Problems faced by the agricultural sector economics essay

Agriculture, also called farming or husbandry, is the cultivation of animals, plants, fungi, and other life forms for food, fiber, biofuel and other products used to sustain life. Agriculture was the key development in the rise of sedentary human civilization, whereby farming of domesticated species created food surpluses that nurtured the development of civilization. The study of agriculture is known as agricultural science. Agriculture generally speaking refers to human activities, although it is also observed in certain species of ant and termite. The word agriculture is the English adaptation of Latin agricultÅ« ra, from ager, “ a field”, and cultÅ« ra, “ cultivation” in the strict sense of “ tillage of the soil”. Thus, a literal reading of the word yields “ tillage of fields”.

Agriculture has increased its contribution of value-added to the economy. However, it has declined in its contribution to GDP. In 1980-1990, its share of GDP fell from 22. 9 to 18. 7 per cent despite a 2 per cent annual growth rate (table 2). That share declined further to 13. 6 per cent in 1995. Manufacturing, in contrast, increased its value added by 13. 3 per cent a year during 1991-1995, and by 1995 it was contributing 33. 1 per cent to GDP.

The best way for agriculture to expand is through the conversion of new land for planting. That avenue of expansion is, however, no longer possible as the country has run out of arable land. Instead, the opposite was increasingly occurring as agricultural land was taken over for industrial, infrastructural and housing purposes.

Less apparent problems faced by agriculture were trade and fiscal measures adopted by the country. Agriculture in humid tropical countries is relatively efficient because of the natural advantages they enjoy, a situation that has largely been taken for granted. Agriculture in Malaysia is no exception. Thus, in terms of market protection, for example, agriculture enjoys very little in contrast to, say, the automobile industry. Indeed, export taxes imposed on palm oil, rubber and pepper discourage agricultural production.

Fiscal incentives also did not favour the agricultural sector. For example, abatement of adjusted income (until its recent abolishment) largely did not apply to agricultural companies although the privilege was enjoyed by manufacturing companies, even those without pioneer or investment tax allowance status

Those basic discriminatory conditions in turn contributed to other problems for agriculture. Trade protection for manufacturing, for example, enhanced the credit worthiness vis-B -vis agriculture and made it easier to obtain financing. With such advantages, it is not difficult to see why there has been a persistent outflow of resources from the agricultural sector to the rest of the economy, thus stunting agricultural growth.

With resources pouring into the non-agricultural sectors, those sectors were able to offer higher wages and better conditions of work. Agricultural labour was drawn away and the sector had to offer higher wages merely to mitigate, not reverse, the outflow. Agricultural employment in 1990 was almost at the same level as in 1985 despite a larger workforce.

Consequently, the share of employment in the agricultural sector fell from 39. 7 per cent in 1980 to 27. 8 per cent in 1990.

The agricultural sector also had to face the challenge of natural problems. Malaysia never had a comparative advantage in the production of food. Production of beef and mutton, for example, suffered from a lack of pasture, low production through reduced food intake by animals as a result of the hot and humid climate, and the high import costs of animals. In addition, rice production has continued to fall short of a series of successively lower targets.

A major challenge to the agricultural sector and more specifically TDT systems is to develop/adapt the technologies which can increase the overall on farm production and productivity of all major farming groups: peasant subsistence farmers (psf); small scale farmers (ssf); medium scale farmers (msf) and large scale farmers (lsf), through intensification (where there are land shortages) or extensification (where availability of land is not a constraint). Either way the increase in overall on-farm production and productivity can only occur through increased utilization of modern technological inputs (e. g. high yielding seed varieties, fertilizers, mechanization and water management etc.)...

The second challenge to the agricultural sector and the TDT systems follows from the first – this is the development of the technology transfer system (both the software and hardware) to ensure its efficient supply and utilization. There is need, in addition to develop a system (be it publicly, privately or cooperatively owned) which provides/distributes the

technological inputs in a timely manner and at an affordable prices to the farmers. This will require research and innovation into institutional management and organizational structures which can best serve the farmers to increase their productivity. With Government’s role in the provision of services to the agricultural sector being reduced, this becomes a major challenge and priority for agricultural policy research...

The third challenge is to ensure that whatever is produced is safely stored on the farm (for home consumption) and/or is transported, processed and marketed/exported to the urban consumer/external markets with a minimum of post-harvest losses. The output recovery system will need both physical (e. g. storage structures, post harvest processing technology, transportation systems, rural roads, etc.) as well as socio-economic (e. g. prices, marketing institutions, etc.) technologies. With dismantling of the public marketing organizations due to ESAP, an alternative system, which will largely be privately or cooperatively owned, needs to be developed to ensure that the produce is efficiently stored/transported/ processed/marketed in the urban areas/export markets...

