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Emerging Challenges for Farm Labour in the Indian Coffee Sector

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Abstract

Agricultural production systems in India are often labour intensive and exposed to a high level of farm risk. Though agricultural labour is considered to be abundant in most parts of rural India, the coffee sector of Karnataka state is subject to conditions pointing at a different dynamic. Coffee production in Southern India offers little scope for mechanisation and is consequently dependent on labour, and as such representing the most sensitive production factor. Given that labour shortages frequently occur, labour is furthermore an issue associated with risk, especially for plantations growing Arabica coffee. The analysis of the coffee sector in Karnataka indicates a consistent scarcity of labour in recent years, which is likely to jeopardise both the production system and the local economy. The irreversible movement of labour out of the agriculture sector has doubled agricultural wages for the past five years. Results further indicate a yield reduction for medium and large plantations of up to 30 percent thus affecting the returns and profitability of the respective coffee farms. It is observed that the backward bending labour supply curve is demonstrated among the labours as the number of working days has been relatively reduced to previous years with lower wage rates. While small coffee plantations are able to cope with the scarcity of agricultural labour by a substitution of family labour, medium and large coffee plantations are facing distinct problems to fetch manpower resources, putting the viability of the sector at stake. Strategies to overcome the scarcity of agricultural labour are needed particularly for medium and large plantations to secure the sustainability of the corresponding livelihoods in the long run. Apart from challenges related to the skills and quality of the labour force, it is concluded that incentives for labours such as a contribution of cash and kind, a fixation of standard wage rates as well as the acquisition from labour surplus areas may ease the emerging problem to some extent.

Keywords: Agricultural labour, coffee sector, farm risk, India, labour scarcity