

GLOBALIZATION AND GLOBAL CHANGING SCENARIO

Udaya Shankara H¹

¹Assistant Professor, Department of Economics, Government First Grade College Uppinangady, Mangalore University, India.

Abstract

Globalization has a wide range of consequences for a country's economy. Interdependence and rivalry between countries on the international market have increased as a result of globalization. Interdependence reflects this in terms of trade in products and services, as well as capital mobility. As a result, domestic economic trends are influenced by factors other than the domestic market and economic circumstances. Domestic and foreign policies, as well as economic situations, have an impact on them. As a result, a globalizing industry cannot manage to disregard the potential actions and responses of policies and events in the entire world while creating and assessing its domestic policy. This limited the government's policy options, implying a degree of policy independence in objective evaluation. Globalization is held responsible for unemployment, cultural degradation, and difficulties of competition. The lives of the educated and the rich have been enriched by globalization. But the benefits have not yet reached the majority and the new risks have cropped up for the losers, the socially deprived, and the rural poor. Western perceptions which dominated the global media, are not aligned with local perspectives, they encouraged consumerism amid extreme poverty and posed a threat to cultural and linguistic diversity. Globalization can be viewed as the integration of inputs and outputs into global markets, the sharing of information and knowledge, and the promulgation of rules governing such integration.

Key Words: Globalization, Urban Economy, Economic Reforms, Innovative Products, Free Trade Zones.

Introduction

Globalization aims at integrating the national economy with that of the world. Increased free and open international trade, foreign investment, technology exchange, etc. are all integral to the globalized world. Globalization is the final product of the collection of multiple strategies that are directed at transforming the world towards greater interdependence and integration. It comprises the creation of networks and pursuits transforming social, economic, and geographical barriers. The rural economy hits proportionately more than the urban economy. It is mainly due to the environment, culture, tradition, education, and standard of living, the demonstration effect is different in the rural economy. Globalization can greatly enhance the role of agriculture as an engine of growth in low-income countries by making it possible for agriculture to grow considerably faster than domestic consumption. It also increases the potential for agriculture to increase food security through enlarged multipliers to the massive, employment-intensive, non-tradable rural non-farm sector. With such potential benefits, it is important to understand what is required for participation and to ensure that the poor and hungry are lifted out of poverty and hunger by these processes. Economic "globalization" is a historical process, the result of human innovation and technological progress. It refers to the increasing integration of economies around the world, particularly through the movement of goods, services, and capital across borders. The term sometimes also refers to the movement of people (labor) and knowledge (technology) across international borders. There are also broader cultural, political, and environmental dimensions of globalization. The term "globalization" began to be used more commonly in the 1980s, reflecting technological advances that made it easier and quicker to complete international transactions both trade and financial flows. It refers to an extension beyond national borders of the same market forces that have operated for centuries at all levels of human economic activity village markets, urban industries, or financial centers. Countless indicators illustrate how goods, capital, and people, have become more globalized. The value of trade (goods and services) as a percentage of world GDP increased from 42.1 percent in 1980 to 62.1 percent in 2007. Foreign direct investment increased from 6.5 percent of world GDP in 1980 to 31.8 percent in 2006. The stock of international claims (primarily bank loans), as a percentage of world GDP, increased from roughly 10 percent in 1980 to 48 percent in 2006. The number of minutes spent on cross-border telephone calls, on a per-capita basis, increased from 7.3 in 1991 to 28.8 in 2006. The number of foreign workers has increased from 78 million people (2.4 percent of the world population) in 1965 to 191 million people (3.0 percent of the world population) in 2005.

According to WHO, globalization can be defined as, the increased interconnectedness and interdependence of peoples and countries. It is generally understood to include two interrelated elements: the opening of international borders to increasingly fast flows of goods, services, finance, people, and ideas; and the changes in institutions and policies at national and international levels that facilitate or promote such flows.

According to the Committee for Development Policy (a subsidiary body of the United Nations), from an economic point of view, globalization can be defined as the increasing interdependence of world economies as a result of the growing scale of cross-border trade of commodities and services, the flow of international capital and the wide and rapid spread of technologies. It reflects the continuing expansion and mutual integration of market frontiers and the rapidly growing significance of information in all types of productive activities and marketization are the two major driving forces for economic globalization.

