CHAPTER I

INTRODUCTION

Agriculture matters. Because it produces the food that feeds people and provides income on which the world’s most vulnerable people depend. Small scale agriculture matters because it plays a key role in overcoming poverty. Since agriculture provides food and shelter for 70 percent of its people it needs no introduction in India.

The major input in agriculture is farm and farmer. Farm is affected by blind unconscious forces of nature. Droughts, floods, global warming, tsunami, wild fires, landslides, volcanoes, soil erosion, el ninoes, climatic changes etc. have been and still are natures weapons. In this titanic struggle farmer has employed his knowledge and hard work to harness nature to his will.

The farmer is a part of an organic society. Cultivation is not just a means of livelihood for them; rather it is a technology to utilize resources for lending support to their overarching culture under whose shelter they live.

The starting point of production was the individual farmer household, but the conditions in which the production took place were socially determined. First is the inherited agricultural practices and technology, and the system of knowledge in which they were rooted. Second is the market that determined the total output and profitability of the agricultural products.
Agriculture is the backbone of the world. Therefore state as well as international agencies should stand for the interests of the farmers. Any action that goes against the welfare of the farmer will result in distress and chaos.

**Agriculture in India**

Agriculture in India is not only an economic activity but also a way of life. Despite concerted industrialization in the last six decades agriculture occupies a place of pride. There is a strong chance that India will be a predominantly agricultural country in the near future.

Indian agriculture experienced a very slow growth during the first half of the 20th century before independence. On the eve of independence, the agricultural sector was the dominant sector both in terms of domestic product and in providing employment. Therefore the fortunes of a large majority of people in India were basically linked with agricultural performance. For many years attempts were made to reduce Indian agriculture’s dependence on monsoons by building a reliable irrigation infrastructure in the country. The development of irrigation was instrumental in reducing the incidence of famine through increasing the food grains.

Tea, sugar, oil seeds, tobacco, spices, etc. constitute the main exports of India. Agriculture is the main support for India’s transport systems, securing bulk of their business from the movement of agricultural goods. Purchasing power of the farmer leads to greater demand for industrial products and better prices.
Bad crops lead to depression in business. Prosperity of the farmer is a necessary precondition for the progress of all industries. Rural areas are the biggest market for consumer items. In short agriculture has always been the backbone of the Indian economy.

The liberalization of the Indian economy in 1991 has caused fresh challenges to Indian agriculture. The contribution of agricultural exports to total exports has declined sharply from 20.5% in 1950-’51 to 10.5% by 2004-2005 (1). Agricultural imports have also recorded a rise after the liberalization of the economy in 1991.

The control over the marketing network became more complex in these days. The state, an institution transcending peasant village society, is included in the social framework because it is not just a remote policy making authority. Its decisions enforced mostly through its institutions constantly impinged on peasant village.

Agriculture in India is as much a way of livelihood as a way of life, characterized by certain cultural attributes, in the sense of attitudes, values and other ideational levels. The approach to peasantry that we would accept shifts the focus from cultural to the material, economic and political processes and market at work in a society.

India has a large potential to increase its agricultural exports in a liberalized world. This would depend on undertaking large infrastructure investment or agro processing, research, diversification and increasing
efficiency of production in agriculture. The potential for exports depends on freeing of agricultural markets by the developed countries.

The Government of India started initiating a number of neo liberal policies since the early 1980s. These policies were sharpened in 1991 by the introduction of New Economic Policy. India became one of the founder members of the World Trade Organization in January 1995 and started dismantling gradually its very high tariff and other non tariff barriers relating to exports and imports of various products including agriculture. Agricultural trade liberalization was expected to bring large benefit to the farmers of developing countries subsequent to the establishment of the liberalization policies. But these policies had terrific consequences on the farmers of India, especially in Kerala.

