IJARSCT

ISSN (Online) 2581-9429

International Journal of Advanced Research in Science, Communication and Technology (IJARSCT)

International Open-Access, Double-Blind, Peer-Reviewed, Refereed, Multidisciplinary Online Journal

Impact Factor: 7.301

Volume 3, Issue 1, May 2023

Impact of Globalization on Indian Farmers

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Abstract: *The agricultural sector is known to be the backbone of the Indian economy with an employment of 60% of the population in various agricultural, horticultural and allied activities. It contributes 18% to the GDP. India is the country which is known as agrarian economy. India entered in the process of globalization by 1991, when there was a severe economic crisis in the country. Indian Agriculture is directly linked with the global market and the focus of the agriculture changed from basic consumption to commercialization. After adoption of globalization in 1991 Indian agriculture growth rate increase but the economy condition of the farmers is not satisfactory because input cost is high and output cost is low.*

Keywords: Globalization, Economy, Agriculture, Sector, Farmers

I. INTRODUCTION

The agriculture sector is one of the most important industries in the Indian economy. In terms of employment, the agriculture sector provides livelihood, to over 151 million people. Approximately 60 percent of the Indian population works in the industry, contributing about 18 percent to India's GDP. Far reaching changes have occurred in India's economic policy since the beginning of 1990. Policies relating to economic reforms and adjustment have broadly aimed at macroeconomic system, but do not have any particular proposal as regards agriculture. New policies will have far-reaching effects on agricultural output, prices, employment and technology. In the period after accomplishment of green revolution, application of new technology and research in agriculture were limited to only two major crops of wheat and rice. In recent years, Indian agriculture is getting diversified and a variety of commercial crops in addition to horticultural crops. Diversification of agriculture will take place on a continuous scale under the aegis of economic liberalization and reforms is the much expected factor. With a view to move towards liberalizing the agricultural sector and promoting free and fair trade, India, a member nation of the WTO signed the Uruguay Round Agreements On 1st January 1995. It is essential of know that how agricultural sector in the country is connected to this process.

1.1 Globalization and Indian Agriculture

Globalization is the free movement of people, goods and services across boundaries. This movement is managed in a unified and integrated manner. Further, it can be seen as a scheme to open the global economy as well as the associated growth in trade. India was one of the prime nations which gained immensely post the introduction and implementation of globalization. India entered in the process of globalization by 1991, when there was a severe economic crisis in the country. Indian Agriculture is directly linked with the global market and the focus of the agriculture changed from basic consumption to commercialization. India is the country which is known as agrarian economy, it is essential to know that how Agriculture sector in the country is connected to this process. Liberalization created an unprecedented demand in all sectors of trade including Agriculture. This demanded pragmatism on the part of Indian Government. With globalization marking headway everywhere, Government had to introduce reforms in Agriculture sector too. Reforms in agriculture polices were felt necessary for achieving trade liberalization in the agriculture sector.

1.2 Objectives of the Paper:

- To study general impact of globalization on Indian agriculture.
- To study positive impact of globalization on Indian agriculture.
- To study negative impact of globalization on Indian agriculture

DOI: 10.48175/IJARSCT-9685

II. GENERAL IMPACT OF GLOBALIZATION ON AGRICULTURE

With the operationalisation of the provisions of the World Trade Organization, the process of globalization commenced in the major parts of the world. There has always been an air of confusion among the members and non-members of the WTO in assessing the pros and cons of globalization on the health of their economy. The sector which has created the highest number of deliberations in the WTO as well as views and counterviews has been the agriculture, an area of utmost concern for the developed and the developing world alike. India is no exception to it. Better say it has been among few countries in the world spear heading the campaign against the biased provisions of the WTO concerning agriculture.

III. POSITIVE IMPACT OF GLOBALIZATION ON AGRICULTURE

1. Growth of National Income :

As a result of the green revolution and liberalization, agricultures GDP has increased. Receiving the International market for the agricultural goods of India, there is an increase in farmer's agricultural product. New technology, new seeds, new agricultural products etc. helped to grow the agricultural product. From the monetary point of view the share of agricultural sector in the economy is raised to 14.2.% of the GDP(2010-11). 17.32% (2016-17). 18.4%(2019-20). 20.3%(2020-21). 19%(2021-22).

2. Rise in Production and Productivity:

Due to adoption of HYV(High Yielding Varieties) technology the production of food grains increased considerably in the country. The production of wheat has increased from 8.8 million tons in 1965-66 to 184 million tons in 1991-92. The productivity of other food grains has increased considerably.

3. Availability of Modern Agro Technologies:

There is availability of modern agro technologies in pesticides, herbicides, and fertilizers as well as new breeds of high yield crops were employed to increase food production. These technologies included modern implementations in irrigation projects, pesticides, synthetic nitrogen fertilizer and improved crop varieties developed through the conventional, science-based methods available at the time.

