

IMPACT OF GLOBALIZATION ON INDIAN ECONOMY WITH SPECIAL REFERENCE TO AGRICULTURE SECTOR

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Abstract:

The term globalization refers to the integration of economies of the world through uninhibited trade and financial flows, as also through mutual exchange of technology and knowledge. Ideally, it also contains free inter-country movement of labour. Globalization has played a major role in the export-led growth, leading to the enlargement of the job market in India. Indian economy has experienced major policy changes in early 1990s. The new economic reforms, popularly known as Liberalizations, Privatization, and Globalization (LPG Models) aimed at making the Indian economy as fastest growing economy and globally competitive. With the onset of reform to liberalize the Indian economy in July 1991 a new chapter had dawned for the India and her billion plus population. This period of economic transition has had a tremendous impact on the overall economic development of almost all major sectors of the economy, and its globalization in India.

Keywords:

Globalization, Economy of India, NRI.

1. Important Phases of Globalization

Indian economy was in deep crisis in July 1991, when foreign currency reserve had plummeted to almost \$ 1 billion; inflation had roared to an annual rate of 17 percent; fiscal deficit was very high and had become unsustainable, foreign investors and NRIs had lost confidence in Indian Economy. Capital was flying out of the country and we were close to defaulting on loans. Along with these bottlenecks at home, many unforeseeable changes swept the economies of nations in Western and Eastern Europe, South East Asia, Latin America and elsewhere, and around the same time. These were the economic compulsions at home and abroad that called for a complete overhauling of our

economies policies and programs. Major measure as a part of the liberalization and globalization strategy in the early nineties including the following:

- a)** Devaluation: To solve the balance of payment problem Indian currency were devaluated to by 18 to 19 %.
- b)** Disinvestment: To make the LPG model smooth money of the public sectors were sectors sold to the private sectors.
- c)** Allowing (FDI): FDI was allowed in a wide range sectors such as Insurance (26%) etc.
- d)** NRI Scheme: The facilities which were available to foreign investor were also given to NRI's.
- e)** Throwing open industries reserved for the public sectors to private participation. Now there are only three industries reserved for the public sector.
- f)** Abolition of the (MRTP) Act. This necessitated prior approval for capacity expansion.
- g)** Wide-ranging financial sectors reforms in the banking, capital market, and insurance sectors, including the deregulation of interest rates, strong regulation and supervisory system and the introduction of foreign/ private sectors competition.

2. The Economic Effects of Globalization on India

The Indian economy has benefited from it, particularly the BPO, pharmaceutical, petroleum, and industrial sectors. India's industry benefits from globalization by importing cutting-edge technology from international firms, making the sector more technologically advanced, and by creating jobs in industries like pharmaceuticals, BPO, petroleum, manufacturing, and chemicals. It also helps by lowering unemployment and poverty. Globalization has a detrimental influence on the Indian economy by boosting rivalry between indigenous and foreign businesses, encouraging consumers to favor foreign products, and lowering profitability in sectors like steel and manufacturing .

In India, the effects of globalization included more employment opportunities, benevolent public policies, and foreign investment. As a result, there were more jobs created and labour was cheaper, which led foreign companies to outsource employment. This brought together globalization and Indian enterprise, significantly raising the per-capita income of Indian households. The Indian economy and globalization raised living standards, establishing a middle class and boosting consumer demand. Due to the increasing rivalry, manufacturers produced better goods at reduced costs, giving consumers more choices. The Indian economy is changing as a result of access to undeveloped markets with huge potential. Since 1991, this has caused the import-export industry to grow.

3. Impact of Globalization on Agriculture

Agriculture has been significantly impacted by globalization, both positively and negatively. Following are a few significant impacts of globalization on agriculture

Positive Impact:

a. Market Access: Agricultural goods now have easier access to markets thanks to globalization. With the ability to know contact customers in far-off areas, trade, and economic prospects have risen. Farmers in areas with a comparative advantage in agriculture have benefited from the export of agricultural products made easier by access to international markets.

b. Expanded International Agricultural Commerce: Globalisation has led to an increase in global agricultural commerce. Farmers now have access to a greater range of inputs from around the globe, including seeds, fertilizer, equipment, and technology. They may also export their goods to a wider spectrum of customers, which promotes greater economic integration.

c. Technological Developments: The globalization of agricultural technology and advances has hastened their diffusion. In many agricultural areas, production and efficiency have grown thanks to improved farming methods, equipment, and biotechnologies. These technologies may be used and modified by farmers to increase their productivity and competitiveness.

d. Foreign Investment: Foreign direct investment (FDI) in agriculture has increased as a result of globalization. Multinational firms and international organizations have invested in the agricultural sectors of many nations, bringing money, knowledge, and technology. This investment may result in better infrastructure, more production, and more employment options.

