Agro-Enterprise Development (AED) To Revitalize Chhattisgarh Agriculture for Spurring Growth and Poverty Reduction

Ajit Kumar Sharma
Indian Society of Agribusiness Professionals
Raipur, Chhattisgarh – 492006, India

Abstract- Agriculture development is vital for achieving the first Millennium Development Goal (MDG) i.e. by 2015 to halve the no. of people suffering from extreme poverty and hunger. As noted, three out of every four poor people in developing countries live in rural areas, and most of them depend directly or indirectly on agriculture for their livelihoods.

In Chhattisgarh, today agriculture is been considered as less remunerative and very risky livelihood activity. Rural youths are not taking substantial interest for their contribution and even farmers are easily opting other economic venture. This is mainly due to the inappropriate “wealth generation activity” in the rural areas within state. To improve on the existing agriculture scenario, I think subsistence living agriculture practices should be re-orientated towards agro-enterprises mode for making it sustainable livelihood option to revitalize state agriculture which would spur growth and reduce poverty in rural areas. Also studies have indicated that a one percent growth in agriculture sector is 2 to 3 times more effective in reducing poverty than a one percentage growth in other sectors.

Since most of the entrepreneurial activities in rural areas are based on agriculture and natural resource, inculcating agro-enterprises mode among farmer families can broaden their income opportunities by integrating ‘Farm (crop diversification) and Non-farm interventions, addressing issue of low productivity, organize them as producer organization, foster convergence and build market linkages for enhancing profitability. This holds the key to usher in an effective manner for improving farmer livelihood and addressing the issue of rural poverty alleviation in given circumstances.

Keywords- Agro-enterprise Development, Agriculture, Chhattisgarh, Poverty.

1. Introduction

Agriculture development is vital for achieving the first Millennium Development Goal (MDG): to halve by 2015 the share of people suffering from extreme poverty and hunger. As noted, three out of every four poor people in developing countries live in rural areas, and most of them depend directly or indirectly on agriculture for their livelihoods.

Indian agriculture is characterized by preponderance of small and marginal holdings and dependence on monsoon. Chhattisgarh, state located in central India do have similar trend with 84.045% of state rural population depend heavily on agriculture and allied sector for their livelihood (census 2011), with an average land holding size for the marginal farmer of 0.44 hectares (Agriculture Census 2000-01, Government of Chhattisgarh).

Agriculture is the most vital resources of a state/country and contributes substantially to the economic development of the state/country by providing

- Services to the people i.e. environmental service for survival;
- Food and nutritional security;
- Goods and income i.e. Livelihood for dependent community;
- Raw materials for industries productive venture as an economic activity.

make the sector a unique opportunity for spurring growth and poverty reduction. However, within past 3 decades agriculture sector has lagged behind over other sectors of the economy. The contribution of agriculture to the country’s and state national income has declined over time from about 23 per cent during the 9th five year plan period

1 Module 8, Land and Agriculture, p10
State-specific Poverty Lines, Number and Percentage of Population below Poverty Line 2009-10 By Planning Commission, Govt. Of India

(1996-2000) to about 15 per cent during the 11th Plan period (2007-12) and as per the latest data the contribution has declined to just 14% in FY12. Prevalent scenario drives us to examine the available policy options. In this paper, I would focus on prevalent agriculture policies of Chhattisgarh government, existing scenario and suggest policy to revitalize state agriculture for spurring growth and poverty reduction.

2. Chhattisgarh Development Overview

Chhattisgarh is a landlocked state, located in Central India. 42% of the state geographical area is covered with deciduous forests. It is home to 25.5 million people with 76.76% of rural and 23.24% of urban populations, population density of 189 people per square kilometers and 43.37% constitute the scheduled tribes (ST) and scheduled castes (SC) of the total state population.

Economically, Chhattisgarh is one of the emerging states with relatively high growth rates of net state domestic products (NSDP) 8.4% vs. 7.9% all India during the 11th plan period (2007-12). Chhattisgarh's Gross State Domestic Product (GSDP) registered a growth rate of 19.88% in 2008-09 and 18.25% in the year 2011-12. Per capita income at current price has increased from Rs 38059 in 2009-10 to Rs. 52689 in the year 2011-12. (Economic survey 2009-10 & 2012-13, Govt. of Chhattisgarh)

Even though the incidence of poverty\(^2\) in Chhattisgarh is very high i.e. 48.7% and rural poverty is 56.1% characterized by high incidence of poverty among STs and SCs population. At the moment, these communities heavily depend on agriculture and forest for their livelihood and do fall under small and marginal landholding category. Thus is a matter of serious concern in the state.