The growth in global markets has helped to promote efficiency through competition and the division of labor the specialization that allows people and economies to focus on what they do best. Global markets also offer greater opportunities for people to tap into more diversified and larger markets around the world. It means that they can have access to more capital, technology, cheaper imports, and larger export markets. However, markets do not necessarily ensure that the benefits of increased efficiency are shared by all. Countries must be prepared to embrace the policies needed, and, in the case of the poorest countries, may need the support of the international community as they do so. The broad reach of globalization easily extends to daily choices of personal, economic, and political life. For example, greater access to modern technologies, in the world of health care, could make the difference between life and death. In the world of communications, it would facilitate commerce and education, and allow access to independent media. Globalization can also create a framework for cooperation among

nations on a range of non-economic issues that have cross-border implications, such as immigration, the environment, and legal issues. At the same time, the influx of foreign goods, services, and capital into a country can create incentives and demands for strengthening the education system, as a country's citizens recognize the competitive challenge before them. Perhaps more importantly, globalization implies that information and knowledge get dispersed and shared. Innovators be they in business or government can draw on ideas that have been successfully implemented in one jurisdiction and tailor them to suit their jurisdiction. Just as important, they can avoid ideas that have a clear track record of failure. Joseph Stiglitz, a Nobel laureate and frequent critic of globalization, has nonetheless observed that globalization "has reduced the sense of isolation felt in much of the developing world and has given many people in the developing world access to knowledge well beyond the reach of even the wealthiest in any country a century ago. "The most visible impacts of globalization are the ones affecting the economic world. Globalization has led to a sharp increase in trade and economic exchanges, but also to a multiplication of financial exchanges. In the 1970s world economies opened up and the development of free trade policies accelerated the globalization phenomenon. Between 1950 and 2010, world exports increased 33-fold. This significantly contributed to increasing the interactions between different regions of the world. This acceleration of economic exchanges has led to strong global economic growth. It fostered rapid global industrial development that allowed the rapid development of many of the technologies and commodities. Knowledge became easily shared and international cooperation among the brightest minds speeded things up. According to some analysts, globalization has also contributed to improving global economic conditions, creating much economic wealth. The following factors are considered that have been marketed to countries to facilitate globalization.

Globalization broadens the market and expands its size. As a result, businesses are no longer reliant on product demand in a single nation. Countries with abundant resources may make effective use of them. The phases of the economic cycle differ from one country to the next. As a result, a corporation might relocate from a country experiencing a recession to one experiencing economic growth. Globalization enables large-scale economies such as lower manufacturing costs and better quality. Globalization offers the opportunity to explore the market's untapped possibilities. People's living standards can be raised as a result of increased consumption power in the form of globalization. Globalization has the potential to modify and integrate cultures. Globalization presents domestic businesses with opportunities. Technological, managerial experience, and design and development are all possibilities. No country can afford to be isolated in the face of fast-moving worldwide economic trends. It must make an effort to evolve with the times.

Economic globalization: is the development of trade systems within transnational actors such as corporations or NGOs.

Financial globalization: can be linked with the rise of a global financial system with international financial exchanges and monetary exchanges. Stock markets, for instance, are a great example of the financially connected global world since when one stock market has a decline, it affects other markets negatively as well as the economy as a whole.

Cultural globalization: refers to the interpenetration of cultures which, as a consequence, means nations adopt principles, beliefs, and costumes of other nations, losing their unique culture to a unique, globalized supra-culture.

Political globalization: the development and growing influence of international organizations such as the UN or WHO means governmental action takes place at an international level. Other bodies are operating at a global level such as NGOs without Borders or *Oxfam*.

Sociological globalization: information moves almost in real-time, together with the interconnection and interdependence of events and their consequences. People move all the time too, mixing and integrating different societies.

Geographic globalization: is the new organization and hierarchy of different regions of the world that is constantly changing. Moreover, with transportation and flying made so easy and affordable, apart from a few countries with demanding visas, it is possible to travel the world without barely any restrictions;

Ecological globalization: accounts for the idea of considering planet Earth as a single global entity a common good all societies should protect since the weather affects everyone and we are all protected by the same atmosphere. In this regard, it is often said that the poorest countries that have been polluting the least will suffer the most from climate change.

