



# INDIA'S GLOBALIZATION-SUSTAINABLE GROWTH IN AGRICULTURE: CHALLENGES AND THE WAY OUT

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## ABSTRACT

### KEYWORDS:

Globalization, development, tariffication, legal phenomenon

The problem studied here is "India's Globalization-Sustainable Growth in Agriculture: Challenges and the Way Out", the objectives are: a) To find out the trends in agriculture growth during Globalization. b) To identify the challenges that agriculture sector has with Globalization and c) To suggest the measures for sustainable growth in agriculture in globalized economy and the findings are: a) Though India's economic growth is comparatively high during liberalization (Globalization), the growth in agriculture is comparatively less. b) An average annual growth in agriculture during globalization in India is around 2.5 percent c) Maintaining agriculture growth on par with other sectors is one of the challenges of Globalization d) Increasing public spending is one of the ways out for sustainable agriculture growth during Globalization.

## I. INTRODUCTION

The problem studied here is "India's Globalization-Sustainable Growth in Agriculture: Challenges and the Way Out", the objectives are: a) To find out the trends in agriculture growth during Globalization. b) To identify the challenges that agriculture sector has with Globalization and c) To suggest the measures for sustainable growth in agriculture in globalized economy. The framed Hypothesis are : a) Growth of agriculture during Globalization is comparatively less b) Lower investment in agriculture during Globalization. As methodology is concerned, Secondary data used for analysis, Two decades of Pre-Reform Period (1970- 1990) and two decades of Post- Reform period ( 1991- 2001) was used as study period and Central tendency tools were utilized for analysis.

## II. DEFINITIONS/CONCEPTS

### 1. Economic Globalization:

The process through which the free flow of goods, services, technology and investments between or among the Nations is being taken place is termed as Economic Globalization.

"... globalization entails first the integration of trade through the removal of trade barriers. A second feature would clearly be the vastly increased mobility of capital, again through the removal of barriers. A third feature would be the speed of technological change and diffusion both as a cause and a consequence of the above two factors. A fourth feature involves a generalized rise in global consumerism, spurred by the power of information and communication technologies that are now

penetrating small towns and communities even in quite poor countries." - Bezanson, K., (1999).

### 2. Broader Meaning of Globalization:

"Globalization has grown beyond economics to become a social, cultural, political and legal phenomenon. In social terms, globalization describes an increased level of interconnectedness among the people of the world and their lives, work and families. As a cultural phenomenon, it means the exchange of ideas and values among cultures and implies, for some, a trend toward the development of a single world culture. Political globalization refers to the shift of political activities from a solely national level to a global level through intergovernmental organizations such as the United Nations and the World Trade Organization. As a legal phenomenon, globalization is, in part, a shift in the ways in which international law is created and enforced." - investopedia, (2018).

**3. Globalization and Agriculture:** Liberalized agricultural trade came in 1994, at the end of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT). In signing the Uruguay Round Agreement on Agriculture (URAA), "World Trade Organization (WTO) Members established the first legally binding disciplines on agricultural trade protection since the GATT process began in 1947. The URAA's main achievements corresponded to the agreements' "three pillars". First was market access, where countries agreed to convert all non-tariff agricultural import barriers into tariffs (a process known as "tariffication") and to reduce tariffs over time. Second was export support, where Members agreed to reduce export subsidies. Third was a

