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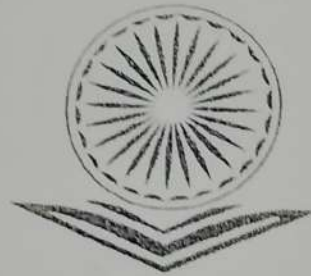
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CONTENTS OF ENGLISH

Sr. No.	Name and Author Name	Page No.
1	Agriculture and Rural Development Challenges and Remedies Rajeshkumar W. Soor	1-6
2	Sustainable Agricultural Development in India: Issues and Challenges Rupeshkumar Raut Dr. Sharyu Potnurwar	7-14
3	Role of Forest Industries Produce: Bamboo in Rural Development Dr. Nagsen J. Shambharkar	15-19
4	Management and Marketing Strategies of Multinational Companies in the Context of Agricultural and Rural Development Vedanand K. Almast	20-23
5	New Insights for Development of Allied Activities to Agriculture Mr. Hivraj Isru Raut	24-29
6	Gandhian Idea of Rural Development Prof. Chaturdas J. Telang Prof. Anand C. Wele	30-32
7	Globalization and its Impact on Indian Agriculture Dr. Gadekar Buddhaji Pandurang	33-39
8	Sustainable Agricultural and Rural Development: A Study Dr. Shivaji Haribhau Chavan	40-47
9	Agriculture Sector in India Asst. Prof. Sarange A. R.	48-49
10	Role of Technology in Rural Development Pankaj W. Borsare	50-54
11	Rural Women Empowerment - A Realities and Challenges Mr. Vinod M. Badwaik	55-60
12	Types of Modern Farming: A Rid for Farmers Suicides Ganpat Shriram Aglave	61-63

7. Globalization and its Impact on Indian Agriculture

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Abstract

The prospects for Indian agriculture are good. The agriculture sector in India is expected to generate better momentum in the next few years due to increased investments in agricultural infrastructure such as irrigation facilities, warehousing and cold storage. Factors such as reduced transaction costs and time, improved port gate management and better fiscal incentives would contribute to the sector's growth. And also, the growing use of genetically modified crops will likely improve the yield for Indian farmers. Demand will grow fast and if we create the correct incentive and organization systems the Indian farmer will not fail us as he has responded well in the past when our policies were supportive. The next of stage of reforms in agriculture has to focus on developing institutions for better delivery systems. Agriculture can be ignored at our own peril. If we want inclusive growth, both Central and State Governments have to focus on agriculture sector. Let us hope that Government has the political will to implement the policies effectively and help the farmers without testing their patience. The words of Dr M.S. Swaminathan are relevant here "In a country where 60 per cent of people depend on agriculture for their livelihood, it is better to become an agricultural force based on food security rather than a nuclear force".

Keywords: *Globalization, Indian Agriculture, Government,*

Introduction

India is considered as one of the fastest growing economies in the world. Agriculture is the mother of any economy, whether it is rich or poor. Much of its influence is on the other sectors of economy-industry and service. India is the second largest in farm output. Hence, India's economic security continues to be predicated upon the agriculture sector, and the situation is not likely to change in the near future. Even today, the share of agriculture in employment is about 49% of the population, as against around 75% at the time of independence. In the same period, the contribution of agriculture and allied sector to the Gross Domestic Product (GDP) has

fallen from 61% to 17% in 2015-16. Around 51% of India's geographical area is already under cultivation as compared to 11% of the world average. China with lesser cultivable land produces double the food grains, i.e. 607 million tons in 2015-16 as compared with India's 252 million tons in 2015-16. The present cropping intensity of 136% has registered an increase of only 25% since independence. Further, rain fed dry lands constitutes 65% of the total net sown area.

There is also an unprecedented degradation of land (107 million ha) and groundwater resource, and also fall in the rate of growth of total factor productivity. This deceleration needs to be arrested and agricultural productivity has to be doubled to meet growing demands of the population by 2050. Natural resource base of agriculture, which provides for sustainable production, is shrinking and degrading, and is adversely affecting production capacity of the ecosystem. However, demand for agriculture is rising rapidly with increase in population and per capita income and growing demand from industry sector. There is, thus, an urgent need to identify severity of problem confronting agriculture sector to restore its vitality and put it back on higher growth trajectory. The problems, however, are surmountable, particularly when new tools of science and technology have started offering tremendous opportunities for application in agriculture. However, the country recorded impressive achievements in agriculture during three decades since the onset of green revolution in late sixties. This enabled the country to overcome widespread hunger and starvation; achieve self-sufficiency in food; reduce poverty and bring economic transformation in millions of rural families.

