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3 December 2006

Online at <https://mpra.ub.uni-muenchen.de/1633/>

MPRA Paper No. 1633, posted 02 Feb 2007 UTC

**EMPIRICAL RESEARCH PAPER**

**GLOBALIZATION, STATE AND DISEMPOWERMENT:**

**A STUDY OF**

**COTTON FARMERS' SUICIDE IN WARANGAL**

***SUBMITTED BY***

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**GLOBALIZATION, STATE AND DISEMPOWERMENT:  
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**ABSTRACT**

*The ideology of globalization and its practice based on neo-liberal paradigm has played a vital role in re-arranging the architecture of global economic and political order. Central to this new economic dispensation is a shift in the role of the state, particularly in its commitment towards the mass of the people from where it supposed to drives its strength according to democratic traditions. Supporters of Globalization often believes that inflow of foreign capital, advanced technology, market economy and the resultant economic growth will automatically take care of issues of social justice and equity. However these claims seem to be meaningless in the present global economic order based on wide disparities in power relations and resource distribution. There exists a dramatic paradox between the theoretical discourse on global economic growth and prosperity, and the naked reality of impoverishment, social exclusion and disempowerment affecting vast majority of marginalized groups in society. Against this background, the present paper seeks to explore the relationship among the three-core concept of Globalization, Nation state and Disempowerment in the context of neo liberal agenda and Indian states commitment to Structural Adjustment Programme. The paper doesn't criticize Globalization perse, but try to project how global integration follows high social cost, especially in the absence of stable, effective and efficient economic base.*

## SECTION ONE

### INTRODUCTION

Globalization, which entails privatization and liberalization, has become the buzzword today. It is the dominant ideology by which the socio-economic policies and Programmes of most of the countries are organized and structured. This is particularly so, after the end of the cold war, the dismantling of state socialism in the USSR and the collapse of the Berlin Wall.

The present era of globalization has certain distinct features like new markets, new tools (Internet links, cellular phones, and media networks), new actors (MNCs, WTO), the global networks of NGOs and new rules (multilateral agreements on trade, services and intellectual property rights. (Human Development Report 1999). OECD defined globalization as *“the wide set of processes and relationships as a result of which previously fairly separate economies have become increasingly inter-related to an unprecedentedly high degree.”* The term has often been identified with economic reforms, Structural Adjustment Programme, new world trade order, opening up of domestic markets and global communication village. Privatization, deregulation and transnationalisation of capital are the three important corollaries of globalization.

(Bhalla: 1998)

Protagonists of globalization view it as indispensable for sustainable global growth. According to IMF, “if domestic policies are implemented so as to meet the requirements of global economy, then all countries should be better able to develop their comparative advantages, enhance their long run growth potentials and share in an increasingly prosperous world economy”. Thus integration into global economy would offer growth prospects to all on condition that they satisfy the requirements of the new accumulation regime in terms of flexibility and competitiveness. Neo-liberal discourse supports the vision of globalization as a process leading to limitless wealth accumulation and an increasing homogenization of all human societies. (Bhalla: 1998) It is evinced that structural reforms, which enhance the role of markets, will strengthen the basis for sustained growth. Poverty can be reduced to minimum and social development can be achieved maximum if growth prospect is there. As Michael Bruno wrote:

*“Growth is necessary for a persistent reduction in poverty. Adjustment is necessary for the resumption of growth. And fiscal and monetary restraints are necessary components of adjustment...” [Bruno: 1995]*

Thus integration of domestic economies into world economy, accumulation of foreign capital, removal of trade barriers communication revolution etc. are treated by nation state as beacon lights to move towards the paths of growth prosperity and human development.

Even though the mainstream debates on globalization centers around limitless prosperity and wealth accumulation, the reality is far from expectation. All over the world, there emerge strong tendencies towards impoverishment, growing inequalities, job insecurity, unemployment, weakening of social support systems, anarchy, violence etc. The I.L.O notes: *“Rather than eliminating or reducing differences, the integration of national*

*economies into global system has on the contrary made those differences more apparent and in many ways, more unacceptable”.*

In many cases, economic globalization is benefiting only a microscopic minority, negatively affecting majority of hitherto marginalized sections. As Castells (2002) comments: “*while its effects reach out to the whole planet, its actual operation and structure concerns only segments of economic structure, countries and regions in proportions that vary according to the particular position of a county or region in the international division of labour.*”

The development of the free market associated with globalization has marginalized many economies in terms of trade. As a result, inequality between the developed and developing world is wider than ever before. The phenomenon of globalization and the new economic order spear headed by IMF-World Bank –WTO combine has adversely affected the Afro-Asian and Latin American economies, particularly integration of these economies into world market weakened their capacities to protect their people’s interest through independent programmes.

## 1.2. CHANGING ROLE OF NATION-STATES

In this new political setting of the post cold war era, there is a wide shift and redefinition of nation states and its role. The emergence of global capitalism shifts the balance of class forces towards capital and as a result the relative autonomy of state declines. On one hand the state is retreating from its welfare commitments and on the other hand it aggressively intervenes in favor of global capital. Thus the state is rolled back, vacating public spaces it hitherto prominently occupied. Kenechi Ohmae argues, “*The nation state has become an unnatural, even dysfunctional unit for organizing human activity and managing economic endeavor in a border less world*”. State becomes a vehicle for transmitting the global market discipline to the domestic economy. At the heart of this neo liberal ideology is the idea that the prime responsibility of Government is to ensure ‘sound finance’ and attractive business climate. A good example of this trend can be seen through analyzing the dictates of GATT agreements. The provisions of GATT and WTO severely circumscribe the sovereign rights of state to regulate foreign investment and external trade. Nation State’s priority towards agricultural subsidies, public distribution system, educational development, social security schemes etc is relegated to the background. Instead it becomes an instrument to protect and safeguard the interest of transnational capital.

