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The Value of Advice: Evidence from a Mobile-Phone Based Agricultural Advice Service in India.

ABSTRACT: Attempts to explain the astonishing differences in agricultural productivity around the world typically focus on farm size, farmer risk aversion, and credit constraints, with an emphasis on how they might serve to limit technology adoption. This paper takes a different tack: can managerial practices explain this variation in productivity? A randomized evaluation of the introduction of a mobile-phone based agricultural consulting service, "Avaaj Otalo (AO)" to cotton farmers in Gujarat, India, reveals the following. Demand for agricultural advice is high, with over two thirds of treatment farmers calling into the AO line. Farmers offered the service turn less often to other farmers and input sellers for agricultural advice. Management practices change as well: farmers invest more in the most appropriate inputs, make better pesticide and fertilizer decisions. We find dramatic increases in yield for cumin (33%), and improvements in cotton yield (10%) for a sub-group which received frequent reminders to use the service.