



# EFFECTS OF COMMERCIALIZATION ON AGRICULTURE DUE TO GLOBALIZATION

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## **ABSTRACT:**

The scope and range of Indian agriculture has been widened or professionalized into an industry where the farmers produce for a global market. An economic model based on widespread industrialization has signified profound changes in the manner in which agriculture is conducted and for what it proposes. Agriculture has been professionalized from a family affair to an industry which supplies to the world market. Commercialization led to excessive use of fertilizers and pesticides which was effective at the beginning but ended in destruction of soil, crops and people. In this research paper the impact of industrialization of the agricultural sector due to globalization i.e. due to the entry of other countries for trade purposes are discussed and studied in detail. The causes for commercialization, its negative and positive impacts, green revolution, world banks contribution in commercialization is also explained for providing better knowledge about to the readers. While agricultural marketing is seen as a stimulus for private sector activity, public policy is essential to promote the driving forces, namely the institutional framework for trade and market reforms, rural infrastructure, and legal and contractual arrangements, between farmers and processors.

**KEY WORDS:** global market, industrialization, fertilizers, pesticide, commercialization.

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**INTRODUCTION:**

Commercialization of agriculture is a phenomenon where certain specialized crops began to be grown not for the consumption in villages but for sale in national and even in international markets. This is also known as “farming for commerce”, crops like sugarcane, cotton, tea, rubber, jute are called commercial crops. It is not true if it is said that the British only initiated the growth of commercial crops; the cultivators were growing them beforehand, also but in less amount or in less area to meet their money needs, as these crops were paid higher than the food grains. But after the English entry they only grew commercial crops in large amounts, which led to insufficient food grains, which in turn caused famine. Agriculture has been commercialized at various eras and in response to various circumstances. Previously, cash crops such as cotton, sugarcane, jute, tobacco, and others that were grown solely for the market were thought to be synonymous with commercialization. Due to farmers' economic needs, even food grains were produced for the market over time. This period of transition has been despised. According to this definition, growing commercialization is defined as a situation in which the share of marketed paddy output has increased from 20% to 50%. However, converting paddy land to a fish pond and replacing the previous enterprise with a more successful one does not qualify as commercialization under this definition.

**CAUSES OF ORIGIN OF COMMERCIALIZATION OF AGRICULTURE IN INDIA:**

Until the 19<sup>th</sup> century, the farmers were self-sufficient within their villages, they cultivated their own food crops and traded among themselves. The workers were paid with food grains as wages at the time of harvest; they were never money-minded. But after that the agriculture acquired a colonial character because of British entry, where the Indian produce were sold to England merchants and was fed to the growing industries there, in return manufactured goods were sold to the cultivators. In this way, agriculture became the subject of colonial exploitation at the hands of the Britishers. In 1860, various developments took place and the agriculture type

changed from livelihood to commercial activity. Due to farming of commercial crops, the farmers acquired maximum benefits at less risk; they started growing commercial crops in the maximum portion of their land.

1. **The civil war in the US, 1861:** During the civil war the export of cotton to Britain was stopped, so they were forced to get it from India. In 1869, the export rate increased triple times than before. Along with this food crops like wheat, rice etc. were also exported. Even though the demand decreased in England after the war, the production never decreased in India.
2. **Extension of transport:** In the 19th century the roadways and railways were extended which paved the way for easy transportation and commercialization as the roads were connected and export was made easier.
3. **Suez Canal and shipping:** In 1869, the Suez Canal was opened which reduced the travel time from 100 to 36 hours, which as a result reduced the shipping charges, which in turn increased industrialization. During this time the shipping industry faced a huge fall.
4. **Money- economy:** After the introduction of the money exchange system, the farmers started selling their crops for money which gave a huge benefit. Land revenue and debts are measured in money after that.
5. **Money-lenders rule:** The money economy enhanced the power of money lenders as agriculture needed investment and the farmers started seeking their help. The raising prices, cultivation of cash crops alone, development of transport and communication, the cultivators had no other choice than the money- lenders; on the failure of debts they started acquiring the farmers land as arrears of debt.

#### **EFFECTS OF AGRICULTURAL COMMERCIALIZATION:**

- ❖ It increased inequality, as the rich become richer and the poor become poorer, as it required huge investment.
- ❖ This system was beneficial only to the Indian and British traders and money lenders.
- ❖ Due to lack of money, poor farmers sell their crops immediately after harvest and during the next season they depend on money lenders.
- ❖ Due to increased commercial crop production, food crop production decreased, which led to famine.
- ❖ Commercialization increased the Indian population.
- ❖ The self-sufficiency which prevailed in India before this was affected.
- ❖ The traditional agriculture and industry relations were seriously affected.
- ❖ Lack of technological development.
- ❖ Indian farmers were held as slaves in European hands.
- ❖ Several crops are specialized to certain areas due to commercial revolution.
- ❖ Industrialization of agriculture later led to British rule in India, as it all started with trading first.
- ❖ Introduction of intermediaries system.

**POSITIVE IMPACT OF COMMERCIALIZATION:**

- The onset of the green revolution during the mid-sixties resulted in widespread use of modern inputs such as HYV seeds, water, fertilizers and pesticides, which led to a significant growth in production.
- It transformed the Indian economy into a capitalistic form.
- It linked India with the world economy.
- It led to the growth of agriculture in India and many agricultural problems were rectified or solved.
- It introduced regional specialization of crops and made significant growth in production.
- Encouraged the national economy and pushed the maximum production in agriculture.