## 1.3. GLOBALIZATION AND DISEMPOWERMENT

It is against these implications of globalization that we have to look at the current discourse on empowerment and disempowerment. The world summit for Social Development held in Copenhagen in March 1995 uphold empowerment as one of its objective “ *We affirm that in both economic and social terms, the most productive policies and investments are those which empower people to maximize their capacities, resources and opportunities*” However, this Declaration of Programme of Action links

empowerment with economic globalization. In reality, Globalization severely affects entitlement capability of marginalized groups and thus leads to disempowerment of common people. By its very nature, Globalization takes away power from nations and peoples. When the state retreats from development functions, the people loses their capacity to enhance their Socio-economic and political power. Economic security is essential for masses to enhance their capabilities. Market doesn't take into account these issues. If people lack a stable income, how can they sustain empowerment? The concept of empowerment puts excessive emphasis on formal institutional arrangement. In a state, subordinated by market discipline, the power structure will be controlled by upper class, alienating and excluding the subalterns. The role of state in Semi-feudal and Semi-capitalistic societies of post – colonial context cannot be confined to governance only. It extends to affecting social transformation, through constant legal and policy intervention. For this, law and order state must be transformed into Justice State. However in the present context, rather than making democratic intervention in favor of masses to attain equity and social justice, the state is yielding all the grounds to the market. State is the only collective institution through which distributive justice; planned development and comprehensive welfare policies can be delivered to the people, which in turn will empower them. Information Revolution, economic growth and MNCs cannot take up the issue of distributive justice. Thus global integration in its spirit takes away power from the people and makes them dependent on dominant interests in society. The crucial question here is how to ensure social cohesion in a fragmented society where a large proportion of people are excluded in the name of competitiveness and efficiency.

#### **1.4. ECONOMIC REFORMS AND DISEMPOWERMENT IN INDIA**

Criticisms of the process of globalization and its supporting theories are come under scrutiny particularly in the context of liberalization policies in India. The Govt. of India adopted New Economy Policy in 1991, which calls for an assessment of the role of the state, liberalization of trade, structural adjustment, transparency and full convertibility of Rupee. The restructuring of economy envisaged by IMF involves the replacement of import substitution growth strategy by an export oriented growth Strategy. This was entirely against the spirit of basic ideology of Indian constitution that is, to attain an egalitarian social order without wide disparities in access to income. After independence, not withstanding the political and economic difficulties, the national leaders were committed to the preamble pledge of Indian constitution to alleviate destitution and texture for a democratic order based on human dignity and social justice. Broad based policies like planned development in the context of mixed economy, land reforms poverty alleviation programmes, effective implementation of public distribution system, agriculture subsidies, extensive public sector enterprises etc. declared the establishment of a welfare state. To a significant extent, these policies have helped to make India from poverty ridden, under developed economy to a developing and ever expanding economy with growth prospects.

But due to national and international developments in the 1980s and 1990s, these basic ideals changed. Now India is well ahead in the road of globalization. The collapse of centrally planned systems in USSR and East Europe, Internal fiscal crisis, fragile balance of payments, high growth of inflation, dwindling of foreign exchange

reserves etc. forced the then Prime Minister of India P.V. Naramsimha Rao to launch NEP in 1991. According to the Economic survey of 1990-91, India's total external debt at the end of December 1990 was \$ 70.1 billion more than 25% of the country's GDP. Thus SAP was treated as inevitable to escape the fiscal trap. The Principal areas of economic reform were fiscal stabilization, de-regulation of domestic Industry, removal of barriers on trade and FDI, etc. The NEP mainly for global integration of economy under took both fiscal stabilization and structural adjustment.

The introduction of globalization, with liberalization and privatization as its primary trusts, led to abandoning of state intervention and welfare policies. The MNCs, Foreign Direct Investors and Foreign Institutional Investors play vital role in bringing the whole country under market system. Replacement of Neo-Keynesian policies by neo-liberal policies means withdrawal of the state from the field of production, service sectors and social security measures. However, the benefit of this much-publicized growth under globalization does not reach the lower strata of society. Compared to 1.2 % rise in per capita availability of food grains in 1980s, the 1990s witnessed a fall of 0.28 % per annum. India in the beginning of new millennium, is facing a paradox of people dying due to starvation deaths, while 60 million tones of food grains are rotting in FCI godowns. In the place of a minimum basic requirement of 75 Kg of food per month per family of five, the state is providing on an average of 10 kg, through Targeted Public Distribution System. In India, over 300 million children suffer from retarded growth in the womb due to neglect of nutritional well being of women in pregnancy. In the estimate of Asian Development Bank, all those whose per capita daily income is one dollar or less are poor, and in India, we have 450 millions of this category. According to the official status presented in the parliament as part Budget papers, nearly 2 lakh villages do not have primary schools, 4.5 lakh villages have no proper roads. All these complexities in Indian economy are further sharpened by the inauguration of globalization. As a rich minority in urban areas taps the benefit of globalization, vast majority of common masses has to suffer from hunger, poverty and joblessness.

### 1.5. GLOBALISATION AND INDIAN AGRICULTURE

The current study mainly focuses on the impact of globalization on agricultural sector in India. The stabilization policies and opening up of domestic markets, directly affected agricultural sector in India. While fiscal discipline was applied on water, fertilizers and pesticides were deleted. Control over internal market is removed so as to gain foreign exchange to fill the fiscal gap. The four main components of the old agricultural policies like input subsidies, minimum support price, procurement prices and issue prices were to be reformulated and eliminated gradually. Earlier the focus of agricultural sector was on food security and keeps prices low, based on social justice. But due to the new wave of liberalization, there appeared technological capitalist development in agriculture. Govt. encouraged commercialization of agriculture and agro based industries. Many MNCs like Monsanto, Cargill seeds, Kentucky fried Chicken etc. entered Indian market, to sell their hybrid seeds, which are ecologically vulnerable and costly. MNCs made local farmers dependent on the company and thus eroded the autonomy and self-reliance of Indian farmers. Many of the seeds incorporate terminator gene technology that makes it impossible for the plants to produce its seeds.

The provisions of WTO provide legitimacy to the speculative manipulation directed against illiterate farmers. The penetration of global interest in agriculture and the new agricultural policy increased cost of cultivation. The ultimate outcome happened to be mass poverty and fracture of organic economy of farmers. This process is not limited to India alone. In Canada, 30% of grain farmers shifted to cash crops and when international prices fluctuated, they fell in to debt crisis. Banana farmers in Central America, peasants in Poland, Hungary etc. also faced the same situation. Rolling back of the state from giving institutional assistance to the needy farmers worsens the situation further.

