
UNIT 13 PLANNING OF CONTEMPORARY DEVELOPMENT ISSUES IN AGRICULTURE AND INDUSTRY

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13.0 OBJECTIVES

After studying this unit, you should be able to:

- Explain the contemporary issues in agriculture and industry facing the countries of South Asia;
- Describe the areas of development planning in agriculture; and
- Discuss the areas of development planning in industry in the countries of South Asia.

13.1 INTRODUCTION

Planning for various development issues is very crucial for the developing economies of South Asia. Various issues pertaining to agriculture, industry, education and health can be properly addressed by planning for contemporary developments in these areas. The economies of the countries in South Asia are among the largest and the poorest in the world. They belong to the group classified by the World Bank as 'low income countries'. The average annual growth in the per capita GNP in 1997-98, were \$350 billion, \$440 billion, \$210 billion, \$470 billion dollars, and \$ 810 billion in Bangladesh, India, Pakistan, Nepal, and Sri Lanka respectively. The South Asian countries took upon the structural adjustment programme from 1998-1999 onwards. In this context, we will be looking into the vital sectors of these economies– agriculture and industry- especially in relation to the various issues facing these sectors and planning for their growth and development. This unit deals with planning of the contemporary issues in agriculture and industry. We will be dealing with the pattern and the direction of development in these sectors of the countries of South Asia viz. – Bangladesh, India, Pakistan, and Sri Lanka.

13.2 ISSUES IN AGRICULTURE PLANNING AND DEVELOPMENT

South Asian Countries are predominantly rural based economies where more than 70% of the population live in villages and are dependent on agriculture. These economies involve in various rural activities such as- agriculture and agro-based, industrial development, small-scale industry as well as de-agricultural activities. These are the basic premises, which have dominated the rural

development in these countries. No doubt, these countries registered development but they still suffer from agricultural backwardness and stagnation and also agricultural development in an unequal way.

Singh highlights the reasons for the poor planning of agricultural development in these countries (Singh, 1997):

- Lack of information of the regional variations in natural land resources; unevenness in the quantitative/qualitative features of their population; and diversity in the adoption and practice of agricultural modernisation methods;
- Improper use of rural land and agricultural land and lack of crop productivity, efficiency patterns and dynamics; and
- Non-division of the agricultural area into agricultural development regions and agro ecological regions. This is required for the meaningful planning and development of agriculture.

Herein, lies the importance of agricultural planning and development, which can address these issues for the agricultural transformation in these countries.

Agricultural planning takes into consideration the necessary information pertaining to the regional variations in natural land resources. It also takes into account the unevenness in the quantitative/qualitative features of population besides diversity in the adoption and practice of agricultural modernisation methods. Agricultural development, on the other hand, aims at improving the socio-economic well being of the people involving in agricultural activities and living in rural areas. It provides equitable distribution of the fruits of agricultural planning. Thus, both, agriculture planning and agricultural development are necessary to increase agricultural productivity.

Planning and development of agriculture will lead to the efficient and optimum utilisation of the agricultural resources in a continuous and consistent manner, thus, fulfilling the needs of the rural population. It will also address the problems of food shortage and famine and advocate the use of dry land farming techniques. Further, with proper planning and development, there will be rise in the income and the living standards of the rural households and reduction in the socio-economic inequalities.

In order to achieve these objectives, Singh, proposes the issue areas requiring planning in the South Asian countries:

- Natural Land Resources;
- Human Resource Base;
- Agricultural Modernisation;
- Rural Land- Use and Agricultural Land-Use;
- Livestock Husbandry; and
- Agricultural Productivity.

13.3 PLANNING OF DEVELOPMENT ISSUES IN AGRICULTURE

Natural Land Resources Management

The need for food, fodder, fibre, firewood and shelter has been continuously increasing because of rapidly growing population. As a result, the natural land

resources are under tremendous pressure to meet the heavy requirements of the teeming millions in South Asia. Therefore, the need arises for the conservation, protection and proper management of the natural land resources.

