productivity but also employment opportunities in the non-farm sector, in an ideal situation, close to the farms.

This will make movement from farm to non-farm employment easier and more likely. The security of links to the farm as an insurance is likely to encourage the move to the other sources of employment.

These strategies were obviously not unknown so far. However, the strategies that have been implemented are essentially to improve land productivity. The rural infrastructure development programmes have laid the foundation for a new strategy. The improved infrastructure, especially roads and electricity, can bring new opportunities close to the rural areas, if not in the rural areas.

Demand for produce

The experience of the last two years has also been one of stable and growing demand for farm produce. The reduction in marketing inefficiencies would make supply chains more effective and may not have immediate impact on on-farm productivity.

The changes in the composition of demand — whether it is towards fruits, vegetables, milk, livestock and processed food — point to a future in which demand for farm produce would rise significantly.

The modernising supply chains, marketing and processing enterprises provide new employment opportunities for the rural workforce.

The pressures to improve farm-level efficiency and productivity are building up for other reasons as well. The rising demand for labour for rural development works, including those under NREGA, has meant that the farm-level efficiency would have to improve.

The new work opportunities in the off-farm occupations will also add to the pressure to raise efficiency of use of labour on the farm.

What will make this overall strategy work, obviously, is the modernisation of the supply chain and the growth of agro-processing that will meet the rising demand.

As the growth in demand stimulates growth in output, there will be new employment opportunities on the farm as well. These will require new skills and new technology. The rural workforce needs to acquire skills and the farmers to adopt technologies.

New skills and technology

The vision of raising the share of manufacturing sharply, expressed in the Budget speech of the Finance Minister this year, presumably in a reasonably short time-frame, also complements the strategy for the next agricultural revolution.

It is unlikely that such large increase in manufacturing activity can take place without generating significant new employment and employment opportunities for the rural workforce.

The transformation from low-income agriculture for the farmers and farm workers to reasonably high-income agriculture cannot happen in a situation where demand for the produce is not growing. It cannot happen without the supporting technological changes. It cannot happen if employment opportunities do not open up for the farm-based workforce.

The rising demand conditions have finally arrived. The rural infrastructure is emerging.

This would be an important opportunity for Indian agriculture to achieve transition to higher income, based on sustainable demand rather than the one based on subsidies. One key to the blueprint is still outside agriculture, in the rising manufacturing sector.

The blueprint for the second agricultural revolution would have to include an effective strategy for improving productivity. Modernisation of the supply chain and the growth of agro-processing will make this strategy work.

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