With the inauguration of liberalization it was argued that signing of WTO would be instrumental in promoting multilateralism and increasing international trade in agriculture. However, now we face serious problems as against the expectation. Growth rate in agriculture has decelerated. The growth rates of all crops taken together decreased to 2.32% per annum, during 1997-2004, compared with 3.5% per annum during 1990-91. Another serious Problem is gradual decline in yield level. The yield level of all crops taken together decelerated from 2.65% per annum during 1990-1991, to 1.38% during 1998-2004. This can be termed as a result of neglect in public investment. The case of cotton is extreme. Yield decelerated from 4.15% in 1996-97 to 0.59 in 1999-2000. This proves that increased private investment has not benefited agriculture.

The negative impact of these policies are now visible in the agrarian community in India, particularly among small and marginal farmers, where big farmers had already taken to capitalist agriculture, on a large scale. The suicide of farmers in a number of states is indicator of this trend.

In India, the last few years witnessed suicide of farmers in many part of the country. Between 1996-2006, suicides were reported from Karnataka, Andhra Pradesh, Maharashtra, Punjab, Gujarat, etc. In Andhra Pradesh it was cotton farmers; while Karnataka it was tur, Chillies, tomatoes, urad and til; in Maharashtra it was again cotton, orange and soyabean. The farmers took the extreme step when, they realized that they can't escape from debt crisis. These suicides cannot be seen as localized phenomena. It underlines the high social cost of globalization and non-sustainable agricultural practices.

## **SECTION TWO**

### **POLITICAL ECONOMY OF AGRARIAN DISTRESS IN ANDHRA PRADESH**

Andhra Pradesh is the 5<sup>th</sup> largest of Indian states both in terms of geographical area and population. Close to 30% of state's GDP is from the agriculture and allied sectors and provides employment to 64.55% of the state's population. The state enjoys a position of pre-eminence in respect of crop production

The state is broadly divided in to 7 distinct Agro-Climatic Zones. The Rayalaseema zone, which is semi-arid and is drought prone, receives around 700mm rainfall. The net sown area is only 38 % in this zone and irrigation infrastructure is poor.



South Telangana, which consists of Rangareddy, Mehbubnagar and Nalgonda, is again semi- arid, with about 820mm rainfall. This zone is marked by low productivity and high waste lands. North Telangana consisting of Adilabad, Karimnagar, Nizambad, Medak, Warangal and Khammam receives a little less than 1000mm rainfall, but has only 30% of the cultivated area irrigated. In this zone fallows are very high because of extremist menace and the soils are red sandy. The cropping intensity is only 106% in this zone despite better rainfall. The productivity is too low. North Coastal zone has more than 1000-mm rainfall and the climate is sub-humid. The rivers in the zone are in level or in some parts below sea level. With the result, drainage, salinity and floods are limiting factors. The area under cultivation is higher in case of South Coastal Andhra Pradesh, which also has better irrigation facilities and higher productivity. Here too frequent cyclones, floods, drainage and salinity are the limiting factors. Nellore zone has 60% area under irrigation with reasonably high cropping intensity. Cyclones are major limiting factor in this district. ([www.andhrapradesh.com](http://www.andhrapradesh.com))

The adverse impact of economic reforms and globalization on Agricultural sector in India is already discussed in part I of this paper. This part attempt to substantiate the high social cost of globalization of agriculture with the help of empirical data, from Telangana region of Andhra Pradesh. While coastal Andhra is fertile and well-watered region with prosperous farmers since the colonial period, Rayalseema lying in the rain shadow consists of dry uplands, and Telangana is a backward region, which historically was under the rule of the Nizam of Hyderabad. A study in the 1980s showed that rural poverty (per head) was highest in Telagana, the percentage of those below the poverty line reaching 70% in Warangal and 80% in Karimnagar, while it was only about 30% in most of the coastal districts. The farmers who committed suicide are small or medium farmers, particularly in Warangal who had taken commercial cropping. Out of a total of 4,80,132 in the district, 2,69,816 (56%) are marginal and 1507,671 (24%) are small farmers. They had very little to fall upon when their crops failed and were led to take the same step. [[www.aponline.com](http://www.aponline.com)]

It is undoubtedly true that Andhra Pradesh has had adverse seasonal conditions over the last few years, which is an important contributory factor in the suicides. The state suffered severe crop losses during cyclonic rains in October/November, 1996, followed by severe drought conditions in 1997. 403169 hectares of agricultural and horticultural crops were affected. Only 64.20 lakh hectares of area was sown out of normal area of 81.67 lakh hectares during Kharif 1997. There was area reduction in Paddy by 4.67 lakh hectares 2.91 lakh hectares in coarse grain, (jower,bajra,ragi,etc) 1.46 lakh hectares in pulses and 5.02 lakh hectares in groundnut. In the Rabi season the un-seasonal rains and continues inclement weather caused outbreaks of pests and diseases. Standing crops such as red gram, cotton, chillies, tobacco, sunflower and Bengal gram suffered not only due to drought during the early vegetative and reproductive stages, but also due to severe outbreaks of pests during October/November 1997. Cotton farmers in non-traditional areas of Telangana region, tobacco farmers in coastal Andhra Pradesh suffered severe setback due to heavy pest and disease incidence. 872 mandals were declared affected by the government. However such climatic problems are not new and in the past such a large number of farmers have not been driven to take the extreme step

of committing suicide. The underlying factors are certain changes that have occurred following a shift in the government's agricultural policy since the green revolution and speeded up following the SAP since 1991. (Bhalla: 1998)

This empirical study is based on 50 households of suicide victims in Warangal District. The author selected the study of 5 Mandals taking 10 households from each. The 5 Mandals were selected on the basis of highest number of suicides. For selecting 10 households from each mandal. I look two cases of suicide from each year. The two cases are selected on the basis of simple random sampling. Warangal District consists of 51 Mandals. Suicides of Cotton farmers were reported from 44 Mandals. Among these 44% of the suicides were reported from 5 Mandals, in which this study is conducted. Interestingly number of number of suicides were rather less in tribal dominated Mandals.

**TABLE 1**  
**PROFILE OF MANDALS**

MANDAL	Total Population	Rural Population	Urban Population	Literacy Rate
HASANPARTI	74536	74536	-	51.8%
GESUKONTA	63305	49950	13355	54.7
ATMAKUR	57737	57737	-	47.2
PARKAL	79735	79735	-	47.7
REGUNDA	59271	59271	-	43.39

The 5 selected Mandals are rural in nature, industrially and infrastructurally backward. Except Gesukonta and Hasanparti, literacy rate is less than 50% in other three mandals.