Natural resources management will entail the following:

- Redistribution of the available surface water resources;
- Proper use of ground water resources;
- Protection of agricultural land from floods;
- Protection from the saline water; and
- Encouragement to afforestation.

Development of Human Resources Base

The population of the South Asian countries is basically rural with a large per cent age of the total population residing in villages. The population engages primarily in agriculture. Agriculture is highly labour intensive and provides for the subsistence living. To enhance the living standards of these people, there is need to promote the agro-based industries such as, horticulture, floriculture, dairy, poultry; besides irrigation facilities, small-scale industries, and modernisation of agriculture. This will increase the agricultural productivity; provide balanced regional development and sustainable socio-economic development. All this will accelerate the process of deagriculturalisation and create employment to the presently unemployed people in rural areas, particularly the women.

Similarly, agricultural development is restricted because of illiteracy in the rural population. Educating the farmers will enable them to pursue different occupations than just relying on agriculture. Likewise, education will enrich them with the knowledge of latest agriculture implements. This will lead to the modernisation of the agriculture, increase in agriculture productivity, employment, income and standard of living.

Agricultural Modernisation

Modernisation of agriculture involves planning the size of farm holdings, provision of irrigation facilities and agriculture mechanisation.

Providing Viable Size of Farm Holdings

For purpose of agricultural modernisation there is need for major land reforms in the countries of South Asia. On an average, the size of farm holding is less than 3 hectares. There should be viable size of operational land holdings for each family. This will enhance the use of modern equipments, and better use of the available land, water and human resources.

For this purpose, it is necessary to have legislation attributing a minimum size of family holding and a ceiling on agricultural holdings. It is also necessary to distribute surplus land to the small landholders. There is also a need to have occupational diversification so that member of a family takes up alternate employment other than agriculture.

Collective ownership by setting up of Co-operative Farm Development Boards can help in keeping the size of operational holdings economically viable.

Providing Adequate Irrigation Facilities

Primary, secondary and tertiary irrigation systems are to be strengthened especially for the dry and arid regions. The major and minor irrigation schemes should be developed simultaneously. This will bring respite in times of deficient rainfall and improve the soil moisture content. With irrigation facilities it will become possible to increase crop production and cater to labour demand per hectare. Irrigation development should focus on:

- Optimising agricultural productivity per unit area to per unit of available water;
- Strengthening the existing secondary and tertiary irrigation systems;
- Improving irrigation efficiency by providing water during all cropping seasons; using sprinkler/drip/ trickle irrigation in the dry areas to make efficient use of scarce water resources; using dry farming technology, soil mulch farming techniques, water harvesting during the rainy season for recharging groundwater resources and irrigation; and dressing cropping pattern and crop sequencing to the characteristics of soils; and
- Managing irrigation infrastructure through Water Management Co-operatives. This will enable the optimum utilisation of the existing irrigation potential. Further, with judicious use of scarce water resources the problem of water deficiency will be reduced. Hence, there will be a substantial increase and efficiency in land-use, cropping pattern and crop sequencing, and crop productivity per hectare.

These measures will protect the upper reaches of the Great Alluvial Plain, in particular the Punjab –Sindh alluvial plains in Pakistan, and Sutluj-Yamuna divide and Ganga-Yamuna doab in India.

Providing Mechanisation

Modern and sophisticated machines and equipments such as, tractors and threshers and semi-mechanised implements for different farm operations will lead to the mechanisation of agriculture. Such equipments should be made available to small and medium farmers at a reasonable price. Agro-Services Rental Centres should be started to ease the renting of tractors and machines to the farmers. Mechanisation, deagriculturalisation and rural industry development should simultaneously function.

