

**GLOBALIZATION AND ITS IMPACT ON INDIAN AGRICULTURE –
A MACRO LEVEL ANALYSIS**

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Abstract:

Globalization, the process of integrating the domestic market with the world market for international trade, finance, and goods and services stands differently from normal course of action. The concept of global village elevates the competition in every market to the world order and agricultural market cannot remain out of its ambit. Globalization refers to integrate the domestic market with world market in the field of trade of goods and services, technology and labor etc. Globalization is the process of movement of capital and flow of finance from one country to other country. Agriculture sector plays key role in economic development. Recent agricultural policies of the government under the back drop of the liberalization have lead to increase in agricultural productivity. The main theme of this paper is to study the growth rate of production in per hectare and impact on Indian agriculture with the help of globalization before and after this concept. For study purpose the period from 1950 to 2011 is considered.

Key Words: domestic economy, labour, Technology, Capital,

INTRODUCTION:

Globalization, the process of integrating the domestic market with the world market for international trade, finance, and goods and services stands differently from normal course of action. The concept of global village elevates the competition in every market to the world order and agricultural market cannot remain out of its ambit. The 60% share of agriculture in the national employment as well as its contribution to the GDP and through that the development of Indian economy is glaringly significant. Keeping the key role played by this primary sector in mind, the agricultural policy in 2000, the subsidies were offered to agricultural inputs like seeds, fertilizers, pesticides etc. *Gulati Ashok and Rao C H Hanumantha (1994)¹* have strongly opinioned the

integration of Indian agriculture with world market helps to improve the terms of trade in favour of agriculture.

The process of globalization not only includes opening up of world trade but also development of advanced means of communication, internationalization of financial markets, growing importance of Multinational corporations (MNC's), population migrations and more generally increased mobility of persons, goods, capital, data and ideas but also infections, diseases and pollution. The term globalization refers to the integration of economies of the world through uninhibited trade and financial flows, as also through mutual exchange of technology and knowledge. Ideally, it also contains free inter-country movement of labour.

REPEAT OF HISTORY IN THE NEW FORM OF GLOBALIZATION:

Historically, the dominant power tends to support globalization as a way to increase the ambit of its influence, expand trade and gain economic advantage, co-opt new citizens and possibly show the advantage of its own path. This was the case with the Roman, British and now American-led globalizations (06M2). (in gci.html). The original era of globalization lasted from 1880 to 1914 when WWI began. It harnessed the powers of global communications and swift transport to link the world economically. This first era was marked by "a dominant but financially overstretched global power, rival powers that defined themselves only in opposition to the dominant power, new regional powers with global aspirations, a proliferation of "failed states" and state-sponsored armed groups." Professor Neil Ferguson, history professor at Harvard University, notes numerous striking similarities between the current era of globalization and the first era of globalization, a few of which are listed above (05S1). The first era involved a struggle over access to India; the current era involved a struggle over access to Saudi Arabia (05S1). The anti-western armed organizations in the 19th century followed the teaching of Karl Marx; those in the current period follow Osama bin Laden (05S1). (In Section (1-B) [1] of gci.html)

LITERATURE REVIEW:

The Literature review gives wide band of knowledge about Globalization. Origin of growth of Agriculture sector after globalization can be traced in the literature from the year 1990. The term globalization has come into common practice since the 1980s, reflecting in the technological advances that have made it easier and quicker to complete international transactions flows, both trade and financial. It refers to a greenhouse beyond national borders of the same market forces that have operated for centuries at all levels of human economic activity.

Both turn down of Trade and investments can be listed as the main drivers of globalization. The decline in the trade and investments can directly affect the international trade, foreign direct investments (FDI) of the country, and also the restrictions are being removed from FDI by many countries. Technology in the field plays a significant role in driving globalization as well. Some examples of technology include internet and World Wide Web, transportation, and communication.

It is amply clear that growth of agriculture has the direct relation even in development of the planned economy as it is equipped with advantage of low investment and the base for industries. The policy of Government in India

aspires to develop agriculture to achieve objectives viz., to ensure food safety, to prepare farming societies for international economic exchange, to provide commercial viability for farming and to use agriculture as powerful tool to increase GDP.

