

Academic Year 2007 - 2008
M.Sc. Agrarökonomik (Agricultural Economics) Final Thesis



The Role of Services for Small Farmers' Agricultural Growth

A study of Maddur taluk, in Mandya district, Karnataka, India

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Berlin, 1st December 2008

Abstract

Improving the livelihoods of people living in rural areas and reducing poverty levels are issues of paramount importance for many developing countries. Small farmers' agricultural growth has in the past successfully demonstrated to be a potential driver of overall rural development. Supporting such growth in an equitable and sustainable manner is an ambitious task that public and private sectors, as well as civil society, have to address. Improving rural service provision, especially of market-related services, has a positive impact on enhancing small farmers' agricultural productivity and strengthens their linkage to markets. Different provision of services is one of the factors explaining why some economies have ended up on significantly different paths of development. Areas that experience weak service provision are often affected by market and government failure. India is one remarkable example of highly variable results in terms of service provision, levels of poverty and development. Large gaps exist between states and regions across the country. Differences in performance are also affected by characteristics of the local context. The study tries to analyse and explain the complex process of development of two Indian rural villages that are currently traversing different stages of the development process. Looking at what works, where and why in rural service provision (especially of market-related services), the study suggests strategies for improving small farmers' agricultural growth. Findings demonstrate that policy-phases need to be context-tailored and adapted overtime in order to lead to effective and efficient results. A favourable institutional environment is a prerequisite for investments in infrastructure and other institutional arrangements to succeed. Those strategies should ultimately create conditions that can spur agricultural growth and overall rural development in an equitable and sustainable manner.