The profile of victim's families provides substantial information about the circumstances that might have caused the suicides.

### **2.1 SOCIAL CHARACTERISTICS**

The study of 50 victims reveals that 36% of the victims belong to the age group of 31-40. 30% of the farmers were in the age group of 21-30. Overall 66% of them are less than 40 years old. This shows that younger and middle age groups are more prone to suicide. This age group, as per psychological study exhibits entrepreneur tendencies, and new ventures. Gender wise, 48 of the victims are male and there are only 2 female victims. All the 50 selected victims are married.

## 2.2 EDUCATIONAL BACKGROUND

**Table 2**  
**Educational Background of Victims**

Educational Level	No. of Farmers	Percentage
Illiterate	31	62%
Primary	9	18%
Middle	6	12%
Secondary	4	8%
Above Secondary	-	-

The table shows that 62% of the suicide victims are illiterate, having no access to the so-called information revolution and technological innovations highlighted by high-tech policies of state govt. Only 4 of the victims completed Secondary education. This clearly reveals the fact that vested interests in a class society like Warangal can easily exploit the illiterate farmers, to achieve their goals. While observing the household of victims, it is revealed that 58% of the household has no literate member in the family.

## 2.3 SIZE OF FAMILY

**Table 3**

Size of Family	No. of Persons	Percentage
2	0	-
3	2	4%
4	7	14%
5	26	52%
6	9	18%
7	6	12%

Table shows that 52% of the victims have 5 members in the families. The survey clearly indicates that 92% of the victims have family commitment such as marriage of daughter, sister, house repairing etc. 49% of the farmers had female dependents in the age group of 6-15 years.

## 2.4 CASTE

Caste composition is an indicator to assess the impact of globalization on backward and marginalized sectors. The present study reveals that 46% of the victims belong to backward community. 42% of the victims belong to scheduled castes. This is an alarming signal from the rural area that 88% of the sample together constitutes socially and economically backward groups. Forward Caste is reported only in 4 cases. This prove that economic backwardness is directly proportional to social backwardness is directly proportional to social backwardness, and effects of globalization are adversely hit on marginalized group than higher castes. Caste

hierarchy is predominant in Andhra Pradesh where political and economic power is highly concentrated in the hands of powerful Reddy and Velamma communities. These communities account for large share of cropped area in A.P. The ineffective implementation of land reforms, the existence of agrarian feudalism, etc created wide disparities in income and its distribution. This contradiction further sharpened by the new policies. As a result, backward caste farmers having only operational holding has to suffer the fiddling of market. Suicide rate is low among tribals. It is not because they are not affected, but the percentage of cultivators among tribals is low. The main occupation of tribals in Warangal is agriculture labour.

### **2.5 TYPE OF HOUSE**

Type of House is an indicator of standard of living of farmers. Among the sample all farmers have their own house, except two 36% of sample lives in thatched House, and 48% of lives in tiled house. Only 16% have terraced house

### **2.6 LAND HOLDING PATTERN**

The landholding pattern of Warangal reveals a shocking picture that 36% of the samples have no cultivable land of their own. They took land on lease to cultivate cotton. Moreover 44% of farmers are marginal having less than 2 acres of land. As per the data 83% of the total cultivable land is in dry area and needs irrigation.

Farmers are classified on the basis of land holding into:

Marginal: below 1 ha

Small: 1-2 ha

Semi-Medium: 2-4 ha

Medium: 4-10 ha

Large: above 10ha

**TABLE 4**  
**LAND HOLDING PATTERN OF VICTIMS**

Area of Land owned	No. of Victims	Percentage
0 acre	18	36%
0-1 acre	9	18%
1-2 acre	13	26%
2-3 acre	3	6%
3-4 acre	5	10%
4-5 acre	2	4%

## 2.7 TENANCY

Since 1/3 of the farmers are landless, they started cultivation by taking land on lease. A common custom, which had developed in Warangal in recent years, is leasing of land by landlords for cotton cultivation. When the crop fails, the tenant suffers, particularly when the landowner does not permit him limited liability. Apart from the landless peasants, a significant proportion of marginal farmers also took land on lease. From the survey it is known that 38 farmers were tenant cultivators.

**Table 5**  
**DETAILS OF TENANCY**

Land	No. of person	Percentage
0-1 acre	3	7.8
1-2 acre	24	63.84
2-3 acre	8	21.05
3-4 acre	3	7.8
Total	38	100

Nearly 64% of farmers took 1 to 2 acres of land. Rate of rent varies between Rs 750/- 1500 per acre.

**Table 6**

## 2.8 INCOME LEVEL OF FAMILY

(In Rs)

Income/year	No	Percentage
Below 12,000	23	46%
12,000-15,000	18	36%
15,000-20,000	8	16%
Above 20,000	1	2%
Total	50	100

Average annual income level of deceased farmers family shows that 82% of them have annual income below Rs15, 000 (i.e.333 Dollars). Only 1 farmer has annual income above 20,000. This factor also indicates the fact that the vulnerable farmers are poor, having only operational landholding and living income. They are socially as well as economically backward. The Janmabhoomi Programme, community development

programme etc, are failed to deliver positive impact on poor farmers in backward rural area.

The socio economic profile of deceased farmers including income, land holding size, educational background and caste throw light on the extreme backward conditions in which they live. The 5 Mandals from which the samples selected also have no infrastructure facilities, technological development etc. Only 8% of the farmers used modern implements like tractor. And among them 90% have taken tractors on rent. Thus, when the policy makers in India and elsewhere often spokes of competitiveness and efficiency, the reality is far from official statistics and overall growth estimates.

The following section analyses the factors, which contributed for the suicide of cotton farmers in Warangal. The core issues identified from the field survey are the following.