NEED FOR THE STUDY:

The food and agriculture organization (FAO) calculates that food deficit countries will be forced to spend 30% more on improving food valued at \$1.3 trillion. India is attempting to feed 17% of the world population with 7% of the world. Agriculture in India in addition to gamble with monsoon has confronted with rising cost on the one hand and uncertainty prices for many products on the other. The main aim of the study is to analyze the impact of globalization on the growth of agriculture in the context of Indian Economy.

METHODOLOGICAL APPROACH OF THE STUDY:

In the present study an attempt has been made to analyse the impact of globalization on agricultural productivity. This study is based on secondary data and it is collected from different books, edited volumes, websites and other official documents. For this the growth pattern and some aspects of productivity in agriculture sector in India have been calculated. The study is being conducted with reference to the data related to performance of farmers with new branded seeds, pesticides and fertilizers. The agricultural sector has been studied with the belief that they hold the largest share in development. The reference period of the data has been taken in to two parts from 1950-2011

OBJECTIVES OF THE STUDY:

The specific objectives of the present study of impact of Globalization on Indian Agriculture are

- To study how globalization of agriculture would have an effect on agricultural production, change efficiencies and influence social issues in India.
- To analyse the role of Research and Development in agricultural development and technology intervention in agricultural trade.
- To evaluate whether all resources and appropriate trade models are in use and recommend the one that is most appropriate for the sector.
- To assess how promising technologies, value addition and domestic reforms would promote trade and affect efficiencies and recommend solutions for them.

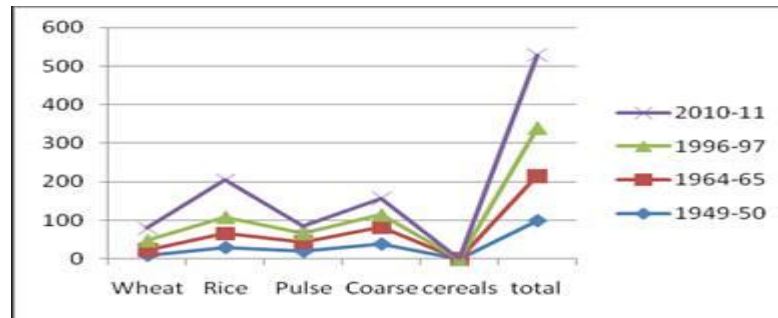
GROWTH OF AGRICULTURE SINCE 1950 TO 2011:

Available agricultural statistics reveal that agricultural production rose only marginally, as compared to the growth of population. To J.P. Bhattacharjee, Indian population rose by 38% but the area of cultivated land rose only by 18% only. But with the help of globalization the Indian farmers increase the rate of growth per hectare.

Table 1: Growth in Cropping area since 1950-2011 (in million hectare)

	1949-50	1964-65	1996-97	2010-
Wheat	10	13	25	32.48
Rice	30	36	43	95.98
Pulse	20	24	24	18.24
Coarse cereals	39	44	32	2.68
total	99	117	124	

Sources: GOI, Ministry of India: Economic survey

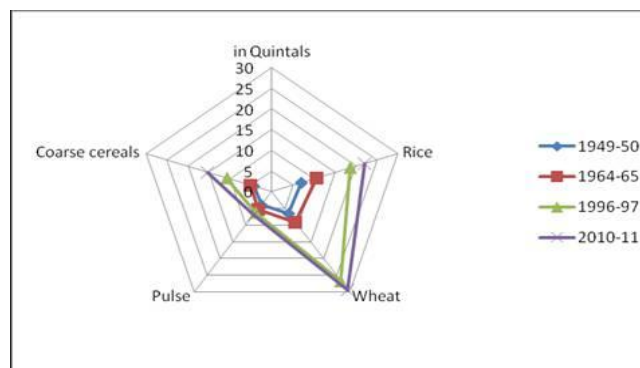
Chart 1: Growth in Cropping area since 1950-2011 In million hectare

During the pre-green revolution period in 1949-50, the area of crops (Cropping area) was 99 million hectare and it is increased to to 189.40 million hectare with the help of improving technology in irrigation. In 1949-50 the condition of irrigation and availability of seeds was very small as compared to present time. Government has made number of policies regarding subsidies on multi-branded seeds and fertilizers. Globalization is helpful to provide the branded seeds to the farmers and the govt.

