GLOBALISATION AND EXTINCTION OF DIFFERENT SOCIO-ECONOMIC GROUPS & SUBGROUPS

5.1 Globalisation: It’s Impact on Agriculture Sector in India

Despite constant post-war efforts to decode the development process, it appears that little practical progress has been made. Many theories have been proposed (some leading directly to policy). Social theorists from Karl Marx to Daniel Bell have argued that economic development brings pervasive cultural change. Others, from Max Weber to Samuel Huntington, have claimed that cultural values are an enduring and autonomous influence on society. Empirically we find evidence of both massive cultural change and the determination of characteristic cultural traditions. The relationship of “culture” and “economic development” during the past fifty years can be, and has been, viewed variably as causal, correlative or relatively autonomous.

The relationship between culture and economic development is extremely complex. Notice however, that this assumes, to start with, collective agreement upon the meanings of the terms (culture and development) is possible. Or indeed, that when agreement is achieved, the terms are not so general that they become lose all applicability. Working definitions will be provided below but the fact is that the concepts of culture and development are both opaque, making them impermeable to meaningful discourse.

Eagleton (2000) reminds us that “culture” has been used differently in various historical and structural circumstances. The term stood for civility in rural labour, “civilisation” in the 18th century, and as a proxy variable for criticising industrial capitalism in the 19th century. Today, the trouble with usage of the term is that it has come to mean, on the one hand, something disabblingly local and overspecialised-- basically nothing more than the affirmation of a specific identity--and, on the other, everything from a habit of mind, the arts, political institutions, to a whole way of life.

Incorporating “modernisation” and “globalisation” into the analysis compounds the definitional difficulty. Modernity was a project of global conquest originating in Europe. There are two ways to understand this. There is an obvious Eurocentric position, which holds that because of the exceptional characteristics of European culture and rationality, the people were able to transcend their limitations and extend their influence across the world. The second is a less crude, but indirectly similar
position, which conceives of Europe, while not the normative centre of modernity, having priority as the historical point of reference in any process of change from the 15th century onwards (Jameson and Miyoshi, 1998). The intellectual portrayal of modernisation was as a political and economic proposition coming to the fore following World War-II that equated the intellectual, cultural and technological advance of victorious nations as something that needed to be emulated by the “poorer, less civilised” peoples of the world. This is connected to the process of “modernity” which began about five centuries earlier.

World historians, especially, are aware of the fact that the “shrinking” of the world started as early as 1492. Indeed, mass migration, cross-cultural trade, warfare, and colonisation have economically, culturally, and politically been changing the shape of world history over the past five centuries. So in that sense there is nothing new about “globalisation”. Today, globalisation is a word that points to a phenomenon identified interchangeably as a process, an historical event, or the end result of shifting “ethno-, techno-, media- finance-, and ideo-scapes” (Appadurai, 1996). Accordingly, it replaces the unavailing verb, modernisation, because modernists and their opponents depended on outmoded dualistic analyses such as “centre-periphery”, “north-south”, “First World-Third World”, “developed-developing”, and other noted Cartesian distinctions. A consequential tradition of post-Nietzschean philosophers (including Heidegger, Sartre, Gadamer, Derrida, Foucault, James, Dewey, Quine or Rorty) would concur with ridding ourselves of this type of either-or thinking. Or as Pynchon’s heroine Oedipa Maas muses: “Excluded middles,” are “bad shit, to be avoided.” She is lamenting the absence, in her world, as indeed in our world, according to conventional logics - of any third alternative to the polarities of dichotomous choice, any mode of being that involves only yes and no, or existence and non-existence, or true and false (Pynchon, 1972).

The concept of modernisation was very much tied to the idea of re-creating the world in the image of American and Western European principles and culture. More recently, discussions of globalisation (culturally) describe a process by which the world is becoming increasingly interconnected and unified, subject to homogeneous and uniform processes of cultural unification. Characters such as Madonna and Michael Jackson, or the corporate logos of McDonalds and Nike are examples of global awareness.

Others would argue that relatively autonomous cultures co-opt (Jordon, 1997) global phenomena and re-construct them for local consumption. Numerous examples exist, which would include: -
Thai Boxing by Moroccan girls in Amsterdam.
- Jazz in Europe.
- Irish bagels.
- Chinese tacos.
- Indian communities that celebrate Mardi Gras in the United States.
- Or, white American boys talking “rap” for that matter.

To be successful, cultural products such as music, sport, food, business, literature, etc., often require the approval of globalised audiences. It is also true that “global culture” is, and always has been, filtered by every local group, assemblage, or social formation to make it meaningful within particular social and historical circumstances. Media ethnographers have explored the culturally specific interpretations given to American popular cultural goods and note how producers and marketers of these goods are well aware of the necessity for local variations in commodity distribution. Global advertising campaigns display a marked consciousness of cultural heterogeneity, often involving marketing strategies that are slotted into larger campaign packages to appeal to, or to promote, specific cultural localities.

We proceed in the following section to define our terms, before proceeding to pursue the relationship between “culture and economic development” as analytical concepts during the past 50 years. This is done by examining the usage of the terms during two major conceptual epochs, the first being that of “modernisation” and the second presently under way, that of globalisation. We conclude that the emphasis on the causality of one or the other concept is based on analytical laziness and the refusal, or inability, to confront complexity and multicausality.

**Culture:** - The total complex pattern of customary human behavior, social forms and material traits embodied in thought, speech, action, and artifacts and dependent upon the human capacity for learning and transmitting knowledge, and systems of abstract thought. This will include beliefs, morals, laws, customs, opinions, religion, superstitions, and art.

**Economic Development:** - An increase in the ability to “choose and make decisions” for the maximum number of people, during the maximum length of time, that will result in a sustainable increase in material and social welfare given allowances for both interpersonal and intergenerational criteria.

**Modernisation:** - A conceptual framework that articulated a common set of assumptions about the nature of American society and its ability to transform a world
perceived as both materially and culturally deficient’ (Latham, 2000). Specifically, modernisation theorists posited a sharp distinction between traditional (read poor) and modern (read United States) societies. They took for granted that economic development, from traditional to modern, preceded along a single straight, unambiguous line. Finally, modernisation advocates expected that contact with very important modern societies would accelerate progress in stagnant traditional societies.

**Globalisation:** Globalisation includes a spatial reorganisation of production, an increasingly common interpenetration of industries across borders (Brooke, 2001), the spread of financial markets, the diffusion of identical consumer goods, massive transfers of population, resultant conflicts between immigrant and established communities in formerly close-knit communities, and an emerging worldwide preference for less statism and more democratic executive (Mittelman, 1997).

This brings us to the issues and questions that have permeated the political and economic texts on development for the past fifty years and remain the subject of this paper.

1. Does certain cultural behaviour promote economic development?
2. Does economic development adapt to irreversible cultural behaviour?
3. Does economic development instil certain cultural behaviour?
4. Do cultural processes internalise and appropriate developmental processes?
5. Are culture and economic development relatively independent?

**Social dynamics**

Social dynamics and its relationship to development this extremely fertile and intellectually searching debate and study in other words the institutional and cultural perquisites and foundation for economic development has been simply ignored by most of those in the economics profession (Bilig, 2000). Discussions of culture in general or the alternative propositions of class, colonialism, imperialism and racism or sexism were, and are, not seen by mainstream professionals as being within the parameters of economics. For them, these terms represent unimportant, irrational, messy noise, which require ceteris paribus clauses. This and many other crucial debates with respect to economic development have had little if any impact on the discipline. Therefore, you will find, even today that most of the dialogue with respect to economic development will be within the discourse of anthropologists, political scientists or sociologists. Of greater concern is that most recently the sub-discipline of economic development is losing support within the profession as a viable economic subject worthy of attention. Consequently, those economists consulted with respect to
issues of economic development totally ignore (or worse, justify) the negative political and social consequences of their advice.

5.1.1 Modernisation: Culture & Economic Development

The first issue of the first journal on development economics, Economic Development and Cultural Change, came out in 1952. At that time there existed only a handful of scholarly works specifically devoted to the subject. The prevailing view was that for poor countries to achieve capital formation, productivity and consumption, comparable to those in developed countries, it was necessary to duplicate the cultural institutions of the latter. Ethnocentric ‘growth’ and development theories and the establishment of a number of global development institutions such as the World Bank and International Monetary Fund propelled one another as part of the Cold War.

One of the more strongly argued positions that poor nations must emulate rich nations, was that of Walt Whitman Rostow (1960), who later as special assistant to President Lyndon Johnson argued vociferously for involvement in Vietnam. The general proposition taken by Rostow, and others, was that in order to produce and consume like the wealthy, one had to change “traditional” cultural attributes and proceed in orderly fashion to achieve a “take-off” into sustained development. In fact, the Kennedy Administration has been seen as the “golden years of modernisation theory” (Latham, 2000). The Alliance for Progress, the Peace Corps, and the strategic hamlet program in Vietnam were all policies that drew their conceptual frameworks from modernisation theory. Modernisation is the belief that God has not been preparing the English-speaking and Teutonic peoples for a thousand years for nothing but vain and idle self-admiration. He has made them master organisers of the world to establish system where chaos reigns. He has made them adept in government that they may administer government among savages and senile peoples.

Backlash to Modernist Theory

Then came the ideological, political, and economic earthquake of the 1960s and culture was conceptually pushed aside as the social sciences came to be strongly influenced if not dominated by Structuralism, Institutionalism, Marxism and Dependency Theory. “Modernisation” theory was not only criticised, it was ultimately pronounced dead (Wallerstein, 1976). The post-war version of modernisation theory had seriously neglected external factors, such as colonialism and imperialism, as well as the newer forms of economic and political domination. The emerging neo-Marxist and world-systems theorists emphasised the extent to which rich countries exploited poor countries, locking them into positions of powerlessness and structural
dependence (Frank, 1966; Chase-Dunn, 1989; Chirot, 1977; Chirot, 1994; Wallerstein, 1974). “Culture” was replaced with the specificity of class, race and gender in the developmental process, all of which are still prominent in the social sciences as analytical constructs. From this perspective, culture is a diversion from the allegedly real processes in the contemporary world.

Marshall Sahlins was also of significant cross-disciplinary importance as well with the publication of his book Stone Age Economics (Sahlins, 1974). He alerted us to the fact that our prevailing belief that industrialisation frees us from much of the drudgery found in non-industrial societies is largely a myth. This provided a yet another antidote to the “modernisation” school’s implicit assumptions of Western technical and moral superiority. This fracture in the mythology of modernisation may be of less surprise today, cross-culturally, given the epidemic of stress disorders in workplaces throughout the world (Schor, 1991).

