

Global Seeds to Village Farmers: Hearing the Voices at the Base of the Pyramid

A Crisis on the Farm

Agriculture and the Indian Economy

Agriculture is critical to the economic and social context of rural India. Rural India is home to around 72% of India's population: approximately 742 million people and 74% of India's poor. Agriculture is the predominant economic activity of rural India and is thus the primary source of employment and wealth injection for local communities. Other forms of rural economic activity are often also dependent upon the incomes generated by agriculture. Agriculture, therefore, provides the economic basis for a society that supports nearly three-quarters of India's population. Enhancing the productivity of agriculture and bringing stability to agricultural incomes is recognized as a crucial first step in large-scale poverty alleviation and opportunity creation.

Agriculture also plays an important role in India's overall economic development. In 2004, India's GDP was \$692 billion, of which agriculture contributed around 22%.¹ Agriculture also contributes around 12% of India's exports.² While agriculture's contribution to both GDP and exports have declined over the past decades, owing to the unpredictable nature of monsoon season, the expected agriculture output of the year, which is greatly affected by the monsoon, nonetheless remains one of the most keenly anticipated determinants of India's GDP projections.

Life on the Farm

Farming in rural India is typically a small-scale affair. The average land holding is 1.3 hectares (1 hectare ~ 2.47 acres).³ The income generally derived from such a small plot of land is not large or very predictable. In 2003, the average household income for a farmer was Rs 2,115, or approximately 47 US dollars.⁴ Among the factors that contribute to income volatility are the nature of the rains, the productivity of the land, the quality of farming inputs, and price fluctuations. Farming is also inherently a capital-intensive business. Before the first rupee can be earned by selling produce, a farmer has to bear the cost of seeds, inputs, water, labor, and opportunity.

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