## SECTION THREE

### DEBT TRAP AND SUICIDES

#### ***3.1 SHIFT FROM FOOD CROPS TO CASH CROPS***

The opening up of the economy to the global market forces has changed the framework of decision-making for farmers in Andhra Pradesh as elsewhere in the country, particularly in regard to choice of crops. Expectations of more export opportunities and higher world prices for many agricultural commodities led many farmers to move from “secure” subsistence food crops to high risk/high cost cash crops for the market. Cropping pattern changes in the country, which had started in the eighties in response to more, skewed domestic demand, have accelerated in the post-reform period with opening up of trade in agricultural products and thrust towards agro-exports. The area under food grains (comprising the superior cereals, coarse grains and pulses) has declined markedly in favour of export crops. The gross area under the coarse grains declined by 4.8mn ha between 1990-91 and 1995-96. The pulses area fell by 2.5 mn ha up to 1993-94 and recovered 1.7 mn ha of this on the next two years; but there is still a net loss of nearly a million hectares by 1995-96 compared to 1990-91. Area under wheat and rice had remained stagnant at between 67 and 68 mn ha in the six years after 1990-91 whereas it has registered rise in the eighties. The fall in area under food grains is matched by rise in area under oilseeds (the fastest growth is in the segment processed into livestock feed for export) and raw cotton, whose export has been allowed to spurt six-fold over five years, leading to sharp domestic price rise in the cost of yarn and forcing large number of power-loom closures. In the four years before 1990 raw cotton exports averaged 35,000 tonnes annually while in 1990-91 exports were permitted to surge violently over tenfold to 370,000 tonnes, and has averaged 200,000 tonnes in the three years after 1990. In the first quarter of 1997 alone raw cotton prices have risen sharply again with the clearing of 163 million bales for export. The phasing out of the multi-fibre arrangement

(MFA) under the WTO agreement over a 10% period has raised prospects of increased textile exports after 2005 and has made cotton appear as a remunerative crop.(Sudha pai:2000).

Cotton farmers in Warangal were not traditional cotton growers. They have switched over from food crops to cotton, which is relatively a new crop. Naidu regime encouraged farmers to shift from food to cash crops and agro business by giving incentives dealing with high yielding seeds and pesticides. Expectation of more exports opportunities and higher world prices led many farmers to move from secure subsistence food crops to high risk, high cost cash crops for market. As a result, area under food crops declined in favour of cotton. In Warangal the last 10 years witnessed thousands of small farmers forsaking traditional crops like Jower, Til etc. [see Table 7]

In Warangal land is easily available on lease as there is heavy migration of people to the cities. The distributors of MNCs also encouraged farmers to grow cotton through conducting slide shows, village demonstrations etc. Thus, when the government itself represent the dominant class interest through false propaganda, the poor farmers lost faith in subsistence food crops and turned to cotton only to engulf in debt crisis.

Out of the 50 samples 89% of the farmers grew only cotton. Next, higher crop grown is rice, which accurate for 8% and other minor crops include chilly and Groundnuts. Among the victims, 64% of farmers have started cotton cultivation within 10 years. 22% started cultivating cotton within 12 years. This clearly indicates the role of commercialization as a factor.

**Table 7**  
**EXPERIENCE IN COTTON CULTIVATION**

Years of experience	No. of Farmers	Percentage
8years	7	19%
10	32	64%
12	11	22%
Above 12	0	0
TOTAL	50	100

58%of the farmers were traditionally rice cultivators and they converted into cotton expecting high return. In the survey 56% of the farmers converted into cotton cultivation expecting high profit 40% of them shifted on account of the advice from 10 farmers.

### **3.2 SEED POLICY**

The new seed policy after *NEP* lifted the restriction of private sector import of foreign germplasm enabling large seed producers particularly with foreign collaboration to access seed from international sources. This has paved the way for big MNCs like Monsanto or Cargil seeds to enter into our seed market

making the indigenous farmers vulnerable to aggressive marketing onslaughts of the company. Traditionally farmers in Warangal or elsewhere have produced their own seeds, on their own land, selecting and storing the best for next year. Beginning with Green Revolution, the new seed policy of 1998 and with globalization, there was a shift from indigenous to hybrid seeds supplied by MNCs. This has made them dependent on hybrid seeds and transformed seeds from free resources into costly input to be purchased. World Bank finance has been an important component in this. MNCs play a dominant role in Warangal. They are actively engaged in converting farmers into new seeds, using field assistants who visit farmers, distribute literature and organize demonstration plots. 60 varieties of cottonseeds are available in the market. Most of the farmers do not know which seed is suitable for their land weather. The traders sold adulterated, low quality seeds. Moreover these seeds are ecologically vulnerable and develop pest attack.

During the field survey, 48% of the farmer admitted of the representatives of seed companies and dealers visited their field and demonstrated them how to use the seeds. 60% of the farmers used seeds supplied by Mahyco-the largest suppliers of cottonseeds in India. Through the debate on Bt cotton is going on, the farmers in warangal are not encouraging it.

The withdrawal of subsidies on seeds increased cost of seeds. So the farmers have to invest more money buying seeds. This resulted in increasing cost of production. After the issue of massive suicides, the govt. conducted raids all over the district and it was found that many sold adulterated seeds. 2355 licenses were cancelled. However this Measure is only temporary. The seed companies can influence govt. through lobbying many farmers complained about the invisible nexus between Panchayat / Mandal officials and seed suppliers. More over most of the farmers are borrowing money and inputs from these dealers. So if he complains against the dealer, it will affect accessibility not only to that particular dealer but to all other dealers in the Mandal. Warangal cotton crisis is a result of the above described seed policy, which has encouraged the privatization of the seed sector and the displacement of the ecologically adapted local crops by monocultures of ecologically vulnerable hybrid seeds. Warangal is predominantly a food crop area and cotton is a relatively new crop introduced under trade liberalization. Thirty years ago the area under cotton in the district was negligible. According to the records of the agricultural department, the total area in 1986-87 was 32792 hectares, which increased to 100,646—nearly 3 times in one decade. Correspondingly, the area under jower and bajra in 1986-87 was 77884 and 11289 hectares, which in 1996-97 went down to 27306 and 400 hectares respectively. The shift from open pollinated varieties to hybrid has been rapid converting the district from a mixed farming system based upon millest, pulses, vegetables, and oilseeds to a monoculture of hybrid cotton. Farmers had switched over from their tradition crops, which had sustained them, all these years to the sowing of cotton, which were sold as “white gold” and which promised to yield high profits.