In 1985 the wheel turned once again, fuelled by a combination of factors including Reaganism and Thatcherism. Lawrence Harrison’s 1985 book, Underdevelopment is a State of Mind, was an opening ideological domain in the recovery of the concept of culture. Since then there have been a number of collective manifestoes proclaiming the rehabilitation of “culture” in the analysis of economic and political development. Recently, Samuel Huntington (1998) strongly affirmed the importance of culture as the primary variable for both development, and the conflict generated by that development. He asserts that the world is divided into eight major “cultural zones” based on cultural differences that have persisted for centuries. These zones were shaped by religious traditions that are still powerful today, despite the forces of modernisation. The zones are Western Christianity, the Orthodox world, the Islamic world, and the Confucian, Japanese, Hindu, African, and Latin American zones. What we have here is a marker for a significant shift in scholarly opinion. Both Harrison and Huntington have most recently collaborated to edit a book (Harrison and Huntington, 2000) in which the debate is broadened with 22 papers, with mainly pro-culture causality and a few con positions represented.

The leading article in Harrison and Huntington (2000) is probably the most significant in setting the tone of the debate. David Landes begins with to the point and brief sentence “Max Weber was right.” Weber (1958), trained in law and economics, was one of the earliest social scientists who asked prescient questions about the relationship between economy and culture. He argued that European capitalism was predicated upon a unique and fortuitous combination of a particular institutional matrix and certain cultural values (or “spirit”). In subsequent works on India, China, and the ancient Hebrews Weber presented contrasting cases of situations in which either the
institutional or cultural environment was not conducive to the development of rational capitalism. There has been a return to the scholarship of Weber by a number of social scientists that commonly refer to themselves as “neo-Weberians” (Mann, 1986; Holton and Turner, 1989; Swedberg, 1998). What Landes didn’t mention is that while all neo-Weberians stress the importance of culture, they do not consider culture as both a separate, or isolated, “box” apart from social, political, and economic life (Bilig, 2000). Not at all intellectually timid, Landes also maintains that Francis Fukuyama (1992) is correct about the end of history, and that Samuel Huntington (1998) is correct about the coming of a clash of civilisations between the west and the rest. For Landes the key to the success of the West has been its exceptional values and institutions, which were and still are lacking in the rest of the world. Thus, Landes refers to China as a culturally and intellectually homeostatic society that had indifference to technology, lacked institutions for learning, abhorred mercantile success, showed deliberate introversion, isolationism, risk aversion, irrationality, xenophobia, arrogance, haughtiness, stunned submissiveness, self-defeating escapism, and so on.

Michael Porter (2000) turns the Lands argument around taking a global perspective. Rather than arguing that particular culture traits are a pre-requisite for economic development, he argues that it is the “international economic culture” that is pushing every society toward productivity and values that are conducive to a global homogenous culture. Jeffrey Sachs, noted for his crash through or crash advice to transitional economies (Blanchard, et.al., 1994; Sachs, 1990) in his chapter for Harrison and Huntington, generalises the culture thesis, proposing that “capitalist institutions”, such as respect for property rights, a rule of law, and efficient markets, are the key factors in economic development. This is similar to an earlier argument put forward by Cox (1993) that tied globalisation to world capitalism, as a materialist product of its dictates and compulsions; and not excessively different from Friedman’s proposition (1999) that culturally speaking, globalisation is largely Americanisation – from Big Macs to Macs to Mickey Mouse.

Hardly unintentionally, since democracy and capitalism are often discussed together, a large group, Francis Fukuyama (1996) and Seymour Martin Lipset (1981) most notably, also view culture as a determining factor for the achievement of democracy. Finally, the on-going debate (Krugman, 1997; Ling and Shih, 1998; Pye 1991) over the role of culture in the economic dominance of eastern Asia was sharpened. This debate has raged now for over two decades, both on the scholarly level (the issue of so-called post-Confucian values as a factor making for economic success) and on the level of political rhetoric (Asian values propagated with a pronounced anti-Western animus by the “Singapore school”, Mahatir Mohamed of Malaysia, and other defenders of authoritarian regimes in the region).
One of the few dissenters in the Harrison and Huntington book was Richard Shweder, an anthropologist. He described himself as the token designated disbeliever and issued a detailed disagreement from the view that cultures should be looked at in terms of their contribution or non-contribution to “progress.” Elsewhere, Andre Gundar Frank (1998) has accused Landes, and others, of a blatant Eurocentric historiography and social theory that concentrates inquiry through European and American rose-coloured spectacles, blacking out the evidence from the rest of the world and distorting that of the West itself. Frank sees this type of scholarship as racist ideology, masquerading as analysis. It was not Europe but Asia, and particularly Middle Kingdom China, which remained predominant in the world until at 1800. The subsequent Decline of the East and the shift of the centre of gravity to the West were more globally than locally determined temporary processes that have run their historical course and are already coming full circle with the contemporary renewed rise of East Asia and particularly of China.

A charming, non-Eurocentric, historical analysis has been written by Andre Wink (1990), in which he examines the complex and intimate involvement between the Islamic Middle East and India for a millennium, up to the 18th century. Profound cultural changes in both the Middle East and India were largely a function of the trade and commerce opened up by Mughal conquest (Wink, 1990). The conquest and Islamisation of the northwestern part of the Indian sub-continent, far from being minor and peripheral as most textbooks of Indian history treat it, was, according to Wink, an important crucial step leading to the integration of India into an intensifying world trading pattern. Economic development, important for both was the dynamic force that brought about historical change in this part of the world.

Elliott and Harvey (2000) argue in a case study on Jamaica that “development problems will never be solved by policies that ignore the fundamental underlying problem the vast inequities in power arising from political, social, and economic history.” The implied causation between economic progress and cultural values that promote pro-market, pro-private property-based institutions is due in large part to a neoclassical economic perception of Western European development (see for instance Scully 1988). Not only is such an interpretation of the industrial and commercial revolutions open to debate, but also, the circumstances of poor nations are hardly akin to those of eighteenth and nineteenth century Europe. Not surprisingly, this historical pattern created vast inequities in terms of the ownership of the island’s productive assets and income and a legacy of racism. The agricultural land base was monopolised and a new low-wage urban worker was created (Bakan, 1990). Once wide disparities are created the basic structure of society tend to reinforce differences, but elites will also take conscious steps to preserve their status. Because they
dominate the government, the economy will work to serve the needs of the rich, rather than the masses. And when economic activity is not directly concerned with maintaining class position, the existence of inequality leads both elites and the impoverished to seek status via conspicuous consumption. “The most significant current problem is the monopoly of power held by Jamaican elites. They control economic activity, and they have no immediate incentive to do any more than work to maintain the status quo. The roots of this inequity go back 300 years”. (Elliott and Harvey, 2000)

In this sense the classical Marxist perspective on capitalism continues to provide an explanation that remains quite convincing, despite its own Eurocentric limitations. That is that capitalists expand their accumulative activities and overcome thereby all geographic, cultural and political barriers that obstruct their path.

Hand in hand with this centralisation, or this expropriation of many capitalists by few, there develops, over an ever-extending scale, the cooperative form of the labour process, the conscious technical application of science, the methodical cultivation of the soil, the economising of all means of production, the entanglement of all peoples in the net of the world-market, and with this, the international character of the capitalist regime (Marx, 1987).

5.1.2 Empirical Evidence Leads to Complexity

There exists strong empirical evidence that economic development is associated with shifts away from absolute norms and values toward values that are increasingly rational, tolerant, trusting, and participatory (Inglehart and Baker, 2000). The shift from pre-industrial to industrial society shaped profound changes in people’s daily experiences and prevailing worldviews (Bell, 1973; 1976; Inglehart, 1988; Inglehart, 1997). Pre-industrial life, Bell (1976) argues, was a “game against nature” in which “one’s sense of the world is conditioned by the vicissitudes of the elements, the seasons, the storms, the fertility of the soil, the amount of water, the depth of the mine seams, the droughts and the floods”. Industrialisation brought less dependence on nature, which had been seen as inscrutable, changeable, uncontrollable forces or anthropomorphic spirits. Life now became a “game against fabricated nature”, a technical, mechanical, rationalised, bureaucratic world directed toward the external problem of creating and dominating the environment. As human control of the environment increased, the role recognised to religion and God dwindled (Bell, 1973). The emergence of post-industrial society seems to be stimulating further evolution of prevailing worldviews, but it is moving in a different direction. Life in post-industrial societies centres on services, and hence life becomes a “game between persons” in
which people “live more and more outside nature, and less and less with machinery and things; they live with, and encounter only, one another”. More effort is focused on communicating and processing information. Thus, the rise of post-industrial society leads to a growing emphasis on self-expression (Inglehart, 1997). Furthermore, the historically unprecedented wealth of advanced industrial societies, coupled with the rise of the welfare state, mean that an increasing share of the population grows up taking survival for granted. Their value priorities shift from an overwhelming emphasis on economic and physical security toward an increasing emphasis on subjective wellbeing and quality-of-life (Inglehart, 1997).

Inglehart and Baker (2000) identify a mainstream cultural version of pre-industrial societies. All of the pre-industrial societies for which they have data show relatively low levels of tolerance for abortion, divorce, and homosexuality; most of them place strong emphasis on religion; a tendency to emphasise male dominance in economic and political life; deference to parental authority, and the importance of family life; and a politics that is relatively authoritarian. Advanced industrial societies tend to have the opposite characteristics. A survival/self-expression is also expressed with trust, tolerance, subjective wellbeing, political activism, and self-expression emerging in post-industrial societies with high levels of security. At the opposite extreme, people in societies shaped by insecurity and low levels of wellbeing, tend to emphasise economic and physical security above all other goals, feel threatened by foreigners and ethnic diversity, and are risk averse towards change. The more uncertain survival, either politically or economically, the more is cultural diversity threatening. In their opinion, economic development impacts powerfully on cultural values. Interestingly, rising levels of existential security are the key factor underlying intergenerational value change. Intergenerational value differences are greatest in the societies with the highest life expectancies. Across 61 societies, the correlation between 1995 life expectancy and the size of the intergenerational difference in traditional/secular-rational values is significant (Inglehart and Baker- 2000).

But this evidence must not be essentialised as a one-way process because the broad cultural heritage of a society, be it Protestant, Roman Catholic, Confucian, Hindu, Rastafarian, Islamic or Communist, leaves and impression on values that endures despite modernisation, globalisation and economic development. Different societies follow different trajectories even when they are subjected to the same forces of economic development, in part because one or more of the multitude of situation-specific factors, such as culture, geography, technology, weather, etc. also shape how a particular society develops. The issue is one of probabilities, not determinisms. Economic development tends to transform a given society in a predictable direction, but the process and path are not inevitable. The United States is a particularly
idiosyncratic case, having a much more traditional value system than any other advanced industrial society. On a secular/rational scale the United States ranks far below other rich societies, with levels of religiosity and national pride comparable to those found in developing, relatively poor, societies. Its people hold much more traditional values and beliefs than do those in any other equally prosperous societies. If any nations in the world demonstrate the cutting edge of cultural change, it would most likely be one or more of the Nordic countries. Here Richard Rorty argues (Rorty, 1996) that the increasing strength of fundamentalism, and the potential for fascism in the United States, (as compared with the Nordic countries, for instance) is “because Americans are suffering the consequences of the globalisation of the labor market, without having established a welfare state.”

