

Agricultural development strategy: Will the rhetoric lead to action?

By The Mirror Economist



There has been much talk about the government's new strategy for agricultural development. There is in fact so much talk about agriculture, that it would surprise many. And many would ask what has been happening to agriculture in the recent past? Old books on agriculture have been reprinted and read with much delight. The Ministry of Agriculture has come out with a new strategy document. All this appears to augur well for the farmers of this country. Or will it?

Rhetoric and paper documents on agriculture and indeed on the economy have never been in short supply. It is meaningful and effective actions that are necessary. Effective actions on agriculture are particularly difficult. We hope the emphasis of the new strategy would turn to implementation rather than repeated rhetoric and propaganda of what the government is doing. What requires to be done is rather well known. The failure in the last two decades has been that of being effective.

The main thrust needed is in small farm agriculture

often called peasant agriculture. Paddy cultivation dominates this sector with around 1.2 million farmers cultivating about 550,000 hectares of land. About 750,000 hectares of paddy land is available for cultivation. In a single year about 850,000 hectares are cultivated in the two seasons—550,000 in Maha and 300,000 hectares in Yala.

Describing paddy cultivation as being in crisis is almost an understatement. There is the real danger of paddy farmers leaving paddy cultivation, as they cannot obtain an adequate income from their paddy land. This is partly owing to the very small size of holdings and the high costs of cultivation. About 80 per cent of paddy farmers cultivate less than a hectare of land. Even this does not quite capture the problem as about 50 per cent or more cultivate plots that are less than half a hectare. Farmers remain in paddy



File Photo: Farmers reaping their hard labour

cultivation partly due to the lack of alternate employment opportunities and by becoming part-time paddy farmers, using their surplus labour to be involved in other income generating activities.

The crisis paddy farmers face is well known as a "Cost-Price Squeeze".

Costs of paddy cultivation have increased, while

the price of paddy has not risen to compensate for the increases in costs. Foremost among the high costs of cultivation are the high labour costs. The wage rate in paddy cultivation is about twice that in the plantations. In fact in some areas it is even higher. Worse still, though the cost of labour is high, its productivity is low. This means

the labour costs are even higher than indicated by the wage rate. The high costs of labour are perhaps the most important reason for the high costs of paddy production.

There are also other factors causing an increase in the costs of cultivation. The price of chemicals and fertiliser are also high. In the case of chemicals several

research studies have pointed out that farmers use excessive amounts of chemicals. This too increases the costs. This may be partly to offset manual operations that are costly and even not possible to undertake. The use of organic fertiliser is not adequate.

Paradoxically, in a country that has a high rate of unemployment, of about 10

per cent, there is in fact a shortage of labour. This problem must be faced. There may be a need for mechanisation. In some areas the shortage of labour is so acute that farmers have even given up paddy cultivation.

One of the most important areas for action is the improvement of the institutional support for paddy farming. The extension service is hardly operative and definitely ineffective. What is needed is not the old style type of extension worker, who is hardly capable of giving advice in the contemporary context of paddy cultivation. The requirement is a strong link of the farmer to research. Many research studies have demonstrated that the cultivation practices of few farmers are defective. This is particularly so with respect to soil preparation and use of chemicals.

Credit for agriculture is another unsuccessful institutional support. Most farmers resort to informal sources of credit. Efforts to increase the efficiency of institutional credit have not met with success. The availability of good seed paddy is limited. There-

fore, many farmers use corrupted high yielding seed varieties. May be farmers should be given incentives for the production of good seed under technical supervision.

The objective of agricultural policies with respect to paddy is clear. What requires to be attained is an increase in yields and lower costs of production. Strengthening of institutional support is the critical prerequisite. Average national yields at around 3.8 metric tons per hectare are only a third of the potential yields of about 10.5 metric tons per hectare. This is an outstanding issue. This yield gap has to be bridged to some extent. In irrigated areas, yields could be increased to around 6 metric tons per hectare in a few years, if the institutional structure is strengthened. This must indeed be the focus of the agricultural strategy.

The key question is whether these issues and many many more would be addressed? Will the government provide the needed resources to develop the institutional support system? Will it be talk only, no action?