**WORLD BANK'S CONTRIBUTION IN COMMERCIALIZATION OF AGRICULTURE:**

Commercial agriculture is an industry which is conducive to maximize profits and is less as a way of life that has social and ecological ramifications. In 1960, special industrialization of agriculture took place along with the green revolution in Punjab where the World Bank promoted the import of fertilizers, seeds, pesticides and farm machinery which developed agricultural productivity. This bank provided credit to the farmers to convert low cost, low input agriculture to capital and chemical intensive one. The government, in order to reduce the risk in agriculture, decided to introduce new technology through the foreign exchange policy of green revolution in India; this increased productivity six times more than the estimated income from agriculture. The world bank advocated monocultures of varieties of seeds by replacing the diverse variety of food crops. The terai seed corporation was formed with the World Bank's loan in 1969 and then this was followed by several national seeds projects (NSP) which led to homogenization and industrialization of the Indian agricultural system. These loans were intended to privatize the seed industry and open India to multinational seed corporations, and these policies allowed multinational corporations penetration into Indian markets which were not directly accessible before. The main aim of these banks is to put pressure on the government to obtain favorable conditions for foreign investment in the Indian fertilizer industry, import liberalization and elimination of all domestic controls.

**GREEN REVOLUTION IN INDIA:**

The process of converting Indian agriculture to an industrial system by adapting new technology and modern methods such as tractor usage, High Yielding Variety (HYV) seeds, irrigation facilities, fertilizer and pesticide. In 1970, Norman Borlaug initiated the green revolution by inventing the HYV seeds of wheat for which the Nobel Peace Prize was awarded to him. During this period a large amount of pesticide was used which brought revolutionary growth in the Indian agricultural system. But as time passed, the pests became immune to the pesticides; the confused illiterate farmers started using more of the dangerous pesticides without experts' consent, which in turn destroyed the soil crops and the people. The population (mostly Punjab) that used these crops was seriously affected by harmful diseases like cancer, renal failure, stillborn babies and birth defects. So the use of pesticides is banned in Punjab but is still used in other parts of India. To combat the side effects of the first green

revolution, a second one was started in which the old crops wheat and rice were replaced by fruits and vegetables for export purposes. Thus the green revolution, instead of doing well, it only did harm to the people both economically and physically.

### **CURRENT SITUATION OF FARMERS IN INDIA:**

The central government in September 2020 passed three farm laws in the parliament of India. The three laws are,

- ★ Farmers produce trade and commerce (promotion and facilitation) act.
- ★ Farmers (empowerment and protection) agreement on price assurance and farm services act.
- ★ Essential commodities (amendment) act.

These laws are proposed to curtail farmers from exploiting the MSP fixed by the government. The farmers are protesting against these laws, as in the farmer's opinion, they say that if these laws are passed the minimum support price (MSP) will be removed and the whole pricing of the produce will be under the corporate who will exploit them by not providing appropriate price for the produce. But the government says that the protests are based on misinformation and claims that the laws will make it effortless for farmers to sell their produce directly to big buyers. Due to the protest on 21<sup>st</sup> January 2021, the government has suspended the enactment of the laws for 18 months and various efforts have been taken to solve the problem, but the strike has continued. Some of the state governments of Kerala, Punjab, Chhattisgarh, Rajasthan, Delhi and West Bengal have passed resolutions against these acts and some have passed counter-legislations, but none of them were approved by the state governor. In November, the farmers of Punjab and Haryana marched towards Delhi for their protest; this campaign is called DILLI CHALO (let's go to Delhi), in spite of the pandemic situation the protest has been carried on. Till date, approximately 41 farmers and supporters have committed suicide for this cause.

### **SUGGESTIONS:**

1. Though commercialization of agriculture has its own pros and cons, it really improved the Indian agricultural system and opened India to the global market. With adequate and correct reasonable restrictions this can be followed and import and export can be carried on within countries.
2. Government should take steps to pull the farmers out of their poverty zone and take steps to improve irrigation facilities, lack of use of technology, transportation problems and improve storage facilities.
3. The farmers should try to accept certain provisions of farm laws.
4. Even though the farm law is enacted all over India, only a few states have participated in the protest. If this law has to be repealed first, there should be unity among the farmers, and the issue has to be converted into a state interest.

5. Contract farming can be introduced, where independent farmers' harvests are purchased by a central processing or exporting unit. These purchases can be used to replace corporate involvement. The conditions of the purchase are negotiated ahead of time through contracts, the details of which vary greatly according to circumstance.

## CONCLUSION:

Although the commercialization of agriculture has eased India's food situation and transformed the country from a food importing country to an exporting country, it has also provided wealthy agricultural communities with space to politicize subsidies, promote input concentration, and increase dependence. Credit, technology, seeds, fertilizers, etc. In fact, modern agricultural technologies, such as the improvement of mechanization, the development and widespread use of chemical fertilizers, pesticides and herbicides, the emphasis on the economies of scale in fields and farms, the continuous farming, the development of animal husbandry, plant breeding and biotechnology, have been Changed agriculture in India, but they have a great impact on the health of the population, so the system should be completely controlled by the government.

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