Likewise, economic incentives to farmers for use of chemical fertilisers, and adoption of green manuring technology should also be promoted. Agronomic research, agriculture extension, credits, marketing and pricing should be directed to promote the use of high yielding varieties and chemical fertilisers. Stress should further be laid to subsidise the cultivation of green manure crops. This will lead to a biotechnological revolution and sustain and increase the health of the soil and also at the same time lessen the financial burden of the farmers.

Optimum Rural Land-Use and Agricultural Land-Use

The available land resources, especially the rural land and agricultural land have remained under utilised or unutilised in South Asia. A comprehensive action plan for optimum rural land-use and agricultural land-use has to be drawn. Various measures and techniques should be brought into use for fully utilising the

potential of agricultural land. Cover-crop cultivation, mulch farming, streamlining of the cropping pattern, agricultural diversification, dry land farming, mixed crop rotation, green manure and organic fertilisation cycle, agricultural development projects, and farm products' pricing policy and marketing facilities have to be introduced for this purpose.

Development of Animal Husbandry

Programmes such as the Fodder Improvement Programme; Livestock Breed Improvement Programme; and Livestock Products Processing and Marketing Programme should be started to improve the breed and productivity of livestock. This will also encourage agricultural diversification.

Improvement of Agricultural Productivity

To increase yield per hectare and enhance agricultural productivity certain measures have to be adopted. The South Asian Countries should go in for adopting the following measures:

- Composite Agricultural Productivity Acceleration Programme should be started;
- Hybrid varieties of paddy, wheat and maize have to be developed which will lead to surplus and promote export;
- New farm techniques should be introduced to provide agricultural diversification. Similarly, efforts should provide for the intensification of cropping and growing high value crops;
- Agricultural research in production, harvesting, handling, storage and processing of crops should be promoted to improve agricultural technology. Large, medium and small-scale water development projects using surface and sub-surface water resources have to be implemented for the development of dry land farming areas. Institutional support, such as, improving access to credit facilities and formation of joint farming groups/co-operatives should be promoted;
- Social investments are necessary to promote the use of organic farm inputs. The organic fertilisers are environment-friendly produced out of forest, fermented animal wastes and crop residue wastes. This should be encouraged; and
- Genetic engineering should be environment focused and importance is to be given to the researches in development of commercial hybrids of crops, especially the high-yielding and disease-resistant hybrids of crops.

The South Asian countries can adopt and encourage the above mentioned modern practices for increasing the agricultural development levels. In sum, these countries should:

1. Adopt simple, economical and appropriate technologies;
2. Provide equitable dispersal of agro- based rural small-scale industry;
3. Identify rural small-scale industries economical in power consumption;
4. Provide irrigation facilities and dry farming technology that will reduce dependency on rainfall;
5. Encourage community mobilisation and participation;

6. Develop cost effective farm technologies that are suitable for different climatic and soil conditions;
7. Promote labour intensive agricultural technology;
8. Render institutional help in the form of credit facilities and other services to the farmers;
9. Institute favourable price policy for agricultural inputs and outputs. This can be a boost to the farmers to increase production; and
10. Initiate special agricultural development projects to increase the income levels of small farmers and landless agricultural labourers.

13.4 ISSUES IN INDUSTRY PLANNING AND DEVELOPMENT

Technological dynamism and international competitiveness have necessitated the public sector to respond to rapidly changing external conditions of today's industrial world. Government policy and procedures must be set to assist the entrepreneurs in this regard. The government of today has to provide help and guidance to the industries instead of exerting controls. It has to make the procedures transparent and eliminate delays. The thrust of the structural adjustment reform is to increase the efficiency and international competitiveness of the industries by utilising foreign investment and foreign technology, thereby improving the performance of the public sector and making the industry to achieve technological and competitive edge in the fast changing global economy.

