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The Impact of Globalization on Rural Economies

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ABSTRACT: Globalization refers to the process of increased interconnectedness and interdependence among countries, societies, and economies. It involves the exchange of ideas, culture, goods, services, technology, and finance on a global scale. This phenomenon is driven by advancements in communication, transportation, and technology, leading to the integration of economies and societies around the world. Globalization influences various aspects of life, including economics, politics, culture, and social interactions, fostering a more interconnected and interdependent world.

KEYWORDS: globalization, rural, economies, villages, technology, societies

I. INTRODUCTION

Globalization is a major driver of change in contemporary rural areas, involving the multiplication, stretching, and intensification of social, economic, political, and cultural relations over space. Processes such as the integration of the global economy, increased flows of international migration, and a growing global consciousness and standardization of values impact on rural areas affected by established economic structures, prompting changes in agriculture and land management, restructuring populations, challenging traditional cultures, and generating conflicts. The impacts of globalization processes vary between rural areas, shaped in part by the responses of rural communities through economic development strategies and protest mobilization.[1,2,3]

Globalization can accelerate development while, at the same time, negatively impacting nations that are not ready. Globalization benefits rural communities organizing the citizens' life order systematically. Exploiting land use to fulfill human needs is a result of globalization's effects on economic activity. Agricultural and industrial sectors must increase production reasonably and suitably. There is a gray area of needs due to the dependency on the land resources use, which causes rivalry in procuring production inputs for each sector and has a significant effect on the agricultural industry. Transformation of human, environmental, financial, and institutional resources for rural agriculture by implementing effective and efficient agricultural modernization will reduce globalization's negative effects. Smart farming applies modern technology to agriculture in order to achieve more productive and sustainable agricultural production. Agricultural land intensification initiatives must be improved through the best use of technological innovation and agricultural infrastructure. Competition for resource utilization causes changes or decreases in land resources quality, which can be anticipated by technological capacities and capabilities, and adaptive capacity to innovations. Unhealthy competition must be eliminated, even these sectors will help each other because of government policy instruments so that the goal of rural sustainable agricultural growth will be achieved.

Globalization is to treat the whole world as one village. The Concept Of global Village is not a concept. Today the social economic and political relation have crossed all national boundaries. There are many positive and negative points regarding globalization. The people of many developing countries like India are feeling the adverse effect of increasing globalization in terms of livelihood and employment. The rural farmers are affected[4,5,6] by the rise and fall of world markets and the storm of globalization is threatening to sweep the Indian culture. Today the Indian Rural market is full of foreign goods. According to one estimates there are about 4600 foreign companies selling cosmetics, soft drinks, fast foods and electronic goods. They have even claiming patent rights on Indian plants and trees by producing the seeds. The globalization economic process whose scope spreads countries and societies of the overall the counties and societies of the world. Globalization is the process of integration of the world economics in condition of free markets, which includes free flow of trade and capital and movement of persons across national borders free flow of technology and removal of all tariff and non-tariff barrier. Globalization Term was first used in 1959. Globalization is a major source of change. It is a complex process, consisting of global penetration of finance and market, information and media, technology and culture, transport and tourism, and even crime. Globalization in all of its aspects may not be new. Liberalized trade regimes as well as more integrated and consumer driven agricultural and food markets are globalizing rapidly and driving innovations, forcing farmers to adapt or lose out. At the country level, it is increasingly the system of growers-packers-exporters of a country that competes against the business system of another country, and not necessarily business entities independently. We are in the midst of a transformation to a network economy with a shift from markets to networks, from quantities to qualities, from commodities to niches, and from supply-driven to demand-driven large chains. The new developments have provided opportunities for small farmers too. Some of them



are linked to supermarkets (in certain products at least). At least the 'new age' brokers have started to prefer direct ties to producers. The new market outlets also prefer stability and consistency of (quality) supply (as important as price) with long term contracts[7,8,9]. All of these are expected to offer challenges to smallholders but also unexpected opportunities