The fourth challenge is to maintain the sustainability of the agricultural resource base i. e. in meeting challenges 1-3, there must be minimum environmental degradation (i. e. minimum soil erosion, maintenance of productivity of the land, biodiversity, etc., development of alternative sources of energy to firewood, etc.). In tackling the above, African leaders, scientists, civil servants, the private sector etc, will have to avoid getting bogged down with fads and fashions which emerge from the development community. They will have to establish institutions and structures which

ensure that the strategies formulated are implemented. Even more important, this will also require the establishment and/or strengthening of the capacity for institutional crafting in most countries of the sub-region.

Fourth – Challenges Facing the Agricultural Development Process

Agro activity could realize and impact economic development, in other words, it can reach its specific objectives in a shorter period compared to any other activity, because it has primary and secondary links with the other activities, but it faces several challenges:

Natural Resources:

Owns un-exploited agricultural natural resources (land, water, scientific brains, labor force), waiting for intensive investment to use for increasing agro productivity; animal and plant production.

1. Water

It is known that water resources available for agro purposes are limited, in addition of lack of any agreement to guarantee a fair share of Tigris and Euphrates rivers, however, there are other challenges on the internal level, that are not less serious:

A- The random usage of water in the three main sectors: agriculture, industrial, and domestic, is still continuing, in addition to lack of internal coordination and absence of agreement among the main users which calls for developing a vision for water policy.

B- Weak participation of water users in its management.

C- Irrational methods of irrigation, especially in surface irrigation.

All this require a flexible system to manage the demand on water for getting the best usage of the available water, while taking social, political, economical, and ecological factors into account. Demand management strategies and tools will enable us to use water efficiently and in an equal and sustainable manner, weather in practices or policies. Basically, managing the demand on water requires making a difference in the behaviors and practices related to water usage.

2. Agricultural Lands

In Iraq, there are wide arable lands, but what is actually used is still small, however, some challenges still face using these lands and hinder its appropriate usage, as follows:

A- The problems of salinity and copious in central and southern Iraq soil.

B- Land fragmentation, and small agricultural acquisitions hinders efforts to develop agro processes and introduction of modern technology.

C- The gypsum soil that spread across wide areas which constitute a challenge to agro development since it needs experience and special care to manage.

D- The spread of dunes and erosion as a result of natural elements, these are serious risks facing agriculture.

3. Human Resources and Capacity Building

A- The technical and administrative capacities for the people working in this sector is still in need of support, by enhancing extension, raising awareness, leading negotiations to reach acceptable agreements to improve water quality and quantity to guarantee a fair and acceptable share for Iraq.

B- Severe shortages in all field research requirements, and the need to twin it with agricultural extension to apply research results and deliver them to the farmers.

C- The need for technical means to transform the productive capacities to real capacities to bridge the gap between the actual needs and actual production, even partially, since the achieved harvest rates are still humble and could be improved.

4. Agro Investments

The investment environment is still not attractive in spite of issuing the investment law number 13 for 2006, since no investments were pumped in the agricultural body to strengthen it, however, agro investments are the key to sustainable development and the best way to achieve sustainable food security, creating job opportunities, enhancing the income and nutrition of rural people, and decreasing migration from rural to urban areas.

The country is in need for annual, or even seasonal requirements, like agro machines, fertilizers, pesticides, and others, imported from abroad with huge amounts of money in hard currency, which could be transformed onto added value for the GDP, or capital accumulation, if we invest locally in these

requirements. Governmental investment plays a significant role in spending on the infrastructure, operation, and maintenance of the natural resources and providing and improving services, issuing the necessary laws and legislations to regulate processes, in addition to providing direct and indirect support. This methodology of state carrying all the burdens had the impact of: creating a feeling of carelessness which resulted in abuse and waste of these resources.

5. Environmentental Challenges

Laws and legislation for the agricultural sector guarantees a sustainable environment but the problem is in the implementation of procedures. Despotic fishing and hunting; usage of electricity and poisons, irrational application of fertilizers and pesticides, and the lack of effective system for contention, and sewage water recycling process which require: preserving the bio diversity, monitoring the activities that adversely influence eco diversity, establishing reservoirs and organizing them to keep the types in their locations keeps ecosystems, multiplication of endangered species, and establishing plan and animal genetic banks.