



GLOBAL TRADE AND INDIAN AGRICULTURE SECTOR

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Abstract

Agriculture plays a dynamic role in the country's economy. It is the backbone of Indian economy. It is the primary source of livelihood for a large section of the population of rural India. In 1991 the government of India has adopted LPG policy. In spite of rapid industrialization, agriculture continues to be essential for ensuring food security and economic stability. India has various climatic conditions, which allow the cultivation of a wide variety of crops such as rice, wheat, millets, pulses, cotton, sugarcane, tea, and coffee. The Indian agriculture sector is increasingly influenced by global developments due to globalization, international trade, and climate change. India is one of the world's largest producers of agricultural commodities, changes in the global environment have a direct and significant impact on its farming community. Global trade policies and international market prices strongly affect Indian farmers. Fluctuations in global demand and supply influence the prices of crops. This shift has led to new trends in agricultural sectors, challenges, and opportunities. This paper tries to examine the impact of global policies on agriculture sector in India.

Key Words: Global Trade Policies, Agriculture, Growth, Development and Economy.

Introduction

The share of agriculture in national income is often taken as an indicator of economic growth and development. Agriculture is the primary source of livelihood for a large section of the population of rural economy. In spite of rapid industrialization, agriculture continues to be



essential for ensuring food security and economic stability. India has various climatic conditions, which allow the cultivation of a wide variety of crops such as rice, wheat, millets, pulses, cotton, sugarcane, tea, and coffee. The Indian agriculture sector is increasingly influenced by global developments due to globalization, international trade, and climate change. India is one of the world's largest producers of agricultural commodities, changes in the global environment have a direct and significant impact on its farming community. Normally developed countries are less dependent on agriculture as compared to underdeveloped countries. In the country like USA and UK only 2 % of GDP is derived from agriculture sector but underdeveloped country like India has around contributes around 18% of GDP. In 1951 around 69% of the working population was engaged in agriculture sector. Agriculture remains essential for food security, rural development, and the overall socio-economic development of India, especially in rural areas. This sector's contribution fluctuates based on various factors such as monsoon patterns, government policies, global commodity prices, and technological advancements in agriculture. The Indian agriculture and allied sector provides livelihood around 42.3% of the total population and has a share of 18.2% in the country's GDP at current prices.

OBJECTIVES OF THE STUDY:

- ❖ To analyze the impact of global factors such as international trade, climate change, and globalization on the Indian agriculture sector.
- ❖ To examine the trends in agricultural sector in India.

METHODOLOGY:

The research is mainly based on secondary data collected from reliable national and international sources, including: Ministry of Agriculture & Farmers Welfare, Government of India, Economic Survey of India, Reserve Bank of India (RBI) reports, NITI Aayog publications, United Nations Climate Change reports (IPCC), Handbook of Indian Government for the period



1950 to 2025, Reports and Budget documents, different website, Articles and Research Papers published in National and International Journals like Journal of Public Choice, Journal of Development, Journal of Political Economy, Journal of Economic Studies, Economic and Political Weekly are to be referred authenticate the propositions.

Impact of Global Factors on the Indian Agriculture Sector

The Agriculture sector has played significance role in providing livelihood and employment to a significant portion of the total population of India. However, the role of agriculture in the Indian economy has major changes over the years due to factors like industrialization, urbanization, and government policies. The combined impact of international trade, climate change, and globalization has transformed Indian agriculture into a more market-oriented but risk-prone sector. While global integration offers growth opportunities, it also exposes farmers to environmental uncertainties and market shocks. To manage these challenges, India must strengthen climate-resilient agriculture, diversify export markets, promote sustainable farming practices, and ensure inclusive policies that protect small and marginal farmers.

Indian agriculture is deeply interconnected with global economic, environmental, and technological systems. International trade, climate change, and globalization have significantly shaped agricultural production, income levels, and policy frameworks in India. These global forces present both opportunities and challenges for the sector.