The situation, however, started turning adverse for the sector around mid-nineties, with slowdown in growth rate of output, which then resulted in stagnation or even decline in farmers' income leading to agrarian distress, which is spreading and turning more and more serious. This Paper attempts to focus attention on meaning, impact and Government policies of Indian Agriculture in the context of Globalization.

Objective of the Paper

1. To revise Meaning of globalization.
2. To analyze impact of globalization on Indian agriculture.
3. To investigate the Government policies of Indian Agriculture.

Methodology

The study is on the basis of empirical data from different sources like central statistical organization (CSO), economic survey, planning commission of India, Govt. websites and other relevant websites. Research journal, National and International Reports.

Definition of Globalization

Globalization is not a single concept that can be defined and encompassed within a set time frame, nor is it a process that can be defined clearly with a beginning and an end. Globalization encompasses all of these things. It is a concept that has been defined variously over the years, with some connotations referring to progress, development and stability, integration and cooperation, and others referring to regression, colonialism, and destabilization. Globalization can refer to the ease of international movement of capital, people, corporations, or ideas. But economists think foremost of the ease of international trade, which is also the easiest to measure.

Researcher has defined globalization in various perspectives. This article includes definitions of those scholars who perceive globalization as a historic process. Let's look at some of the definitions of globalization and see how researchers observe this multifaceted phenomenon.

1. According to Albrow (1990)

"Globalization refers to "all those processes by which the people of the world are incorporated into a single world society"

2. McGrew (1992) stated

"Globalization constitutes a multiplicity of linkages and interconnections that transcend the nation states (and by implication the societies) which make up the modern world system. It defines a process through which events, decisions and activities in one part of the world can come to have a significant consequence for individuals and communities in quite distant parts of the globe".

3. Jones (1995) suggested

"Globalization may simply be an intensification of the process of international interdependence, a function of the growth of competition in an international free trade system intensified by the diffusion of technology".

Hence globalization is a process that encompasses the causes, course, and consequences of transnational and transcultural integration of human and non-human activities. It means globalization is a process which generates flows and connections, not simply across nation-states and national territorial boundaries, but between global regions, continents and civilizations. This invites a definition of globalization as 'an historical process which engenders a significant shift in the spatial reach of networks and systems of social relations to transcontinental or interregional patterns of human organization, activity and the exercise of power.'

Impact of Globalization on Indian Agriculture

Globalization integrated Indian economy with global economy in 1991. In India, economic growth improved significantly in the post-reform period. It is considered as one of the fastest growing economies in the world. However, the problems of globalization have not been seriously addressed by the government policies and strategies, especially with regard to agriculture sector. The experience of the economic reforms in the last 25 years indicate while there have been improvements in economic growth, foreign exchange, IT revolution, export growth etc, the income distribution has been unequal and only some sections of the population benefited more from higher growth and prosperity. We have problems of poverty, unemployment, inequalities in access to health, education and poor performance in agriculture sector. One of the excluded sectors during reform period was agriculture which showed low growth and experienced more farmers' suicides due to fake and terminal seeds, low prices and inadequate agricultural policies. The post-reform growth was led by services. Commodity sector growth (agriculture and industry) has not been higher in the post reform period as compared to that of 1980s. Particular worry is agriculture sector which showed lower than 4% per annum target in the last Plans, including 12th Plan. There is disconnection between employment growth and GDP growth. In other words, employment is not generated in industry services where growth is high. On the other hand, GDP growth is low in agriculture where majority are employed. Today, even after 69 years of independence agriculture sector bears about 50% of population with low earnings, while industry and services together bears 50% with high incomes. Thus, there has been lopsided approach to development in India in the last two and half decades.

