

Issues related to Agricultural Development in Peru



Sociology

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ABSTRACT

This article is based on agricultural issues related to Peru. The author visited in the month of May 2013 Peru as a part of study tour on Ella Learning Alliance on Small-Scale Farming. This article is based on a case of a farmer from Huancaayo province of Junin region of Peru. It was observed that the family's basic food needs were fulfilled but sometimes natural calamities destroy crop. In view of this, crop insurance as continued in India may be implemented in Peru.

Introduction:

Peru a country located near South of Pacific Ocean is endowed with huge natural and human resources. It is spread over to an area of 1,285,216 square kilometers inhabited by 29 million people.

Its economy has been growing up from last decade. GDP has expanded even in the recent economic crisis and presently over around US\$200 billion. Moreover, according to World Bank 's projections Peru will continue leading regional growth reaching the worlds' average GDP per capita before 2020.

According to Central Reserve Bank of Peru's statistics, its GDP growth rate was 0.9% in 2009 otherwise from 2006 to 2012 growth of GDP was in the range of 7.7 to 6.3 per cent with a peak of 9.8 per cent in the year 2008. Agriculture production has not been the exception to this trend. During this period, agriculture production has increased by 50 per cent. However, its contribution as a percentage of the total GDP has scaled down as manufacturing and tertiary sectors have been growing up and thus contributing more to the GDP. Peru has been categorized as upper middle income by the World Bank placed 39th largest economy in the world. In fact Peru is one of the world's fastest-growing economies owing to the economic boom experienced during the 2000s (wikipedia.org/wiki/Peru). The growth Peruvian economy has been sustained by a constant flow of investment mostly private investment as out of total investment to GDP in percentage term private investment in recent years hovered around 20 per cent against 5 per cent of public investment. Peru is a democratic republic spread over to 25 regions. Its geography varies from the arid plains of the Pacific coast to the peaks of the Andes Mountains and the tropical forests of the Amazon basin. It is a developing nation with a high Human Development Index as Peru's rank is 77 with the Index of 0.741 against India's Human Development Index of 0.554 in 2012 (Economic & Political Weekly, April 20,) and a poverty level around 28.7 percent. Its main economic activities are agriculture, fishing, mining, and textiles. In Ica region with less rain organic cotton (best quality in the world) is grown. The coffee, fruits and vegetables are Peru's most important agricultural export item, and in recent years asparagus is the another crop exported from Peru with huge number fetching foreign currency. According to the Statistics, Peru's fruits and vegetables exports were close to U.S. \$1.2 billion in 2009, which went up from \$60 million in 1990. Since 1990, exports have increased at an average annual rate of 16 percent (<http://en.wikipedia.org>).

Peru has opened its economy in the early '90s after the Washington Consensus. In recent years Peru's export contributed different types of agricultural goods. The crops which yielded high are sugarcane, asparagus, olives, artichokes, grapes and avocado. Around 2/3rd of agricultural goods were exported to 7 developed countries of the world last year and US \$4000 billion agricultural produce were exported to 145 countries. In view of this Government of Peru has planned to develop irrigation project in a massive way. Another important feature of Peru is that it stands at 113 ranks as per Global Peace Index of 2013 (published recently) which was 79 in 2012. India stands at 141 in the rank. Peace is sine qua non for development so both India and Peru should take measures in their respective countries

for peace. Iceland tops the list both in 2013 and also topped in 2012, followed by Denmark. It is pertinent to mention that India has increased defence expenditure, which drags India's overall score down (Global Peace Index 2013). The Report further states that "the total economic impact of containing violence is equivalent to 11% of global GDP, or US \$9.46 trillion. If the world could reduce the cost of violence by 50% it would generate enough money to repay the debt of the developing world, provide enough money for the European stability mechanism, and fund the additional amount required to fund the Millennium Development Goals". Hospitality of people of Peru is laudable. Visiting in interior places as well as walking at night in Lima city is not at all an issue. I have never felt peace was an issue for me in Peru.

National Strategy for Rural Development (ENDR):

(Source of follow few lines is from the materials provided under ELLA Learning Alliance on Small Scale farming)

Local Governments in Peru have not been a key actor during the rapid economic expansion. In spite, Local Governments many times took initiative for enhancing development in their areas but low financial and technical capacities hinder this effort resulting inadequate implementation of rural development programmes and statistics reveal only 12 percent of the districts have implemented rural development plan in Peru in true sense. Nevertheless, public efforts from the Central Government have made some progress. In 2004, the National Strategy for Rural Development (popularly known as ENDR) was approved after a consensus between Government and civil society.

The ENDR main objective is to collate and coordinate every public intervention for enhancing sustainable development in a specific territory. First time in Peru this initiative was a holistic approach.

To achieve ENDR objectives, 9 policy guidelines were set which are mentioned below:

1. Boosting rural economy competitive, diversified and sustainable.
2. Promote access to productive assets for rural groups.
3. Provide adequate and sufficient economic infrastructure to support rural production.
4. Provide services to improve the quality of life of the rural population and employment alternatives.
5. Promote and encourage sustainable management and conservation of natural resources and protect the environmental and cultural heritage.
6. Promote a comprehensive risk management in production and rural infrastructure.
7. Promoting rural resident capabilities and social capital.
8. Promoting social inclusion.
9. Foster institutional change to create conditions for rural development.

