

COMMERCIALISATION OF INDIAN AGRICULTURE

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By commercialisation of agriculture we mean production of agricultural crops for sale in the market, rather than for family consumption. The decision to cultivate commercial crops was usually determined by the requirements of subsistence farming of peasants. Thus, commercial agriculture in India had not been the product of an “allocative efficiency of peasants”.

Commercialisation of Agriculture - Phases:

There were three major types of agricultural commercialisation in India. The **first** form of commercialisation was associated with plantation agriculture, especially tea plantation of the northern districts of Bengal. The **second** type of commercialisation came to be known as ‘subsistence commercialisation’ or the ‘jute phase’. Under this jute version of commercialisation, peasants in search of minimum subsistence level of living turned to intensive cash crops, mainly jute in the late 19th and early 20th centuries. A **third** form of commercialisation is known as ‘dependent commercialisation’ or the ‘indigo phase’ of late 18th century and early 19th century. The major stimulus for a wholly un-remunerative crop like indigo came from its increased demand in Europe. This phase was characterised by the intrusion of foreign capital. Managing Agency Houses—a multifaceted institutions of trade and finance created by the ex-servants of the EIC and merchants—provided the necessary capital for the expansion of indigo cultivation.

Though no neat sequencing of these phases of commercialisation is discernible, the dependent and subsistence commercialisation phases ‘have been most pervasive in moulding the productive activities of the working peasantry of eastern India’.

Commercialisation of Agriculture - Causes:

The transition of India's agriculture to commercial propositions was the result of a series of developments which took place in the second half of the 19th century. These are:

(i) The introduction of money-economy:

Firstly, the process of commercialization snow-balled with the introduction of money into the village. However, trade and money relations existed in the countryside even during the Mughal reign. As soon as the EIC desperately began to acquire more and more territories it insisted land tax to be paid in cash. The British rule introduced cash assessments in the system of land revenue.

Gradually, the former system of payment of land revenue in kind went out of fashion. This compelled the cultivator to sell a part of his produce. This was, however, not the whole problem. A new merchant class appeared in rural India who took advantage of the abysmal indebtedness of the peasantry.

The string of usurious capital was tagged by this commercial class. Thus, the impetus towards the tendency of commercialization of agriculture came from the interest of the moneylenders who ultimately became an indispensable tool of colonial exploitation. To meet their monetary liabilities farmers realised the importance of commercial crops rather than food crops.

For instance, in Berar (Vidarbha) region, the area under cotton increased from 21.1 p.c. in 1860-61 to 35.8 p.c. in 1900-01. This then suggests that peasants must have shifted from food grain production to cotton production. Thus, the compelling circumstances for the growth in demand for commercial crops and even food crops were not determined by market incentives.

(ii) Ease of means of communication:

Secondly, the effect of monetization could not go far until internal means of transport were improved. The railway lines were built by the British rulers. The agricultural crops reached the parts of the then Madras, Calcutta, Bombay or Karachi from self-sufficient villages with the expansion of the railway lines.

“The commercialisation of agriculture had progressed most in those tracts where the crops were largely grown for export out of the country... Through the operations of exporters an efficient market organisation for moving the crops quickly to the ports had come into existence.”

The basic motive behind the tremendous spurt in the construction of the railway lines was to subserve the interests of the British industrialists in England. The colonial commerce brought industrial revolution there. The raw material of British cotton industry was almost entirely colonial, if not purely Indian.

With the opening of the Suez Canal in 1869, transshipment costs of agricultural crops per cubic ton were reduced by roughly 30 p.c. Indian products, as a result, were sold at cheaper rates in Europe. Thus market—mainly for cotton—widened.

As transport costs declined with the expansion of the means of transport, other agricultural crops, like rice and wheat, were added in the export list. Anyway, the ease of communications together with the introduction of money-economy brought about the movement towards commercialisation of Indian agriculture.

(iii) The US Civil War:

Thirdly, another event that sparked off the process of commercialisation in agriculture was the American Civil War (1861-65). As the U.S.A. plunged into the Civil War, it transferred the British demand for raw cotton from America to India. Besides, exports of raw cotton, other raw materials like jute, oilseeds, and food-grains experienced a jump in exports. With the conclusion of the Civil War, exports of raw cotton fell off. But this was largely compensated by a great rise in domestic demand.

The spurt in domestic demand for cotton was accentuated by a slump in cotton prices to a reasonable level and the cotton mill industry started spreading in and around cotton growing regions. The tendency towards commercialisation started gathering its momentum. It is to be remembered here that the precise pattern of commercialisation was not uniform for all types of agricultural crops.

Rather, it varied from crop to crop. It is the market for raw cotton alone which witnessed dramatic turns and twists. But so far as other agricultural crops were concerned, we see the interplay of the same forces underlying the tendency towards commercialization of agriculture. Between 1860 and 1890, markets for cotton in Bombay Presidency, jute in Bengal, sugarcane in the United Provinces, groundnut in Madras expanded. These crops are called cash crops since these crops are produced for market sales. However, the pattern of commercialisation had never been confined to cash crops alone.

Food crops also experienced marketable surplus in the process since one pulled the other. Even then, market for cash crops was on top. Between 1891 and 1946, the decadal growth rate of production of cash crops was roughly 13 p.c. as against 1 p.c. growth rate of food crops. The growing cultivation of crops for sale in the market provided boost to both European and native entrepreneurs towards investment in areas like production, processing, and marketing. Indigo cultivation in the Northern region induced in altering patterns of land use.

IMPACT OF COMMERCIALISATION IN INDIA:

Commercialisation of agriculture could not bring about a change in the production organisation which can be described as small peasant farming. This production organisation remained as the foundation of the cultivation of commercial crops despite commercial revolution. Agricultural development suffered due to the paucity of resources which the farmer required for technological improvements. The farmer, in fact, was made to bear repeatedly the burden of instability in prices. Information about high market prices of agricultural produce did not percolate down to the poor peasants. Consequently, rising prices could not benefit the small farmer. He was reduced to a mere sharecropper or sub-tenant.

In the process of commercialization of agriculture (C.O.A.) in a colonial economy, the vast army of peasantry loses its independence. Even for a paltry dose of investment, the peasants take advances; coupled with this production loan, dependence on moneylenders for consumption loan 'as well as dependence on merchants for marketing their products becomes no less insignificant.

C.O.A. did not lead to the growth of strong and prosperous agricultural system. The condition of peasant remained precarious as before. Owing to C.O.A. products got linked with Indian and world markets. This brought peasant class under influence of market forces. The peasant class got adversely affected owing to imbalances in market condition. It adversely affected self sufficiency of village economy. Commercialisation effected traditional relations between agriculture and industry. In Indian traditional relations acted as factors for each other's development which were hampered. dependence on money lender's and mediators increased. Peasants received only a small fraction of profit.

In spite of having many negative effect commercialization in one sense was progressive event. Commercialisation encouraged social exchange and it made possible the transformation of Indian economy into capitalistic form. Commercialisation linked India with world economy. It led to the growth of high level social and economic system. The important contribution of commercialisation reflected in integration of economy. It also created a base for growth of national economy commercialisation of agriculture led to growth of national agriculture and agricultural problem acquired national form.

CONCLUSION:

Commercialisation linked India with world economy. It led to the growth of high level social and economic system. The important contribution of commercialisation reflected in integration of economy. It also created a base for growth of national economy commercialisation of agriculture led to growth of national agriculture and agricultural problem acquired national form.

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