4. Negative impact

a. Price Volatility: Agricultural markets are now more vulnerable to price volatility due to globalization. Especially in underdeveloped nations where agriculture is an essential source of income, fluctuations in global commodity prices can have a major influence on farmers' incomes.

b. Loss of Agricultural variety: The cultivation of a few basic crops and animal breeds have been given priority in the globalized agricultural system, which has resulted in a loss of agricultural variety.

c. Environmental Issues: Environmental issues in agriculture have been exacerbated by globalization. Expanding industrial agriculture with its heavy reliance on chemical inputs, deforestation, and habitat damage is a result of increased commerce. Long-distance shipping of agricultural goods also increases greenhouse gas emissions and carbon footprint.

d. Inequality: Inequalities in the agriculture industry have gotten worse as a result of globalization. It frequently favors large-scale commercial farming and agribusinesses more than small-scale farmers, who may find it difficult to compete. Income inequality and rural-urban migration may result from this.

5. Challenges Faced by Farmers Due to Globalization of Agriculture

The globalization of agriculture has brought several challenges for farmers. Here are some key challenges they face:

- 1. Cost Unpredictability:** Due to their greater integration into international markets, farmers are increasingly subject to changes in commodity prices. Price fluctuations that are unpredictable can have an impact on farmers' incomes due to changes in demand, supply, and trade policy.
- 2. Competition from Subsidised Imports:** Farmers may face competition from imports of substantially subsidized agricultural goods as a result of the liberalization of agricultural commerce. Farmers in underdeveloped nations may find it difficult to compete when subsidies given to farmers in affluent nations result in artificially cheap pricing. This circumstance may threaten the profitability of nearby agriculture and result in rural areas experiencing economic hardship.
- 3. Resources Access:** The concentration of power in the market for agricultural inputs has grown as a result of globalization. It may be difficult for farmers to get high-quality seeds, fertilizer, equipment, and other inputs at reasonable pricing. Farmers may have fewer options and become more reliant on a small number of suppliers as a result of multinational firms dominating the market for agricultural inputs.
- 4. Technological Gap:** Despite the fact that globalization has made it easier for agricultural technology to spread, there is still a technological gap between farmers in various places. Small-scale farmers may not have access to the most recent farming technology, knowledge, and resources, particularly in developing nations. Their capacity to compete and raise production may be hampered by the digital divide.
- 5. Environmental Sustainability:** Industrial agriculture practices have increased as a result of globalization, which may have a negative effect on the environment. Among the issues with the globalized agriculture system are the extensive use of chemical inputs, deforestation, soil deterioration, and water pollution .

6. Climate Change and Vulnerability: Farmers in a globalized agriculture sector face major problems as a result of climate change. Agricultural productivity can be hampered by erratic weather patterns, severe occurrences, and evolving pest and disease dynamics. Small-scale farmers are especially vulnerable to the effects of climate change, endangering their livelihoods and food security since they frequently lack resources and resilience .

7. Social and Cultural Impact: Globalisation may have a negative impact on agricultural identities, regional knowledge, and traditional farming practices. Traditional agricultural practices and regional food systems may become less significant as farming gets more industrialized and commercialized. Due to this, traditional agricultural communities may be displaced as well as cultural heritage lost.

6. Conclusion

Agriculture has unquestionably changed as a result of globalization, posing both challenging problems and wonderful gain .Globalization has transformed the agricultural landscape, bringing both opportunities and challenges. While it has opened up new fluctuations and market uncertainties. To harness the benefits of globalization, it is crucial for policymakers to implement supportive measures, such as improving infrastructure, providing training and credit facilities, and promoting sustainable agricultural practices. By doing so, we can ensure that the benefits of globalization are equitably distributed, and the agricultural sector becomes more resilient, competitive, and sustainable.

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