

Economic Reforms and its impact on Indian Agriculture**Dr. Y. S. Hanumantharaya**

Associate Professor of Economics

G. F. G. C, Pavagada.

Abstract

Globalization is an unavoidable phenomenon in human history, bringing the world closer together since the days of early trade and exploration through the flow of goods, products, information, jobs, knowledge, and culture. Agriculture accounts for only 12.6% of the country's GDP in 2012-13. Given though more than 60% of total land area is under cultivation, India's productivity chart remains low in comparison to other affluent nations. The transfer of knowledge to the agricultural sector, as well as the provision of vital inputs, is critical. The country has a robust telecom and internet network that might be put to good use in distributing knowledge and information to the farming community. India is a participant in the global flow. It is vital to make efforts to boost the proportion of agricultural products in exports.

The agricultural sector is facing issues such as inconsistent and insufficient electrical supply, a lack of essential amenities, a drop in production, a lack of crop planning, a lack of funding, a reliance on rain, and so on. Various solutions must be devised in order to assign correct prices to the products. Agriculture-related processing industries have been formed. Farmers should be trained and advised on how to create agricultural-related businesses. If these treatments are implemented, Indian agriculture will be able to participate in globalization.

Key words –Globalization, GDP, Agriculture, Liberalization.

Introduction

The word globalization refers to the adoption of liberalization of foreign exchange restrictions, open and unfettered trading markets, etc. As a result, the world is considered as a global village. The globalization is relatively a new term used to describe a very old process. It is a historical process that began with our human ancestors moving out of Africa to spread all over the globe. The globalization is the integration of the world economy and exchanging the ideas, products, technologies etc. The globalization has proved to be a double-edged weapon. Government temporarily meets its emergent need of foreign exchange but it has, as a by-product, caused some permanent damage to Indian economic system and Indian social structure.

The process of globalization is an inevitable phenomenon in human history which has been bringing the world closer since the time of early trade and exploration, through the exchange of goods, products, information, jobs, knowledge and culture. The globalization is the process of integration of the world into one huge market. It provides several things to several people with removal of all trade barriers among countries. The globalization happens through three channels are trade in goods & services, movement of capital and flow of finance. The globalization in India is generally taken to mean integrating the economy of the country with the world economy.

Mahadevan defines that the globalization in the context of agriculture can best be discussed in the context of three components are improvements of productive efficiency by ensuring the convergence of potential and realized outputs, increase in agricultural exports and value-added activities using agricultural produce and finally improved access to domestic and international markets that are either tightly regulated or overly protected.

The globalization makes world as a small village. The Globalization means an explanation of market from local level to worldwide level. Now the concept of a specific place for market is disappearing and the whole world is becoming a market the process of Globalization is related to economic development. The competition has become large in every field the aim behind Globalization is economical so that many changes are made everywhere. The agriculture is the means of income of many people, 60 per cent of population of India depends upon agriculture, 27 per cent of GDP of India gets from agriculture, 65 per cent of labor force and 21 per cent of total exports. The India is the second in the world population, 17.5 per cent of the world population lives in India. The India exports agricultural products such as tea, coffee, rice, wheat, sugar, vegetables; fruits, cashew nut etc. and imports milk products, cashew nut, fruits, edible oil, chicken, seeds etc. The government gives some subsidies on the agriculture products like fertilizers, seeds, pesticides. The economic development of a country is directly related to the growth of agriculture. The agriculture sector provides the employment opportunity to the people. The agriculture played a key role in our planned economy with its advantage of low investment and the base of industries. The development of agriculture is being given due importance by the Government in order to achieve the following objectives are for issuing food safety; for creating farming

societies for international economic exchange; and to stimulates the growth of farmers and to increase GDP.

Current Status of Indian Agricultural Sector

The productivity chart of India is still low as compared to some other developed nations, considering the fact that more than 60 per cent of total land area is under cultivation. It remains the largest contributor towards disguised unemployment in the country. Despite the agriculture ministry providing a high budget towards development of irrigation facilities, most farmers still depend on rainfall for their irrigation needs. The agriculture sector is changing the socio-economic environment of the population due to liberalization and Globalization. About 75 per cent people are living in rural areas and are still dependent on agriculture. The agriculture continues to play a major role in Indian Economy. The growth rate in agriculture and overall GDP of India are presented in Table-1.

Table-1. Growth Rate in Agriculture and Overall GDP of India

SlNo	Five Year Plans	Growth Rate in GDP of Agriculture and Allied Sector	Overall GDP Growth Rate
1	Seventh Plan(1985-1990)	3.2	6.1
2	Annual Plan(1991-1992)	1.3	3.5
3	Eight Plan (1993-1997)	4.7	6.7
4	Ninth Plan (1998-2002)	2.1	5.5
5	Tenth Plan (2003-2007)	2.3	7.6
6	Eleventh Plan(2008-2012)	2.7	9.1

Source: Various Economic Survey, Govt.of India, New Delhi.