**Agriculture in Kerala**

The First phase in the modern history of the agrarian economy of Kerala coincided with the mercantile capitalism of the west, ranging the period roughly between sixteenth and eighteenth centuries. During this period crops like pepper, ginger, cardamom and cinnamon were procured by European merchants from Kerala with the political and military patronage of the metro polis and sold it in different parts of the world. Trade appropriated much of the global surplus. The grip of merchant capital of Europe over Malabar Coast ranged the period of Portuguese, Dutch, French and a portion of British supremacy in the region.
Kerala as a source of precious spices was known all over the world even very early times. So traders from distant lands used to come to this part of India for trade in spices.

The Portuguese explorer Vasco Da Gama arrived at Calicut in 1498. From that time on the Portuguese played a dual role in the agrarian economy of Kerala one positive and the other negative.

On the positive side the shifts in the demand for spices of Kerala pressurized the Portuguese to introduce some improvements in its mode of cultivation. So they encouraged a much more systematic and scientific way of farming cash crops than the farmers of Kerala had hitherto practiced. But it also led to a change in the economic balance between food crops and cash crops which still persist.

The Portuguese introduced in Kerala a number of new crops like cashew nuts, tobacco, tapioca and papaya. Coconut was not a major crop of Kerala prior to the arrival of the Portuguese. For household and local use it was grown, but there was nothing like cultivation for the purpose of trade. In 1503 the Portuguese learned the use of coir as an important raw material for ship making. From that time on coir became an important article of trade. Coconut cultivation became popular more for coir than for copra.

On the negative side the Portuguese monopolized trade in spices by displacing the Arabs from the Malabar Coast. They extracted much of the region’s agricultural surplus value through inequitable trade and direct plunder. “The monopoly of spices trade in Europe netted them fabulous profits from 800 to 1000 per cent on the capital invested.”(2)
The trade in Kerala spices and other oriental goods enriched Portugal. Inspired by this unusual Portuguese gain, other European countries also struggled to come to Malabar Coast for trade. The second European country to establish power in Malabar was Netherlands. The Dutch could finally drive out the Portuguese from the Coast of Malabar.

From the point of view of the agrarian history of Kerala, the Dutch should be remembered for their innovation of plantation type of agriculture in this region. They promoted a number of plantations in coconut and other crops and did much to improve the cultivation of these crops. The Dutch were the first to initiate commercialization of Indigo Cultivation in Kerala. But they could not remain longer in this region due to the rivalry of the British and the French. Ultimately, the British succeeded in driving out all other Europeans not only from Kerala but also from the rest of India. Finally India became of true colony of the British.

**Agrarian Transformation in Kerala**

During the Mercantile phase, spices and textiles were bought and sold as final commodities by the British. But as industrial capitalism emerged in Britain, Kerala was conditioned to provide raw materials for the emerging British industries and also to buy their manufactured goods. In the phase of monopoly capitalism, British industrial capital as well as finance capital penetrated into different parts of India, including Kerala.
There are two types of agrarian changes during the latter half of British colonialism and imperialism in connection with Kerala. One is the introduction and commercialization of a number of new industrial crops like coffee, cocoa, cinchona, tea, oil palm and rubber. The second type of change during the period of imperialism was due to migration of British capital into Kerala for starting a number of plantation enterprises.

The surrender of political supremacy of Tranvancore accelerated cash crop cultivation in the state to cater to British economic interests. The British fully tapped the virgin forest soil of Kerala especially Idukki.

**Agriculture and Present Problems**

When India became independent the first Five Year Plan formulators gave utmost importance to agriculture and it was a grand success. From the second Five Year Plan onwards the policies were in favor of industry. So the development was at the cost of the sweat of the farmers. Since industrial sector was well organized their problems were very often given importance and the cries of the disorganized farmers never reached in the political circles.

The Government of India introduced a number of neo liberal economic policies since the early 1980s. These policies were sharpened by the initiation of New Economic Policy in 1990s. They have put the farmers of Kerala in great stress. The distress has become so acute that some of the farmers have committed suicide. The rate of suicide also shows a growing trend. One could notice a close relationship
between the policies pursued by the government of India obliging globalization and the agrarian distress of Kerala.

Liberalization of foreign trade resulted in the sharp decline of commodity prices. As a result agricultural income of many farmers has declined. And the cost of production of these crops increased mainly by the withdrawal of government subsidies in the farm sector.