Agrarian Reform

In 1968 the Peruvian military led a bloodless coup of power headed by General Juan Velasco Alvarado. One of the main objectives was the implementation of an agrarian reform which

interalia, included redistribution of land to peasants/former workers so that they can lead quality life not like slaves.

The main strategy was expropriation and redistribution of all estates that were more than 150 hectares. In addition smaller lands whose owners were using them inefficiently or who were violating labor laws were also taken up. Most of the large private holdings were converted into cooperatives by prior workers on the estates. Around 71 percent of private irrigated lands were expropriated as well as 92 percent of rain fed croplands, and 52 percent of natural pastures were expropriated. According to an estimate about 0.37 million farmers were benefited (a quarter of the total rural families). These cooperative had very mixed success; and the majority were converted into individual private holdings during 1980s. The conversions were authorized in 1980 by changes in the basic land reform legislations and were put into effect after majority cooperative members voted. The failure of cooperative system was due to a combination of factors which inter alia included unprofessional management, lack of adequate policies to support agrarian activity, etc.

Field study: A case of a marginal farmer-

To get an idea about the farmers economic condition and type of crops grown, quality of life farmers etc., a study was carried out in May 2013 in Huancayo province of Junin region. The region is endowed with a scenic valley known as Mantaro valley which is located 300 kilometers away from capital city of Peru i.e. Lima. Its beautiful natural view and weather (May 2013) is rarely found in many parts of the world.

Mantaro valley is in Andean Peruvian valley and is located in the Peruvian Central Andean Region of 3200 meters above the sea level. It has irrigation facility for many agricultural lands. The literatures reveal its existence was more than 4000 years ago. The history reveals Chavin to Huari used the valley for inhabitation. Moreover, Spanish conquerors used Jauja, a major city within the valley for administrative activities. However, presently, medium and large scale mining projects have been developed on its hinterlands, and the largest hydroelectric power plant of Peru is located in the valley. However, agriculture is the main activity in the valley.

The main crops grown are maize, papaya, potato, artichoke etc. During field study it was observed that about all the households in the valley had agricultural land (minimum of less than one hectare) as well resources like chicken, pigs, cows, guinea pigs (for meat) and lamb.

A case of farmer is presented here to get an idea about the ground reality. During field study in May 2013, Mrs. Miguel of Quilcas village, Huancayo province of Junin region was contacted. She had four members family and 0.5 hectare of agricultural land besides own house (kuchcha type with mud wall which mostly found in rural areas of north-eastern states and tribal regions of India). In addition to her agricultural land she had assets like cow, pig, chicken and guinea pig (meat purpose). All

activities and assets were from their own resources. Out of total land of 0.5 hectares, she used to cultivate maize every year on 1/3rd of her land as maize is the staple food of the family. In fact most of the people in Peru consume maize as staple food. It is pertinent to mention that maize grown in Peru is of different colour like yellowish (as available in India), reddish, black, white-spotted back etc. I think coloured maize is not available in India, at least I have not seen. In India only yellowish or white type maize is available. The people fry or boil maize and eat. Sometimes by extracting seeds they grill it and make like cake and eat. The maize is very soft to eat and almost all the restaurants in Peru, serve a small bowl of maize fry at free of cost before serving of the food as plenty of maize is grown in Peru. Another staple food of Peru is potato which is widely grown. Interesting feature is that inside of the many native varieties of potato is colourful (natural) and thus in addition to its taste colour attracts the people. I enjoyed the coloured potatoes in many times as chips. Even PEPSICO has been selling as Lay's potato chips in the market.

Mrs. Miguel informed that apart from maize, she produces potatoes and beans as major crops and thus her food is assured rather "food security" is secured. And by selling livestock she earns some income. While discussing she informed that many a times her crop was damaged by hailstorm and frost. As there is no provision for crop insurance as policy of Government so she was not compensated. So crop insurance is an issue here. However with her agricultural production and livestock she manages her food for family.

Conclusion:

This case study reveals with marginal holding of land Mrs. Miguel and her family was maintaining their livelihood as the family endowed with agricultural land and livestock resources. But whenever crops are damaged by hailstorm and/or frost the family lives in agony. In view of this, it is suggested that crop insurance as introduced in India may be launched by the Government of Peru for all the farmers. In addition, for easy available of loan, Kisan Credit Card (K.C.C.) as introduced in India may also be introduced for the farmers of Peru because such programme was not available in Peru as reported during field study so whenever they require loan they approach bank. Lastly Kisan Call Centre (as observed in India) which is a new concept for the farmers of Peru may also be introduced in Peru by the Government if feasible. A few words about Kisan Call Centre in India may be mentioned here for the benefit of readers. It is a telecom network for both private as well as Government sector. More than 4 lakh villages in India have been connected through telephone network in the country. The network directly connects the farmers (individually) to resolve their problem(s) regarding farming. Any farmer can call to the Kisan Call Centre at any time at free of cost for which toll free number is available (kisanallcentre).

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