Note: PE: Provisional Estimates

From the Table-1 reveals that the Growth in agriculture GDP which stood at 4.7 per cent per annum during the 8th Plan (1993-1997) progressively declined to 2.1 per cent per annum during the 9th Plan (1998-2002) period; 2.3 per cent annum during 10th Plan (2003-2007) period; 2.7 percent annum during the 11th plan period (2008-2012).

Impacts of Globalization on Indian Agriculture

The experts beloved that Globalization will help to balanced development of agricultural sector, changes would occur in the economic conditions of the farmers, agricultural products would get proper prices, employments would be available in agriculture, rural industries, cottage industries, small industries would start and farmers would be happy but this belief is going to be false. According to the policy of WTO

India has to reduce import duty by 50 per cent for agricultural goods till 2008. Out of Indian population 25 per cent people still below poverty line and 60 per cent population depend upon agriculture. The proportion in England 2 per cent in America 3 per cent and in Japan 7 per cent respectively. The share of agricultural income in gross national income in India 23.6 per cent, in Australia 5 per cent, in Canada 4 per cent, America 3 per cent and England 2 per cent respectively. In India, 62 per cent of total agricultural land is depending upon rain water.

In India tea, coffee, rice, wheat, sugar, tobacco, spice, cashew, sesame, oil, fruits, and vegetables, meat and fishes as well as imports legumes, milk products, cashew nuts and fruits, edible oil, chicken, seeds, etc. The country imports 50-60 lakhs tons of edible oil and spends about 15 thousand cores rupees on it. In India out of total produced agricultural goods 2 per cent goods are processed. In Malaysia 80 per cent, America and Brazil 80 per cent, Philippines 78 per cent and in Brittan, 70 per cent goods are processed. The difficult for India to keep its place is global competition because Indian goods are low quality and standard, it is high in prices and supply of goods is inadequate and unstable.

It is causing side effects on the developing countries. According to the agreement of WTO it has been decided that the developed countries should give 5 per cent and developing countries should give 10 per cent grants of total value of their agricultural goods. But the developed countries like America, European countries, Japan, South Korea, Canada are given various grants to the agricultural sector. The developing countries have restriction on their agricultural products like import duties and quota. The prices of milk, wheat, and maize are coming down in international market because the countries like America and European countries are providing economical help to the farmers. In such conditions it will not be an overstatement to say that the World Trade Organization is to be named as Developed Countries Trade Organization India has the right to use security shell and to charge more import duty. The 39 member's countries of WTO used; the India did not use the security shell. If India uses the security shell it will get some of the advantages and if the restrictions on the grants of developed countries and objects of WTO are performed properly, India will stable in the competitive market.

Positive Impacts of Economic Reforms on Indian Agriculture

- ❖ **The increase national income:** -The receiving the international market for the agricultural goods of India, there is an increase in farmer's agricultural product, new technology, new seeds etc. helped to grow the agricultural product.
- ❖ **The increase in employments:** - While exporting agricultural products it is necessary to classify the products, its standardization and processing, packing etc. The industries depending on agriculture are stored and it made on increase in employments.
- ❖ **No need to reduce the grants:** - According to the condition of agricultural agreement limit for grants is decided 10 per cent of the production value for the developing countries. But the economical grants we are received less than 10per cent so there is no need of reduction.
- ❖ **The increase in the share in trade:** - Because of the conditions of WTO all of the countries get the same opportunities so there is an increase in the export of agricultural products.
- ❖ **The increase in the export of agricultural goods:** - The prices of agricultural goods are higher in the international market than Indian markets. If the developed countries reduced grants, they have to increase in the prices. So, there will be increase in the export in Indian market and if the prices grow, there will be profit.

Negative Impacts of Economic Reformson Indian Agriculture

- ❖ **The grants distributed on large scale by the developed countries:** -Before the reduction in grants by WTO, developed countries had distributed grants on large scale. They had grown the amount of the grants on large scales in agriculture during 1988-1994. So, they have not to face many difficulties if there is a reduction in grants.
- ❖ **The small production field:** -In India 60 per cent of population depend on agriculture. The pressure on agriculture is increasing because of the increasing population. The possession of land is small and so the production cost is higher. There is also the problem of standard etc. So, there is unfavorable impact occur on Indian agriculture.

- ❖ **The intellectual property right:** -The intellectual property right cause unfavorable impacts on Indian agriculture. The multinational companies can easily enter in the field of agriculture and it will be bad for the margin farmers.
- ❖ **The increasing production expenditure and low cost of goods:** -The farmers are being bankrupt because of growing production expenditure, costly seeds, on the one side and reducing prices of goods on the other side. He doesn't let out of it and so he is committing suicide. This can be one of the impacts of agricultural agreement.