Table 2.Growth rate per hectare from 1950-2011

All Food grains	1949-50	1964-65	1996-97	2010-11
Rice	7.1	10.8	18.8	22.24
Wheat	6.6	9.1	26.7	29.38
Pulse	4.0	5.2	6.2	6.89
Coarse	4.3	5.1	10.7	15.28

Sources: RBI & GOI: Ministry of finance: Economic survey

Chart 2 :Growth rate per hectare from 1950-2011

During the pre-green revolution period, rice recorded the most impressive growth rate (7.1 quintal per hectare)in 1950, but with the help of improved production technology it has increased to 22.24 quintal per hectare in 2011.Wheat is also another important food grain in India and its production growth rate per hectare in 1950 was only 6.6 quintal per

hectare but it also has increased to 29.38 quintile per hectare in 2011. The growth rate of Pulse has increased from 4 to 6.89 quintile per hectare during 1950 to 2011. In pre green revolution there existed poor techniques, fewer pesticides, and seeds even were not multi branded. With effect of globalization at present every country is using the branded seeds for the high yield production. In this paper we have analysed that the globalization has brought about the increase in the rate of production per hectare compared to previous period. Globalization not only helped increase in production but also has stimulated the export of surplus food grain to other countries.

AN OVERVIEW OF INDIAN AGRICULTURE ROLE IN THE FIELD OF INTERNATIONAL TRADE:

Agriculture plays an important role in international trade. Agricultural products, like tea, sugar, oilseeds, tobacco etc. constitute nearly 50% total exports in India, shows its predominance in exports. Globalisation helps India to import necessities in exchange with food grains.

Table: 3. Indian Agri Trade Balance (in \$ billions)

	2009-10	2010-11
Export	10.56	14.73
import	10.70	10.63

Sources: DGCIC

Globalisation helped India to export agricultural goods. The table 3 shows increase in export of agricultural goods from 10.56 to 14.73 \$ bn during 2009-10 to 2010-11.

IMPACT OF GLOBALIZATION ON INDIAN AGRICULTURAL SECTOR:

Agricultural sector is the mainstay of the rural Indian economy around which socio-economic privileges and deprivations revolve, and any change in its structure is likely to have a corresponding impact on the existing pattern of social equality. No strategy of economic reform can succeed without sustained and broad based agricultural development, which is critical for *raising living standards, * assuring food security, * generating buoyant market for expansion of industry and services, and * making substantial contribution to the national economic growth. Studies also show that the economic liberalization and reforms process have impacted on agricultural and rural sectors very much. According to Bhalla⁹⁷, of the three sectors of economy in India, the tertiary sector has diversified the fastest, the secondary sector the second fastest, while the primary sector, taken as whole, has scarcely diversified at all. Since agriculture continues to be a tradable sector, this economic liberalization and reform policy has far reaching effects on

- Agricultural exports and imports
- Investment in new technologies and on rural infrastructure
- Patterns of agricultural growth
- Agriculture income and employment
- Agricultural prices and food security

Reduction in Commercial Bank credit to agriculture, in lieu of this reforms process and recommendations of Khusrao Committee and Narasingham Committee, might lead to a fall in farm

investment and impaired agricultural growth [Panda96]. Infrastructure development requires public expenditure which is getting affected due to the new policies of fiscal compression. Liberalization of agriculture and open market operations will enhance competition in “resource use” and “marketing of agricultural production”, which will force the small and marginal farmers (who constitute 76.3% of total farmers) to resort to “distress sale” and seek for off farm employment for supplementing income.

SUMMARY AND CONCLUSION:

By the study it is clear that the agriculture plays a key role in the economy. Agriculture provides employment to 60% of Indian population though it contributes only 20.6% of the GDP. After adoption of globalization in 1991, the growth rate of Indian agriculture has increased but at the same time the economic condition of farmers has not improved because of high input cost and poor total output. The lesson from recent experience is that a country should carefully choose a combination of policies that best enable it to take the opportunity - while avoiding the pitfalls. India which is now the fourth largest economy in terms of purchasing power parity, may overtake Japan and become third major economic power within 10 years provided the primary sector is improved. Agriculture being a primary sector contributes about 27% of GDP, provides 65% of labour force, and accounts for 21 % of total exports, Though agriculture is a “state subject”, the Central Government brings agricultural resources development schemes under both central sector and centrally sponsored sector.

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