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State-specific Poverty Lines, Number and Percentage of Population below Poverty Line 2009-10 By Planning Commission, Govt. Of India

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<td>India</td>
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Chhattisgarh state population growth rate is 22.61% (census 2011) where as agriculture growth rate contribution to state GSDP is 16.09% at current price in 2011-12. State Human development Index (HDI) value is 0.358 whereas the national average HDI Value is 0.467 according to 2011 Indian NHDR report. Chhattisgarh has one of the lowest standards of living in India as per the Income Index (0.127) along with the states of Assam, Bihar, Jharkhand, Madhya Pradesh, Orissa and Uttar Pradesh. (Source: Chhattisgarh Economic and Human Development Indicators by UNDP, 2012). Out of 27 districts, 14 districts are included under ‘Integrated Action Plan (IAP)’ for selected tribal and backward districts under the Backward Regions Grant Fund (BRGF) of the Central Government to bridge the so-called ‘development deficit’. This district are dominantly inhabited by tribal population and hit by maoist & left wing extremism (LWE) insurgency, which need special attention for infrastructure development like IT communication service, construction of Anganwadis, primary education & health facilities, small bridges, culverts, roads, drinking water facilities, rural electrification and other basic need development works.

3. Existing Agriculture Policies and Development Status

Government of Chhattisgarh has of course, implemented redistributive agriculture policies in the past through –

a. Paddy procurement from farmer at minimum support price so as to ensure remunerative prices for agricultural produce. Focus was the economic well being of the farmers in addition to production and productivity;

b. Gyan Chaupals at village level with the help of ICT and farm schools in the fields of outstanding farmers to promote farmer to farmer learning was promoted for strengthening extension services;

c. Seeds and Soil Health: Quality seeds, disease free planting material and soil health enhancement hold the key to raising small farm productivity. Every farmer is to be issued with a soil health passbook containing integrated information on farm soils with corresponding advisories;

d. Water Use Efficiency: The concept of maximizing yield and income per unit or irrigation water in all the crop production programmes were accorded priority with stress on increasing efficiency of water use and prevent wastage;

e. Availability of credit at 1% interest rate to farmer;

f. Employment generation through skill development programme;

g. Rationalization & relatively better working of public distribution system;
h. Decrease malnourishment through Integrated Child Development Scheme (ICDS);

i. Increase spending for public goods and infrastructure development;

j. Right to Food security;

k. Declared the State as ‘Herbal State’ - with an objective to develop & conserve the rich 22 categories of Non-Wood Forest Products (NWFP),

l. Implemented various Crop Development Schemes like

- National Food Security Mission (NFSM),
- Integrated Scheme on Oilseeds, Pulses, Oil palm and Maize (ISOPOM),
- Technology Mission on Cotton (TMC),
- Jute Technology Mission (JTM),
- Integrated Cereals Development Programme (ICDP) for Rice/Wheat/Coarse Cereals
- Sustainable Development of Sugarcane Based Cropping Systems Areas (SUBACS), etc. under

i. Macro Management of Agriculture (MMA),
ii. Rashtriya Krishi Vikas Yojana (RKVY) including its sub-schemes i.e. Bringing Green Revolution to Eastern India (BGREI),
iii. Initiative for Nutritional Security through Intensive Millets Promotion (INSIMP),

However, with varying degrees of success, state good economic performance and adopted policies in recent past has not percolated substantially to address income inequality, poverty reduction and overcoming disparity within districts. This gets reflected in existing development status within state

- High incidence of poverty in rural areas with low ranking of 0.367 in Multidimensional Poverty Index (MPI), 26.63 in Global Hunger Index (GHI), 23.3% Prevalence of calorie undernourishment, 47.6% Prevalence of Underweight Children under 5 years of age(%) and other human development indicators reflects the existing development deficit. (Source: Chhattisgarh Economic and Human Development Indicators by UNDP, 2012)