**Relative Autonomy**

Osborne (2001) is exemplary as one of those who takes a different tack against the prevailing winds by showing, in the case of India, that “caste” as a cultural proposition, has remained a useful ideological and political construct neither significantly affecting, nor being significantly affected by economic development. As one might expect, economic analysis, within the discipline of economics, of the caste system is scarce. Akerlof (1976) and Scoville (1996) are two examples worth reading that have spent time examining the economics of caste and its labour market underpinnings. But with respect to the cultural role of caste and its positive or negative correlation to economic development Osborne is breaking new ground.

Osborne (2001) shows that the caste system facilitates the formation of pressure groups on a government that has many rents to dispense and many factionalised citizens excited to search for them. The logic of the power of pre-existing factions in India is quite simple. Once an aggressively interventionist government exists, the choice facing citizens is whether to obtain rents via caste or some other means. Given that caste-membership requires little in the way of organising costs and is easy to verify, so that it is difficult for members of one group to “pass” as members of another, the continuance of these identities becomes a powerful cultural force in Indian society. What is also evident is that the traditional social culture of caste and society are far more important than economic interests (Kaviraj, 1997; Mencher, 1992; Thakur, 1995). An issue that has confounded “modernisation” theorists, that is the incompatibility of caste structures with urbanisation and development, is clearly explained by Osborne. The political economy of caste, culture, and the material enhancement of economic development are relatively autonomous. As long as the government remains open to rent-seeking as liberalisation proceeds, it remains rational and efficient for citizens to adopt more reliable forms of factional organisation.
Another school of thought pushes the position of Osborne one step further, arguing that a large number of traditional values and components of culture are resistant to economic and political change (DiMaggio, 1994). The independence of culture from economic change is reflected in the love affair with weaponry in the United States that would give the Taliban a run for its money, as well as summer breaks from formal education, incest taboos, patriarchy, etc. Osborne and DiMaggio leave Porter’s attempt to demonstrate a ‘consuming’ international global culture somewhat at odds with the evident differences in cultural traits at both the macro- and micro-level of human interaction.

The main problem with the debate over the causal relationship between culture and economic development is the weak insufficiency of human psychology, or analytical laziness, when confronting complexity. The tendency to seek easy, single-factor explanations of success or failure is to avoid the difficult mental labour of identifying and analysing the complicated historical and structural interconnections amongst a warren of variables.

Economic Development, culture, modernisation and globalisation are better interpreted as the complex processes resulting from the interaction of many different variables, than as a distinctive causal processes in their own right. It is not intellectually helpful to explain specific events and phenomena in terms of the macro processes or structures, and pointless to subsume anything or everything under the umbrella of any single causal agent or process (Jessop, 2000).

A lesson to be remembered when confronted by the elicitations of cultural supremacy is the lesson learned the hard way by the peoples of the Fertile Crescent, China, Islam and the British Empire. Circumstances change, and past primacy has never been a guarantee of future dominance. There are many possible solutions of how to make sense of the world. They compete one with another, and we feel compelled to join this or that stance or look for our own. While that choice is always ours, the complexity of the things around and beyond us challenges the validity of those options.

5.2 Agriculture in India

“Agriculture is the backbone of the Indian Economy”- said Mahatma Gandhi five decades ago. Even today, as we enter the new millennium, the situation is still the same, with almost the entire economy being sustained by agriculture, which is the mainstay of the villages. Not only the economy, but also every one of us looks up to agriculture for our sustenance too. Significance of Agriculture: Although agriculture
contributes only 21% of India’s GDP, its importance in the country’s economic, social, and political fabric goes well beyond this indicator. The rural areas are still home to some 72 percent of the India’s 1.1 billion people, a large number of whom are poor. Most of the rural poor depend on rain-fed agriculture and breakable forests for their livelihoods.

In 1952, **Choudhary Charan Singh** became the Revenue Minister of state of Uttar Pradesh, the most populous state in independent India. He was dedicated to enforcing and implementing the provisions of the Zamindari Abolition and Land Reform Act of which he was the major architect. It has been argued by leading political scientists that success of Indian Democracy lies in successfully implementation of this reform. ‘नेपटी बुधाहारी भारतीय गाँवों के बॉलों में होकर गुजरता है।’ चौधरी चरण सिंह

The sharp rise in food grain production during India’s Green Revolution of the 1970s enabled the country to achieve self-sufficiency in food grains and stave off the threat of food crisis. Agricultural intensification in the 1970s to 1980s saw an increased demand for rural labour that raised rural wages and, together with declining food prices, reduced rural poverty.

The slowdown in agricultural growth has become a major cause for concern. India’s rice yields are one-third of China’s and about half of those in Vietnam and Indonesia. With the exception of sugarcane, potato and tea, the same is true for most other agricultural commodities.

**Indian agriculture sector since independence**

The Indian National Congress conducted a dual (and somewhat contradictory) policy relative to Indian agriculture. On the one hand, it attempted to restructure the problems of the Indian countryside by investing in irrigation, agriculture-research, agriculture-modernisation and mechanisation, but on the other hand, it was only half-hearted (at best) in implementing its own platform of land reforms because it was reluctant to hurt the interests of the feudal and mercantile intermediaries that demoralised most peasants.

Where the struggle for ‘land to the tiller’ became very intense, it was obliged to make concessions to the poor peasants, and move against the parasitic forces, but wherever the demands for land reform were not backed up by strong and effective people’s movements, it chose to draw its feet. It is only in the sixties, when India’s Naxal movement began to spread and acquire a certain degree of political depth did the Indira Congress feel the threat and necessity of clipping the wings of the
Zamindars, taking away the privy purses of the Maharajas, and assisting farmers more actively. Even as the Naxal movement was harshly repressed, banks were nationalised and were required to set up more branches in rural areas so that loans for seeds and farm equipment (and inputs such as fertilisers and pesticides) could be purchased through loans at more reasonable interest rates. The state also actively intervened in the buying and selling of grain.

Although these measures did not help all sections of the peasantry, it did allow a section of the country's farmers to gradually liberate themselves from the authority of the old freeloaders and mechanised farming. Over time, peasant's struggles put further pressure on the government leading to periodic waiving of loans, and easing of credit norms so that even middle farmers could get loans from government banks and rural credit unions. Subsidies were also provided for electricity and water use, as well as on the sale price of fertilisers and pesticides.

Thus, a combination of people's pressure and the gradual expansion of industrial capitalism have brought about significant changes in the Indian countryside. Whereas a section of Indian farmers (at least in some states) have become rich capitalist farmers, a large middle layer of farmers has also developed which is able to survive (even eke out a small surplus) in the good agricultural years (when the monsoon and market conditions happen to be favourable). These middle-income farmers also hire seasonal labour - and this further distinguishes them from the poorest farmers who can't even survive in the good years.

Thus today, there is a growing differentiation in the Indian countryside, and this is not too different from what has been seen in many other relatively mature capitalist countries. However, the increasing sub-division of land, and the rising costs of agricultural inputs is a constant source of problems and tensions in the countryside.

5.2.1 Agriculture sector at a glance

India, which is one of the largest agricultural-based economies, remained closed until the early 1990s. By 1991, there was growing awareness that the inward-looking import substitution and overvalued exchange rate policy coupled with various domestic policies pursued during the past four decades, limited capitalist decision making in many areas and resulted in a high cost domestic industrial structure that was out of line with world prices. Hence the new economic policy of 1991stressed both external sector reforms in the exchange rate, trade and foreign investment policies, and internal reforms in areas such as industrial policy, price and distribution controls, and fiscal restructuring in the financial and public sectors. In addition,
membership and commitment to World Trade Organisation (WTO) in 1995 was a clear sign of India’s intention to take advantage of globalisation and face the challenge of accelerating its economic growth.

One measure of economic growth is given by productivity growth as it forms the basis for improvements in real incomes and welfare. The concept of productivity growth gained importance for sustaining output growth over the long run as input growth alone is insufficient to generate output growth because of diminishing returns to input use. This paper, which examines India’s productivity growth in the agricultural sector in the context of globalisation, has three main aims. First, it examines these possible links in the agricultural sector in general. Second, it discusses the problems and prospects for agricultural productivity growth of various Indian states. Third, the paper highlights the challenges of globalisation and draws policy implications for the success of Indian agriculture.

**Overview of India’s Agricultural Economy**

In the early 1950s, half of India’s GDP came from the agricultural sector. By 1995, that contribution was halved again to about 25 per cent. As would be expected of almost all countries in the process of development, India’s agricultural sector’s share has declined consistently over time as seen in the table below.

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<td>52.2</td>
<td>43.6</td>
<td>37.4</td>
<td>32.8</td>
<td>28.3</td>
<td>24.4</td>
</tr>
</tbody>
</table>

(Source: Estimated from various issues of Economic Survey “Government of India”)

In the last five decades, the Government’s objectives in agricultural policy and the instruments used to realise the objectives have changed from time to time, depending on both internal and external factors. Agricultural policies at the sectoral level can be further divided into supply side and demand side policies. The former include those relating to land reform and land use, development and diffusion of new technologies, public investment in irrigation and rural infrastructure and agricultural price supports. The demand side policies on the other hand, include state interventions in agricultural markets as well as operation of public distribution systems. Such policies also have macro effects in terms of their impact on government budgets. Macro level policies include policies to strengthen agricultural and non-agricultural sector linkages and industrial policies that affect input supplies to agriculture and the supply of agricultural materials.
During the pre-green revolution period, from independence to 1964-1965, the agricultural sector grew at annual average of 2.7 per cent. This period saw a major policy thrust towards land reform and the development of irrigation. With the green revolution period from the mid-1960s to 1991, the agricultural sector grew at 3.2 per cent during 1965-66 to 1975-76, and at 3.1 per cent during 1976-77 to 1991-92. Acharya (1998) explains that the policy package for this period was substantial and consisted of:

a) Introduction of high-yielding varieties of wheat and rice by strengthening agricultural research and extension services,

b) Measures to increase the supply of agricultural inputs such as chemical fertilisers and pesticides,

c) Expansion of major and minor irrigation facilities,

d) Announcement of minimum support prices for major crops, government procurement of cereals for building buffer stocks and to meet public distribution needs, and

e) The provision of agricultural credit on a priority basis.