A core element of globalization is the expansion of world trade through the elimination or reduction of trade barriers, such as import tariffs. Greater imports offer consumers a wider variety of goods at lower prices while providing strong incentives for domestic industries to remain competitive. Exports, often a source of economic growth for developing nations, stimulate job creation as industries sell beyond their borders. More generally, trade enhances national competitiveness by driving workers to focus on those vocations where they, and their country, have a competitive advantage. Trade promotes economic resilience and flexibility, as higher imports help to offset adverse domestic supply shocks. Greater openness can also stimulate foreign investment, which would be a source of employment for the local workforce and could bring along new technologies—thus promoting higher productivity. It is important to ensure that the gains from globalization are more broadly shared across the population. To this effect, reforms to strengthen education and training would help ensure that workers have the appropriate skills for the evolving global economy. Policies that broaden the access of finance to the poor would also help, as would further trade liberalization that boosts agricultural exports from developing countries. Additional programs may include providing adequate income support to cushion, but not obstruct, the process of change, and also making health care less dependent on continued employment, and increasing the portability of pension benefits in some countries. Equally important, globalization should not be rejected because its impact has left some people unemployed.

The dislocation may be a function of forces that have little to do with globalization and more to do with inevitable technological progress. And, the number of people who "lose" under globalization is likely to be outweighed by the number of people who "win." "A disparate set of factors will dictate the future direction of globalization, but one important entity sovereign governments should not be overlooked. They still have the power to erect significant obstacles to globalization, ranging from tariffs to immigration restrictions to military hostilities. Nearly a

century ago, the global economy operated in a very open environment, with goods, services, and people able to move across borders with little if any difficulty. That openness began to wither away with the onset of World War I in 1914, and recovering what was lost is a process that is still underway. Along the process, governments recognized the importance of international cooperation and coordination, which led to the emergence of numerous international organizations and financial institutions (among which the IMF and the World Bank, in 1944). Indeed, the lessons included avoiding fragmentation and the breakdown of cooperation among nations.

The world is still made up of nation-states and a global marketplace. We need to get the right rules in place so the global system is more resilient, more beneficial, and more legitimate. International institutions have a difficult but indispensable role in helping to bring more of globalization's benefits to more people throughout the world. By helping to break down barriers ranging from the regulatory to the cultural more countries can be integrated into the global economy, and more people can seize more of the benefits of globalization. Globalization has allowed agricultural production to grow much faster than in the past. A few decades ago, fast growth was somewhat over 3 percent per year. Now it is 4 to 6 percent. However, these higher rates of growth involve a substantial change in its composition. The bulk of growth initially came from basic food staples when the scope for export markets was limited, whereas there is now a swing toward much higher-value commodities. Explosive growth in income of high-income countries means that large aggregates of production can now occur in what were previously small niche markets. High-quality coffee and tea are examples. The market for horticulture exports has also grown immensely and can continue to grow. As exports of high-value agricultural commodities increase and the multipliers to per capita income develop, domestic demand for high-value livestock and horticulture will increase rapidly. Thus, even in quite low-income countries, around half the increments to agricultural production will be in high-value horticulture and livestock for both export and domestic use. As a result, the role of cereal production will become relatively less important. The reduced agricultural output in the preceding two years seems to have had a severe influence on domestic output and demand prospects; the Indian economy is still going through a difficult era due to a variety of unfavorable local and external variables. The global financial system had an overall dip in 2014-15, as per the Economic Survey, with an output increase of 2.4 % the prior year. Real GDP increased by 5.4 percent in 2001-02. Production in the first quarter was 5.8%, while productivity in the second half was 6.1 %. India's exports and imports were 32,572 and 38,362 billion dollars in the financial year 2014-15, correspondingly. Several Indian companies have started to identify themselves as reliable international players. Agriculture exports account for between 13 to 18 % of the country's total exports each year. In 2014-15, agricultural goods worth over \$6 billion were exported from the country, with maritime commodities making for 23% of the whole. Marine items have emerged as the most significant component of the country's overall agricultural exports in recent years, accounting for further than a fifth of the total agricultural production. "Rice, oil seeds, tea, and coffee are among the country's other noteworthy exports, each representing 5 to 10% of total agricultural exports".

Literature Review

Mukesh Kumar (2014) in their paper entitled "Impact of Economic Reforms on India" made a study to find out the impact of Globalization on India and also study the Performance of the corporate sector after 1991. Findings show that during the 11 years 1995-2006, India's merchandise exports increased at the rate of 13.3 percent per annum, and the corporate sector's growth rate in sales and net profits increased.