- In Chhattisgarh, 76.76% constitute the state rural population and 84.045% heavily depend on agriculture and allied sector for livelihood (Census 2011). But today agriculture is been considered as less remunerative, very risky business due to ever increasing cost of inputs, less price realization of crops other than paddy, limited buy-back arrangement at ‘Minimum Support Price (MSP)’ for all farmers and for all commodities produced. Only about 9 lakh out of 32 lakh farmers in the State could sell their surplus paddy crop at MSP to the State’s annual Kharif requirement. This means that the rest of the 23 lakh farmers (of which majority are small or marginal farmers) are not growing enough crops to sell to the government and probably the big landholders are taking advantage of the government declared bonus and MSP. State government exclusively paddy procurement barring one or 2 more commodities at MSP has not spurred the sufficient and appropriate “wealth generation activity” in rural areas. Currently farmers act as passive receiver of entitlement and public services.

- Persistent migration and emerging of human trafficking hub as per the survey report of United Nations Office of Drugs and Crime (UNODC).

- Farmers are easily opting other economic venture through migration or leaving agriculture as profession. This is emerged from latest details from Census (2011) of India report, which shows that over 8.6 million of farmers had left farming in the past decade and have taken to farm labour in the past ten years. Whereas, in Chhattisgarh farmer number has reduced to 30.38 lakhs in 2011 from 34.88 lakhs farmers in 2001 i.e. 11.66% of farmer has left the farming over previous decades. In percentage terms they had dropped from 44.54% in 2001 to 32.88% in 2011 to state total worker. However, there has been substantial increase in number of Agricultural labourer (AL) from 15, 52,082 in 2001 to 25, 05,999 in 2011, which is an increment of 9.86% over decade and now constitute 41.80% AL in 2011 from 31.94% in 2001.

- 27 people out of every 100 people in Chhattisgarh only have access to financial services which includes banking, insurance, pensions (Source: Crisil Inclusix, an index that measures financial inclusion using three parameters: branch penetration, deposit penetration (the number of deposit accounts) and credit penetration (number of borrower accounts).

- Farmer community rarely treat farming as their family business nor had they developed vibrant producer network to advocate their interest, which make them more vulnerable.

- Inadequate quality extension services rendered for the growth of agro-enterprises mode in agriculture and allied sectors (such as horticulture, fishery, poultry, dairy, lac cultivation, vegetables production etc)” in the state.

3 The Hindu, December 1, 2013
• No assured year-round irrigation facilities whereas assured irrigation is a prerequisite for adopting modern recommended practices of crop production. Inadequate progress in improving irrigation coverage may hamper the growth in improving the livelihood of the small and marginalized farmers. Irrigation potential was 1.328 Million hectares at the time of formation of the state (i.e. on 1st November 2000) which was 23% of the gross sown area. It has now been raised to 1.844 Million hectares at the end of March 2012 which is 33.15% of gross sown area.

• High dependency on local vendor for expert advice and other extension service need. Local vendors are the source of Knowledge about diseases as they get pesticides & fertilizers from them.

• Absence of Consolidated information about commodities trade and its marketing chain as well as negligible value addition across marketing chain

• Majority of the farmers rarely go soil-testing & seed treatment process.

• Mandi has shortage of storage facilities & lack Infrastructure for perishable commodities

• Limitations of Fodder Availability: Limitations of feed resources both in terms of qualitative and quantitative is one of the problem faced by owner. As milking animals need more nutritive supplementary and green fodder during their lactation period, requirement were not fulfilled, which directly affects the milk production.

• Lack of awareness about proper cattle management practices: Local villagers are not followings the proper vaccination schedule and other management practices which play important role in health of livestock. Further Vaccines, diagnostics services in required quantity at affordable prices are not available in villages.

• Unavailability of veterinary advices services, disease remedies experts in distress need accompanied with shortages of quality bulls in artificial insemination centres

• Absence of milk route as well as cold chain across district

• Prevalence of maoist & Left wing extremism (LWE) insurgency in 14 out of total 27 districts.

This paints a bleak picture of Chhattisgarh agriculture progress, its institutional performance, quality of service delivery and rings the alarm to improve the above scenario.

