

SOME REFLECTIONS OF GLOBALIZATION ON INDIAN AGRICULTURE

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Abstract

Today the word globalization is used in the world wide development process. It is now possible to purchase or sell necessary commodity in each and every corner of the world only because of the means of communications, development of information technology and transport facilities. Thus, the concept of globalization is 'development'. Globalization refers to the process of integration the domestic economy with the world economy. 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. Globalization is the new buzz word that has come to dominate the world since the nineties of the last century. Globalization can be simply defined as "The Expansion of Economic activities across political boundaries of native states". Globalization has to increase the movement of finance, inputs, outputs, information and science across vast geographic areas. In Indian context it implies opening up the economy to foreign direct investment and provide entry to Multinational corporations in India. Globalization means an expansion of market from local level to worldwide. Globalization aims at the integration of the Domestic Economy with the Global Economy and the optimum utilization of growth potential. The process of globalization has revolutionized World Agriculture and allied sectors directed to improve the efficiency productivity and cost competitiveness. Globalization has brought in new opportunities to developing countries. Greater access to developed country markets and technology transfer hold out promise improved productivity and higher living standard. Post liberalization, Indian farmers face new challenges in the form of competition from highly subsidized agriculture of developed nations. This prompts the need for making Indian agriculture successful and profitable by improving the conditions of small and marginal farmers, countering then negative effects of Green Revolution, developing and promoting organic farming, and diversifying cropping pattern from cereals to high value crops. Agriculture sector plays key role in economic development. Therefore present study analyzes the impact of globalization on Indian agriculture.

Key Words:-Globalization, Agriculture, Positive and Negative Impact.

Introduction:

Globalization is the process of integrating the domestic economy with world economy. Globalization is the process of integrates the domestic market with world market for international trade, finance, and goods and services. Globalization makes world as a small village. Globalization means an expansion 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 economical development. The competition has

become large in every field the aim behind globalization is economical so that many changes are made everywhere. Agricultural is the means of income of many people. 60% population of India depends upon agriculture. 27% of GDP of India gets from agriculture. 65% of labour force, and 21% of total export. India is the second in the world about population. 17.5% of the world population lives in India. 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. To develop the Indian economy the govt. makes new policy for agriculture sectors. Agriculture plays very important role in GDP in India. More than 60 percent peoples in India involved directly or indirectly in agriculture. For improve the agriculture sectors, the govt. makes new policy for agriculture. Govt. gives some subsidies on the agriculture products like fertilizers, seeds, pesticides.

Agriculture: Economic development of a country is directly related to the growth of agriculture. Agriculture sector provide the employment opportunity to the peoples. India has also been striving to develop the country agriculture since independence. Agriculture played a key role in our planned economy with its advantage of low investment and the base of industries. According to George Washington, "I know of no pursuit in which more real and important services can be rendered to any country than by improving its agriculture, its breeds of useful animals, and other branches of husbandman's cares." The development of agriculture is being given due importance by the govt. in order to achieve the following objectives:

1. For issuing food safety
2. For creating farming societies for international economic exchange
3. To stimulates the growth of farmers.
4. To increase GDP.

Methodology and Data Sources:

The study is based on the secondary data. The data were collected from various secondary sources such as Economic Survey, Govt. of India, Books, Journals, Articles, Yojana and various websites.

Impacts of Globalization of Indian Agriculture:-

Experts believed that globalization will help to balanced development of agricultural sector, changes would occur in the economical 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% for agricultural goods till 2008. India has to compete in the field of agriculture in future. Also, India has to import 5% of the domestic market. Out of Indian population 25% people still below poverty line and 60% population depend upon agriculture. This proportion in England 2%, in America 3% and in Japan 7% respectively. The share of agricultural income in gross national income in India 23.6%, in Australia 5%, in Canada 4%, America 3% and England 2% respectively. In India 62% of total agricultural land is depending upon rain water. The technical developments cannot make because the possessed area of land is very little. So the production costs are high. The use of chemical fertilizers is very little in India. It is only 84 kg per hector in India. But it is 266 kg per hector, in China, 360 kg in Japan, 519 kg in Belgium. In India the amount of loan provided for

agriculture is also very little. Loan for agricultural is provided at the rate of 15% to 16% in comparing with the loan provided for vehicles or houses at the rate of 7% to 8%. The field of watered land in India is 38%. In China 52%, Japan 62%, and in Pakistan it is 72%. Also agricultural product in India is very little. India is the first in the production of legumes, second in the production of ground nut. Rice and wheat and third in the production of tobacco. 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 fruits, edible oil, chicken, seeds, etc. The country import 50-60 lacks tons of edible oil and spends about 15 thousand cores rupees on it. In India out of total produced agricultural goods 2% goods are processed. In Malaysia 80%, America and Brazil 80% Philippine 78% and in Brittan there is 70% goods are processed. In India out of total agricultural product only 0.32% expense is done on agricultural research. In countries the amount of expenditure on the research is 0.60% and in developed countries it is 7%. It is difficult for India to keep its place in global competition because Indian goods are low quality and standard, it is high in prices and supply of goods is inadequate and unstable. But in countries the field of agricultural is supplied with economical help, quota and right of intellectual wealth Multinational companies are attacking on India's rural areas. In some states lands are handed over to the multinational companies because of liberation. These companies produce cash crops and so that the problem of food can be occur in future. Developed countries are using dumping techniques to keep their superiority in global market. Developed countries are selling their agricultural goods on fewer prices than the competitor and less than its total production cost. 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% and developing countries should give 10% 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. Developing countries have restriction on their agricultural products like import duties and quota. There is no any limitation on the grants given by developed countries to the farmers through green box and blue box. So, developed countries on very low prices. It effects on the agricultural sector and the farmers of developing countries. 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 2000-2001 Indian government allowed to export 40 lakes tons wheat but in the international market the prices of Indian wheat are very high so India could export only 3 lakes tons of wheat. The chairman of the World Bank once told that "developed countries give 280 to 300 billion dollars as grants when India gives 45780 cores as grants. In India the grants are less than 4% of the value of agricultural goods. But the WTO tells to reduce the grants, for developed countries are not told about grants. 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 it. 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.