### **3.3 PESTICIDES**

While the new seeds may give higher yields they are more vulnerable to pest and disease [such as the white fly in Warangal] and crop failure. Monoculture increases the



vulnerability to pest attacks since the same crop of the same type planted year after year after year encourages pest build-ups. In Warangal today 20-23% of the acreage is under cotton and spread of pests is natural. In 1997-98 the total area under cotton was 99,150 hectares and 80% of farmers used RCH 2, which is very prone to pest attack as compact planting of this variety was carried out. The more the pest incidence the more lethal the pesticide used and after sometime the pests become immune to all kinds of pesticide. Plant protection measures have raised the cost of farming specially over praying. In Andhra Pradesh 10-12 varieties have been used and in much larger amounts than required than in other states. The cotton farmers used 10 to 12 varieties and 15 to 25 times, without reason. Warrangal has over 13000 pesticide shops stocking pesticides produced by 93 companies registered in the state. The district administration has little control over them and their activities. The pesticide producing MNCs are benefiting from this chain of events. The pesticides are also adulterated.

**Table 7**  
**Pesticides used by decreased farmers**

Pesticide	No of farmers	Average Qty/acre	Averagecost/acre
Monocrotophas	37	4.9 Lts	315
Quinalphas	39	3.5	285.75
Cypermitra	32	3.3	362
Endosulphin	40	3.5	245.5
Eculex	28	3.5	341.6
Novacron	29	4.4	371
Kopar	31	4.4	324
enoval	19	7.5	430
Starttin	27	5.7	428

Against the recommendation of scientists, they mixed 4 or 5 varieties of pesticides and sprayed it. This mixing led to destruction of chemical structure of the formulation them in effect. Although the effectiveness of synthetic pyrethroids is doubtful, the farmers

were found using it exclusively. During the survey the farmers complained that, they are not getting enough guidance from agriculture Dept in using pesticides. The only source of technical advice is the pesticides dealer who encouraged extensive use of sprayers

**Table 8**

**Opinion of farmers on the effectiveness of fertilizers,  
Seeds and pesticides**

	Good	Normal	Adulterated	Total
Seeds	28%	38.5	33%	100
Fertilizers	44%	50%	6%	100
Pesticides	0	28%	72%	100

This shows that a sizeable proportion of farmers lost their faith in the effectiveness of pesticides and seeds.

Yet, the state Government is reluctant to implement integrated pest management system (IPM). IPM is the ecological approach to manage pests. It is based on selective and timely application of pesticides and use of biological agents including mass production, and large-scale field release of natural predators of pests. IPM is a local, specific and self-generating system and will work only if there is a mass movement. But the pesticide lobby is also strong in the state. It affects punishment of pesticides dealers. Moreover official machinery is ill equipped to deal with the quality control measures of pesticides.

### ***3.3 LACK OF IRRIGATION***

One of the implicit causes of cotton crisis is irrigation. Warangal is a dry area in need of irrigation. The study of 50 deceased farmers in Warangal shows that well is the large source of irrigation for about  $\frac{3}{4}$  of farmers. In the process of creating private source of irrigation most of the farmers have invested heavily on digging and deepening wells. Only about  $\frac{1}{3}$  of the wells were dug under the subsidy scheme of Govt. In spite of these efforts, only 25% of wells could yield sufficient water. In the near absence of public irrigation for land under cotton cultivation, the farmers have to invest a lot on this. The study shows that as the current expenditure on repair of major tanks, distilling works, repair of bund etc, have been reduced; the area under tank irrigation is reduced. The distribution of river water is not in favour of Warangal. Though 68.5% and 79% of the catchments area of Godavari and Krishna is in Telangana, the water allocation is not to the same extent.

**Table 9**  
**Area under Irrigation in Warangal**

Year	Area under cotton	Area of crop under irrigatcion	% of irrigated area
1986-87	33208	21882	65.09
87-88	37030	20462	35.26
88-89	52000	-	-
89-90	57903	32605	56.31
90-91	53168	28492	53.59
91-92	56988	34071	59.79
92-93	62638	29985	47.87
93-94	57000	27764	45.2
94-95	73269	31946	43.6
95-96	83000	35275	42.5
96-97	87235	36507	41.85
97-98	92346	36017.94	39.02
98-99	88349	34014.3	38.5
99-2000	82716	31018	37.48

This table clearly shows that net area irrigated is reducing during the post reform period. This is due to decline in public investment on irrigation. Cotton which needs more irrigation water is now grown under rained conditions .The delayed rains and rare secession of rains have been major factor for the crop-loss. This would have been averted if more irrigation was there.

### ***3.4 INCREASE IN OPERATIONAL COST***

As a result of the price hike in seeds, indiscriminate use of pesticides, and investment on irrigation; the cost of cultivation of cotton exceeded the corresponding cost in Maharashtra, Gujarat, and Punjab etc

**Table 10**  
**AVERAGE COST OF CULTIVATION (PER ACRE)**

Crop	Manure	Seeds	Fertilizer	Labour	Irrigation	Pesticide	Total
Cotton	1000	750	6000	1500	4000	6000	18250
Paddy	250	300	1500	1500	4000	1000	7050
Chilly	1000	500	4000	2500	4000	5000	17000
Maize	500	200	1000	1000	1500	500	4700

The table shows that cost of cultivation per acre is highest in the case of cotton and comparatively lower in the case of food crops like Paddy, Among the inputs pesticides accounts for highest cost per acre, second comes irrigation.

Among the sample selected for study, 84% of the farmers spent amount between 18,000-20000 for cotton cultivation per year. 14% of them spent between 15000-17000 per acre. Earlier, when they were cultivating paddy, they spent an amount between 5000-7000 for one acre. As their source of income did not increase, the poor farmers have to borrow the balance amount for the expenses. The Expense can be checked, if the use of pesticides is reduced to maximum.

The farmers spent least amount as labour charges. Even today, the wage per day of agricultural laborers in Warangal or else where in A.P is only Rs20/. This amount is very low compared to other states. In Kerala, it is Rs120 per day. 79%of the deceased farmer's family is earning their lively hood through agriculture labour. They have heavy debt to repay and have to support big families. Thus it is very difficult for them to make both ends meet with this negligible income. The crop loss, as against, the expectation severely hit their survival.

### **3.5 ADVERSE PRICE**

One reason for cotton crisis is the behavior of prices. If prices suddenly drop during the market season, the farmer is affected adversely. Compare to preceding years, since 1996, the price of cotton fall in warrangal. This sudden fall in prices affected them badly as they could not get even the operational cost. The year 1994-95 witnessed a steep rise in the price of cotton exceeding that of ground and even pulses.