The South Asian economies are relatively unstable with factors like adverse balance of payments, low trade and high inflation rate. The average annual percentage growth of industry between the period 1990-1998 varied between 5.1 to 7.6 in the South Asian countries. It is required that unnecessary controls have to be removed and the public sector has to open to the private sector within the states' regulatory framework. This will allow the public undertaking and industries to compete in the world market. It is in this realm that we will be discussing the issues in the industrial development of these countries. These countries have slow industrial development for many reasons:

- (i) The central and state governments exercise rigorous control through rules, regulations and procedures. This acts as a disincentive for new investments and also creates obstacles in improving competitiveness. The industry may like to reduce their flab of labour but in the absence of exit law and efficient labour policies this does not happen. Hence, the government must relax the rules and simplify them and frame new rules apt to the new economic climate;
- (ii) Infrastructure is in a bad shape. There is inadequate and erratic power supply, unfavourable road conditions, limited and unreliable telecommunications networks, congested ports and slow financial services. All these conditions are not conducive to international competition. This results in slow exports due to the loss of competitiveness of the industry. Again, these countries are suffering from a loss in labour-intensive industries such as textiles and leather goods. This is due to the reason that whereas the South Asian countries have continued to have artificially low wages to make their production low cost, the importing countries are now resorting to labour intensive technologies to manufacture the same products at home in a more cost effective way;

- (iii) The value of the currency of these countries is declining. This crisis has resulted in their products becoming cheaper in the world markets. Corrupt and non-functional administrative machinery has not yet come out of 'control syndrome' and the climate is still not supportive of industrial development; and
- (iv) These governments do not have a clearly laid down economic policy. This has eroded the faith of entrepreneurs and has adversely affected the investment climate. As a result, there is loss in terms of future investments and potential investors.

13.5 PLANNING OF DEVELOPMENT ISSUES IN INDUSTRY

The industry has to plan and design a new and relevant approach. It has to redesign and restructure itself. The industry should look forward to the new tasks ahead. It has to go beyond the financial yardstick of sales and profit growth, profit margins and cash flow because they are indicators of the past. What is required is a clearly defined strategy, devised after scrutinising the different forces, which may have an impact on the firm. This will provide orderly economic growth and help these economies transition towards the global economy.

Instilling Competitive Environment

The main factors attributing to the low export growth is loss of competitiveness due to excessive delays, cumbersome procedures, difficulty in getting timely claims, increased transaction costs, high cost of export credit, and infrastructure constraints. For the success of economic reforms in these countries, there is a need for institutional development to strengthen the existing institutions and creation of new ones. Also, there is a need to have political will and market oriented behaviour.

Greater Interaction between the Government and Industry

The government and industry should have closer interaction with each other. The interaction should bring the two in closer partnership that can be in the form of a body. This body will involve the government and business agents and both will together delve in taking major economic policy decisions. The government should work towards creating more transparency, enforcing contracts, codifying rules, reduced risk and changing perceptions, accessing debt markets through insurance, pension and provident fund and obtaining long term debt securities, accelerating the process of reforms, and setting up regulatory bodies.

The basic role of the government is to create and promote an appropriate environment for investments, private initiatives and free play of market forces. The government has to assume a catalytic role than direct action. It should withdraw steadily and in a phased manner.

Development of Backward Areas

Injudicious industrial dispersal is a matter of concern for the South Asian countries. The industrial policy should focus on the location-wise distribution of the industries that will help in the development of the backward areas. The policy should provide subsidies for development of industries in backward areas, and

concessional finances for projects in such areas should be provided. Growth centres with adequate infrastructure facilities in terms of power, water, telecommunication, transport and banking should be set up to attract industries in the backward areas.

Foreign Direct Investment

Foreign direct investment is necessary for industrial growth of these countries. It should be allowed in terms of direct finance and participation in running the units with the modern technology. This will result in reinvigorating the local producers, help them to lessen their production cost and render improved products and services. The countries will also benefit from the incoming latest technology. Hence, steps such as mustering of foreign capital, unconstrained FDI flows, easy approval of FDI, quicker case approval and transparent norms should be components of the industrial policy of these countries.

