AGRICULTURAL TRANSFORMATION and RURAL DEVELOPMENT
Over 3 billion people lived in rural areas in 1997. This figure increased almost 3.3 billion by year 2010.

People living in the countryside comprise considerably more than half the population of different nations of the world.

Vast majority of the world’s POOREST people are located in RURAL AREAS and engaged primarily in SUBSISTENCE AGRICULTURE.
Urban and rural population of the world
Food projections

Grand Challenge

TODAY

2050

9bn people
70% live in cities
100% more food

¹ Source: U.N., FAO
The basic concern of the people in rural areas is **SURVIVAL**. Many of them are **BYPASSED** by whatever economic progress has been attained.

More than **800 million** of these people do not have enough food to meet their basic nutritional needs.

If development is to take place and become self-sustaining, it will have to **START in the RURAL AREAS** in general and the **AGRICULTURAL SECTOR** in particular.

In the process of **DEVELOPMENT**, the **agricultural sector and rural economy** must play an indispensable role in any overall strategy of economic progress.
Agricultural Systems

• Useful to view agriculture in a systems framework: inputs and outputs

• Inputs- labor, fertilizer, seeds, land preparation, land quality and tenure

• Outputs- production in form of mature crops and income earned and allocated
Informal-urban sector
Old food production method:
Urban sector
Alternative ways for Agricultural farming

Rooftop Farm in New York City
Truck farming
Agrarian Structure

- **Agrarian structure** refers to ways in which agricultural system is developed on the land and includes land ownership, cropping system, and institutions
- **Land tenure** - who owns or controls the land
- **Communal tenure** - land held by village where villagers enjoy usufruct (right to use and profit)
- **Latifundia** – large estates where wage laborers are employed by private sector firms (agri-business), or plantations held by public sector
- **Freehold** - outright ownership with land being transferred and divided equally among (usually males)
- **Tenancy** - farmers pay owners for use of land either in cash or kind (production)
Elements of Agriculture and Employment based Strategy of Economic Development

1. Accelerated output growth through technological, institutional and price incentive changes designed to raise the productivity of small farmers

2. Rising domestic demand for agricultural output derived from an employment-oriented urban development strategy

3. Diversified, nonagricultural, labor-intensive rural development activities that directly and indirectly support and are supported by the farming community

There is a stress on INTEGRATED RURAL DEVELOPMENT.
5 Main Questions that need to be asked about 3rd World Agriculture and Rural Development

1. How can total agricultural output and productivity per capita be substantially increased in a manner that will directly benefit the average small farmer and the landless rural dweller while providing a sufficient food surplus to support a growing urban, industrial sector?

2. What is the process by which traditional low productivity peasant farms are transformed into high productivity commercial enterprises?
3. When traditional family farmers and peasant cultivators resist change, is their behavior stubborn and irrational or are they acting rationally within the context of their particular economic development?

4. Are economic and price incentives sufficient to elicit output increases among peasant agriculturalists or are institutional and structural changes in rural farming systems also required?

5. Is raising agricultural productivity sufficient to improve rural life or must there be concomitant off-farm employment creation along with improvements in educational, medical and other social services? In other words, what do we mean by rural development and how can it be achieved?
## Output and Employment In 3rd World Agriculture

<table>
<thead>
<tr>
<th>Region</th>
<th>% of Labor Force in Agriculture</th>
<th>Output in Agriculture as a Percentage of GDP</th>
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<tbody>
<tr>
<td>South Asia</td>
<td>64</td>
<td>30</td>
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<tr>
<td>East Asia</td>
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<td>Latin America</td>
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<td>Africa</td>
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<td>20</td>
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Structure of 3rd World Agrarian Systems

Two Kinds of World Agriculture

1. **Highly Efficient Agriculture** of developed countries where substantial productive capacity and high output per worker permit a small number of farmers to feed entire nations

2. **Inefficient and low productivity** agriculture of developing countries where many instances the agricultural sector can barely sustain the farm population, let alone burgeoning urban population, even at a minimum level of subsistence
Highly efficient agricultural farming / industrial farming

Over 40K chicken
Sources of Small-Scale Agricultural Progress

1. Technological change and Innovation

2. Appropriate government economic policies

3. Supportive social institutions
Labour intensive techniques

Capital intensive techniques
Conditions for General Rural Advancement

1. Modernizing farm structures to meet rising food demands
2. Creating an effective supporting system
3. Changing the rural environment to improve levels of living
Conditions for Rural Development

1. Land Reform

   Farm structures and land tenure patterns must be adapted to the dual objectives of increasing food production and promoting wider distribution of benefits of agrarian progress.

   HIGHLY UNEQUAL structure of land ownership is the single most important determinant of highly inequitable distribution of rural income and wealth.
Land reform may take the following forms:

a. Transfer of ownership to tenants who already work the land to create family farms

b. Transfer of lands from large estates to small farms, rural cooperatives or state farms

c. Appropriation of large estates for new settlement.
Why Land Reform is most urgent today:

1. Income inequalities and unemployment in rural areas have worsened
2. Rapid population growth threatens further worsening existing inequalities
3. Recent and potential technological breakthroughs in agriculture can be exploited primarily by large and powerful rural landholders and result in an increase in power, wealth and capacity to resist future reform.
2. Supportive Policies

The full benefits of small scale agricultural development cannot be realized unless government support systems are created that provide the necessary incentives, economic opportunities and access to needed credit and inputs to enable small cultivators to expand their output and raise their productivity.
3. Integrated Development Policies

Rural development though dependent primarily on small-farmer agricultural progress, implies much more. It encompasses:

a. Efforts to raise both farm and nonfarm rural real incomes through job creation, rural industrialization and the increased provision of education, health and nutrition, housing and a variety of related social and welfare services

b. A decreasing inequality in the distribution of rural incomes and a lessening or urban-rural imbalances in incomes and economic opportunities

c. Capacity of the rural sector to sustain and accelerate the pace of these improvements over time