II. DISCUSSION

Globalization has brought rapid changes at the international level. Due to the sophisticated means of communication and new technology many things like production, ideas, working methods and other things are fast becoming obsolete. The process of globalization is taking the developing countries in its grip. It tends to strengthen international financial organization so that they can interfere in the affairs of these countries. The process of globalization influences economy, communication, politics and culture. All these things have become more interconnected in the whole world and the culture of universalization is spreading all around us. In India the growth rate was never more than 6% in 1990 decade. Before that the average growth rate was only 3%. In the decade of 1990, the situation was stable which was conducive to experiments with policies of liberalization, globalization, economic reforms and new experiments. At this time our foreign exchange reserves were close to zero. Now we have almost 120 lakh dollars as foreign exchange reserves. The Rajiv Gandhi Chair for Panchayati Raj Studies of the Gandhigram Rural University, Tamil Nadu with a grant made available by the Ford Foundation, New Delhi conducted a series of empirical verifications to record the impact of Background to the "Active Regions" project The model and demonstration project "Active Regions – Shaping Rural Futures" was launched in the form of a nationwide contest by the German Government in 2001. The contest addressed regions which would, as a model, implement approaches to the four aims of consumer focus, nature-friendly and environmentally compatible agriculture, strengthening rural areas and creating additional sources of income and fostering rural-urban connections. Taking the above-mentioned goals into consideration, interest groups of the regions had to create regional partnership networks and draw up an integrated regional development plan (REK) based on the specific strengths, weaknesses and potentials of their region. There are many act and laws which promote rural development[10,11,12] OECD 2006 (Rural Policy Reviews. The New Rural Paradigm. POLICIES AND GOVERNANCE), OECD 2006 (Rural Policy Reviews), OECD 2006 (Rural Policy Reviews). At a time when countries of the world are fast adopting to market oriented economic policies, the demands of the time are multi-faceted. If we can take them as urgent, important, and long-term: the urgent among them is poverty reduction; important among them is economic growth; and the long term among them is sustainability of this model of development. A country needs international trade relations and economic growth; Businesses need profits; and the poor need their basic necessities such as employment and fair wages, food security, health care, education for children, safe drinking water supply, and dignity in the way we steer development; the civil society institutions look for integrity in democratic practice. The views differ depending upon vantage-points. The aspirations are varied. But still ultimately what is desirable is dignity in development; a world free of poverty and hunger; equity in distribution of economic growth; a society that is equitable and just with peace. Economists, especially the neo-liberals, argue in favour of economic benefits to the country; Industrialists ponder over business prospects and profitability across countries and continents; environmentalists argue in terms of sustainability of resource use; development professionals raise questions of poverty reduction and equity. We seem to live in a time that is most interesting in human history. The basic argument in favour of globalization policies is that they lay strong grounds for capital formation, exchange of technology, knowledge generation and information dissemination, and above all communication connectivity. The flow of capital through Foreign Direct Investment (FDI) and Foreign Institutional Investment (FII), coupled with private participation in economic development and employment generation have resulted for the Indian economy to be agile, and spoken about in the world forums Rural Development. Development is used differently in diverse contexts. Generally speaking development implies a change that is desirable. Society is dynamic, and so, what is desirable[13,14,15] at a particular time, place and in a particular culture may not always be desirable at other places or at other times at the same place and in the same cultural milieu. Therefore, it is impossible to think of a universally acceptable definition of development. But a development index generically includes aspects such as: (i) Increase in real income per capita (economic growth); (ii) improvement in distribution of income (equity); (iii) political and economic freedom; and (iv) equitable access to resources, education, health care, employment opportunities and justice. Political Impacts Nation states exist to protect the property & profits of the corporations, not the health & rights of individuals. In the U.S., corporate rights prevail over individual rights. Elimination or severe curtailment of government sponsored programs, such as extension, that promote the well-being of all citizens. Employment & unemployment patterns employment patterns change from full employment at a living wage toward indentured, child, and slave labor, "flexible" employment, part-time jobs, & increased unemployment. Economic Impacts Corporate market growth takes precedence over everything else. Government exists only to support the corporate bottom line. Provision of local services, facilities, and benefits are abandoned by national governments or dumped on poorly funded local government. Social Impacts Rural communities are experiencing: Decreased access to quality education. Decreased access to quality health care. Stagnant or moribund social institutions— churches, clubs, social centers.



