

INDIAN AGRICULTURE IN THE AGE OF GLOBALISATION

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Globalisation is the process of integrating various economies of the world without creating any hindrances in the free flow of goods and services, technology, capital and even labour or human capital.The term 'Globalization' has, therefore, four parameters:

1. Reduction of trade barriers to permit free flow of goods among nation-states.
2. Creation of environment in which free flow of capital can take place among nation-states.
3. Creation of environment, permitting free flow of technology; and
4. Last, but not the least, from the point of view of developing countries, creation of environment in which free movement of labour can take place in different countries of the world.

India's participation in global trade was almost negligible at 0.93% in 2004 as far as agriculture goods was concerned. Though India embraced globalisation as far back as 1992 under New Economic Policy, it was more or less confined to manufacturing and service sectors only until 2002.A Second Green Revolution is sweeping the country side. If the 1st Green Revolution of 1960's was the result of acute food shortage in the country, the 2nd is the direct result of growing shortage of agricultural based inputs to industry under globalisation.

The entry of Indian Corporate houses such as Reliance, Bharathi, Mahindra, Godrej and many Multi National Companies (MNC) like PEPSI CO. into the Agricultural Sector has accorded the Indian Agriculture a true status of Industry, in fact, the biggest industry.

The massive investments by these Private Entrepreneur farmers are set to change, the Indian Agriculture which has consistently lagged the GDP growth for decades but still employees 67% of the country's population, while this paradigm shift is welcome in the age of globalization, it is not without the adverse effects on the cropping pattern, income distribution, type of crops, rehabilitation in case of displacement of poor and marginal farmers.

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Advocates of globalisation support it on the following arguments :

1. Globalisation will promote foreign direct investment and enabling developing countries to raise capital without recourse to international indebtedness.
2. Globalisation enables developing countries to make use of technology developed by advanced countries without investments in Research and Development.
3. Globalisation widens the access of developing countries to export their produce to the developed countries. Simultaneously it enables the consumers of developing countries to obtain quality consumer goods, especially consumer durables at relatively cheaper prices.
4. Globalisation fasters diffusion of knowledge and thus enables developing countries to rise their level of production and productivity. It, therefore, generates the momentum to reach international standards of productivity.
5. Globalisation reduces costs of transport and communication. It also reduces tariffs and enlarges the share of foreign trade as a percentage of GDP.

In nutshell, globalisation is considered as the engine of growth, technical advancement, raising productivity, enlarging employment and bringing about poverty reduction along with modernization.

THE PLACE OF AGRICULTURE:

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In the light of these sweeping changes, the following can be aptly stated as the objectives of this paper.

OBJECTIVES OF THE PAPER:

The main purpose of this paper is to identify and analyze the problems faced by the agriculture. The following objectives are set forth:

1. to study the share of agriculture in national income.
2. to identify the trends in agriculture productivity.
3. to analyze the causes of slow growth of agriculture.
4. to suggest measures for reducing them.

Agriculture forms the backbone of the Indian Economy and despite rapid industrialization in the last five decades agriculture occupies a place of pride. Being the largest industry in the country, agriculture provides employment to around 65 percent of the total work force in the country. As the process of industrialization and economic growth gathered momentum, the share of agriculture indicated a sharp decline and reached a level of 24 percent in 2003-2004

Two important facts must be emphasized here:

(a) Agriculture contributes even now a major share to the national income in India, and (b) The share of agriculture in national income however has been decreasing continuously and the shares of the manufacturing and service sectors are increasing.

AGRICULTURAL PRODUCTIVITY:

It will be useful to make a comparison of yield per hector in some selected crops in India with that in other countries of the world so as to show how much India lags behind the other countries of the world.

In the case of rice, the highest yield in the world is nearly 89 Quintals per hectare recorded by Egypt. In the case of wheat, the highest yield to record by England - over 80 Quintals per hectare. China which is the single largest producer of both rice and wheat in the world records with average yields of 63 Quintals and 40 Quintals respectively. Now compare with average annual yield in India only 29.3 Quintals of rice and 25.8 Quintals of wheat, Rice is India's major crop but the annual yield is only one third of that of Egypt and a little less than one-half of the annual yield of China.