Table 16: Yield for various crops (kg/ha)

<table>
<thead>
<tr>
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<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Rice</td>
<td>668</td>
<td>1013</td>
<td>1123</td>
<td>1336</td>
<td>1740</td>
<td>1855</td>
<td>1905</td>
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<tr>
<td>Wheat</td>
<td>663</td>
<td>851</td>
<td>1307</td>
<td>1630</td>
<td>2281</td>
<td>2483</td>
<td>2596</td>
</tr>
<tr>
<td>Coarse cereals</td>
<td>408</td>
<td>528</td>
<td>665</td>
<td>695</td>
<td>900</td>
<td>941</td>
<td>1035</td>
</tr>
<tr>
<td>Pulses</td>
<td>441</td>
<td>539</td>
<td>524</td>
<td>473</td>
<td>578</td>
<td>552</td>
<td>661</td>
</tr>
<tr>
<td>Food grain</td>
<td>522</td>
<td>710</td>
<td>872</td>
<td>1023</td>
<td>1380</td>
<td>1499</td>
<td>1611</td>
</tr>
<tr>
<td>Oil seed</td>
<td>481</td>
<td>507</td>
<td>579</td>
<td>532</td>
<td>771</td>
<td>851</td>
<td>948</td>
</tr>
<tr>
<td>Cotton</td>
<td>88</td>
<td>125</td>
<td>106</td>
<td>152</td>
<td>225</td>
<td>246</td>
<td>240</td>
</tr>
<tr>
<td>Sugarcane</td>
<td>33422</td>
<td>45549</td>
<td>48322</td>
<td>57844</td>
<td>65395</td>
<td>68369</td>
<td>69288</td>
</tr>
</tbody>
</table>

[Source: Agricultural Statistics at a Glance. Agriculture, CMIE, September 1999]

This period also witnessed a number of market intervention measures by the central and state Governments. The promotional measures relate to the development and regulation of primary markets in the nature of physical and institutional infrastructure at the first contact point for farmers to sell their surplus products.

Acharya (1998) also notes that the rate of growth of productivity per hectare of all crops taken together increased from 2.07 per cent in the decade ending 1985-1986 to 2.51 per cent per annum during the decade ending 1994-1995. Similar evidence of
Table 17: Annual average yield based on 1995, 1996 and 1997 data (Kg/ha)

<table>
<thead>
<tr>
<th>Region</th>
<th>Wheat</th>
<th>Rice</th>
<th>Coarse Grain</th>
<th>Maize</th>
<th>Pulses</th>
<th>Groundnut</th>
<th>Sugar-cane</th>
<th>Tea</th>
<th>Coffee</th>
<th>Cow</th>
<th>Tobacco Leaves</th>
<th>Jute</th>
</tr>
</thead>
<tbody>
<tr>
<td>World</td>
<td>2565</td>
<td>3757</td>
<td>2678</td>
<td>4050</td>
<td>1318</td>
<td>63266</td>
<td>1158</td>
<td>538</td>
<td>2062</td>
<td></td>
<td>1757</td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>4764</td>
<td>4311</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3557</td>
</tr>
<tr>
<td>China</td>
<td>6136</td>
<td>4358</td>
<td>4687</td>
<td>2686</td>
<td>64159</td>
<td>697</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1545</td>
<td>2522</td>
</tr>
<tr>
<td>India</td>
<td>2848</td>
<td>982</td>
<td>1540</td>
<td>1059</td>
<td>71040</td>
<td>1776</td>
<td>741</td>
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<td>1442</td>
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<td>USA</td>
<td>2508</td>
<td>3590</td>
<td>7690</td>
<td>2787</td>
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<td>2275</td>
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<tr>
<td>Canada</td>
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<td></td>
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<td></td>
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<tr>
<td>Australia</td>
<td>1800</td>
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<td></td>
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<tr>
<td>Thailand</td>
<td>2252</td>
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<td></td>
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<td></td>
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<tr>
<td>Indonesia</td>
<td>4473</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>1365</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>480</td>
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<tr>
<td>Sri Lanka</td>
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<td></td>
<td></td>
<td>67718</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1385</td>
</tr>
<tr>
<td>Brazil</td>
<td>2482</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>582</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1473</td>
</tr>
<tr>
<td>Kenya</td>
<td></td>
<td></td>
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<td></td>
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<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Bangladesh</td>
<td>1580</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UK</td>
<td>7772</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2155</td>
<td></td>
<td></td>
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</table>

[Source: Food and Agricultural Organisation Yearbook 1997]
an increase in yields, a partial measure of productivity gains given by output per unit of land area is seen below for various crops.

Although productivity gains were sustained in the 1990s after the liberalisation process began, the yield rates for most of the agricultural products in India are far below comparable rates in a number of other countries. This is seen in table 17. Except for sugarcane, tea, coffee and jute, India’s yields are lower than the world average. It should be noted that India is ranked second both in area and output for sugarcane production and is the largest producer of tea and jute in the world. Although India is doing quite well in wheat production, the average yields in the Netherlands and Ireland are more than three times India’s yield rates. In all other major crops, India’s productivity performance seems to delay behind others.

Globalisation in the context of agriculture can be best discussed in the context of three components – improvement of productive efficiency by ensuring the convergence of potential and realised output, increase in agricultural exports and value added activities using agricultural produce, and finally, improved access to domestic and international markets that are either tightly regulated or are overly protected. These components are linked in various ways. For example, productive efficiency would improve value added activities in agriculture through agro-processing and exports of agricultural and agro-based products. These activities in turn would increase income and employment in the industrial processing sector. Thus globalising agriculture has the potential to transform subsistence agriculture to commercialised agriculture and to improve the living conditions of the rural community.

However, economic reforms within India are necessary to pave the path to successful globalisation. The stated objective of the new economic policy is to raise the economy’s growth rate from the current 5.5 per cent achieved over 15 years to about 7 or 8 per cent per year. Ahluwalia (1996) explains that this indirectly requires an improvement in agricultural growth from between 2 and 3 per cent in the past to about 4 per cent per year. Although initially, with respect to agriculture, there was no major policy reform package in the 1990s, it was however anticipated that the opening up of the agricultural sector to foreign trade, the move to a market determined exchange rate and reduction of protection for industry would, over time, benefit the agricultural sector.

Manmohan Singh (1995), the then Finance Minister, in his opening address at the 54th Annual Conference of the Indian Society of Agricultural Economics, brought to notice that a policy of heavy protection of the industrial sector operated to the disadvantage of the agricultural sector when industrial prices were raised relative to
world prices and thus the profitability of investing in industry was raised relative to agriculture. This would lead to a shift of resources from agriculture to industry. A policy of heavy industrial protection also led to an appreciation of the exchange rate. Ahluwalia (1996) noted that over-valuation of the exchange rate (before the Indian rupee was devalued by 18 per cent in two phases starting in July 1991) discouraged agricultural exports more than industrial exports because Indian industrial policy had sought to offset the constraints faced by industries via a system of export incentives for market support. Agricultural exports on the other hand were denied any such incentives as they did not use imported inputs.

Ahluwalia (1996) argued that in the past, the agricultural sector was negatively protected because of the above two reasons and the fact that farmers were denied access to the world markets due to trade barriers. Exports of plantation crops and a few commercial crops were free from export restriction but exports of essential commodities, particularly food products, were subject to bans, quotas and other restrictions. Interestingly, Kruger and others (1991) showed that while many developed countries continue to protect agriculture, developing countries do not do so. However, no formal attempt or theoretical framework has yet been used to assess the extent of negative protection in Indian agriculture. The implementation of economic reform in the Indian agricultural sector has been a gradual process. These include an 87 per cent cut in tariff on agricultural products, sustenance of high-yield crop variety removal of minimum export price on selected agricultural products, a lift on quantity restrictions on the export of some crops and various land reforms related to tenancy rights and land ceilings.

Productivity gains from globalisation and economic reforms

In the wake of India’s efforts towards globalisation and economic reforms, the expected benefits of total factor productivity (TFP) growth can be represented using the production frontier. The production frontier traces out the maximum output obtainable from the use of inputs. In the figure 2, F1 and F2 are the production possibility frontiers in time 1 and 2 respectively. Opportunities from globalisation and economic reforms can lead to:

a) Shift from A to B due to technical efficiency.
b) Shift from B to C on existing frontier due to input growth.
c) Upward shift from C to D due to technological progress.

Each of the beloved-mentioned shifts, which constitute various sources of TFP growth, can be linked with trade gains. The movement from A to B led by technical
efficiency allows increases in output when inputs and technology are used to their fullest potential to obtain the greatest yield. Given that India has been involved in agricultural production for so long, there would be learning-by-doing gains that can help boost production given the expected increase in demand as India opens up. The increased production would enable a better utilisation of inputs, especially that of advanced capital technology. The reduction in the tariff rate for agricultural products from 113 per cent in 1990-91 to 26 per cent in 1997-98 is also expected to motivate local producers into rethinking their production techniques and efficiently utilising the inputs and technology to keep costs of production down in order to remain competitive. The optimum or efficient use of land and water resources would then allow agriculture to respond to the demand for other products such as horticulture and livestock which is expected to increase following a rising trend in the per capita incomes of both rural and urban groups.

**Figure 2: Total factor productivity gains from globalisation and economic reforms**

![Diagram showing total factor productivity gains](source: Adapted from Mahadevan and Kalirajan (1999))

The move from an overvalued exchange rate to that of a market determined rate would also make agricultural exports cheaper and hence boost exports. The new trading opportunities would demand an increased use in the quantity of inputs to boost output and this allows for the movement from B to C along the existing production possibility frontier. Increased exports would bring about economies of scale and as [Verdon’s law states](source: Verdon’s law states), output growth would lead to productivity growth.
The scale of output under increased exports would justify the huge fixed costs underlying technologically advanced equipment and hence increase incentives to adopt high quality inputs. The use of such inputs would result in technological progress and this is represented by the shift from C to D. The reduction in tariff rates in industry from 1990-91 to 1997-98 range from 153 per cent to 25 per cent for consumer goods, 77 per cent to 18 per cent for intermediate goods and 97 per cent to 24 per cent for capital goods. This means that farmers now have relatively cheaper access to imported new technology and better capital equipment as well as the option of adopting better farming techniques and this should lead to technological progress. In particular, the development of agro-processing as an instrument for agricultural and rural modernisation will bring benefits, given its capital-intensive and technology-intensive nature. Lower duty rates on plastics and metals also lower costs of packaging. These forms of cost efficiency should allow competitive pricing of products. In addition, external competition can be expected to motivate local producers into the production of improved quality intermediate inputs for agriculture.