Environmental Impacts “Our forests are over logged, our agricultural lands over cropped, our grasslands overgrazed, our wetlands over drained, and our groundwater is over tapped, our seas overfished, and just about the whole terrestrial and marine environment over polluted with chemical and radioactive poisons.[16,17,18] Gendered impacts Feminization of poverty as women’s work is disvalued and rendered invisible. • Increase in women performing low-wage or nonwage work. • Increase in the numbers of women in “sweatshop” work. • Resources and knowledge for food and survival that have traditionally been under women’s control or • local community control move to the control of corporations

Rural development primarily concerned with uplifting people out of poverty. The impact of globalization on rural societies, their economy, environment must therefore be viewed through this perspective. The present paper therefore is an attempt to what impact globalizations having on rural areas. Major aspects of globalization that relate to rural life or its development which includes the commercialization of agriculture and expansion of agro-industries, the liberalization of international trade and marketing for food and other agricultural products, the intensification and internal labor migration, the increasing privatization of resources and services and the wider use of information and communication and technologies. Thus, the wave of globalization hit India at the end of the last century, which results in all the spheres life. Labor migration to cities from rural areas in search of employment was a common phenomenon. This was for various reasons especially for luxurious life, handsome salary and for numerous job opportunities. Earlier there was a ‘minimum wage act’ and now equal wage for all is provided. Today the percentage of village people attending the call of nature in open fields is reduced. The good roads restrict make them successful to sale agricultural products from villages to goods markets in cities & towns. As a result they can earn good price of their product. Life in rural India was miserable due to non-availability of electricity. Several villages have been electrified. It is big benefit in rural development. Globalization is going to make much difference to rural life through electricity. If this is supplied uninterruptedly 10-12 hours per days to these villages then ultimately, the process of development in rural life will be rapid. Education is concerned, in villages school buildings are available in villages and numbers of teachers are appointed in primary schools so as to improve the primary education. The infrastructures like benches, boards and other facilities are of improved quality. There is, however, another positive development that girls are attending the schools in the villages. Also the number of students attending graduate and post graduate courses is increasing with awareness among students from rural areas. The technical education is providing to most of the students from rural areas to secure employment. Technology is trying to make use of it in villages and other communication infrastructure. People know about the internet. There exists number of small scale industries in villages to provide employment to educated youth. Government is trying to push the technological changes in the agriculture to make it a profitable venture. Efforts have resulted as success stories in selected cases. India’s real culture is still preserved in rural life even though the advancement of technology has much influence in rural areas. People still prefer to wear dresses of old fashion and celebrate festivals in old styles. Folk dances and folk songs are still popular among villagers. Meanwhile the villagers have awareness and culture is touched and affected by western influence. Thus Globalization has an impact on rural life as standards of living are good and migration of people is taking place and poor people are moving to urban areas in search of employment. But, as we know every coin has two sides there are numerous advantages of Globalization on the rural scale or the Indian Village. The impact of globalization has been felt by the Indian rural market as much as the urban counterpart. Hence, we can see that today changes are taking place rapidly in all walks of life and rural areas are no exception to this. Improved infrastructure facilities, economic liberalization, renewed emphasis on agribusiness and small industries, fast changing agricultural technology, scope for commercialization of agriculture, greater budgetary provision for rural people are few reasons to mention. Moreover, various socio-cultural, psychological and political aspects of rural life are also changing. The farmers in the Indian village now have access to the advanced equipment for agriculture, which leads them to better yields and in turn it helps the economy of the country. Globalization also provides better exposure to the agricultural produces and ensures the farmers that they get the correct value for the produces due to globalization. Being a diverse country, India is rapidly urbanizing along with the density of the population. The implications of globalization for a national economy are many. Globalization in India has intensified interdependence and competition between economies in the Indian market. Changes have taken place in the last two decades especially in the nature and pattern of urban growth. Economic and spatial structures of cities have begun to reflect the changing composition of the global regional markets. New townships with high quality infrastructure have sprung on the periphery of large cities. The emergence of the software and services outsourcing in India as one of the most visible outcomes of globalization on land and housing markets. For making local economies competitive, the cities are in the process of improving city image and quality of life through infrastructure and other projects. The pattern of urban life in India is characterized by continuous concentration of population and activities in large cities. Nearly 30% of the total population lives in urban areas along with population pressure with the fulfilment of their needs. Every step of movement towards economic, political and cultural modernization, taken by the state in India, is responded to by the people with an enhanced sense of selfconsciousness and awareness of identity. The linkages both visible and invisible, defining the cultural interdependence among communities and regions in India which have existed historically, reinforce instead of threatening the national identity. These bonds seem to become stronger as India