domestic support policy, where Members agreed to categorize various types of support according to their degree of trade-distortion impact and to gradually reduce the most distortion support. The URAA also specified policies for “special and differential treatment” to address the particular needs of developing countries. These targeted policies arose because of fears that the transition to liberalized markets would threaten developing countries’ economic well-being and food security, at least in the short term. The special and differential treatment provisions cut across the three pillars of market access, export support, and domestic support. They called for different timetables, different target reduction rates, and different exemptions. Least developed countries were largely exempt from reduction commitments altogether. Market access one of the main accomplishments of the URAA was to convert a wide variety of market access barriers—such as quotas, variable import levies, voluntary export restraints, and others—into tariffs through tariffication. Tariffs are more transparent than other forms of protection and, if assessed in ad valorem terms, do a better job of transmitting signals from world price fluctuations to farmers. The new tariffs were to be set at levels no more protective than the trade barriers they replaced. The URAA “bound” the new tariffs as maximums and set reduction targets for most countries. (Bound rates are legally binding ceilings, and, in practice, are often higher than the applied rates actually assessed on imports.) Complete tariffication, however, was not realized because many of the newly calculated tariffs would effectively prevent all imports of particular products. A compromise emerged in the form of tariff-rate quotas (TRQs). The TRQs established fixed quantities (quotas) of imports to be charged lower tariff rates. The low rates were set to maintain pre-tariffication levels of trade or to ensure at least a minimum level of access for imports. When export volumes exceed the TRQ threshold, imports are charged a higher tariff rate. Both the United States and the European Union use TRQs as a way of establishing preferential trade arrangements with particular countries. To reduce market access barriers, the URAA set tariff reduction targets for Member countries. Developed countries were to cut average unweighted tariff levels by 36 percent over six years, and developing countries were to cut average unweighted tariff levels by 24 percent over ten years. The minimum tariff cut for any single product was to be 15 percent for developed countries and 10 percent for developing countries. Least developed countries (LDCs) were required to bind their tariffs but were not required to reduce them. For TRQs, over-quota tariff rates were to be reduced by 15 percent for developed countries and 10 percent for developing countries.” - Beierle, Thomas (2002).

### III. REVIEW OF LITERATURE

1. In an essay in ukessays (2018), finding was given like this “Slow down and decline in the investment in agriculture and hitting hard on the poor, small and marginal peasants and landless labour of the country; disappearance of village industries and crafts as well as various small industries due to unequal competition”
2. The Authors (Rajiv Goyal, Sanjay Kaushik Sunil Bhardawaj, 2013) of “Globalization and Its Impact on Agriculture in India” concluded like “After adopted globalization in 1991 Indian agriculture growth rate increase but at present the economy condition of the farmers is not good because input cost is high and output cost is low”.
3. Donato Romano (2006) in a study paper “Agriculture in the Age of Globalization” puts like his findings like this “Unfortunately, the implications for LDC agriculture do not seem encouraging. The intrinsic poverty of these economies, with the implied burden in terms of missing assets to compete under the new rules of the game and some adverse globalization-induced changes in LDCs macro fundamentals are crucial handicaps that work against the development of LDC agriculture. Furthermore, the underlying forces driving globalization (increasing returns to scale, research, development of new products, etc.) undermine the traditional role of agriculture as engine of growth.”
4. Bill Christison (2000) in his speech on “The Impact of Globalization on Family Farm Agriculture” expresses as follows “As family farmers, many of the barriers to our profitability and survivability are the same - whether in Brazil, France, Canada, Mexico, or the U.S. The increasing role of the multi-national corporations in controlling both the inputs and the marketing of our commodities jeopardizes our very existence.”
5. Michael Boehlje (2018) in an article gives the new realities of agriculture in a globalized era like “Globalization and Agriculture: New Realities” “This new agriculture profoundly changes the competitive environment in the industry. In the commodity agriculture of the past, most agribusinesses had to compete only in terms of cost. If you were a low-cost supplier and did not expand beyond the sustainable growth rate of the business, you could expect to be successful – to survive and maybe even thrive in the long run. In the new agriculture that includes differentiated products and more tightly aligned marketing/distribution systems with producers being raw material suppliers for manufacturers and food processors, competition includes quality features and responsiveness or time to market as well as cost. In the agriculture of the future successful companies will need to be better, faster, and cheaper to have a sustainable competitive advantage.”