The importance of technology in agricultural development was first demonstrated in the 1970s with impressive growth in yields following the introduction of new wheat and rice varieties. But this technology was limited to areas of certain irrigation as the new seeds also required heavy inputs of fertilisers and pesticides for optimal results. However, the potential for further extending this technology is not yet exhausted as there is scope for expanding irrigation further and improving the quality of irrigation in many areas. For further technological progress, genetic engineering and the biotechnology revolution provides a prospect of developing new varieties that can flourish with less dependence on water and chemical inputs. Such reduced dependence upon chemical fertilisers and pesticides is also desirable because of environmental considerations, which are an increasing concern.

It must however be acknowledged that the link between trade liberalisation and productivity growth is two-way as they both feed on each other. The above discussion has shown how productivity gains can be obtained from openness but to benefit from openness via increased demand for exports, agricultural products need to be priced competitively. In other words, productivity growth is necessary to lower the costs of production.

5.2.2 Agricultural growth and performance: an economy-wide analysis

Although India's economic reforms were initiated in June 1991, the process of liberalisation was implemented gradually and thus it is difficult to assess the full impact
of the liberalisation measures. Nevertheless, an attempt is made to discuss what is observable in terms of agricultural growth.

One observation is that the expected increase in exports due to liberalisation simply did not occur. India’s share in world exports was 0.6 per cent in 1997; India has to aim for at least 4 per cent by 2005 in order to meet the growing import demands for capital goods, raw materials and crude oil as well as to meet her external financial commitments (Kalirajan and others 2001). For the last decade or so, India’s share in world exports of agriculture has been between 2 per cent and 3 per cent. Furthermore, as table (17) shows, India is not as competitive as the other countries and calculations show that India’s crop yields have increased at a slower rate over the 1990s.

In addition, the agricultural sector’s output growth decreased to 2.9 per cent during 1992-93 to 1998-99. Kalirajan and others (2001) explain that two important reasons for the slowdown are that there was no major breakthrough in developing new high-yielding varieties during the 1990s and there was a decline in the environmental quality of land which reduced the marginal productivity of the modern inputs. What could this mean in terms of the effectiveness of the policies of reduced protection to industry, a market determined exchange rate and the opening of the agricultural sector to foreign trade?

First, although the reduction to protection of industry is significant, there is reason to believe that the reduction was not necessarily sufficient to benefit the agricultural sector whose tariffs were also considerably reduced. Hence, the expected shift in resources to agriculture did not occur.

Second, is the apparent ineffectiveness of the market determined exchange rate in boosting exports? This is however not surprising as the exchange rate may not be a key factor determining agricultural export demand for India. In general, unlike manufacturing industries, agriculture did not benefit much from these two policies because the share of imported inputs in the value of agricultural production is small. It is likely that a change in the mindset and attitude of farmers has yet to take place and there are delays or hesitation in acceptance of India’s openness.

Third, in opening up the agricultural sector to foreign trade, India has taken major steps towards trade liberalisation since 1991, partly on its own initiative and partly from its commitments to WTO. Kalirajan and others (2001) provide a detailed review of these reform procedures. But why have the benefits from trade liberalisation been slow to come?
One reason is that prospects for growth in agricultural exports depend partly on domestic policies and partly on the removal of protectionist policies pursued by developed countries such as Japan and members of the European Union (EU). An OECD report (1998) estimated that the producer equivalent subsidy in the OECD countries increased by US$ 9.3 billion from 1988 to 1993 and this subsidy as a percentage of the value of production in 1997 was 9 per cent in Australia, 20 per cent in Canada, 47 per cent in EU and 70 per cent in Japan. These protectionist practices do not seem likely to come to an early end. An UNCTAD report (1999) noted that 29 member countries of the OECD spent an average of US$ 350 billion a year in agricultural support between 1996 and 1998. Schumacher (2000) further reports that the EU provides product-specific trade distorting domestic support to at least 50 different agricultural products. The implication of these reports is that food exports from India may not show a large increase given the international environment and the still-existing restrictions on exports in the major importing markets based on the self-sufficiency argument and food security. Other macroeconomic factors, such as the recession in developed countries in 1996-98 as well as the 1997 South-East Asian financial crisis have clouded the possibilities of increasing Indian exports.

Another problem faced by Indian agricultural exporters is the protectionist measures in the form of non-trade barriers that developed countries use to restrict market access. This is by tightening requirements of quality, testing and labelling, and anti-dumping and countervailing measures. For example, in May 1997, the EU banned marine products from India citing unhygienic processing conditions. The extra costs of meeting the standards required in export markets as well as costs associated with changes in the production mix and transactions associated with exports may well be discouraging Indian exporters.

One existing problem of India’s agricultural protection is the use of input subsidies. The general argument favouring this has been that it is necessary to encourage the use of particular inputs for production for various benefits. Gulati and Sharma (1995) shows that, in India, the input subsidy of GDP increased from 2.13% in the triennium ending 1982-83 to 2.73% in the triennium ending 1992-93. But the benefits of these subsidies have accrued to only certain classes of farmers in some regions cultivating irrigated crops. Furthermore, highly subsidised prices of inputs such as irrigation water and electricity for pump sets have encouraged cultivation of water-intensive crops, over-use of water, ground water reduction and water logging in many areas. Subsidy for nitrogen fertiliser on the other hand has resulted in nitrogen phosphorous potassium imbalance and acted as a disincentive for use of the environmentally friendly organic manure. As a result, the linkage between food crops and non-food crops, which include fodder, has been reduced. These adverse
consequences are a drain on the fiscal burden of central and state Governments. Thus, if not properly monitored, input subsidies can be counterproductive and, in this context, protection to lower costs of production should be done selectively in the course of liberalisation.

In fact, Agenda 21 of the United Nations Conference on Environment and Development in 1992 stressed that there is a need for integration of environmental considerations in the pricing of natural and other resources in such a way that prices reflect social costs. Such a pricing policy will not only lead to a more efficient use of limited resources but also result in subsidy reductions and improvements in environmental quality. The money saved from the reduction of subsidies can be spent in the development of rural infrastructures, agricultural research, farmers’ education and other forms of support for agriculture.

5.2.3 Challenges of globalisation

It is important to realise that globalisation poses many challenges to a developing country like India, which had relied on a state directed and regulated policy regime for more than four decades. In moving to a more open, market-based economy there are many transitional problems that the country has to manage. The Government must play a pro-active role in facilitating the globalisation process so that the opportunity sets for the economic agents are widened and the adverse effects of globalisation are minimised. The Indian Government must also prepare the necessary information base and develop its capacity to articulate India’s concerns and policy trade-offs in the international forums for multilateral trade and environmental negotiations.

In addition, the Government should embark on an extensive programme to educate farmers on the need to meet the standards required in the export markets. In fact, India needs to seek technical assistance in creating the capacity for meeting such standards and to consider watershed developments for environmental considerations. Equally important is the need to disseminate information about possible export markets to farmers, so that market access is achieved at minimum cost. Given the requisite information about markets and profitability, the probability of farmers investing in post-harvest and processing technologies and storage and efficient transportation arrangements as well as developing supporting infrastructure is very high.

Although the brave and bold move by India to reduce the tariff rate for agricultural products from 113 per cent in 1990-91 to 26 per cent in 1997-98 deserves
to be highly praised, the question of whether India is ready to compete in world markets remains to be seen. The infant industry argument may still hold for India to shield itself from external competition but one can easily question the length of time that is required to that end. Also, a delay in opening up to foreign trade has the danger that local producers may become too complacent and never be ready for competition.

As India opens up externally, it is also expected to face vulnerability in the wider international price fluctuations and thus Acharya (1998) claims that a minimum price support scheme is important. These prices can also act as a signal to adopt modern inputs and invest in yield-raising infrastructure for increasing production. For instance, keeping basic staple food grains at reasonable prices would induce farmers to switch over to high value crops. However, during the 1990s, Kalirajan and others (2001) shows that procurement prices especially for rice and wheat have been increasing faster than the general price level. Such high prices along with guaranteed purchases by the Food Corporation of India have pushed up market prices. These higher prices are partly responsible for the large buffer stocks with the Food Corporation. If this trend continues, India’s comparative advantage will be eroded.

With openness and high price instability, unstable export revenue can also be expected. One way of reducing such risk is for India to diversify her agricultural exports. For example, since 1990, even in commodities such as tea, coffee, cocoa and spices, where India is supposed to have a comparative advantage (Chadha, 1999) international price have been unstable. Besides increasing the type of exports to obtain more export revenue, India should also seriously consider exporting more value added agricultural products through agro-processing such as processed vegetables, fruits, fish and meat products given that export or even local demand for basic agricultural products would decline as incomes rise. The move to higher value added activities within the agricultural sector also spells greater opportunities for industrialisation and vice-versa as shown by Kalirajan and Shand’s (1997) findings of a bi-directional relationship between agriculture and industry for most Indian states. On the other hand, Sivakumar and others (1999) establish empirical evidence of high forward linkages of agriculture due to the presence of agro-industries while Satyasai and Viswanathan (1999) show the significance of the spill over effects to the industrial sector via the intensive use of purchased inputs in the agricultural sector.

The lack or slow pace of internal or domestic liberalisation is also seen to hinder the possible gains from external or trade liberalisation. For example, although central zoning restrictions have been abolished, state government restrictions on inter-state and even inter-district restrictions on marketing and movement of goods still exist in
many cases. This interferes with the benefits from crop specialisation and economies of scale arising from comparative advantage. The land market is another example of distortion whereby land ceilings exist preventing the operation of large-sized farms. This has led to the emergence of a large number of small economically unviable land holdings. The easy leasing of land should be permitted with assurance of continuation. Yet another problem lies with the insufficiency of credit to agriculture. From 1995-1996, the Rural Infrastructure Development Fund was set up to allocate funds for the completion of projects and the government has committed itself to strengthening the cooperative credit structure through substantial refinancing and restructuring of the Regional Rural Banks. However, as mentioned earlier, due to varying institutional factors in the Indian states, these domestic reforms can be expected to yield quite different results.

5.2.4 Agriculture in crisis

The factors on which agriculture in India has survived can be termed as:
Abundant resource in from of the fertile land and Monsoons Surplus labour

Factors Contribution to Decline of Agriculture: - Slow Down in Agricultural and Rural Non-Farm Growth: Both the poorest as well as the more prosperous ‘Green Revolution’ states of Punjab, Haryana, Andhra Pradesh and Uttar Pradesh have recently witnessed a slow-down in agricultural growth and it ultimately lead for farmer’s suicide. Some of the factors hampering the revival of growth are:

Poor composition of public expenditures: - Public spending on agricultural subsidies is crowding out productivity-enhancing investments such as agricultural research and extension, as well as investments in rural infrastructure, and the health and education of the rural people. In 1999/2000, agricultural subsidies amounted to 3 percent of GDP and were over 7 times the public investments in the sector.