encounters the forces of modernization and globalization. Flowing with globalization, India is shining in nearly every prospect. India is getting a global recognition and slowly moving towards to become a major economic and political strength.[17,18,19]

III. RESULTS

We are living in an era of globalization marked by increased connectivity through human migration, trade of goods, and widespread information exchange worldwide. This significant shift has profoundly reshaped the global economic landscape and social structures. While existing studies on globalization predominantly focus on its effects on cities, there has been limited exploration of the changes occurring in rural areas during this global integration. Yet, according to the World Bank's data, as of the end of 2021, approximately 3.4 billion people, which accounts for over forty percent of the world's population, still lived in rural areas [1]. Notably, rural areas are increasingly intertwined in the process of globalization, evident from the growing involvement of various global entities in the process of rural transformation. The dynamics of rural transformation have shifted significantly due to the profound alterations brought by globalization, diverging notably from historical trends. Consequently, the lack of attention in scholarly research toward understanding the relationship between globalization and rural restructuring has negative consequences. This gap in research hampers the recognition of emerging characteristics and trends associated with the transformation of rural areas. The concept of “planetary urbanization,” often used to illustrate the growing dominance of urban areas within the context of globalization [2], offers valuable insights for rural studies. However, some scholars contest this concept, arguing that it subordinates rural areas to urban ones. They propose the concept of “planetary rural geographies” to counteract urban-centric perspectives, emphasizing the need for a balanced recognition of the significance of rural areas alongside urban spaces [3,4]. In the realm of rural transformation, adopting a planetary perspective has become increasingly essential due to the growing direct influence of globalization on rural areas. As noted by Holmes [5], the shift toward multifunctionality in rural areas is primarily steered by three key drivers: surplus agricultural production, the rise of market-driven comfort goods, and widespread social concerns for sustainable development and environmental protection issues. These drivers are closely intertwined with global trends stemming from globalization: advancements in agricultural technology and global agricultural trade generating surpluses, easy global travel enabling the consumption of rural comfort goods on a global scale, and communication technologies accelerating the global spread of information [6]. Consequently, the global trend of rural transformation towards multifunctionality has become increasingly evident in the new century, accentuated by the escalating influence of globalization. Nevertheless, it's crucial not to perceive rural areas as entirely detached from urban ones when considering the influence of globalization. Globalization can also indirectly impact rural areas through the process of urbanization. Urbanization is a process encompassing the shift of regional economic, social, and spatial structures from rural to urban forms. It stands as a pivotal expression and integral reflection of the structural changes within the urban-rural system. The influence of urbanization on the rural transformation process is embodied by reshaping the relationships and interconnections between urban and rural areas within a given region. This involves the reconfiguration of essential components like population, capital, and land between urban and rural domains. Under the influence of urbanization, traditional rural areas, once predominantly focused on agricultural production, have undergone diverse transformations. Some rural areas have integrated with urban areas, while others located on the outskirts of cities exhibit a blend of rural and urban characteristics. The impact of globalization is not restricted solely to urban or rural areas; rather, it extends across the entire urban-rural system. The external trade of agricultural products from rural areas, the unrestricted movement of people, and the seamless exchange of information inherently rely on the extension of urban infrastructure into rural territories and the ripple effects of associated urban services. Urbanization remains a crucial element in the processes of rural transformation. It significantly shapes the interplay between urban and rural areas, impacting how globalization influences and interacts with both spheres within[15,16,17] the broader urban-rural framework. Given the aforementioned contexts, the study of rural transformation encounters several emerging research topics and challenges, especially within the global South undergoing rapid globalization and urbanization. Three of these are outlined here to underscore their significance. Firstly, there is a growing need to focus on the interactions between rural and urban areas in the era of globalization. In most developed countries, rural areas historically relied on urban centers, resulting in a one-way flow of rural population, capital, and resources toward urban locales, thereby fostering urban-centric perspectives. However, in the current era of globalization, the interplay between urban and rural areas in many developing countries has become more intricate and diverse [7]. For instance, rural areas equipped with certain amenities or tourist attractions can draw people and investments from across the globe, subsequently contributing to the development of adjacent urban regions. It's crucial to explore how this phenomenon contributes to the development of urban and rural transformation theories. The second pertinent issue lies in understanding the transformation of rural livelihoods, which demands increased attention. The diverse impact of globalization on the economic transformation of different rural areas has led to distinct changes in household livelihood strategies. In regions where non-agricultural work opportunities abound, rural laborers can readily shift their livelihood strategies toward non-agricultural activities. Examples such as industrial development in rural Vietnam and export-oriented horticultural cultivation enterprises in