4. Agro-Enterprises Development (Aed) Policy

To improve the above development status, current agriculture practices should be re-orientated towards agro-enterprises development (AED) mode for making it sustainable livelihood policy option to revitalize state agriculture which would spur growth and poverty reduction in rural areas. Also studies have indicated that a 1% growth in agriculture sector is 2 to 3 times more effective in reducing poverty than a one percentage growth in other sectors 4. Since most of the entrepreneurial activities in rural areas are based on agriculture and natural resource, inculcating agro-enterprises mode among farmer families can broaden their income opportunities by integrating ‘Farm (crop diversification) and Non-farm interventions, addressing issue of low productivity, organize them as producer organization, foster convergence and build market linkages for enhancing profitability. This holds the key to usher in an effective manner for improving farmer livelihood and addressing the issue of rural poverty alleviation in given circumstances.

Establishment of the agribusiness enterprises across the value chain will not only create an additional employment opportunities for the youths (as agri-entrepreneurs or aggregators) but will enhance the linkage of farmers from farm to food table; diminish layers of intermediary leading to increased price realization both among the farmers and entrepreneurs. This process requires

A. PRODUCTION ENHANCEMENT through strengthening backward linkages/input supply chain and reducing high wastages during production by integrating adequate & affordable technologies as well as adopt post harvest mechanism

B. Promote PRODUCERS ORGANISATION as a tool for empowerment, livelihood promotion and strengthening panchayat raj institutions (PRIs). This will enable them to develop aptitude for building strategy towards increasing price realization & bargaining for their produce.

C. PARTNERSHIP for convergence --- Linking producer’s organisation (PO) with markets through participation in value chain and with ongoing programme of State and Central Government, Banks for capital/credit need and other related agencies for

4 Shri Pranab Mukherjee, President Of India At The Inauguration Of National Conference On Doubling India’s Food Production In The Next Five Years, Vigyan Bhavan, New Delhi : 01-02-2013, p2
sectoral support etc. The objective of developing such partnerships is to mobilize funds and to build a good working relationship between producer organization/community institutions with various governmental and nongovernmental actors.

D. PROFITABILITY through Market Linkages -- market based approach is required to enhance integrated livelihood opportunities. Production aggregation, inculcation of market intelligence, collective marketing of agri & allied products and establish forward linkages with value chain will enable farmers to earn higher incomes and reduce to some extent the intermediation costs.

Also, with boom of the upcoming retails chain in the cities/town as well as growing urban culture, farmer needs to be orientated to develop partnership with various stakeholders, trained and organise them into producer organization (PO). This would increase the outreach of the agribusiness opportunities to them; create demand for the required farm and extension service within villages and nearby areas. On this front, stakeholders along with PO need to develop agreeable perspective to bring about the desired, agreeable ‘Sustainable Livelihood through Agriculture’ based on following values and principles

5. Conclusion

Within last three decade, focused intervention on growth rates of area, production and productivity of all important kharif and rabi crops has contributed agriculture growth from subsistence agriculture to the food surplus state. Even though it is observed that majority of the farmers are still practicing the traditional methods of cultivation, which have made little headway in tackling the twin challenges of increasing productivity and optimal resource utilization. Result is the persistent rural poverty and increasing unemployment are becoming day today affairs in rural areas. Inculcation of AED mode assumes even more significance in Chhattisgarh where the agricultural canvass is dotted with rain-fed farming, coupled with undulating land and skewed land holdings. Thus fostering AED mode emerges as a way forward for farmers to improve their lives, strengthen the local economic in sustainable manner as well as revitalizing rural area for poverty reduction.

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First Author: Ajit Kumar Sharma, had over 14.5 years experience in accomplishing multidisciplinary assignments to steer Sustainable Livelihood Programmes for Poverty Reduction, Impart & Manage Training Programme on Micro-Entrepreneurship and Skill Development with government and large NGOs intensively in Chhattisgarh, Orissa, Rajasthan, Uttar Pradesh, extensively in Punjab, Haryana, Jharkhand, J& Kashmir, Himachal Pradesh, Assam.

Qualification

- Pursuing Master in Business Administration (MBA) from Sikkim Manipal University Feb 2014 onwards
- M.Sc Forestry and Environment science from Guru Ghasi Das University in 1998
- B.Sc from Guru Ghasi Das University in 1996

i) eLearning course

- Policies for Growth from World Bank Institute, August 2013
ii). Diploma Course

- Diploma in Sale and Marketing from AIIMAS, Chennai in 1996
- Diploma in Computer Science in 1995

Currently, employed as Regional Head with Indian Society of Agribusiness Professionals located at Raipur, Chhattisgarh.