Development of Small Scale Industries

Assistance to the small-scale industries has been in the nature of reservation of certain items for exclusive production by them. However, the problem is of generating adequate finances. They suffer in marketing their goods. The marketing assistance from the government is inadequate. There is a need to provide assistance with regard to marketing their products, procurement of raw material, getting loans at concessional rates of interest, and risk sharing for those who are new.

Besides, there is a need to provide risk capital to these industries. This will help them with infrastructure facilities, adequate and equitable allocation of indigenous and imported raw materials, and arrangements for service delivery.

Development of Public Undertakings

Development and growth of public enterprises should concentrate on the following:

- Creation of essential infrastructure;
- Exploration and exploitation of oil and mineral resources;
- Technological development and development of manufacturing potential in such areas where private sector investment is not forthcoming and that are vital for the long-term development of the economy;
- Production in areas of strategic importance such as defence equipment;
- Taking care of the sick industries; and
- Creation of exit policy with social safety net for protecting the interests of workers.

Trade Policy

The trade policy of these countries should concentrate on promotion of exports, regulation of imports, protection of essential imports, linkage of imports to exports, and finance of imports through exports. The policy should strive for self-reliance. The export-import policy (EXIM) should aim at liberalisation by way of minimum trade restrictions, easier imports of raw materials and free capital goods, import for export-oriented industry.

The aim of the EXIM policy should be to adopt measures for export promotion by the promotion and development of foreign trade, free import of raw materials, and other accessories required for the production of exports under the duty exemption scheme and growth of exports in the agricultural and allied sectors. Providing adequate export credits at internationally competitive rates of interest and an exemption of interest tax on exports will help the domestic companies to have access to capital, technology and markets. Similarly, import procedures have to be changed, and should be made easier by eliminating bureaucratic delays and the removal of the need to get licenses in advance.

Labour Policy

Labour policy is to be formulated/ modified. The pattern of production should be labour intensive to generate employment opportunities in productive higher income jobs and lessen the disparities of income and wealth in the rural and urban areas. There is also a need to create a social security net with adequate compensation to laid off labourers and training them for alternative jobs. National Renewal Fund can be set up to make payments under the voluntary retirement scheme, to cater to the insurance fund for employers and to provide resources for employment generation schemes.

Development of New Managerial Techniques

New management and organisational techniques have to be inculcated so as to enable the industry to adhere to the international standards. The technological skills and management capabilities have to be improved. The objectives of production efficiency, product development, quality management, cost control, linkages between enterprises and greater flow of information between different economic and financial institutions should underlie the industrial policy. Research and development must be also taken on a priority basis.

A change in the attitude, work style, work culture and work procedures will enable the industry to survive and prosper in the international competitive market. It has to keep pace with the competition from new products, and fast-changing technology. Marketing skills and customer-care and service should be in the topmost priorities of the industries.

13.6 ACTIVITY

1. What are the agricultural issues faced by your country?
2. Refer to a case study on any steps taken up for agricultural modernisation in your area?
3. Undertake a survey to identify the industrial issues of public undertakings in your country.

13.7 CONCLUSION

The South Asian countries in the current wake of globalisation and liberalisation are required to engage in development planning in the areas of agriculture and industry, relating to the issue areas in these fields. These countries are facing problems in agriculture development due to the lack of adequate information regarding regional diversities in natural resources, imbalances in agricultural modernisation aspects, inadequate rural and agricultural land use and crop

productivity, and non-availability of planned divisions of agricultural area. Hence, there is a need to have development plans for addressing these issue areas.

Likewise, the industry scenario is having serious gaps in infrastructure, currency crises and lack of clearly stated economic policy. There is need to build up a competitive environment for the industry, provide interaction between the government and industry, develop the backward areas, encourage foreign investment, develop the small scale industry, formulate and implement trade policy, and the labour policy, and rationalise the tax structure to adjust to the international reforms.

13.8 REFERENCES AND FURTHER READINGS

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