

# Why is there a debate about corporatisation in agriculture?



**MA Sattar Mandal**  
is an emeritus professor of Agricultural Economics and former vice-chancellor of Bangladesh Agricultural University. He is currently a professorial fellow at the Bangladesh Institute of Development Studies.

MA SATTAR MANDAL

Agricultural corporates have evolved globally alongside liberalisation policies that have reshaped agricultural production to enhance productivity, profitability, and efficiency on both technical and economic grounds. A dominant form of agricultural corporatisation has been contract farming, which is widespread across South Asian countries, South America, and Indian states such as Gujarat, Madhya Pradesh, Karnataka, and Maharashtra. Corporates typically operate through direct ownership of, or leasing farmland from, farmers for captive production of industrial raw materials, agro-processing, and value addition to primary agricultural products. This model facilitates increased investment in farming technology and human capital, boosts yields in both crop and non-crop enterprises, generates employment, creates international market linkages, reduces unit production costs, and thereby enhances agricultural productivity and efficiency. These are all well-known textbook arguments in favour of corporate agriculture. However, the nature and functioning of agricultural corporates vary from country to country, depending on factors such as the size of the farming population, farm size, land tenure systems, and cropping patterns.

What, then, is the debate surrounding corporate culture in agriculture? Before delving into this question, let us examine the specific context of Bangladesh's agriculture.

In Bangladesh, a striking 88 percent of the country's 17.5 million farm households are small and marginal farmers, operating on plots of up to one hectare and collectively accounting for roughly two-thirds of cultivated land. On the other hand, large and medium-sized farms constitute only 12 percent, yet they manage one-third of the cultivated land. Agriculture in Bangladesh is also witnessing a steady decline in arable land, a rising

number of farms with decreasing average sizes, increasing land fragmentation, diseconomies of scale in farm operations, and persistent yield gaps under individual farm management. Most small farmers are part-time agriculturalists, dividing their efforts between farming and non-farming activities. Many are newly established tenant farmers who own some land while leasing or sharecropping additional plots from both large and small farms on a yearly or long-term basis. One of the major concerns for the country's agriculture is that while total production is increasing, the growth rate has been declining over the years. Additionally, low diversification and significant yield gaps in both crop and non-crop sectors pose a threat to national food and nutrition security.

Historically, individual management was the norm for subsistence-oriented family farming, relying almost entirely on family-supplied labour, draft animal power, homemade farm implements, home-supplied seeds, and traditional animal husbandry practices. However,

A farmer is harvesting rice during Agrahayan.

PHOTO: ANURUP KANTI DAS



- » One of the major concerns for the country's agriculture is that while total production is increasing, the growth rate has been declining over the years.
- » While individual farm management suffers from diseconomies of scale in the use of machine services, some form of 'operational consolidation' of fragmented plots has emerged.
- » Corporate agriculture is a hard reality as the corporates have investment capacity, frontier technology and market linkages for productivity and efficiency gains.
- » Corporates may establish oligopolistic control over the domestic food market to such an extent that they eventually become the 'price makers' of major food items.
- » The corporatisation of agriculture in Bangladesh requires a regulatory framework ensuring land ceilings, food security, job creation, and environmental sustainability.

agriculture has now undergone significant commercialisation, necessitating hired labour, farm machinery, irrigation services, high-yielding seeds, chemical fertilisers, pesticides, and advanced harvest and post-harvest technologies. Many of these critical inputs cannot be owned or efficiently utilised under an individualistic management system. This challenge has been exacerbated by the exodus of family labour from farming, rising labour wages during peak seasons, and increasing cash requirements for purchasing inputs and services from the market.

Recent BIDS scoping studies on agrarian change by Mandal (2024) and Wood & Mandal (2024) indicate that while individual farm management suffers from diseconomies of scale in the use of

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