Over-regulation of domestic agricultural trade: - While economic and trade reforms in the 1990s helped to improve the incentive framework, over-regulation of domestic trade has increased costs, price risks and uncertainty, undermining the sector’s competitiveness.

Government interventions in labour, land, and credit markets: - More rapid growth of the rural non-farm sector is constrained by government interventions in factor markets -- labour, land, and credit -- and in output markets, such as the small-scale reservation of enterprises.

Inadequate infrastructure and services in rural areas: - Infrastructure is also a significant factor in the process of development but country like our rural
Bharat has not possess the infrastructure such as roads, electricity, fertiliser and pesticides availability which caused the vulnerable damage to the growth of agriculture.

- **Weak Framework for sustainable Water Management and Irrigation**: Inequitable allocation of water: Many states lack the incentives, policy, regulatory, and institutional framework for the efficient, sustainable, and equitable allocation of water. Deteriorating irrigation infrastructure: Public spending in irrigation is spread over many uncompleted projects. In addition, existing infrastructure has rapidly deteriorated as operations and maintenance is given lower priority.

- **Inadequate Access to Land and Finance**: Stringent land regulations discourage rural investments: While land distribution has become less tilted, land policy and regulations to increase security of term (including restrictions or bans on renting land or converting it to other uses) have had the unintentional effect of reducing access by the landless and discouraging rural investments. Rural poor have little access to credit: While India has a wide network of rural finance institutions, many of the rural poor remain excluded, due to inefficiencies in the formal finance institutions, the weak regulatory framework, high transaction costs, and risks associated with lending to agriculture. Weak Natural Resources Management: One quarter of India’s population depends on forests for at least part of their livelihoods.

**Measures Needed Areas**

Enhancing agricultural productivity, competitiveness, and rural growth

Enhancing productivity: Creating a more productive, internationally competitive and diversified agricultural sector would require a shift in public expenditures away from subsidies towards productivity enhancing investments. Second it will require removing the restrictions on domestic private trade to improve the investment climate and meet expanding market opportunities. Third, the agricultural research and extension systems need to be strengthened to improve access to productivity enhancing technologies. The diverse conditions across India suggest the importance of regionally differentiated strategies, with a strong focus on the lagging states.

Improving Water Resource and Irrigation/Drainage Management: Increase in multi-sectoral competition for water highlights the need to formulate water policies and unbundle water resources management from irrigation service delivery. Other key priorities include:

- Modernising Irrigation and Drainage Departments to integrate the participation of farmers and other agencies in irrigation management.
Improving cost recovery.
- Rationalising public expenditures, with priority to completing schemes with the highest returns.
- Allocating sufficient resources for operations and maintenance for the sustainability of investments.

**Strengthening rural non-farm sector growth:**

Rising incomes are fuelling demand for higher-value fresh and processed agricultural products in domestic markets and globally, which open new opportunities for agricultural diversification to higher value products (e.g. horticulture, livestock), agro-processing and related services.

**The government needs** to shift its role from direct intervention and overregulation to creating the enabling environment for private sector participation and competition for agribusiness and more broadly, the rural non-farm sector growth. Improving the rural investment climate includes removing trade controls, rationalising labour regulations and the tax regime (i.e. adoption of the value added tax system), and improving access to credit and key infrastructure (e.g. roads, electricity, ports, market’s)

a. **Improving access to assets and sustainable natural resource use balancing poverty reduction and conservation priorities:** - Finding win-win combinations for conservation and poverty reduction will be critical to sustainable natural resource management. This will involve addressing legal, policy and institutional constraints to devolving resource rights, and transferring responsibilities to local communities.

b. **Improving access to land:** - States can build on the growing consensus to reform land policy, particularly land tenancy policy and land administration system. States that do not have tenancy restrictions can provide useful lessons in this regard. Over the longer term, a more holistic approach to land administration policies, regulations and institutions is necessary to ensure tenure security, reduce costs, and ensure fairness and sustainability of the system.

c. **Improving access to rural finance:** - It would require improving the performance of regional rural banks and rural credit cooperatives by enhancing regulatory oversight, removing government control and ownership, and strengthening the legal framework for loan recovery and the use of land as collateral.
d. **Strengthening institutions for the poor and promoting rural livelihood**

**Promoting Community-Based Rural Development:** - State Government efforts in scaling up livelihood and community-driven development approaches will be critical to build social capital in the poorest areas as well as to expand savings mobilisation, promote productive investments, income generating opportunities and sustainable natural resource management. Direct support to self-help groups, village committees, user’s associations, savings and loans groups and others can provide the first ‘push’ to move organisations to higher level and access to new economic opportunities. Moreover, social mobilisation and particularly the empowerment of women’s groups, through increased capacity for collective action will provide communities with greater "voice" and bargaining power in dealing with the private sector, markets and financial services.

**e. Strengthening Accountability for Service Delivery:** - Consequent to centralisation efforts are pursued and local governments given more prominence in the basic service delivery, the establishment of accountability mechanism becomes critical. Local government’s capacity to identify local priorities through participatory budgeting and planning needs to be strengthened. This, in turn, would improve the rural investment climate, facilitating the involvement of the private sector, creating employment opportunities and linkages between farm and non-form sectors.

With accelerated industrialisation which is expected as result of the globalisation two consequences would further complicate the matter for Indian agriculture sector namely; the advantage which Indian agriculture sector has enjoyed always the labour surplus would vanish away slowly and slowly and the only thing which would save the agriculture sector will be capital and Indian agriculture sector has always been san capital.

Sustained efforts would be needed to revive agriculture through capital reinforcement to mechanisation which would be a compulsion once labour surplus would cease to be the case. Already people involved in agriculture are moving away towards non agriculture sectors and it is impossible that they would be forced to fall back. The void created by depleting labour surplus can only be filled with machines and capital.

To make agriculture viable and profitable several legal economical and policy changes would have to be incorporated. Policies like land ceiling would have to be done away with so that land holding becomes respectable and affordable for changed agro practice which would change from labour based to mechanised farming.
Main concern would be finance and capital formatting needed for modernisations of Indian agriculture sector and globalisation might help us through Foreign Direct Investment.

Foreign Direct Investment (FDI) inflow into the core sectors plays a significant role as a source of capital, management, and technology in transitional economies. It implies that FDI can have positive effects on the host economy's development efforts. The share of agriculture in the total FDI in India is negligible. The recent data show that agriculture accounted for only about 1.5 per cent of the total FDI inflows into India. In the agriculture sector, the entry of FDI was confined to plantation crops, food processing industries, agricultural services and agricultural machinery. FDI has been allowed in fertiliser manufacturing also, which have a direct bearing on agriculture but was not allowed in the cultivation of crops or rearing of livestock.

A comprehensive framework needs to be evolved, one that addresses the specific problems that the agricultural sector faces at the present stage. One of the ironies of the reforms programme introduced in the beginning of the 1990s was that it failed to cast a glance at the sector that supports the largest share of the country's workforce. An expressive evidence of the relative neglect suffered by agriculture during the past decade is its steadily decreasing share in the country's capital formation. Throughout the 1990s, the share of agriculture in gross capital formation (at constant prices) has remained in single digits, which explains the slackening of its growth momentum during the past decade. This has contributed to the decline in the share of the sector in GDP, from just less than a third in the early 1990s to below a fourth a decade later.

That there has been a steady decline in the agricultural situation during the past decade can also be seen from the fact that while the share of rural population has seen very little change, there has been some decrease in the share of population dependent on agriculture. These trends could be a pointer to the threat to their livelihoods that the agricultural population has been facing in the more recent years.

At international level India needs to address the issue of tariffs and subsidies provided by developed world to their agro sectors. The magnitude of the problems for domestic agriculture that any drastic reduction in the existing levels of tariffs can cause would be clear from the trends in the international prices of some of the major commodities in the second half of the 1990s. International prices had slumped to their lowest levels during this period primarily because of the weight of the subsidies granted by the major players in the markets for agricultural commodities, in particular the United States and the members of the European Union. A feature of the subsidies
being granted by these countries has been the targeting of subsidies on products that are of export interest to them. The members of the European Union have traditionally been using very high doses of subsidies on specific products which include wheat, corn and sugar besides dairy products. In case of wheat, for instance, the production-related subsidies that the producers received in 2002 were almost 84 per cent of the total value of output. The corresponding figures for sugar and milk were 51 and 50 per cent respectively. In addition to these subsidies, the EU members were also using export subsidies to gain control over the global markets.

The United States, on the other hand, increased the subsidies it was granting to specific commodities, after the WTO was established in 1995. Wheat, rice, corn and soybeans were some of the commodities in which subsidies were increased quite considerably. In case of rice, subsidies increased from close to US $ 12 million to more than US $ 700 million between 1995 and 2001, while for soybeans, the increase was from US $ 16 million to more than US $ 3.6 billion during the same period. These tendencies displayed by the countries controlling the global agricultural markets shows the levels at which distortions are being introduced in these markets, leading to increased levels of uncertainties.

The ongoing agriculture negotiations in the WTO have brought to the fore the severe pressures on India to reduce its tariffs. These pressures are higher given that India is among the very few countries for which the bound tariffs (i.e. Maximum tariffs allowed under the WTO regime) are at levels that are significantly higher than most developing countries. It is, however, important for India to maintain tariffs on products that are critical from the point of view of maintaining food security and livelihoods, given that the international prices of many of these commodities have remained at low levels in recent years, a point that was made earlier.

Suggestions have been made in some quarters that Indian agriculture should focus on exports to provide force for its growth. These suggestions are based on the assumption that the relatively low cost agriculture in India will have the competitive advantage in the global market place, which can help generate additional markets. However, as food standards become increasingly important in the larger markets, mere price advantages that countries like India enjoy, can contribute precious little in obtaining additional market access. India would therefore have to invest heavily in upgrading its production facilities - from the farm to the processing units - to have a look-in into the larger markets. But with investments in agriculture decreasing steadily from the mid-1980s, it would require a complete turnaround in the government's priorities to reverse the trend. The larger issue that needs to be addressed in the context of the suggestions for an "export-oriented" agricultural sector in India is the
impact such a policy orientation would have on the country's food security. Arguments advanced in this respect have been that the increase in the stocks of food grains is an indicator that the country has solved its problems relating to food security. As a result it was suggested that diversification of Indian agriculture should take place rapidly so as to better utilise the available resources.

However, the reality has time and again proved otherwise. There is enough and more evidence that poverty and malnutrition are the harsh realities facing India even in the 21st century. That India has to go some distance in making its population food secure can be seen by comparing the availability of food grains in India and China. In 2002, production of cereals in China was 400 million tonnes, which was required to meet the demands of a population that was touching 1.3 billion. In sharp contrast, India's cereals production was about one-half of China's, which supported the food needs of a population that was just over one billion.