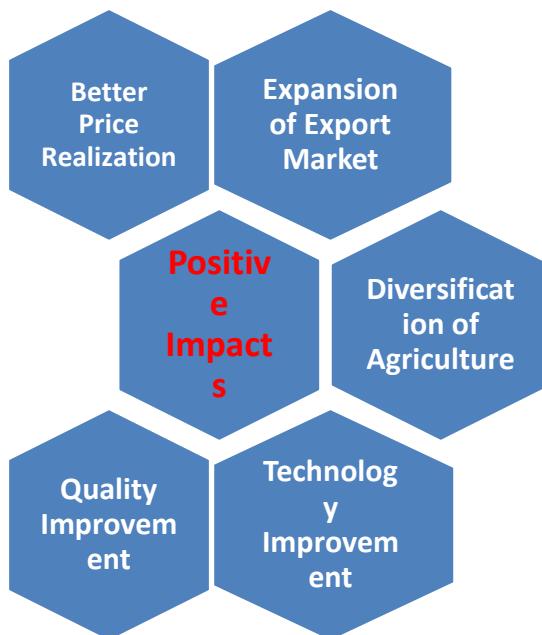
Impact of Global Factors

- **International Trade**
- **Climate Change**
- **Globalisation**
- **Combined Effects and Policy Implications**

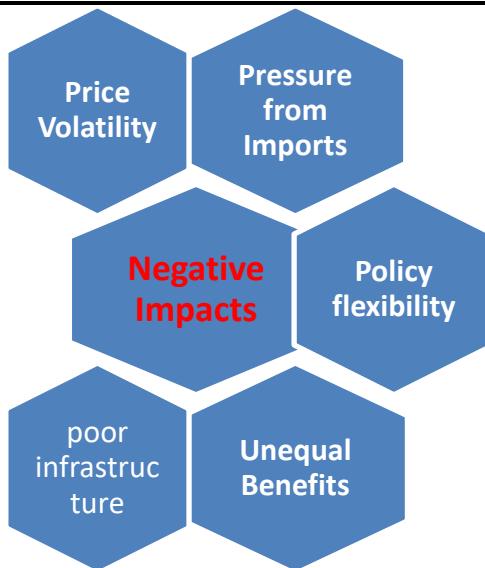


Impact of International Trade on the Agriculture Sector of India

International trade plays a significant role in shaping India's agricultural sector. As one of the world's largest producers of agricultural commodities, India's integration with global markets has created new opportunities while also introducing several challenges for farmers and policymakers.



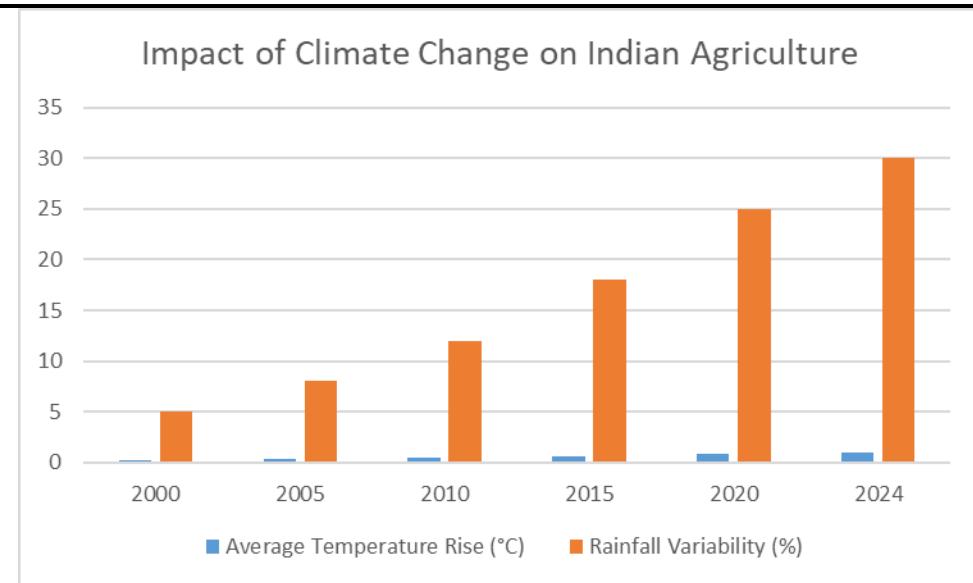
International trade has enabled India to export agricultural products such as rice, spices, tea, coffee, cotton, sugar, and marine products. This has increased foreign exchange earnings and improved income opportunities for farmers involved in export-oriented crops. Access to global markets often allows farmers and exporters to benefit from higher international prices compared to domestic markets, particularly for high-value crops and processed agricultural goods. Trade has encouraged crop diversification toward commercial and high-value crops such as fruits, vegetables, spices, and floriculture, reducing dependence on traditional food grains. Participation in global markets has pushed Indian agriculture to adopt better quality standards, improved packaging, storage, and modern farming practices to meet international requirements.