The following Table Explains the instability of prices cotton, Jower and ground not in 3 center of A.P

**Table11**  
**Indices of instability for 3 centers in A.P**

Place	Percentage change per annum in average while sale price
Cotton	22.05
(1)Guntive	
(2) Nandyal	31.92
(3)Adoni	25.07
Gvoundnut	
(1)Nadyal	12.69
Adoni	12.19
Jowar	
(1)Adoni	18.23
Guntive	19.63

Source: Govt of A.P Directorate of economics and statistics, statistical Abstract.

This sudden rise in prices was the main factor for cotton cultivators to shift from paddy to cotton. However, as against the expectations, the price began to fall since 1997. Instability in cotton is much more spectacular than corresponding instability in jowar and groundnut. I visited the main market place at Hanamkonda-district head quarters of Warangal and surprisingly observed that price of raw cotton is fluctuating daily.

**Table 12**

**PRICE OF COTTON IN WARRANGAL**

Date	Price/Quintal
01.06.2002	2200
3.06.2002	1820
5.06.2002	1900
7.06.2002	2100
9.06.2002	1400
11.06.2002	1800
15.06.2002	1350
20.06.2002	1450
25.06.2002	2100
30.06.2002	1200
5.07.2002	1850
10.07.2002	1950
15.07.2002	1250
20.07.2002	1300
25.07.2002	1550
30.07.2002	1400
5.08.2002	1650
10.08.2002	1550
15.08.2002	1450

Moreover the commission agent- dealer nexus does not give the farmer the amount in cash. The farmers have to repay the installment, first and then the dealer again advance him fertilizer and pesticide for the next season. Thus the farmer did not get cash money to spend on his other expense. Until and unless a good marketing system is provided, better price for cotton cannot be ensured. The minimum support price (MSP) for cotton is very low in A.P. The illiterate farmer is not even getting the declared MSP. The cotton textile industry is very powerful in A.P. policies and when the government serves the interest of this class, the poor farmers in the state fell in deep crisis.

### **3.6 LOW YIELD OF COTTON**

Cotton yield in Warangal and else where in India also shows large year to year fluctuations. The production of cotton has declined from 178.7 lakh bales in 1996-97 to, 145 lakh bales in 2001. The projected domestic demand also declined from 172.5 lakh

to 166 lakh bales. Export of raw cotton is also negligible, while import becomes a regular feature.

**Table 13**  
**National Level Trends**

Year	Production	Mill-consumption	Import	Export
1995-96	167.45	138.29	0.50	8.40
1996-97	178.70	158.30	0.30	16.82
1997-98	158.00	149.78	4.13	3.50
1998-1999	165	1145.53	7.87	1.01
1999-2000	156.00	150.60	19.00	1.00
2000-2001	146.00	149.88	16.00	0.60

Source: statistical abstract, govt of India

The table clearly shows that total production and export of cotton is decreasing while import rate is increasing. The main reason behind this trend is decreasing yield level of cotton. In Warrangal, the highest yield level is recorded in 1983-84 is 362 kg. Per- hectore. The lowest were recorded in 1988-1989 is 153Kg/hectore. The mid 80's recovered high percentage of area irrigated. Thus yield also increases since then. There was a fall in yield level. The yield level in 1997-98 was 180 kg in Warrangal and it again decreased to 174kg in 1999-2000. The expected yield level in Warangal for the year may be between 165-170 kg/hectare. This decreasing trend is due to excessive use of pesticides, delayed rains, and unsuitability of soils.

A large part of Warangal district is in light red soil area. This soil is not suitable for cotton cultivation. But the farmers are growing cotton, as per the directions of seed and pesticide dealers. State has become mere spectator and has not provided any extension Service to farmers. Thus cultivation of cotton, in this area led to severe crop loss and decreasing yield level. Deterioration of the quality of soil can be seen even in the traditional cotton belt in Warangal. High external input based cropping and monoculture has degraded the soil organic carbon stocks, fertility of soil and has led to secondary Stalination and water logging in some part of the canalirrigated areas. Imbalanced fertilizer application, accelerated soil loss, and exclusion of organic sources combined with our use of nitrogen compels the crop to exploit soil reserves for other nutrient. Fertilizer consumption pattern in Warrangal area indicates that the Nitrogen applied was 5-290 percent above the recommended dose, prosperous applied was 757 to -87 percent of recommended dose while potassium applied was invariably lower than the recommended dose by 76to 100 percent.76% and 28% of the sample soils were defilement in zinc and iron micro-nitreits respectively.

These factors were aggravated by vagaries of monsoon during the last 5 years. Excessive rainfall during the harvesting season coupled with the low rainfall during sowing seasons resulted in very low yields. As a result; the farmers get only a part of expected output.

### ***3.7 LACK OF INSTITUTIONAL CREDIT SUPPORT***

Modern cotton cultivation is capital intensive. With the increase in the cost of seeds, fertilizers pesticides, power and water tariff the cultivation of this commercial crop become expensive. Since the farmers are facing the capital resource crunch, they have to depend invariably on external sources for meeting their cultivation cost. Opportunity for institutional credit, in the form of subsidies, co-operative bank loans, as well as commercial loans was inadequate in Warangal. There was a sharp decline in loans advanced. Since 1991 to 1998 the loans made by commercial Banks in Warangal were Rs 129 cores. The operational cost was four times the figure. In such circumstances, lack of accessibility of institutional credit has driven Warangal farmer to the moneylender. Moreover as the majority of cotton farmers in Warangal are tenant cultivators lacking their own land, they are not included in the institutional support scheme.

The working of co-operatives is in a very bad condition in Warangal. In almost all the Mandals in Warrangal, over dues exceeded two third of the outstanding. I examined the 5 Mandals which I selected for field study. These Mandals were examined with reference to the percentage of over-dues to outstanding of the co operatives. In all cases the overdues as a percentage of advances exceeded the average. In the case of Atmakur, where highest number of suicides was reported, the overdue on outstanding loans was as high as 110%. The position of commercial Bank is not better.

In 1980's, both state government and central government protected the interest of cultivations through subsidies and loans. But this has changed after the introduction of SAP. The Narasimham Committee recommended for the reduction in lending of credit from 14% to 10% to the priority sector. Further he has recommended for the closer of inefficient regional rural banks. As result, since 1994, the banks have stopped lending small and marginal farmers. In the name of agriculture credit is provided to high tech-agriculture and again business, which include sericulture, horticulture, floriculture etc. Lending is also done for purchase of heavy machineries. Thus whatever credit is available for the agricultural sector is mostly knocked away by influential large scale farmers, leaving a vast majority of small and marginal farmers having only operational holding. It are estimated that only 20% of the farmers in Warrangal are getting institutional support. Further, the credit provided them is only 18-20% of the requirement. Hence large number of farmers is forced to depend on moneylenders.

