



PRIVATISING FARM EXTENSION - NEED FOR A CAUTIOUS APPROACH

Extension services which were mostly public funded world-wide until a decade back are increasingly coming under private domain. The transformation of agriculture in several developed and developing countries from a mere subsistence activity to commercialised agri-business and the associated gradual change of technology from being largely a public good to a private good has provided incentives for commercial agencies to invest in this sector. The increasing inability of the governments to adequately fund its extension machinery was, however, the real force behind the search for alternative approaches such as 'cost sharing' and 'privatisation'. India has also started thinking on these lines recently, emphasising the involvement of NGO's, private sector and farmers' associations in sharing, augmenting and supplementing public sector extension efforts. States such as Maharashtra and Rajasthan have already started taking steps in this regard.

INDIA'S EXTENSION SYSTEM

It comprises mainly the following.

1. National Agricultural Extension Service /Training and Visit System
2. Special Extension Programme on specific crops
3. Rural Development Programme
4. First-Line Extension Education System (ICAR/SAU) and

5. Extension programme of Non-Government Organisations.

The Ministry of Agriculture, Government of India, has the major mandate for transfer of technology for agriculture and rural development (Systems 1,2 and 3). The Commodity Boards under the Ministry of Commerce are also engaged in extension programmes on specific crops. The First-line extension system falling under ICAR and SAUs' has very limited coverage.

The non-governmental organisations engaged in extension activities mostly include voluntary agencies (partly or fully funded by the government for extension activities) producers' co-operatives, input agencies, agricultural processing firms and private consultants. Some of the voluntary agencies are engaged in implementing innovative and farmer participatory approaches of extension but their coverage is restricted to a few blocks/districts of the country. Producers' co-operatives functioning in a few crops /enterprises are normally involved in arranging inputs and marketing their produce. The existing agro-processing firms are interested only to assure a continuous supply of quality produce for processing and marketing. Input agencies are generally interested in promoting sales of production inputs such as seeds, fertilisers, pesticides, farm machinery, animal feeds, veterinary medicine, etc. The input agencies and the agricultural processing firms may not be charging fees directly for their

advisory services, but will be indirectly covering these expenses by increased sales through promotion of their products or by continuous supply of the produce for processing. At the same time, there are private consultancy firms/agencies which offer their services in lieu of fees. The role played by non-governmental agencies at present in India is thus limited, though private sector participation is on an increase.

THE DEBATE

Those who argue for privatisation point out that public extension services are highly inefficient, too bureaucratic and lack accountability. They are 'supply driven' rather than 'demand driven' like private extension services. The private sector is now engaged in many of the activities that are being done by the public sector extension. So, they feel, there is no need for public extension to continue in those crops or regions wherein private sector extension is strong. The public sector can thus concentrate its resources and activities in those regions and crops wherein private sector is weak or non-existent. Education, empowerment,

developing leadership and organisational skills are the responsibility of general education and not extension; they argue. Even at present, in different parts of the country, especially in commercial crops, the farmers are receiving advice and other extension services from private consultancy/transfer of technology firms on cost basis. Providing services on cost basis or sharing extension cost through farmers' organisation will make extension demand driven and accountable and reduce financial pressure on government. Moreover, several countries have gone for 'cost sharing' and 'privatisation'. (Box1).

An analysis of the functions performed by the private/commercial agencies reveals their interest in performing only those extension activities which immediately benefit them. They are least interested in undertaking long term strategic extension functions such as educating the people. The major role of extension in a developing country like India is given in Box 2. The status of education in terms of rural literacy alone reveals that education is not going to perform this human resource development role even in the decades to come. Moreover, the private /

Box 1

International Experiences

The Agricultural Development and Advisory Service (ADAS) of the Ministry of Agriculture, Fisheries and Food in Britain charge fee for services of direct benefit to the clients, but not for the services which spread benefits across society, such as those relating to soil conservation. In Norway, while the government pays salary, the "farmers circle" pays the operational expenses (at 50:50 cost sharing agreement), Mexico is planning to shift, at least half the cost of extension services to farmers groups in irrigated areas. It is emphasising cost cutting through privatisation and use of mass media. The Australian State of Tasmania also has the "fee for extension" activity. The co-operative (government / farmer associations or farmer arrangement)

structure of extension has developed in two far eastern countries-Korea and Taiwan. In Chile, the government provides funds (maximum of 80% of total cost of project) to private technology transfer consultancy firms which comprises of one or two agronomists and a few agricultural technicians. Private consultants play an important role in agriculture in some industrialised countries like New Zealand. In Thailand presently emphasis is on privatising many agricultural services. In Canada, commodity groups fund and control their own extension agronomists. In Turkey, extension cost is shared between farmer groups and the Government through the Chambers of Agriculture. In Colombia, municipalities pay for all extension services out of local tax revenue.

commercial firms are interested to invest money mostly in high value crops, large farm sector and in areas with adequate infrastructure.