Under the prevailing circumstances, it is very important for India to adopt a bilateral strategy in respect of the agricultural sector. In the first place, India has no option other than to protect its domestic market with appropriate levels of bound tariffs. The bound tariffs, particularly in respect of products that are extremely sensitive from the point of view of food security and livelihood concerns, need to be so determined that they are able to protect the domestic producers against the downward pressure in international prices. It is therefore imperative for the Indian government to resist pressures for tariff reductions that have been mounted by its major trading partners like the United States.

The second part of the strategy, one that is equally important for ensuring sustainable livelihoods, is to ensure that adequate resources are provided to this resource-starved sector in order that it is able to gather the necessary growth momentum.

**Indian Society and globalisation:** Widespread changes are stirring the pot of Indian society as result of its being integrated with rest of the world almost every aspect of social life has undergone a change. Globalisation has brought in global aspiration in political and cultural aspects. Political systems especially will have to be watchful for the stimulus to adjust to rising aspiration and India as such have witnessed greater stimulation the demand for food security and greater accountability on part of the govt. Point to this direction but tow aspects which need to be discussed in detail in context of globalisation are terrorism and naxalism.
5.3 Terrorism and Globalisation

Globalisation and terrorism are complex and difficult subjects. Neither has a simple definition nor an agreed-on trend. After all, globalisation is both a blessing and a curse. Terrorism, likewise, is in the eye of the beholder. A terrorist is such to her enemies and a freedom fighter to her friends. To some, the terrorist may be the corporate chief executive officer or a president of a country. To most in the United States, the image of the terrorist is that of some wild-eyed Muslim dedicated to some apocalyptic vision of a clash between the “civilized world” and Islam. A basic theme that runs through is the notion of migration of dreams. As some people advance leaving others behind, they export dreams to them. The dreams of the underdog occasionally transform themselves into nightmares for those who are perceived to be an obstacle to the fulfilment of dreams. This cycle of dreams and nightmares is enhanced by globalisation and effected by terrorism.

Are Terrorism and Globalisation Linked?

Globalisation means the global economy as one in which the main international players are corporations and lacking a structure tied to national boundaries. Refusing to allocate a specific definition to the term, the World Bank (2000) describes it primarily as “the observation that in recent years a quickly rising share of economic activity in the world seems to be taking place between people who live in different countries,” or, more simply, an increase in international economic activities. The Center for Strategic & International Studies (2002) attempts to precisely define globalisation, calling it “a process of interaction and integration among the people, companies, and governments of different nations, a process driven by international trade and investment and aided by information technology.” The International Monetary Fund (2000) offers the broadest summary of globalisation, referring to it as “the increasing integration of economies around the world, particularly through trade and financial flows,” adding, “The term sometimes also refers to the movement of people (labour) and knowledge (technology) across international borders. There are also broader cultural, political and environmental dimensions of globalisation.” Globalisation is “the increased mobility of goods, services, labour, technology and capital throughout the world”. Globalisation is “a process of growing interdependence between all people of this planet” according to the International Labour Organization (1996) and mentions economical interdependence.

All of these definitions of the term agree on the economic aspect of globalisation. A good definition for it is an economically-driven process of business which also makes ideas, cultural behaviours, technologies, and politics global
concepts and lead to greater interaction among previously separated groups and/or nations. It seems that this is the briefest and exact definition of globalisation can be without ignoring many important aspects of it as some of the previously mentioned definitions do.

**Globalisation and Terrorism:** In recent years, the world has seen many terrorist attacks or attempted attacks in locations other than where the terrorist originated from. Notably, the majority of these attacks involved Muslim extremist groups. A Madrid train was bombed, as was a London subway. United States embassies in African nations were attacked. Airplanes were hijacked and flown into the World Trade Center in New York. Australia narrowly avoided a terrorist attack. In each of these cases, the terrorists did not come from the country that was targeted.

When the media covers the fight against terrorists, people often hear that a government is doing something to stop them without sending any military personnel somewhere in response. Instead, financial assets are ice-covered to slow terrorists. Terrorist websites may be taken offline. Group cells may be discovered within a targeted country and be shut down by local, state, and/or federal law enforcement officers.

Considering what is known about globalisation and the current situation of international terrorist activity, one could draw a correlation between globalisation and terrorism. It certainly seems that the two are connected. In a speech at the World Media Conference, John O’Sullivan (2004) identified four components of what he called the “world crisis” globalisation itself, the mass migration of people over frontiers and the consequent spread of ethnic Diasporas, the increased power of religion over secular philosophies, and the extension of the powers and influence of transnational organisations.

### 5.3.1 Globalisation Facilitating Terrorism

Some aspects of globalisation facilitate terrorism. At its basest meaning, globalisation means internationalisation. Something is taken from a national setting and projected across the world. Certain nations adopt this, others reject it. When most nations do accept it and adopt it, globalisation is taking place. Perhaps the main facilitator stemming from globalisation is communications technologies. There are many devices taken for granted in Western society that changed the way terrorists operate, especially digital communications device. Many things complicated Western societies have adopted to become more efficient are leaving them more susceptible to attacks. This includes policies of free trade, relaxed immigration policies,
streamlined border crossing policies. Even financial systems created to make international business simpler can be used for terror instead. While the allied forces closed in on the Taliban, money collected by small businessmen was moved across the border by operatives and transferred through an informal banking system to the United Arab Emirates. From there, it became gold bullion and was sent around the world before it could be seized. More concerning is the way organisations are beginning to gather funds to operate. There are many groups with global financing networks, most of them recognised as foreign terrorist organisations. Their sources include nonprofit organisations and charities (whose donors may or may not be aware of their monies’ use), companies which send revenue to illegal activities, illegal enterprises, and websites set up for donations.

“The terrorist attacks showed that political globalisation is as powerful a phenomenon as the globalisation of the economy” (Naim, 2002). To deal with ever-increasing international relations, many organisations were set up, including the United Nations, the North American Treaty Organisations, the Organisation of American States, and so on. In these forums, many people can come together to share ideas. At the same time, similar forums provide a hub for ideas and processes of coordination and cooperation used by terrorists.

It is obvious that many things inspired to grow or be created by globalisation have unexpectedly been used to facilitate terrorist operations. The international media has made the world much more aware of their aims and activities. Communications technologies have been used to frustrate opposition forces or ease operations within terrorist groups. Modern conveniences and economic policies have even been known to facilitate terror in some way. International financial systems can help terrorists hide their assets or gather funds. Political globalisation can help terrorists meet and share ideas and procedures. It is not a stretch to claim that there are many aspects of globalisation that have unfortunately been used to help terrorists.

**Does Globalisation Cause Terrorism?**

Although a peripheral link between globalisation and terrorism has been established, it does not answer a simpler question. Does globalisation cause international terrorism? “Globalisation is a concept originating from the West which has became a facade to obstinately impose particular ideas on underdeveloped countries, such as the claim that the borders are removed and nations are cooperating by ignoring their economic, cultural, and civilisation differences.” There are a few hypotheses in support of the idea. These hypotheses fall into four main categories: cultural differences, economic disparity, political frustration, and conflicting market
systems. There are also claims that globalisation and international terrorism are not linked at all. On the other hand there exists little correlation between a country’s level of global integration and the number of significant international terrorist attacks on its soil.

Cultural differences introduced by globalisation are thought of as the main cause of international terrorism. If the hypothesis is true that cultural differences cause international terrorism, then it can certainly be said that globalisation indirectly causes terrorism. It is argued that foreign intrusions and growing awareness of shrinking global space have created incentives to use the ideal asymmetrical weapon, terrorism, for more motivated purposes. Others mention cultural differences as a source of conflict many times. Conservative societies are offended by the media image of the United States.

There may not be enough solid evidence of cultural differences inciting terrorism though. Even the Huntington hypothesis (culture as the major source of anti-globalisation) lack solid support and are only popular because they take into account the most obvious differences between the West and Middle East.

Economic disparity is another source of hypotheses concerning globalisation and international terrorism. The recent attack of Iraq portrays an “image of the West as a progressive but militarised and muscular liberator,” and “recoups the reality of the global North as a site of mass consumption in a world of terrible need”.

However, economic disparity alone does not seem like it would inspire international terrorism, no matter how well-off Western nations are compared to the rest of the world. There are plenty of nations that are as bad as or worse-off than the Middle East that do not engage in international terrorist activity. That point alone discredits the economic disparity hypothesis.

The category of political frustration has two different theories concerning globalisation and terrorism. The first theory is presented by Kuru (2005), claims, “Globalisation challenges a specific type of state, one that aims to homogenise its citizens through socio-cultural policies.” This is true of the Middle East and untrue of Western nations. Western nations, being mainly democratic, do not attempt to lump their citizens together as one; rather, a great deal of diversity is present in them. In the Middle East, internal strife is intense, as one group of leaders tries to claim power and keep all people under its law. It does not seem that this challenge should concern leaders very much, considering they constantly struggle against internal opponents. It seems the leader could simply ban access to any international influence.
Despite any Western nations' actions to install ineffective governments, it seems the affected nations are no better at helping themselves. Considering the tendency of the region to reject secular government, it seems the best government to be installed, if secular, would be rejected. Western nations, wary of Islamic terror, cannot be blamed for avoiding the installation of Islamic governments.