Growth Rate in Agriculture: The Growth in agriculture GDP which stood at 4.7 per cent per annum during the 8th Plan (1992 – 97) progressively declined to 2.1 per cent per annum during the 7th Plan (1997 – 02) and 1.8 per cent annum during 10th Plan (2002 – 07) and 3.6 percent annum during the 11th plan. Show in the below table.

**Table 1
Annual Average Growth Rate in Agriculture & Overall GDP (in Percent)**

| Five Year Plan | Overall GDP Growth Rate | Growth Rate in GDP of Agriculture & Allied Sectors |
|-------------------------|-------------------------|--|
| 7th Plan 1985 – 1990 | 6.0 | 3.2 |
| Annual Plan 1990 – 1992 | 3.4 | 1.3 |
| 8th Plan 1992 – 1997 | 6.7 | 4.7 |
| 8th Plan 1992 – 1997 | 5.5 | 2.1 |
| 10th Plan 2002 – 2007 | 7.6 | 2.3 |
| 2002 – 2003 | 3.8 | 7.2 |
| 2003 – 2004 | 8.5 | 10.0 |
| 2004 – 2005 | 7.5 | 0.00 |
| 2005 – 2006 | 9.0 | 6.00 |
| 2006 – 2007 | 9.2 | 2.7 |
| 2010 – 2011 | N.A | 7.9 |
| 2011 – 2012 | N.A | 3.6 |

Source: Economic Survey, G.O.I., 2007-2008 and 2012-2013.
(N.A = Not Available)

The growth in agriculture and allied sectors has fallen short of the Eleventh Plan target. The average annual growth in agriculture and allied sector is placed at 3.6 per cent as against a target of 4.0 per cent in the Eleventh Plan. Given the obvious limitation in coverage of area, long-term growth primarily depends technology diffusion across regions. An important factor affecting this is the level of gross capital formulation in agriculture. The proportion of gross capital formation (at constant 2004-05 prices) to the value added in agriculture sector rose to 19.8 per cent in 2011-12 from a level of 16.1 per cent in 2007-08. However, the share of agriculture and allied sector's gross capital formation in overall gross capital formation of the economy has exhibited a mixed trend. Government has also strived to enhance the flow of credit to the agriculture sector. In recent years actual credit to agriculture sector exceeded the targets set in this regard. In 2012-13, as against a target of 575000 crore, the actual credit to agriculture was placed at ` 239629 crore as of September 2012. on yields in crops. This has been sought to be achieved through incremental productivity.

The Positive impacts of globalization on Indian agriculture are as under :-

1) Increase National Income – 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.

2) **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.

3) **No need to reduce the grants** – According to the condition of agricultural agreement limit for grants is decided 10% of the production value for the developing countries. But the economical grants we are received less than 10% so there is no need of reduction.

4) **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.

5) **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.

The Negative impacts of globalization on Indian agriculture are as follow:-

1) **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.

2) **Small production field** – In India 60% of population depend on agriculture. The pressure on agriculture is increasing because of the increasing population. Possession of land is small and so the production cost is higher. There is also the problem of standard etc. So there are unfavorable impact occur on Indian agriculture.

3) **Intellectual property right:** - Intellectual property right cause unfavorable impacts on Indian agriculture. Multinational companies can easily enter in the field of agriculture and it will be bad for the margin farmers.

4) **Increasing production expenditure and low cost of goods** – 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.

Suggestions:-

1) **To make growth in basic services-** It is necessary to develop the standard and scope of basic services like domestic roads, harbors, modern means of communication, storages, standard controlling etc. These facilities would be on inspiration for export.

2) **Finance and Electricity Supply** - The electric supply for Indian agriculture is irregular and insufficient. Also there is lack of finance for the agricultural. It effects on the standard of

production and the expenditure of production. So it is necessary to apply proper policies to avoid these problems.

3) Increasing Productions and export – An implement of import duty is not useful for long time while facing the international competition. Because if India increase import duty, other countries increase their grants. So we have to increase our production and export.

4) Planning of Production - It is not good to increase crops only because we get good prices. But it is necessary to plan the growing of crops so that the prices of good produced will not reduce.

Conclusion:-

India is involved in the global flow. It is necessary to try for increase the share of agricultural product in exports. It is important to study the problems in the field of agriculture and avoid them. For example, 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 are to be made for getting proper prices to the products. Processing industries are developed to process on agricultural goods. 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.

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