Information on agriculture is mostly a public good in India. Private agencies can't be faulted for not getting involved in activities wherein they could not make profits. In highly commercialised agribusiness situations, they may intervene. Even then, the peculiarities of Indian agriculture should be kept in mind. In a country, where more than 76 percent of the holdings are less than 2 ha, and 70 percent of the net sown area is rainfed, the farmers are resource poor, and the infrastructural support is weak. Moreover, the scope for any kind of cost recovery by the public extension system is practically non-existent.

The lessons learnt through a review of the experiences of other countries due to an unbridled 'private extension' and/or undue haste in 'cost recovery' are as follows.

- The emergence of competing information sources result in contradictory message flow due to glorified advertisements and sales promotion techniques leading to unnecessary confusion among the clients.
- The commercial interests of these private agencies jeopardise the efforts presently being made by public research and extension systems towards developing eco-friendly and sustainable agriculture.
- The human resources development (HRD) role of organising, motivating and guiding farmers groups for an effective empowerment of rural community is effectively sidelined for activities that can generate partial costs or profits.
- Eventually the contact between the farmers and extension agents will further decline.
- The inevitable fall out of such

Box 2

Extension and Agricultural Development

The tasks before Extension depends on the stages of agricultural development in a country, and within it and also the socio-economic characteristic of the potential clients. It clearly has an educational task in the USA. Extension agents in most European countries see their task more as one of helping farmers solve specific problems. In India and in many other developing countries, extensions' task goes beyond that. It also deals with human resource development of its clients, teaching farmers the management and decision making skills, helping rural people develop leadership and organisational skills, enabling them to organise better, operate or participate in co-operative credit societies and other support organisations. A recent study on Indian Extension system commissioned by Government of India under the auspices of MANAGE articulated that the public sector extension should embrace, besides technology transfer, other roles like HRD, broadbasing and farming systems perspective and gender differentiated strategies. Thus the business of extension is mainly to serve the public, more as a way to enhance the capabilities of the farmers. It also augments effectiveness of problem identification for research through its function of feedback.

an arrangement will further increase regional imbalance as commercial agencies concentrate their activities on areas with favourable infrastructure which allows them to generate good profits in a shorter period of time.

The public funded extension in the country, though faced with a number of constraints in terms of operational funds, well trained manpower and transportational facilities, is engaged in the task of technology transfer through education and arranging inputs. Available evidence from both India and abroad shows that returns to investment in extension compare favourably with those on expenditure on other public services. This is not to suggest that all is well with

public funded extension in the country. The point is that privatization is not the solution to correct these weaknesses.

Extension is a very serious business of public education that cannot be left to the commercial agencies. The tasks before the Indian Extension System are more complex than what was earlier as it has to ensure a sustainable increase in production and productivity.

POLICY IMPLICATIONS

The ground realities of Indian agriculture call for the strengthening of the national agricultural extension system. This is especially important at present because of the sweeping changes that are taking place in the field of agriculture (domestic and international). The capability of the farmers needs to be enhanced not only to reap the benefits that may arise out of these changes, but also to prevent himself from being swept away by these .

In the irrigated areas, a part of the financial burden of providing extension support can be transferred on the farmers provided such services are clearly

identified and the mechanism for sharing the costs are appropriately devised. The resources that can be generated/saved from these favourable areas should be effectively used in resource-poor areas which may have to be continuously provided with extension support free of cost for some time more.

The farmers will be ready for cost sharing only when the benefits of such an arrangement outweigh their costs. Extension has to take on the challenge of organising farmers' groups and help them in guiding, operating and controlling their own extension organisations. It may be feasible then to share some of the costs involved in extension with these farmers' groups. Till that time the scope for cost recovery is almost nil. The move to provide public funds to private consultancy firms for technology transfer (the Chilean INDAP model) will further weaken the public extension machinery that has already been starved of funds. However, these measures can be tried on experimental basis in a few resource-rich areas and high value crops. The ideal policy should be to have a good mix of public, private, voluntary and co-operative extension efforts.

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NCAP has been established by the Indian Council of Agricultural Research (ICAR) with a view to upgrading agricultural economics research through integration of economics input in planning, designing, and evaluation of agricultural research programmes and strengthening the competence in agricultural policy analysis within the Council .

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