The overall the major impacts of Economic Reformson Indian agriculture:

1. **Raising the production of food grains:** -TheIndia has been experiencing the increase in the production of food-grains particularly after the inception of new agricultural strategy (*i.e.*, green revolution).
2. **Increasing trend in horticultural output:** - The diversity of physiographic, climate and soil characteristics enables India to grow a large variety of horticultural crops which includes fruits, vegetables, spices, cashew nut, coconut, cocoa, areca nut, root and tuber crops, medicinal and aromatic plants etc.
3. **Diversification of agriculture:** -The agriculture is not only meeting the demand for food-grains but also other needs of development. In recent years, agricultural sector has been diversified to produce commercial crops and horticultural crops viz., fruits, vegetables, spices, cashew, areca nut, coconut and floricultural products like flowers, orchards etc. dairy and other animal husbandry products. The demand for these products has been increasing considerably. Thus, there is an ample scope for the development of agricultural sector both in terms of increased production and trade.
4. **Agricultural exports:** - The important emerging trend of agriculture is the increasing volume of agricultural exports. The agricultural exports are playing an important role in expanding economic activities along with generating employment opportunities. The Export-Import Policy 2002-03 has provided ample opportunities for increasing the volume of agricultural exports. The trade policy reforms have provided an opportunity to Indian exporters to export agricultural products to overseas market. The India has the potential to export at least 2 million tons of rice annually which of course includes nearly 6 lakh tones

of high value grain basmati rice. In order to top the future potential, Indian exporters are required to improve their processing and packaging facilities to meet international quality standards. Though there has been some diversification in products exported and spread of destinations, bulk of India's agricultural exports still confirms to traditional items

5. **Food processing:** -The economic liberalization has made ample scope for the development and expansion of food processing industry in India, fruits and vegetables being a perishable in nature are facing a huge loss worth Rs.3,000 Crores every year. In order to prevent such loss, the National Horticulture Board is making necessary steps for providing infrastructure and for the packing, storage and transportation of horticulture products. It also provides employment opportunities in export business.
6. **Rising productivity of agricultural resources:** -Another impact of liberalisation has been felt that it boosted the productivity of agricultural resources. The improvement in the productivity of resources is being done through better allocation of resources and latest technology between different areas under present circumstances. The stress is laid on export-oriented policies, applying new improved technologies in food processing and marketing and giving stress on planting crops as per geographical suitability.
7. **Developing agriculture in backward areas:** -In the post-Green Revolution period, application of new agricultural strategy, research and technology was very much restricted in the production of two main crops i.e., wheat and rice. But under the liberalisation wave, with the growing demand for agricultural exports, many new areas of agricultural operations have become favourable and lucrative. In backward areas, having no irrigation system, dry land farming is becoming popular. The other activities like horticulture, floriculture, animal husbandry, fishery etc. have been encouraged.
8. **More employment opportunities in agricultural sector:** -As a result of green revolution and mechanisation there is considerable fall in employment opportunities in the rural areas. The special employment programmes could not serve the purpose. But increasing potentiality of the agricultural sector as emerged from the Liberalisation/Globalisation wave has set up new trends in horticultural, floricultural and animal product and has created full opportunities and scope for employment of huge number of populations. The allied sector

being labour intensive can provide better solution to the unemployment problem especially rural in India.

9. **Growing trend of investment in agriculture:** -The agriculture sector is experiencing a growing trend in the volume of its investment during the post liberalisation period. But the volume of public sector is declining.

10. **Institutionalisation of agricultural credit:** -The wave of liberalisation has encouraged the institutional agricultural credit. In the initial stage of post-independence period, Indian farmers were depending too much on unorganised sources of agricultural credit, i.e., on village money lenders, landlords and traders etc. who charge exorbitantly higher rate of interest.

Changing face of Indian Agriculture in Economic Reforms

The knowledge transfer to the agriculture sector with necessary inputs is most important. The country has a widespread telecom and internet network which could be put to effective use for delivering knowledge and information to the farming community. The department of agriculture and co-operation envisages that the tools of ICT will provide networking of agriculture sector not only in the country but also globally. It brings farmers, researchers, scientists and administrators together by establishing Agriculture Online through exchange of ideas and information.

Conclusion

The agricultural sector facing the problems are irregular and insufficient supply of electricity, lack of basic services, decrease in production, lack of planning in growing crops, lack of finance, dependence of rain etc. various remedies is to be made for getting proper prices to the products. The processing industries are developed to process on agricultural goods. The farmers should be given training and guidance to start agricultural relating industries. If these remedies are made, then Indian agricultural can excite in the Globalization. It is clear that the liberal policies adopted by Indian Government have played a dominant role in development of agriculture in India. But the main problems are the basic issues of rural poverty, corruption, still remain and are in fact, getting worse in some aspects.

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