Indian agriculture has become vulnerable to fluctuations in global prices. Sudden changes in international demand or supply can lead to unstable domestic prices, affecting farmers' income. Import of cheaper agricultural products can hurt domestic producers, especially small and marginal farmers who struggle to compete with heavily subsidized agriculture in developed countries. International trade agreements under the WTO limit the extent of subsidies and price support that the Indian government can provide, reducing policy flexibility to protect farmers. Large farmers, exporters, and agribusiness firms benefit more from international trade, while small farmers often lack access to global markets due to poor infrastructure and limited resources.

Impact of Climate Change on the Agriculture Sector of India

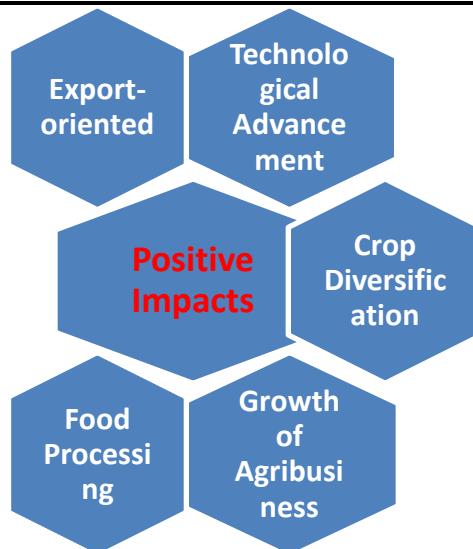
Climate change is one of the most critical global challenges affecting Indian agriculture. Rising global temperatures, unpredictable monsoon patterns, frequent droughts, floods, and extreme weather events have adversely impacted crop yields and productivity. Rain-fed agriculture, which supports a large portion of Indian farmers, is especially vulnerable. Climate change has also altered cropping patterns, increased pest attacks, and intensified water scarcity, threatening food security and farmers' livelihoods.



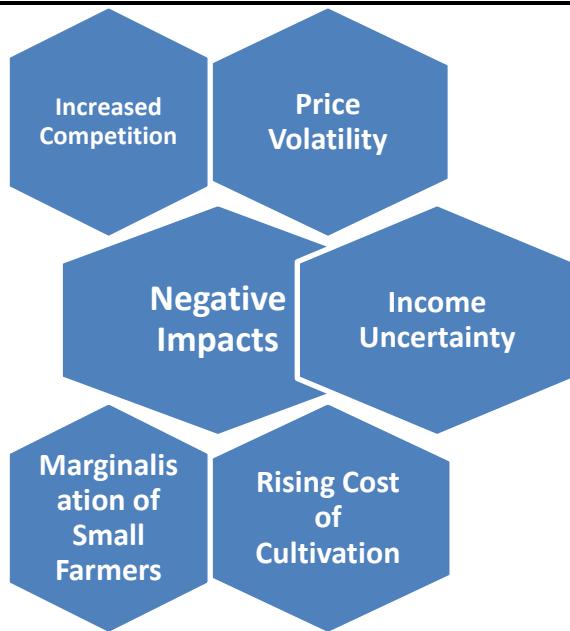
The graph indicates a steady rise in average temperature and increasing rainfall variability over the years. These climate change factors have adversely affected Indian agriculture by increasing the frequency of droughts, floods, and crop failures, especially in rain-fed regions.

Impact of Globalisation on the Agriculture Sector of India

Globalisation refers to the increasing integration of economies through trade, investment, technology, and information flow. Since the economic reforms of 1991, globalisation has significantly influenced the Indian agriculture sector, bringing both opportunities and challenges.