the Senegal River Delta region highlight this transformation [8,9]. Conversely, in rural areas where non-agricultural job prospects are limited and significant foreign capital involvement exists in agricultural production—particularly in Latin America and Africa—the livelihoods of small-scale farmers often face considerable threats [10,11,12]. Exploring ways to achieve an inclusive and sustainable rural transformation under neoliberal globalization emerges as a critical topic. Understanding how to ensure that the transformations benefit all sections of rural communities and promote long-term sustainability is imperative. The third critical aspect centers on the environmental spatial transformation occurring in rural areas, which is attracting growing attention. Developed countries, wielding significant influence in global trade, frequently relocate environmentally harmful, polluting, water-intensive, and low value-added agricultural production activities to developing countries. This practice bears negative implications for the ecological integrity of rural areas in the global South [13,14]. Additionally, outdated technologies and polluting industries often get shifted from the global North to the South, from urban to rural areas, further exacerbating pollution and degradation of rural ecological spaces [15]. Rural areas play a pivotal role in global environmental preservation, serving as primary providers of ecosystem services. Understanding the environmental impacts of globalization and urbanization on rural areas and striving for global environmental justice emerge as crucial concerns in rural transformation. Addressing these issues involves not only recognizing the environmental consequences of global economic activities on rural areas but also ensuring equitable and sustainable solutions that safeguard rural ecological spaces within the broader context of global environmental conservation efforts. This paper has contextualized rural transformation within the dynamics of globalization and urbanization, emphasizing three significant research areas. Numerous other topics merit consideration as well, including the transformation of the rural economy, rural culture, and rural governance. These areas present crucial dimensions in understanding the comprehensive changes occurring in rural settings.

IV. CONCLUSION

Further empirical investigations, particularly in the global South, are essential to enhance our comprehension of rural transformation within evolving contexts. Delving deeper into these topics through empirical studies can provide valuable insights into the nuanced dynamics of rural transformation, shedding light on how globalization and urbanization intersect with and impact various facets of rural life. By exploring these aspects in greater depth, we can gain a more comprehensive understanding of the multifaceted changes taking place in rural areas and develop strategies that promote sustainable development and well-being in these regions.[19]

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