The cost on agricultural credit also went up by the change in monetary policy. The farmers largely borrowed from money lenders and co-operative banks for meeting their domestic and agricultural incomes. The rises in cost of cultivation and cost of living have made a large number of farmers heavily indebted.

**Impact of International Institutions**

The General Agreement on Tariffs and Trade (GATT), a forum to promote free trade in manufactured goods is being restructured into World Trade Organization on 1 Jan 1995, a full-fledged institution with immense powers to monitor globalization. The objective of World Trade Organization was to raise living standards all around the world. Trade liberalization was one of the major instruments to achieve that objective.

One of the major achievements of the World Trade Organization Agreement on Agriculture (1995) was that agriculture trade was for the first time brought within the discipline of multilateral trade rules.
The objective of WTO Agreement on Agriculture was to create a free multilateral trade regime for agriculture. The aim was to eliminate or considerably reduce obstacles to market access including restrictions and controls and high tariffs; to eliminate or considerably reduce domestic support and to streamline the export subsidy regime.

Third world countries like India pressurized to join this ordeal of globalization. The political economy of Kerala played a remarkable role in all the phases of historiographic capitalist globalization. In the emerging new globalization Kerala’s agriculture is facing a crisis and the farmers and farm workers are inflicted with severe problems.

**Colonization in the Past**

Globalization in its proper sense is co-terminus with human history. Human beings domesticated plants, animals and developed metallurgy. These technologies also traveled throughout the world. Cross country journeys of travelers brought awareness of goods, technologies and cultures across continents.

The spread of European colonization got its tempo by Christopher Columbus’ and Vasco Da Gama’s voyages. By 1800 fertile and mineral rich areas in the world had been settled by Europeans whose colonized area by then exceeded that of Western Europe. These newly colonized areas fed the material hunger of Britain. They were competing for raw materials and the cheap slave labour that was available in
the colonies.” Railways and steam ships provided the arteries for the spread of trade and investment. They were augmented by the development of telegraph communication and the opening of Suez Canal in 1869.

During the 19th century the foundation of today’s global super market were well established to characterize the century as the golden age of capitalism. The World War I hugely disrupted Europe’s production but left the economies of most of the rest of the world particularly that of the United States unscratched. Economy of the United States kept growing quite rapidly and it became the new giant of the global trade net work. This status was confirmed by its large post-war reconstruction loans to Europe and its large level of foreign investment.

Unlike the World War I, the World War II did significantly disrupt the expansion of world trade. Europe faced an acute shortage of products that resulted in high inflation and low economic growth, which depressed economic growth. After the two World Wars and Great Depression the colonies have attained freedom from the imperialist governments and the global supermarket began to work with much vigor.

**Neo Colonialism**

In the post – World War II era, political colonialism was liquidated and the colonies became independent countries. These newly liberated countries were identified as the third world. Though the third world started enjoying political freedom, they failed to follow an independent economic policy. As they had to depend on western capital and technology for modernizing and developing the economy, that resulted in their subjugation to multinational corporations, International Monetary Fund, and World Bank. The
emerging situation has been called “neo – colonialism”. The idea is that even without direct metropolitan political support, Multinational Corporations could continue their economic domination and exploitation in the newly dominated countries.

The multinational corporations, which constituted the essence of new colonialism, found India as a very attractive place for profit maximization. The relatively cheap labor and a potential market for consumer goods were factors favoring the inflow of multinational capital to India. Due to scarcity of capital and technological know-how the attitude of the Indian administrators was to welcome the direct private foreign investment. The multinational companies with large investment facilities rise up to the situation and entered into every field they could invest and dominate. In the agricultural field the net effect was that of playing a second fiddle for the farmers according to the tunes of the multinational companies reminding the times of the colonial period.