The final type of hypothesis considers conflicting markets, a concept that has not been considered enough. Mousseau (2002) pins the problem of international terrorism exclusively on this aspect of globalisation, stating, “In this mixed economy, the conflict of clientalist and market cultures can lead to illiberal and unstable democracy, military dictatorship, state failure, sectarian violence, or some combination thereof.” It seems that this scenario could lead to the conditions responsible for providing opportunity for transnational terrorism, “Islamic fundamentalism Failed states’ and the lack of effective territorial control.” Clientalist societies and market societies are naturally conflicting entities. To summarise, clientalist societies see cooperation as the exchange of gifts, base trust on life-long friendships within small, approved groups, and are very hierarchical. Middle Eastern nations are clientalist societies. Market societies place less emphasis on small, approved group loyalty and encourage cooperation with new groups and base loyalty on an agreed-upon purity of contracts. Western nations are market societies. From the clientalist perspective, however, those with market values are from out-groups and thus are undependable. Moreover, by expressing self-interest, individuals with market values appear to have no culture and are seemingly interested in little beyond the crude pursuit of material gain. When this concept is paired with the fact that when people in developing countries see the breakdown of traditional relationships and the surfacing of zero-sum anarchy, they relate them to growing Westernisation of their societies, it is not difficult to see that there is potential in this hypothesis. There are two more factors within clientalist societies that contribute to international terrorism. First, privileged persons often emerge as terrorist leaders because they have the most to lose from globalisation. They exploit the hierarchical structure and gather many patrons from the economically lowest parts of society. To keep their patrons' loyalty, leaders must demonstrate strength. Second, in this society’s perspective, individuals are responsible for the actions of the entire group. Therefore, terrorist attacks that kill innocent people are justified because leaders are showing strength by killing guilty people. The hypothesis of conflicting market systems is the best explanation for international terrorism. It does need to be further researched and tested to confirm its plausibility, but it definitely seems to be the most rational explanation for international terrorism. Mousseau (2002) sums up his hypothesis by saying, “The underlying cause of terror: the deeply embedded anti-market rage brought on by the forces of globalisation.”
Globalisation is an economically-driven process of business which also makes ideas, cultural behaviours, technologies, and politics global concepts and lead to greater interaction among previously separated groups and nations. Recent terrorist attacks and attempted attacks have raised the question: Are globalisation and international terrorism connected? There are aspects to globalisation that have inadvertently facilitated the rise of international terrorism. International media, communications technologies, conveniences, and international finances have facilitated terrorism on a global scale. The more important question is: Does globalisation cause terrorism? The answer to that is unclear. There are many hypotheses, considering cultural differences, economic disparity, political frustration, and conflicting market systems. The concept of conflicting market systems seems to best answer the question. The theory definitely finds globalisation greatly contributes to international terrorism but is not itself the only cause. However, the theory should be further tested and researched to verify its worth.

5.3.2 Terrorism in India

Since its independence in 1947, India has been facing the problem of revolution and terrorism in different parts of the country. For the purpose of this feature, revolution has been taken to mean an armed violent movement, directed mainly against security forces and other government targets, to seek territorial control; terrorism has been taken to mean an armed violent movement directed against government as well as non-government targets, involving pre-mediated attacks with arms, ammunition and explosives against civilians, and resorting to intimidation tactics such as hostage-taking and hijacking, but not seeking territorial control.

India has faced exclusively terrorist movements in Punjab and Jammu and Kashmir bordering Pakistan, and part insurgent-part terrorist movements in the northeast, bordering Myanmar and Bangladesh; in Bihar, bordering Nepal; and in certain interior states like Andhra Pradesh, Madhya Pradesh and Orissa that do not have international borders.

India has also faced terrorism of an transient nature, which sprang suddenly due religious anger against either the government or the majority Hindu community or both and petered out subsequently. Examples of this would be the simultaneous explosions in Mumbai on March 12, 1993, which killed about 250 civilians, and the simultaneous explosions in Coimbatore, Tamil Nadu, in February 1998. The attack on Parliament on December 13, 2001 was a major event in contemporary India. Tamil Nadu has also faced the fallout of terrorism promoted by the Liberation Tigers of Tamil Eelam in Sri Lanka in the form of attacks by LTTE elements on its
political rivals living in the state and in the assassination of former prime minister Rajiv Gandhi in May 1991.

India had also faced, for some years, Hindu sectarian terrorism in the form of the Anand Marg, which, in its motivation and irrationality, resembled to some extent the Aum Shinrikiyo of Japan. The Marg, with its emphasis on meditation, special religious and spiritual practices and use of violence against its detractors, had as many followers in foreign countries as it had in India. Its over-ground activities have petered out since 1995, but it is believed to retain many of its secret cells in different countries. However, they have not indulged in acts of violence recently.

India is facing Pakistan based terrorism because being the region’s nursery for terrorism, Pakistan has “progressed” to becoming the globe’s university of terrorism.

**Causes:**

- The causes for the various insurgent/terrorist movements include:

  **Political causes:**
  This is seen essentially in Assam and Tripura. The political factors that led to insurgency-cum-terrorism included the failure of the government to control large-scale illegal immigration of Muslims from Bangladesh, to fulfill the demand of economic benefits for the sons and daughters of the soil, etc.

  **Economic causes:**
  Andhra Pradesh, Madhya Pradesh, Orissa and Bihar are prime examples. The economic factors include the absence of land reforms, rural unemployment, exploitation of landless laborers by land owners, etc. These economic grievances and perceptions of gross social injustice have given rise to ideological terrorist groups such as the various Marxist/Maoist groups operating under different names.

  **Ethnic causes:**
  Mainly seen in Nagaland, Mizoram and Manipur due to feelings of ethnic separateness.

  **Religious causes:**
  Punjab before 1995 and in J&K since 1989. In Punjab, some Sikh elements belonging to different organisations took to terrorism to demand the creation of an independent state called Khalistan for the Sikhs. In J&K, Muslims belonging to different organisations took to terrorism for conflicting objectives. Some, such as the Jammu & Kashmir Liberation Front, want independence for the state, including all the territory presently part of India, Pakistan and China. Others, such as the Hizbul Mujahideen want India's J&K state to be merged with Pakistan. While those who want independence project their struggle as a separatist one, those wanting a merger with Pakistan project it as a religious struggle.
Effort to be disappear terrorism

India has taken step against terrorism, but most important step should be enforcing such as: "An act of terrorism anywhere is a threat to the entire international community. We recognise the need to further strengthen international cooperation to combat global terrorism."

5.3.3 Naxalism in India

It was the peasant resistance to landlords in Naxalbari in West Bengal in May 1967 under the land-to-the-tiller slogan that provided a name to the Maoist phenomena in Indian politics – Naxalism. The movement underwent much churning in the succeeding decades, organisationally and politically, but the focus on agrarian revolution has remained at the core. The very fact that land reform as a state objective has disappeared from Indian policy-making in the age of economic liberalisation has kept the Naxalite agenda alive. The state's anti-poverty programmes such as the NDA's Food-for-Work or the UPA's recently established Employment Guarantee Programme hardly meet the basic demand for land rights in rural India. The rise of backward castes to power in Bihar, Uttar Pradesh and elsewhere, even though it may have democratised certain aspects of the polity, has had the paradoxical effect of freezing land relations.

The Naxalite movement is mostly active in the tribal areas spreading from Bihar to Andhra Pradesh and Maharashtra, and also covering parts of Jharkhand, Madhya Pradesh, Chhattisgarh, Orissa, Tamil Nadu and Karnataka. This spread is linked only to the inaccessible hilly terrain of these regions, but a conscious decision by the Naxalites to take up the issues affecting the tribal people, who are among the most exploited in society. India's development process has led to commercialisation of forest resources, reducing the traditional access to forest produce. Alienation of tribal land to non-tribals has been a steady trend despite legal strictures. Mining-based industries and the construction of large dams have caused extensive displacement of the tribals, besides destroying their natural environment. A central Naxalite agenda is for tribal self-determination, asserting the rights of the tribals over local resources.

The government programmes of tribal development have ended up creating new best in the tribal areas even as increased poverty leads to massive out-migration. The recent bill for safeguarding land rights, introduced by the UPA, has been a case of too little, too late. The extension of the Panchayati Raj programme to tribal areas, giving greater power to the tribal village assembly is a modest measure in the right direction, but unless structural measures are undertaken to restore rights over land
and forest, the Panchayati Raj structures will continue to be manipulated by local elites.

During the 1980s, the Naxalites linked themselves with the nationality struggles in the Indian Northeast, Jammu and Kashmir, Chhatisgarh, Jharkhand, Tamil Nadu and elsewhere. This strategic decision had a significant impact on both, the agrarian movement as well as the autonomy movements. Each was a complex struggle involving class and nationality, as well as caste and gender. The decision therefore involved making choices on supporting autonomy movements led by the bourgeoisie, such as in case of Telugu Desham in Karnataka, the Asom Gana Parishad in Assam, and the Akali Dal in Punjab and the DMK in Tamil Nadu.

The formation of the smaller states of Chhattisgarh, Jharkhand and Uttaranchal was a welcome step in terms of providing people with more say in their affairs, but the new states were created keeping the overall power structure whole. As a result, the nationality struggles in these areas continue as integral parts of the agrarian and the broader democratic struggle. Interestingly, the government understood this linking of the Naxalites with other movements only in terms of a network among militants for training, supply of weapons and coordination against state operations.

During the 1990s, Indian politics and economy saw major upheavals linked to globalisation on the one hand, and communal politics on the other. The Gujarat riots of 2002 were symbolic of the magnitude of the latter trend. The processes of privatisation of public enterprises and reduction of expenditure of workers have continued unabated in the recent years. But the main resistance to globalisation was put forth by the Naxalites, which has considered the stress on anti-imperialism paramount at a time of growing collaboration between the government of India and the US government.

Overall, therefore, the Naxalite challenge rests upon the issues of agrarian transformation, tribal people's rights, the nationality movement and resisting imperialism and globalisation. All this adds up to what they characterise as the people's democratic revolution to change the very character of the Indian state. Because of the issues they pursue, the Naxalites have a social base which sustains them despite a variety of repressive measures pursued by the state. In fact, over the past decade the movement has spread to new areas such as southern districts of Orissa and West Bengal as well as parts of Uttar Pradesh and Rajasthan.

The Naxalite movement was not just a law and order problem, but had socio-economic roots that could be discussed on the road to reducing violence. Second, it
was brought home to the Maoists to recognise that the realm of the present Indian state did provide some space for socio-economic change despite its class character, and that if the space indeed opened up, the need for resort to armed struggle may be reviewed.

The historic talks that took place between the rebels and the government proved that dialogue was an essential element of democracy through which each side was called upon to recognise underlying truths. In these peace talks Indian democratic opinion saw prospects of mutual appreciation of each other's positions in the spirit of "truth and reconciliation". Could the Maoists be said to be respecting the norms of revolutionary violence when the common people were subjected to killings and torture by them, or when public property was destroyed? How did they explain individual annihilations by their squads, and did this reflect the Maoist norm of 'mass line'?

The common people whose cause the Naxalites claim to represent confront day-to-day livelihood issues – of making a living out of agriculture and forestry, of finding water for their fields, access to affordable credit, market for their produce, and ways and means to access education and health. Such ground-level issues do not seem to figure prominently in the Maoists' formulation of political strategy. Many of these activities which concretely help the poor are dismissed with terms such as 'reformism', 'welfare work' or even 'NGO action'. The idea that cultural and educational works form an integral part of revolutionary strategy, together with political and military tasks, seems to have been relegated to the background. In the recent years, the Naxalite leadership has indeed tried to respond to these issues, but not entirely satisfactorily.

The issue of revolutionary creativity – the ability to assess the emerging national, local and global environment and adjusting to the developing while pursuing one's ideological goals – thus remains a challenge for the Naxalite movement in India. Meanwhile, the Naxalite movement continues to spread despite suffering losses in terms of fighters as well as from time to time – operational areas. The do represent a powerful challenge to the existing political economy in its phase of globalisation.