

War Beyond Borders: Agricultural and Trade Consequences for India

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INTRODUCTION

The Russia–Ukraine conflict, which began in early 2022, has had far-reaching consequences beyond the immediate geopolitical arena, particularly in global agriculture and trade. Both nations are critical players in the international market for key commodities such as wheat, maize, sunflower oil, and fertilizers. The disruption of their exports has caused sudden shortages and sharp increases in global food prices, highlighting their strategic importance in world trade. Russia plays a dominant role not only in agriculture but also in the global energy sector. It is a leading exporter of crude petroleum, refined petroleum, petroleum gas, coal briquettes, and gold. Major importers such as China, India, Turkey, and the European Union rely heavily on Russian energy, with China and India alone accounting for nearly 85percent of Russia’s crude oil exports. Beyond energy, Russia is the largest exporter of wheat worldwide and a significant producer of barley, sunflower oil, and corn. Ukraine, on the other hand, is a powerhouse in agricultural exports. It is the world’s largest exporter of sunflower oil, a major exporter of maize especially to China and the European Union and the fifth-largest exporter of wheat globally. Ukraine is also a significant producer and exporter of barley. Together, Russia and Ukraine account for approximately 12 percent of global agricultural trade by calories, supplying 34 percent of global wheat, 26 percent of barley, 17 percent of maize, and a remarkable 75 percent of sunflower oil exports during 2019–2021. Countries such as Egypt, Lebanon, and Tunisia are particularly dependent on Ukrainian wheat, underscoring the critical role of these nations in global food security. The importance of Russia and Ukraine extends beyond mere statistics; their production and export capacity underpin global food and energy markets. Any disruption in these flows has immediate ripple effects across the world, affecting prices, trade balances, and food security in both developed and developing nations.

The outbreak of war has thus introduced a new layer of uncertainty, triggering supply chain disruptions and price volatility worldwide. The impact is felt most acutely in countries highly dependent on their exports, including India, which relies on Russia for a significant portion of its crude oil imports and on both nations for select agricultural commodities. This scenario underscores the interconnectedness of global trade and the vulnerability of nations to geopolitical shocks, highlighting the urgent need for diversification and strategic planning in sourcing critical commodities.

For India, the impact has been felt in multiple ways: edible oil imports became more expensive due to heavy reliance on Ukraine, fertilizer prices climbed as global supplies tightened, and international grain price movements influenced domestic trade and inflation policies. Although geographically distant from the war zone, India's agriculture sector has been significantly affected through these global market linkages, highlighting the vulnerability of a food system dependent on external inputs and imports.

❖ **Energy and Trade Dynamics:** Before the Russia-Ukraine war, India imported only a negligible share of its crude oil, around 0.2percent from Russia, relying mainly on Gulf countries like Saudi Arabia and Iraq. However, the war disrupted global energy markets. European nations, which stopped buying Russian oil, turned instead to Gulf suppliers and drove up prices. This left India priced out of its traditional markets, making Russian crude the most affordable and accessible alternative. As a result, India's oil imports from Russia surged sharply, accounting for nearly 35percent of total crude imports after the conflict.

❖ **Inflationary Pressures:** The Russia-Ukraine conflict has intensified global commodity prices, which has directly impacted India's import basket, particularly in edible oils and fertilizers. Although India's overall bilateral trade with Russia and Ukraine is relatively small, the indirect effects of disrupted supply chains have been substantial. India consumes about 25 million tons of edible oils annually, but domestic production is only around 11.16 million tons, making the country heavily import-dependent. Palm oil accounts for nearly 60percent of India's edible oil imports,

followed by 25percent soybean oil and about 12percent sunflower oil. Crucially, India imports nearly 85percent of its sunflower oil from Ukraine and about 14percent from Russia, making this segment highly vulnerable to the war. With supplies curtailed and prices rising sharply, the cost burden has filtered through to households, fuelling persistent inflationary pressures in the economy. Similarly, higher global fertilizer prices have pushed up agricultural input costs, further aggravating the inflation situation.

❖ **Currency Depreciation and Trade Balance:** The war has triggered significant volatility in global commodity markets, especially for oil, which has driven up India's import bill and weakened the rupee. As oil and essential goods become costlier, the rupee loses value, making imports even more expensive and widening the current account deficit. This trend has also hurt corporate balance sheets particularly for firms servicing foreign debt and contributed to inflation. However, a weaker rupee offers a silver lining: it makes India's exports more competitive in global markets, supporting sectors like pharmaceuticals, IT, and textiles.

Agriculture has been directly affected by this currency depreciation. India imports about 25percent of its fertilizers and nearly 60percent of its edible oils, meaning a weaker rupee has sharply raised farm input costs and food prices. However, just as with other sectors, the depreciation has boosted the competitiveness of Indian agricultural exports such as rice, wheat, and spices. Thus, the overall impact is mixed—farmers and consumers face higher costs domestically, while exporters gain an edge in global markets.

❖ **Geopolitical and Strategic Shifts:** India's increased engagement with Russia, particularly in energy imports, has drawn criticism from Western nations, including the United States. Despite this, Russia has emerged as a key energy partner, with discussions underway to strengthen trilateral ties between India, China, and Russia.

Recent Trends and Future Implications for Indian Agriculture

In recent months, the Russia-Ukraine conflict has continued to reshape global food and input markets, with ripple effects reaching India's agriculture sector. Ukraine has partially restored

its grain and sunflower oil exports through alternative routes, and in July 2025 it even regained the position of India's largest supplier of sunflower oil. Yet, freight risks and price volatility remain, keeping import costs uncertain. At the same time, global fertilizer prices, particularly for DAP and potash, have firmed up again in 2025, and any rupee weakness further amplifies India's subsidy burden and farm input costs. Russia's upcoming harvest is projected to be one of its weakest in nearly two decades, a factor that could tighten global wheat supplies and lift international prices, indirectly shaping India's export and food inflation policies. On the positive side, India is showing greater agility by diversifying sources—such as resuming canola oil imports after years—and strengthening domestic oilseed output to cushion against shocks. Going forward, the war is likely to keep India's agriculture exposed to periodic swings in edible oil and fertilizer prices, while simultaneously offering export opportunities for crops like rice and wheat when global markets tighten. This dual nature of risk and opportunity highlights the need for India to diversify supply chains, build resilient input management systems, and strategically balance domestic food security with global trade competitiveness.

The Way Forward

The Russia–Ukraine conflict has exposed the vulnerabilities of India's agriculture sector to global disruptions in energy, fertilizer, and edible oil markets. To safeguard food and farm security, India must adopt a multi-pronged strategy: diversify import sources for critical commodities, expand domestic production of oilseeds and pulses, and strengthen fertilizer self-reliance through both indigenous capacity and long-term supply partnerships. Policies to improve logistics, storage, and value-addition can help absorb global shocks while ensuring stable farm incomes. At the same time, India should leverage emerging export opportunities in rice, wheat, and other staples to enhance its role as a reliable

global food supplier. Balancing these priorities will be crucial for building resilience in agriculture and securing sustainable growth amid continuing geopolitical uncertainties.

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