Macro level study on agricultural growth after reforms gives very different look despite increase in cropping intensity and area expansion which are considered as major sources of growth. In the Post reform period, agricultural growth is recording a fall mainly in food grains

3
in the first phase of reform but growth during this period sustained due to rise growth rate of commercial crops such as horticulture and oilseeds, cotton and allied sectors like livestock. But after globalization agriculture as a whole declined drastically while non agriculture sector is growing fast, this poor performance of agriculture particularly food grains has become a serious concern for the policy makers as there is a chance of facing the problem of food security. Having witnessed various facets of transformation, the globalization of business in the last decade of the 20th century with the inception World Trade Organization (WTO) in 1995, General Agreement on Trade in Services (GATS), Trade Related Intellectual Rights (TRIPS) etc put an end to restrictive trade, even in agriculture. Liberalization created an unprecedented demand in all sectors of trade including agriculture. This demanded pragmatism on the part of Indian Government. With globalization making headway everywhere, Government had to introduce reforms in agricultural sector too. Reforms in agricultural policies were felt necessary for achieving trade liberalization in the agricultural sector (Kumar et al., 2008).

Cost of Cultivation

A study by Sen and Bhatia (2004) based on cost of cultivation data indicates in the growth of farm business income (FBI) over time. This study shows that the all India rate of growth of real (deflated by Consumer Price Index for Agricultural Laborers) FBI per hectare declined sharply from 3.21% per annum during the 1980s to only 1.02% per annum during 1990s. However, farmer is interested in farm income rather than price-cost or FBI per hectare. Estimates of FBI per cultivator using growth of cultivators and cropped area revealed that the growth rate was 1.78% per annum in the 1980s but decelerated to 0.03% per annum in the 1990s- indicating almost stagnant FBI per cultivator in the later period.

Farmers' Suicides

In India, according to National Crime Records Bureau (NCRB) on farmer's suicides in 1997, 14000 farmers committed suicides. From 2002 onwards every year not less than 17000 farmers committed suicides. In 2006, over 17000 farmers' suicides confirms this trend in our country per every half-an-hour one farmer is committing suicide. From 1997-2005 in four big states- Andhra Pradesh, Maharashtra, Karnataka and Madhya Pradesh 89362 farmers committed suicides (A.P-16770, M.S-28911, K.S-20093, M.P-23588). The official estimates show that the number of suicides is more than 9000 in these four states. The unofficial estimates would be much higher than this. The reasons are growing indebtedness, increasing risk, sharper decline in

absolute productivity, price uncertainty due to trade liberalization and rise in cost due to domestic liberalization, decline in credit, and non-farm work intensified the crisis. Long term factors like decline in farm size, ground water depletion, deterioration in soil quality etc. have also been responsible for the agrarian crisis and farmers' suicides. As per the latest data, by 2016, April 116 farmers have committed suicide due to agrarian reasons, with maximum cases reported in Maharashtra, followed by Punjab and Telangana. More than 2,000 farmers' suicide cases were reported due to agrarian reasons in 2015 with highest number of 1,841 cases in Maharashtra alone. Most of the suicides in India are attributed to debt trap, crops failures, failure of continuous monsoons and drought. Telangana is mostly dependent on dry land farming. Most of the agriculture in Telangana is dependent on monsoon, tanks, dug wells and bore wells. Due to scarcity of water, farmers are going for bore wells by taking loans. But, due to ground water depletion, most of the bore wells failed. There are many farmers dug up to 12 bore wells for search of water. In the event of failure of all bore wells, they committed suicides for non-payment of loans.

Government Policies

- Last year budget 2016-17, planned several steps for the sustainable development of agriculture. It proposed a slew of measures to improve agriculture and increase farmers' welfare such as 2.85 million hectares to be brought under irrigation, Rs 287,000 crore grants in aid to be given to Gram Panchayats and municipalities and 100 per cent village electrification targeted by May 01, 2018.
- The Government of India recognizes the importance of micro irrigation, watershed development and Pradhan Mantri Krishi Sinchai Yojana; thus, it allocated a sum of Rs 5,300 crore for it. It urged the states to focus on this key sector.
- The state governments are compelled to allocate adequate funds to develop the agriculture sector, take measures to achieve the targeted agricultural growth rate and address the problems of farmers.
- To improve soil fertility on a sustainable basis through the soil health card scheme.
- Other steps include improved access to irrigation through 'Pradhanmantri Gram Sinchai Yojana', enhanced water efficiency through 'Per Drop More Crop'.
- Continued support to MGNREGA
- The creation of a unified national agriculture market to boost the incomes of farmers.