

Globalization and new era of Indian farming

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Impact of globalization on Indian agriculture:

The liberalisation of India's economy was adopted by India in 1991. Facing a severe economic crisis, India approached the IMF for a loan, and the IMF granted what is called a 'structural adjustment' loan, which is a loan with certain conditions attached, which relates to a structural change in the economy. The government entered in a new era of economic reforms based on these conditions. These reforms (broadly called Liberalisation by the Indian media) can be broadly classified into three areas: Liberalisation, privatization and globalization. Essentially, the reforms were sought to gradually phase out government control of the market (liberalisation), privatize public sector organizations (privatization), and reduce export subsidies and import barriers to enable free trade (globalization). There was a considerable amount of debate in India at the time of the introduction of the reforms, it being a dramatic departure from the protectionist, socialist nature of the Indian economy up until then. However, reforms in the agricultural sector in particular came under severe criticism in the late 1990s, when 221 farmers in the south Indian state of Andhra Pradesh committed suicide. (The damage done, 2005) The trend was noticed in several other states, and the figure today, according to a leading journalist and activist, P. Sainath¹, stands at 100,000 across the country. (Sainath, 2006) Coupled with this was a sharp drop in agricultural growth from 4.69% in 1991 to 2.06% in 1997. (Agriculture Statistics at a Glance, 2006) This paper seeks to look into these and other similar negative trends in Indian agriculture today, and in analyzing the causes, will look at the extent to which liberalisation reforms have contributed to its current condition. It will look at supporting data from three Indian states which have been badly affected by the crisis: Andhra Pradesh, Maharashtra and Kerala. Andhra Pradesh's (AP's) experience is particularly critical in this

debate because it was headed by Chief Minister Chandrababu Naidu, who pursued liberalization with enthusiasm. Hence liberalization in AP has been faster than other states, and the extent of its impact has been wider and deeper. (Sainath, 2005)

Indian Agriculture today: A snapshot:

Agriculture employs 60% of the Indian population today, yet it contributes only 20.6% to the GDP. (Isaac, 2005) Agricultural production fell by 12.6% in 2003, one of the sharpest drops in independent India's history. Agricultural growth slowed from 4.69% in 1991 to 2.6% in 1997-1998 and to 1.1% in 2002-2003. (Agricultural Statistics at a Glance, 2006) This slowdown in agriculture is in contrast to the 6% growth rate of the Indian economy for almost the whole of the past decade. Farmer suicides were 12% of the total suicides in the country in 2000, the highest ever in independent India's history. (Unofficial estimates put them as high as 100,000 across the country, while government estimates are much lower at 25,000. This is largely because only those who hold the title of land in their names are considered farmers, and this ignores women farmers who rarely hold land titles, and other family members who run the farms.) (Sainath, P.) Agricultural wages even today are \$1.5 - \$2.0 a day, some of the lowest in the world. (Issac, 2005) Institutional credit (or regulated credit) accounts for only 20% of credit taken among small and marginal farmers in rural areas, with the remaining being provided by private moneylenders who charge interest rates as high as 24% a month. (Sainath, 2005) An NSSO2 survey in 2005 found that 66% of all farm households own less than one hectare of land. It also found that 48.6% of all farmer households are in debt. The same year, a report by the Commission of Farmer's welfare in Andhra Pradesh concluded that agriculture in the state was in 'an advanced stage of crisis', the most extreme manifestation of which was

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