Dr. Thakur B., Sharma V K., and SomRaj (2012) in their paper entitled "Had Economic Reforms Had an Impact on India's Industrial Sector?" threw the light on impact of Economic reforms on the Industrial sector. Findings show that Economic reforms have started showing a positive impact on current Indian industrial performance in the last few years in terms of an increase in the level of productivity and reasonable rate of growth of the industrial sector because of Liberalisation.

Vaghela Dharini Ishvarsinh (2014) in their paper entitled "New Economic Policies: Liberalization, Privatization, Globalization" made a study on the new economic policy of India this descriptive study based on secondary data he gave a conceptual study of Liberalization, Privatization and Globalization concepts and advantages and disadvantages of those concepts.

DR. Meenu (2013) in their paper entitled "Impact of Globalisation and Liberalisation on Indian Administration" study was made to analyze the impact of globalization and liberalization on different aspects of Indian administration and changes introduced at different levels in Indian administration due to globalization and liberalization In this paper researcher has attempted to analyze the impact of LPG on Indian Economy on various elements like GDP, Per capita Income, Employment, Foreign Direct Investment, etc.

Comparative Advantage

In economic theory, the 'economic cost' or the 'opportunity cost' of producing a good is the value of everything you need to give up to produce that good. Economic costs include physical inputs (the value of the stuff you use to produce the good), plus forgone opportunities (when you allocate scarce resources to a task, you give up alternative uses of those resources). A country or a person is said to have a 'comparative advantage' if it can produce something at a lower opportunity cost than its trade partners. The forgone opportunities of production are key to understanding this concept. It is precisely this that distinguishes absolute advantage from comparative advantage. To see the difference between comparative and absolute advantage, consider a commercial aviation pilot and a baker. Suppose the pilot is an excellent chef, and she can bake just as well, or even better than the baker. In this case, the pilot has an absolute advantage in both tasks. Yet the baker probably has a comparative advantage in baking, because the opportunity cost of baking is much higher for the pilot. A country has a comparative advantage in the production of a particular good if the cost of producing an additional unit of that good relative to the cost of producing another good is lower than another person or country's cost to produce the same two goods. "At the individual level, comparative advantage explains why you might want to delegate tasks to someone else, even if you can do those tasks better and faster than them. This may sound counter intuitive, but it is not: If you are good at many things, it means that investing time in one task has a high opportunity cost, because you are not doing the other amazing things you could be doing with your time and resources. So, at least from an efficiency point of view, you should specialize on what you are best at, and delegate the rest. The same logic applies to countries. Broadly speaking, the principle of comparative advantage postulates that all nations can gain from trade if each specializes in producing what they are relatively more efficient at producing, and imports the rest.

In countries with a relative abundance of certain factors of production, the theory of comparative advantage predicts that they will export goods that rely heavily upon those factors: a country typically has a comparative advantage in those goods that use its abundant resources. Colombia exports bananas to Europe because it has comparatively abundant tropical weather. The empirical evidence suggests that the principle of comparative advantage does help explain trade patterns. Bernhofen and Brown (2004), for instance, provide evidence using the experience of Japan. Specifically, they exploit Japan's dramatic nineteenth-century move from a state of near complete isolation to wide trade openness.

India and Globalization

The Indian government implemented several changes in 1991 to liberalize and globalize the economy. These economic changes are moving the country closer to an economic system and globalization. Those economic transformation programs aimed to connect India's economic growth with the global economy. In India, as a consequence of globalization, the process of removing trade barriers began in 1991, and the government announced trade barrier reductions every year since then. It is suggested that this would allow for a freer movement of commodities, capital, and technology and that globalization will therefore become a driving factor for economic progress. It also provides access to new markets and technological advancements. The Indian government has been pushed to embrace globalization for the reasons listed:

1. As a result of the public sector's bad performance. Huge resources were being invested in PSUs, but they were not yielding a sufficient return, and a large number of PSUs were falling ill.
2. The government's foreign currency reserves were at an all-time low due to the Gulf War and bad export performance, as well as the nation was also on the verge of defaulting on international loan repayment.
3. To achieve a better growth rate, more investment was required in various areas of the economy. The amount of money invested domestically was insufficient.
4. Another factor for moving toward an integrated market economy is the collapse of communist nations' regimes.
5. In the early 1990s, our economy was hit by a massive economic downturn. The Indian economy has been hit by a balance-of-payments crisis, budgetary imbalances, and inflationary pressures.