SLOW GROWTH OF AGRICULTURE:

1. Agriculture Still a gamble of the monsoons: Despite almost 5 decades of planning, agriculture in India has continued to be a gamble of the monsoons, failure of rainfall in some parts of the country and excessive rains and consequent floods in certain other areas of the country.

2. Limited use of New Agricultural Technology : The emphasis shifted to the use of seed fertilizer technology known as the new agricultural strategy. But the new strategy succeeded only in wheat and to a small extent in rice while other food and non-food crops did not show perceptible improvement in production. Dry land cultivation was not touched at all by the new agricultural strategy.

3. Investment Decline in Agriculture: We have generally been given to understand that government investment was significant in boosting growth in agriculture. Besides, the role of the Government was not only to raise investment but also induce private investment in agriculture.

GROSS INVESTMENT IN AGRICULTURE

Year	Public (Rs. In crores)	Private (Rs. In crores)	Total (Rs. In crores)	% of shares	
				Public e	Privat e
1960 – 61	590	1080	1670	35	65
1970 – 71	790	1970	2760	29	71
1980 – 81	1800	2840	4640	39	61
1990 – 91	4400	10440	14840	30	70
2000 – 01	3930	12980	16910	23	77
2003 – 04	5250	15260	20510	26	74

Source: Economic Survey 2004-2005.

Private Investment declined since 1980-81. However there has been some buoyancy in private investment in agriculture from 70 percent to 74 percent. The rising trend in Private investment probably reflects the improved incentives for agriculture and favourable change in the trade policy.

4. New Agricultural Strategy and Green Revolution: Since the mid 1960's the traditional agricultural practices are gradually being replaced by modern technology and farm practices in India and a veritable revolution is taking place in our country. Traditional Agriculture relies heavily on indigenous inputs such as the use of organic manures, seeds simple ploughs and other primitive agricultural tools, bullocks etc., Modern technology on the other hand, consists of chemicals, fertilizers, pesticides, improved varieties of seeds including hybrid seeds, agricultural machinery extensive irrigation, use of diesel and electric power etc. The use of modern agricultural inputs has increased at a compound rate of 10 percent per annum. The new agricultural technology uses such resources like fertilizers pesticides, agriculture machinery etc., As a result, industries supplying modern farm inputs are growing at a rapid rate. Massive programmes of farm mechanization and irrigation have also led to an increase in the consumption of electricity and diesel in rural areas.

5. Significant changes in cropping pattern: As a result of the green revolution the cropping pattern in India has undergone two significant changes. The output of cereals has risen at the rate of 3 to 4 percent per annum but the output of pulses has remained stagnant or even declined. This has resulted in a decline in the importance of pulses in food grains output. The stagnant production of pulses and the consequent rise in prices of pulses has a disastrous effect on the health of the poor who have generally given up the use of pulses.

6. Forward and backward linkages strengthened:The new technology and modernization of agriculture have strengthened the linkages between the agriculture and industry. Even under the traditional agriculture the forward linkage of agriculture with industry was always strong since agriculture supplied many of the inputs to industry, but backward linkage of agriculture to industry the former using the finished products of the latter was weak. Now, however agriculture modernization has created a stronger demand for inputs produced and supplied by industries to agriculture and thus the backward linkages has also become quite strong. In this way, the linkage between agriculture and industry has got strengthened.

7. Widening disparities in Income:Technological changes in Agriculture have had adverse effects on the distribution of income in rural areas. From his study of technological changes and distribution of gains in Indian. Agriculture, CH. Hanumantha Rao concluded that Technological changes have contributed to widening the disparities in income between different regions, between small and large farms and between land owners on the one hand, and landless labourers and tenants on the other. This is indicated by the rise in real wages and employment and in incomes of small farmers in regions experiencing technological change.

SUGGESTED MEASURES:

The following suggestions are offered to encourage globalization in the Indian context:

1. Large scale cultivation in the form of co-operative farming should be encouraged to fight the growing influence of the Corporate and MNCS.
2. Special Economic zones with specialization in the production of certain crops on priority basis should be created by the Government.
3. The Government should regulate the prices as well as output of certain agriculture products so as to minimize the adverse impact of globalisation on the poor sections of the society.

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