Globalisation has opened international markets for Indian agricultural products such as rice, spices, tea, coffee, cotton, fruits, and vegetables. This has increased export earnings and provided better income opportunities for farmers involved in commercial and export-oriented farming. The entry of multinational companies and global research institutions has introduced modern farming technologies, high-yielding seeds, advanced irrigation systems, farm machinery, and digital agricultural tools, improving productivity and efficiency. Global demand has encouraged farmers to shift from traditional food grains to high-value crops like fruits, vegetables, floriculture, spices, and organic produce, leading to diversification and higher income potential. Globalisation has promoted agribusiness, contract farming, cold storage, food processing, and supply chain development, reducing post-harvest losses and increasing value addition.



Indian farmers face tough competition from imported agricultural products, often produced with heavy subsidies in developed countries. Small and marginal farmers find it difficult to compete in global markets. Dependence on global markets exposes farmers to international price fluctuations, causing instability in farm incomes. Globalisation has increased dependence on imported inputs such as seeds, fertilizers, pesticides, and fuel, raising production costs. Benefits of globalisation are uneven. Large farmers and agribusiness firms gain more, while small farmers often lack access to technology, credit, and international markets.

TRENDS IN AGRICULTURE SECTOR

Agriculture Production & Productivity: Productivity in agriculture refers to the quantity of output per hectare or per labour. The area under cultivation has increased. The following table shows appreciable increase in productivity between 2019 to 2024.

Gross Area Under Major Crops (Million Hectares)

Crop	2019-20	2020-21	2021-22	2022-23	2023-24
Rice	126.5	132.4	137.8	144.5	145.5
Wheat	144.6	146.9	144.5	148.2	151.4
Pulses	163.3	181.1	194.5	186.6	174.3
Oilseeds	121.3	130.7	138	149.2	144.2
Total	555.7	591.1	606.9	628.5	615.4

Source: Economic Survey 2024-25.

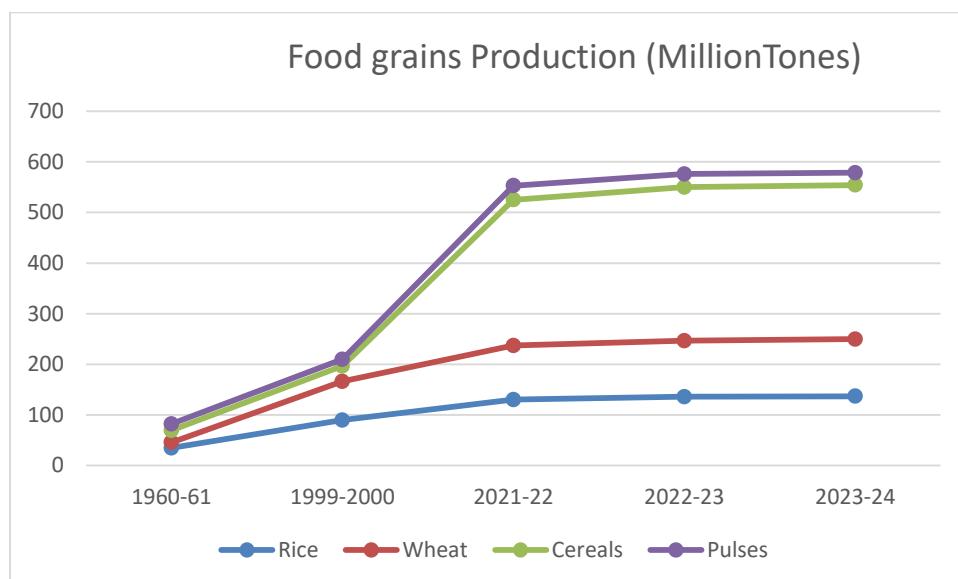
Gross Area Under Major Crops (Million Hectares)



Increase in Food Grains Production: Agriculture Production refers to the total output of rice, wheat, pulses, oil, seeds, sugarcane, cotton, jute etc. The adoption of HYV technology the production of food grains increased considerably in the country. The total production increased from 82 million tons in 1960-61 to 209.8 million tons in 1999-2000 and its further increase 264.4 million tons in 2013-14. The total production increases more than 3 times since 1960. The following table shows the start of production before and after the globalization in the agriculture sector.