4. New Areas Employment

While exporting agricultural products it is necessary to classify the products. Its standardization and processing, packing etc. therefore after LPG the allied industries has created employment in various like packing exporting. Standardizing, processing, transportation and cold storage etc. the industries depending on agricultural are stored and it made an increase in employments. Agricultural is the biggest unorganized sector of the Indian economy accounting for more than 90% share in the total unorganized labor force. The share of agricultural in total employment stands at 52.1%.

5. **Growth of Agro Exports**

The prices of agricultural goods are higher in the international market than Indian markets. It 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. Agricultural products account for 10.23% of the total export income of the economy, while agricultural imports account for just 2.74% of the total imports.

6. Reduction in Poverty

It is also true that globalization is commonly characterized as increasing the gap between the rich and the poor, but it is a matter of looking at poverty in relative terms. India's prior concern is to remove poverty, which is worse than death, and if India makes efforts. Globalization can be a key to get rid of it. Moreover, the percentage of people below the poverty line has been decreasing progressively, from 36 percent in 1993-94 to 21.9 percent in 2011-12.

7. **Increasing Export-Oriented Cash-Crops:**

With globalization farmers were encouraged to shift from traditional crops to export-oriented 'cash crops' such as cotton and tobacco but such crops needed far more inputs in terms of fertilizers, pesticides and water. The growth in yields of principal crops notably rice and wheat have also decelerated.

These are some positive impact of globalization on Indian agriculture. But as far as a developing country like India is concerned the negative consequences are proved as more effective. These are as follows.

IV. NEGATIVE IMPACT OF GLOBALIZATION ON AGRICULTURE

1. Availability of Less Manpower

One of the negative impacts of globalization on the Indian agriculture sector was the availability of lesser manpower in the fields as people started migrating to cities in search of jobs in different sectors.

2. Lower Income of Rural Farmers

According to Nobel prize-winning economist Joseph Stieglitz, Trade agreements now forbid most subsidies excepted for agricultural goods. This depresses incomes of those farmers in the developing countries who do not get subsidies. And since 60 per cent of those in the developing countries depend directly or indirectly on agriculture, this means that the incomes of the developing countries are depressed.

3. Migration of Labours

For the Indian farmer, who if already paralyzed by low productivity and lack of postharvest storage facilities has resulted in heavy loss of produce and revenue. It is only because of low tariff in imports due to liberalized import duties which came as a bombshell. The domestic farmer could not stand the competiveness of international market, which has resulted in migration labor from agricultural to other industrial activities.

4. Vicious Debt Trap and Farmers Suicides

There is need to examine each of the causes which have led to the current crisis in agricultural sector, and analyze the role that liberalization policies have played. For instance the state of Andhra Pradesh led to the first ever state level agreement with the world Bank, which entailed a loan of USD 830 million in exchange for a series of reforms in his state industry and government. It has implemented the World Bank liberalization policies with great enthusiasm and zest and as result the rate of formers suicides in the state gone up. The national sample survey organization (NSSO) Report 2005 indicates that 1 in 2 farm households are in debt and only 10 per cent of the debt was incurred for non production purposes. Also, 32.7 per cent of farmers still depend on money lenders. The National Crime Records Bureau reports that between 1997-2005 1,56,562 farmers committed suicide. is critical.

5. Lessening International Competitiveness

In India 60% of population depend on agriculture. This pressure on agriculture is increasing day by day because of the increasing population. Because of marginal land holding the production cost of Indian farmers is higher as well as the quality and standardization of agro produce is much neglected. Along with this, the curtailment in subsidies and grant has weakened the agricultural sector. On the contrary 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. On this background the farmers are not in a position to compete international market.

6. Fall in Growth Rate: India is second largest producer of food in the world. However Indian agriculture has shown a slow average annual growth rate. It was 3.1% during the decade 1980-1990 prior to liberalization of the economy. But since then the annual growth rates have declined consistently relative to annual growth rate of population. Several factors were responsible for this fall in growth rate; lack of credit, inadequate irrigation cover, indebtedness, improper use of inputs and decline in the public investments.

7. Shifted to Manufacturing and Service Sector:

The decline in overall growth of employment during 1993-94 to 2004-05 was largely due to fall in creation of employment opportunities in agriculture. With increase in knowledge and entry of many foreign in the non- agriculture sectors, the labor has Shifted to manufacturing and service sector.

8. Fall in Agricultural Employment

In 1951, agriculture provide employment to 72 percent of the population and contributed 59 percent of the GDP. However, by 2001 the population depending upon agriculture came to 58 percent whereas the share of agriculture in the GDP went down drastically to 24 percent and further to 22 percent in 2006-07. This has resulted in a lowering the per capita income of the farmers and increasing the rural indebtedness.

V. CONCLUSION

An overview of Indian agriculture sector indicates that globalization did not yield the desired results in India. The desired objectives of this process have not been achieved in India. After adoption globalization in 1991 Indian agriculture growth rate increase but at present the economy condition of the farmer is not satisfactory because input cost is high and output cost is low.

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