**IV. INDIA'S AGRICULTURE DURING GLOBALIZATION****Table-1: Trends in the Production and Growth of Major Crops in India during Pre and Post Reform Periods (Production in Million Tonnes, Growth in Percent)**

Group/Commodity	1970-71	1980-81	Decadal Growth (1970-1980)	1990-91	Decadal Growth rate (1980-1990)	2000-01	Decadal Growth rate (1990-2000)	2011-12	Decadal Growth rate (2000-2010)
Year									
Food grains	108	129.6	20	176.4	36.11	196.8	11.56	257.1	30.64
Oilseeds	9.6	9.4	(-) 2.12	18.6	97.87	18.4	(-)1.08	29.8	61.95
Sugarcane	126.4	154.2	21.99	241.0	56.29	296.0	22.82	342.4	15.67
Cotton (Bales of 170 Kgs.)	4.8	7.0	45.83	9.8	40	9.5	(-)3.06	12.2	28.42
Tea	0.4	0.4	0	0.4	0	0.5	25	0.6	20

Source: Compiled and computed from Economic Survey (s) 2002-03 to 2016-17 Government of India, Ministry of Finance, Economic Division, New Delhi.

The above table-1 gives the production and growth picture of major crops during the two decades of Pre-reform and Post-Reform Periods. If we analyze the Food grains production and growth there is continuous increase in production but increasing rate is less in post reform period. The growth rate was 20 percent and 36.11 percent respectively during the two decades of Pre-Reform Period where as it is 11.56 percent and 30.64 percent during the two decades of Post-Reform Period.

Regarding oilseeds, there are fluctuations in production. Production of oilseeds declined during first decades (1970-1980 and 1990-2000) of Pre-Reform and Post-Reform Periods. The growth in Post-Reform Period is again lower than the growth of Pre-Reform Period.

Production of Sugarcane is continuously increasing, however the increasing rate in post-reform period is lower than the increase in pre-reform period.

Cotton Production except in the first decade (1990-2000), is continuously increasing; however the increasing rate in post-reform period is less than the pre-reform period.

Unlike other mentioned crops, tea production is constant during the two decades of pre-reform period, however there is constant increase in post-reform period recording 25 and 20 percent in two decades of post-reform period respectively.

We can say from above analysis except tea, production of all crops recorded lower growth when we compare with pre-reform period growth.

**Table -2: Outlay for Agriculture and allied sectors during Pre and Post-Reform Periods:**

Plan ( Period)	Percentage of outlay allotted to Agriculture and allied sectors from Total outlay	Pre-Reform Period
Third Five Year Plan/ 1961-66	12.7	Pre-Reform Period
Annual Plans/ 1966-69	16.7	
Fourth Five Year Plan/ 1969-74	14.7	
Fifth Five Year Plan/ 1974-79	12.3	
Annual Plan/ 1978-79	16.4	
Sixth Five Year Plan /1980-85	6.1	
Seventh Five Year Plan /1985-90	5.8	
Annual Plans/ 1990-92	5.85	Post Reform Period
Eighth Five Year Plan /1992-97	5.2	
Ninth Five Year Plan /1997-2002	4.9	
Tenth Five Year Plan /1997-2002	3.9	
Eleventh Five Year Plan /2007-2012	4.5	
Twelfth Five Year Plan /2012-17 (projected)	3.1	

Source: Compiled and computed from Economic Survey (s) 2002-03 to 2016-17 Government of India, Ministry of Finance, Economic Division, New Delhi.

The above table-2 shows the percentage of outlay allotted to agriculture and its allied activities during pre and post reform periods.

During the pre-reform period especially till 1980, agriculture sector got double digit percentage of outlay from total outlay. During globalization especially after 1980 the outlay for agriculture as percentage of total outlay has been declined and it touched the bottom with 3.1 percent (Projected) during 12<sup>th</sup> Five Year Plan.

**V. CONCLUSION/FINDINGS**

As we have seen from the above data, the growth in agriculture and its allied sectors during post-reform (Globalization) is less comparatively with the growth in pre-reform period. Outlay percentage of total outlay for agriculture

during globalization is less than the outlay allotted during pre-reform period. Hence low investment followed by lower growth in agriculture and allied sectors during reforms is one of the major challenges and increasing public investment in agriculture sector is one of the suitable solutions to maintain the sustainability in agriculture growth in globalized economy.

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