Food grains Production (Million Tones)					
	Year				
Items	1960-61	1999-2000	2021-22	2022-23	2023-24
Rice	34.6	89.7	130.3	135.8	136.7
Wheat	11.0	76.4	106.8	110.6	112.9
Cereals	23.7	30.3	288.0	303.6	304.4
Pulses	12.7	13.4	27.7	26.1	24.5
Total	82.0	209.8	552.8	576.1	578.5

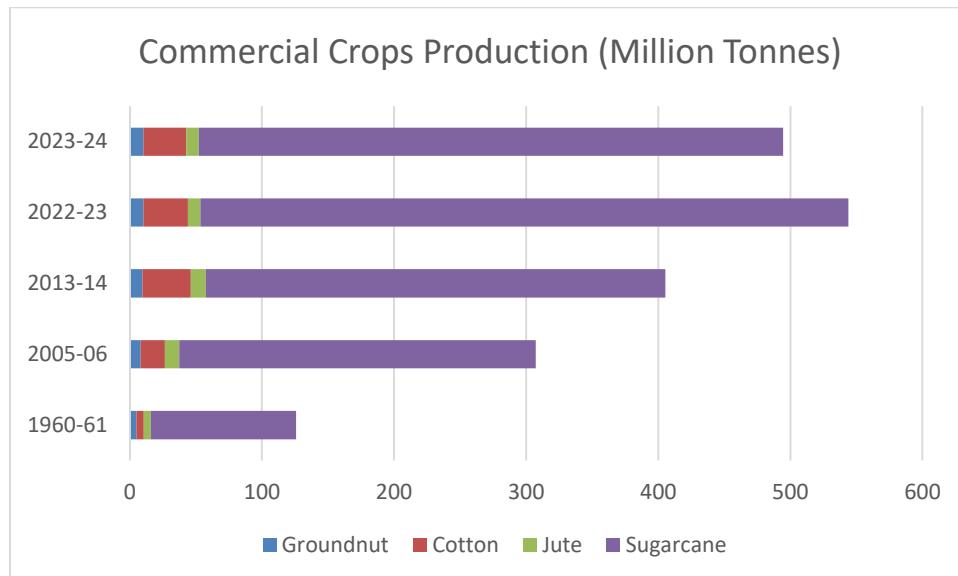
Source: Economic Survey 2024-25



Increase in Commercial Crops: Commercial crops include Groundnut, Cotton, Jute, and Sugarcane. These items are part of the daily consumption. The trend in production of commercial crops has increased after the globalization. All the items in commercial crops have shown progress in their total output. Commercial crop production has increased by more than 300 percent after globalization. The following table shows that the stat of commercial crop production before and after the globalization in agriculture sector.

Commercial Crops Production (Million Tonnes)					
Year	1960-61	2005-06	2013-14	2022-23	2023-24
Groundnut	4.8	8.0	9.5	10.29	10.3
Cotton	5.6	18.5	36.5	33.66	32.5
Jute	5.3	10.8	11.4	9.39	9.3
Sugarcane	110.0	270.0	348.0	490.53	442.5
Total	125.7	307.3	405.4	543.87	494.6

Source: Economic Survey 2024-25.



CONCLUSION

India is among the top producers of several crops like wheat, rice, pulses, sugarcane and cotton. It is the highest producer of rice and second highest producer of wheat in 2024. India contributed 25% to the world's pulses production which is highest any one country. In the current scenario all countries accept globalization. And under it all countries get the same opportunities to develop their international relations and trade. Agriculture sector has played key role in the Indian economy. After the adoption of globalization in July 1991 Indian agriculture growth rate increase. India ranks second globally in agriculture production at \$367 billion. But at the current



period the economic condition of the farmers is not satisfactory because of government policy and uncertain monsoons condition. Therefore, ultimate success of globalization can only be realized when it helps achieve all the parameters and policies of agriculture development.

According to the Economic Survey the agriculture sector in the country grew by 3% in 2021-22, lower than an average growth of 4.6% in the last six years. In 2020-21, the growth in this sector was 3.3%. In 2016-17, the growth rate was 6.8%, followed by 6.6% in 2017-18, 2.1% in 2018-19 and 5.5% in 2019-20. In 2024, the agriculture sector in India employed almost 150 million people. This is a slight increase from the previous year, when the agriculture sector employed 45.5% of the workforce.

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