Markets are full of products having better qualities & latest technologies, and customers are free to purchase the product of their choice. These innovative products have also increased the living standard of the Indian mass. India has a global market for its products and services. Globalization has increased the flow of money in India as MNCs set up their establishments in India, giving employment to the Indian masses. Besides they pay huge taxes to the government. Import of the latest technology has been continuously beneficiary to Indian producers. They are making their products highly competitive in the international market by using these technologies. Producers are now getting benefits from large-scale production as they have to increase their production volume to cope with domestic as well as international requirements. Globalization has also helped India in earning FOREX as export is done to various countries of the world. Besides, Indian companies also set up their establishments in foreign countries. Goods and services are by Global standards. Economic activities are being guided by patent, copyright, and WTO agreements. Free trade zones have been developed. Increasing interdependency has also minimized the possibility of war between countries. Democratic ideas are spreading throughout the world. Sense for International justice against crimes, pollution, and terrorism is increasing. The importance of international bodies is increasing. Globalization has played a major role in changing the social outlook of the Indian masses as Indians are getting the latest knowledge and ideas from developed countries. Conservative attitude is now changing. The removal of cultural barriers has reduced the narrow-mindedness of humans, especially the Indians. Now the whole world has turned into a small village. People have started thinking logically and scientifically. Globalization has also affected positively the geographically remote areas and thus the regional disparities are curtailed. Increased immigration between countries has developed tourism removing cultural barriers across the world.

As developed countries are much more conscious of choosing environment-friendly products so due to rapid globalization, the idea of "Green Consumerism" is also gaining popularity in India day by day. The sense of environmental protection is continuously increasing. The role of media has become global which is spreading continuously the latest ideas and developments throughout the world. Thinking on the macro level, globalization in India has increased employment opportunities, income investment-output level, and; has given great boom to every sector of the Indian economy. Besides globalization has a great impact on Indian culture & value system. But the question arises-"Has Globalization had any impact on rural life", where more than 60 percent of the Indian population resides. At the time of opening the Indian economy in the globalized scenario, Govt. had thought that the benefits of globalization would trickle down to rural India. But the reality is against this thought. Globalization has also widened the income disparities in India. It has widened the gap between the rural economy and the urban economy. It has widened the gap between the rich and the poor.

Conclusion

The Indian government has been pushed to embrace globalization for the reasons as a result of the public sector's bad performance. Huge resources were being invested in PSUs, but they were not yielding a sufficient return, and a large number of PSUs were falling ill. The government's foreign currency reserves were at an all-time low due to the Gulf War and bad export performance, as well as the nation was also on the verge of defaulting on international loan repayment. To achieve a better growth rate, more investment was required in various areas of the economy. The amount of money invested domestically was insufficient. Another factor for moving toward an integrated market economy is the collapse of communist nations' regimes. In the early 1990s, our economy was hit by a massive economic downturn. The Indian economy has been hit by a balance-of-payments crisis, budgetary imbalances, and inflationary pressures. Globalization has benefits that cover many different areas. It reciprocally developed economies all over the world and increased cultural exchanges. It also allowed financial exchanges between companies, changing the paradigm of work. Many people are nowadays citizens of the world. The origin of goods became secondary and geographic distance is no longer a barrier for many services to happen. Apart from all the benefits globalization has had on allowing cultural exchanges it also homogenized the world's cultures. That's why specific cultural characteristics from some countries are disappearing. From languages to traditions or even specific industries. That's why according to UNESCO, the mix between the benefits of globalization and the protection of local culture's uniqueness requires a careful approach. Despite its benefits, the economic growth driven by globalization has not been done without awakening criticism.

The consequences of globalization are far from homogeneous: income inequalities, disproportional wealth, and trades that benefit parties differently. In the end, one of the criticisms is that some actors (countries, companies, individuals) benefit more from the phenomena of globalization, while others are sometimes perceived as the "losers" of globalization. A recent report from Oxfam says that 82% of the world's

generated wealth goes to 1% of the population. High-income countries can assist this process by continuing to open trade in agricultural commodities; preventing domestic farm support programs from dumping commodities on world markets; and, in the case of cereals, massively increasing demand through financing rural public works programs to reduce transaction costs in rural areas and bring them more fully into the global market. Low-income countries, especially in Africa, must redirect public expenditure to agricultural production, especially research and rural infrastructure. They should reduce constraints to trade, including overvalued

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