### ***3.8 MONEY LENDER-TRANDER NEXUS***

Moneylender –landlord-trader nexus prevalent in Warangal further worsened the situation of farmers. Due to the non-availability of institutional credit, the farmer has to borrow money from moneylenders with a high rate of interest. While on one hand, the small and marginal farmers household expenditure is more them his income; on the other hand he is imitating large farmers and going in for loans in order to increase the production, expecting large income. The rate of interest is very high in Warrangal and varies between 36% to 60%. Whatever surplus an agriculturist gets is now being invested

either with the commission agents or with finance companies in the district headquarters. On the other hand, the source of credit available to the farmers besides the institutional ones are commission agents, dealers and sub-dealers of pesticides and private source. In most of the case, as studies reveal, it is either the commission agents (adtidar) of the pesticide dealer network that finance the credit needs of the farmers. In all there are about 13000 pesticide dealers in the district most of whom are migrants and erstwhile cotton farmers. They have built up a network of sub-dealers at the level of Mandal headquarters and finance the farmers' needs through them. These leaders start collecting their dues from the farmers from the second and third pickings of cotton. They generally charge a 15 per cent to 20 per cent higher price over the normal price. Such kind of tie-up with pesticide dealers who also supply seeds normally of low quality is tightening the noose around the farmer's necks. The commission agents, who send major source of credit to the farmers, also exploit them through the output linkage system. They receive a fixed amount of commission on the sales of farm produce and so in order to assure their business they start advancing amounts to the client farmers. The rate of interest charged is 24 per cent and when payments are deferred the commission rate exceeds the normal 2 per cent by another 3 per cent. This agency of finance has grown popular among with the increase in the cotton cultivation. The other major problem is tenancy. Since third of the deceased farmers were tenants who are not qualified to receive any institutional credit, dependence on the above sources became inevitable.

## **SECTION FOUR**

### **CONCLUSION**

The preceding analysis shows that the two interlinked factors- [1] increasing commercialization and globalization of agriculture due to which decisions made by farmers are determined by changes in the international economics, and [2] the retreat of state from providing support for the farm sector- played an important role in farmer's suicides.

Even after the suicide of cotton farmers, the state govt. is reluctant to extend its support to farmers. The policies of govt. further focus on capital-intensive high-tech agri-business. Thus the whole issue of cotton crisis rose about enormous human cost of pursuing market driven agricultural policies. Here the role of state is one of double stand. Local state joined hands with big landlords and MNCs and is vulnerable to dominant class interest. Local level relationship between state and society is exploitative. With regard to the state intervention in rural poverty and indebtedness, as Myrdal said, Indian state tends to be a "soft state".

In the case of warangal tragedy, we can say that importance of state is declining not only as a catalyst of development but also as an instrument for redressing grievances and providing corrective justice where injustice is occurred. Apart from the retreat of State from social sectors, there is a danger of the whole normative framework of democracy being undermined. While the concern of development shifted from social to techno-goals, inequalities are getting worsened and people are deprived of their right to live.



The present study also tries to find out whether redistributive policies can reduce the negative impact of globalisation. Most of the academic discourse ends with the TINA [There is No Alternative] factor. However there are many alternatives based on rights of people, decentralisation and equal distribution of resources. The lessons from Andhra Pradesh show that stable social base is essential for implementing globalization. The emergence of these problems should have opened up a debate for rethinking liberalisation strategies in agricultural sector. Complete retreat of state is not conducive for developing economies like India, where marginal farmers are competing with well-organized, big Agri-business firms of developed countries. In the era of “social Darwinism”, Indian farmers cannot withstand the competition from high tech withstand the competition from high tech and subsidized farmers from U.S.A and other developed countries. So what is the need of this hour is rejuvenating institutional support and formulation of policy framework to increase output, yield and export.

Globalisation is no more a theoretical construct now. It is a glaring reality. It is neither feasible nor practical to divert the policies. If we need to catch up with developed countries and to overcome the agrarian distress to a considerable extend, the policy planners should draw up an innovative, farmer friendly and sustainable farm policy.

The economic of globalisation is based on Recardo’s principle of comparative advantage. India’s comparative advantage includes vast human resources in addition to the diversity of soil and growing conditions. Keeping this point in view, the agricultural policy should focus on the following:

- Public investment on agriculture should be enhanced. It is a pre-requisite for sustaining market led agricultural growth.
- Production Planning and remunerative marketing.
- Reforming co-operative system to provide Institutional credit to needy farmers.
- Development of indigenou, farmer-friendly technology to achieve productivity, quality and yield.
- Improved Infrastructure facilities
- Crop insurance, Integrated Pest Management and farmer’s right bill should be implemented effectively.
- Generation of more jobs and sustained livelihood in rural areas
- Agricultural Extension Service should be strengthened
- Public Intervention, Social capital formation, participatory development etc. should be encouraged in rural areas.
- Coast effectiveness, efficiency and profitability in international market can be realized by (1) improving efficiency of inputs (2) enhancing genetic productivity (3) harnessing complementarities of enterprises through system approach (4) capacity building and creation of enabling environment through O and M reforms.
- Land reforms, Should be implemented in its true spirit so as to reduce concentration of land in few hands
- Information empowerment of weaker sections in rural areas on anti poverty programmes based on both computer aided extension and household entitlement cards has to be emphasized.

- The benefits of Information Revolution, Biotechnology and efficiency of R &D systems should be utilized so as to reach out the small and marginal farmers. Such multi dimensional reforms can put agriculture on a higher growth trajectory.

However the implementation of these programmes should involve Panchayati Raj Institutions, NGO's and Farmer's organizations. Institutions that strengthen the capacity for dealing with the adverse effects of globalisation are needed. Specific groups like small and marginal farmers are vulnerable to negative effects of globalization. So social safety nets and investment in education and skill development will equip these groups to diversify their income generating activities. Agriculture sector should become a powerful instrument for a comprehensive socio economic transformation of the country, based on the ideals of social justice and equity. This is an exciting opportunity and a challenging responsibility of the Indian State.

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