**Economic side of Globalization**

Multinational Corporations perceive the entire world economy as a single unit. They want the regional and national economies to be integrated with the world economy through neo liberal programmes. Market is being identified as the core vehicle for this integration.
Social Aspects of Globalization

Globalization also represents an ideology. It promotes a set of coherent beliefs, views and ideas legitimizing global capitalism. Globalization is projected as the only one ideology that is legitimate, respectable and possible. It affirms that there is no other alternative than this path of development. This globalization creed may be summed up in four beliefs:

1. Belief in private property
2. Belief in market
3. Belief in free enterprise and free trade
4. Belief in least government intervention

Excessive importance on private property and free trade will lead to cavities in the society. People think only about creating money. They are not bothered about the ways and means of making money. Least government intervention will lead to chaos in the society. When the government is least powerful people will be exploited by pressure groups. In 1930s least government intervention has led to Great Depression. We cannot depend fully upon market because market decisions are always led by profit motive.

Globalization has changed the ways of life of people. Formerly they were enjoying idly and dosai with full satisfaction. The recent trend is that they ignore these traditional foods and enjoy pastas, burgers and corn flakes.
South India was famous for her renaissance leaders and value based politics in the past. Globalization has imported a different culture. Now the newspapers are filled with political scams. Today ideas are produced and distributed in the global level. Transformation of the society is in the hands of the media which is controlled by Multinational Companies.

STUDY AREA

In many ways Kerala is a microcosm of India. It is plagued by the same problems; difficulties and complexities; dire poverty, scarcity; overpopulation; under industrialization; predominantly agricultural, deficient in food, staggering unemployment and a population explosion that makes nonsense of every development effort. The land is dominated by rice fields, mango, cashew, spices and coconut trees.

The early history of Kerala is documented in ancient Tamil scripts. The Kingdom of Cheras ruled much of present day Kerala up till the early Middle Ages. The present day state of Kerala was created in 1956 from Travancore, Cochin and Malabar. Malabar was formerly part of Madras State. There are fourteen districts in Kerala. For the purpose of a microscopic study into the agrarian problems I have selected Idukki District of Kerala as my study area. Idukki is geographically known for its mountainous hills and dense forests. It is located in the middle part of Kerala.
The District is bound on the east by Theni district of Tamil Nadu while on the west Ernakulam and Kottayam Districts of Kerala. In the south it is the pathanamthitta District, while on the North it is bound by Trichur and Coimbatore Districts of Kerala and Tamil Nadu states respectively.

NATURE OF RESPONDENTS

Idukki District is located in the middle part of Kerala. So it is free from the influences of North and South. About 50 percent of it is reserved forests and predominantly it is an agricultural area. The respondents are farmers who hold small pieces of land. They cultivate Coffee, Cardamom, Pepper, Cocoa, Turmeric, ginger, rice, cinnamon, nutmeg, vanilla, chilly, potatoes, carrot, cabbage, tomatoes, etc. They go for mixed cultivation. Even if it is a small portion of land they cultivate spices and vegetables.

Very often they are not sure about the price that they would get from the market. If they are depending upon one crop, and if the price of that crop come down they will be the losers. They cultivated in such a manner that if they lost in one crop they would benefit in some other. In that way they wanted to avoid risk. Since they are having only small land holding they work hard to eke out a living.

The entire household is engaged in the agricultural work including children and aged.

TYPE OF SAMPLE
In this study the total population is the small scale farmers of Kerala who are having less than three acres of land. To make this study more precise only the houses of farmers who have committed suicide is considered, since they are most hit. Newspapers, magazines, and various reports have come about the farmers who have committed suicide. The names and addresses of these farmers are collected from village offices, Panchayaths, Police Stations etc.

OBJECTIVES

On the basis of the above theoretical perspective various research questions were developed. These research questions will form the objectives of this study. The major objective of the study is to find out the effects of globalization on the people of Kerala with special reference to Idukki District. The specific objectives are given below.

1. To make a deeper study into the globalization policies and its effects on the farmers.

2. To analyse the socio economic conditions of the people of Idukki.

3. Influence of globalization on the culture of the people of Idukki District.

4. To highlight the major reasons which cause farmer suicide in the study area.

5 To find solutions to the problem of farmer suicides.