

GLOBALIZATION – A PANACEA OR A TROUBLE SHOOT FOR ECONOMIC PROGRESSION

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ABSTRACT

Globalization is the network of numerous independent national economies that has entailed swift amplification of cross-border trade, services, capital flows, greater to and fro movement of people and ideas, better welfare through competent gains and greater equity growth; though it has enlarged income inequalities and destabilized nations. Globalization has a gigantic cultural collision. It is also responsible for the current stretch of universal terrorism. It extols the free movement of labour. This means that any country that has widespread social provision is under endless pressure. The free movement of labour also puts stress on tax regimes because those countries that desire social harmony and equality will lose people overseas as tax exiles. Globalization is undoubtedly the most awful wickedness to befall the world since the demise of communism.

KEYWORDS: Globalization, Destabilized, Cultural Collisions and Tax Regimes.

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Introduction

Earlier forms of globalization existed in the Egypt. The initial footstep towards globalizing was in 16th and 17th centuries. The end of the Second World War revived life to globalization. The degree of world trade and foreign investment have augmented and let to a broader mixture of products. As a consequence of the explosion of technology, the current rate of globalization is unprecedented. These appear the central system of international swap, allowing business to craft relationships with nominal time, investment and costs. Management is tasked with assets available and proper leverage to optimize the geographic reach of business operations. This has led to the existence of many multinational enterprises (MNEs). This allows for a higher specialization, efficiency, lower costs, better quality, innovative and dynamic workforce.

Objectives

1. To recognize about the importance and advantages of Globalization.
2. To evaluate on the prospectus challenges of Globalization.
3. To probe on the difficulties jolted with Globalization with current issues.
4. To propose on the future improvements involved in Globalization.

Methodology

The study is based on Secondary Data. The data collection includes from:

1. Globalization and International Development Agencies
2. Analytical Centre on Globalization and Regional Cooperation (ACGRC)
3. Centre for Globalization and Cultural Studies.
4. Yale Centre for Globalization
5. The Centre for Research on Globalization (CRG)
6. Centre on Asia and Globalization

7. Research Centre for Distributional Conflict and Globalization
8. Globalization Partners International (GPI)

Limitations of the study

1. The present study does not cover the prevalent gamut of Globalization due to the paucity of time and other restrictions.

2. Secondary data are used.

Review of Literature

Dr. Bijlani Hiru 1994 has very briefly but effectively summarized the World History of Globalization as, "From the end of the 15th and early 16th centuries rapid economic, social and cultural changes had occurred in Western Europe which began to regulate global trade towards the accumulation of wealth.

Dr. V. V. Ghanekar states that "the talk of globalization of economies and free trade will remain insignificant as long as the developed countries do not enable the developing countries easy access to marketing opportunities. It is also feared that devaluation of currency in developing countries will not succeed in promoting exports and decreasing imports, because the protectionist policies of the developed countries are increasingly discriminating against the exports of the less developed countries. Hence, just through devaluation it may not be possible to penetrate the market of the developed countries which often take protectionist action in the name of anti-dumping."

William F. Rayon 2001²⁷ in his article, 'Globalization, Religion and New Promising Role of NGOs,' author remarks that Globalization and its consequences are much more pervasive and destructive than just restructuring of world's economic system. The author expressed concern about ignoring and destroying the local cultural and spiritual values by the TNCs. He calls upon the governments to encourage the non-profits organizations to foster the spirit of volunteerism rather than urging them to imitate the practices of business.

The analytically and empirically outstanding study by Agenor 2002 examined the extent to which globalization affects the poor in low- and middle-income countries, where it stresses the possibility of a non-linear relationship. Using individual indicators of trade and financial openness as well as a globalization index based on principal component analysis to test for both linear and non-linear relationships between globalization and poverty, he concludes that the results suggest the existence of a non-monotonic, Laffer-type relationship between globalization and poverty. Interestingly, these cross-country results are consistent with the empirical data provided in section 2 of this paper, which showed that most of the low-income countries have been marginalized by the globalization process of the last 15 years. Furthermore, the results are also consistent with the consensus view of the impact of globalization on inequality.

Albert Breton, 2003 in his paper, 'Federalism in a Globalizing world: Challenges and Responses,' has discussed how by breaking down national borders globalization is affecting the functioning of the governments founded on the federal principle. According to the author, globalization is accompanied by the transfer of the task of supplying goods and services which were hitherto catered by the public sectors to the private sectors. This will change the distribution of political power in democratic societies in favor of corporate capital and against institutions that bear responsibility for the general welfare of the people.

Bisht Pushpa 2004 in her article entitled, 'India under globalization facing an Unequal World,' argues that State Vs Market economy is not new and historically it can be traced back to Adam Smith. Adam Smith has advocated free competition and less role for state. The author opines that in a problem-ridden economy like India, such an approach will create several imbalances and laissez-faire and liberalization, a western model of economic development could not be suited for India. The role of the state becomes extremely crucial in a country like India, since social and economic justice can only be realized only by strengthening India's socialist framework.

Roy Sumit 2005 in his book, 'Globalization, ICT and Developing Nations: Challenges in the Information Age,' emphasized the need of NGOs to fill the vacuum created by the withdrawal of the state. The author argues that Non-Governmental organization are emerging as important players in monitoring, questioning and increasingly channelizing resources to support domestic and global policies to fulfill the specific needs of the poor and the marginalized in the developing countries.

India vision 2020, Report, Planning Commission, Government of India, The report attempts to draw a road map for India's Development in the light of ongoing globalization and liberalization of Indian economy. The planning commission in its report said that economic growth, rising levels of education among the young, expansion of employment opportunities for the working age population, slower population growth and declining infant mortality, will not eliminate and may even aggravate inequalities between different age groups, the sexes, income groups, communities and regions, unless specific corrective steps are taken for leveling the different degrees of capacities and opportunities of the masses. The vision 2020 must have a special focus on bridging the existing gaps in the various levels of development and endeavor its best to fulfill the constitutional commitment of raising the status of the vulnerable groups. The 58 report further highlights the concept of development in its true sense by saying that development must be people centric.

Significance and need for Globalization

The following are some of the imperative advantages of globalization for a developing nation like India:

- ✓ Owing towards fast swift changing competitive world the conjugal industries of developing countries are ready to face overseas competition.
- ✓ There is a faster growing demand for these consumer goods generating employment opportunities and will shun the proportion of population living below the poverty line.
- ✓ It enhances the effective openings of banking insurance and financial sectors.

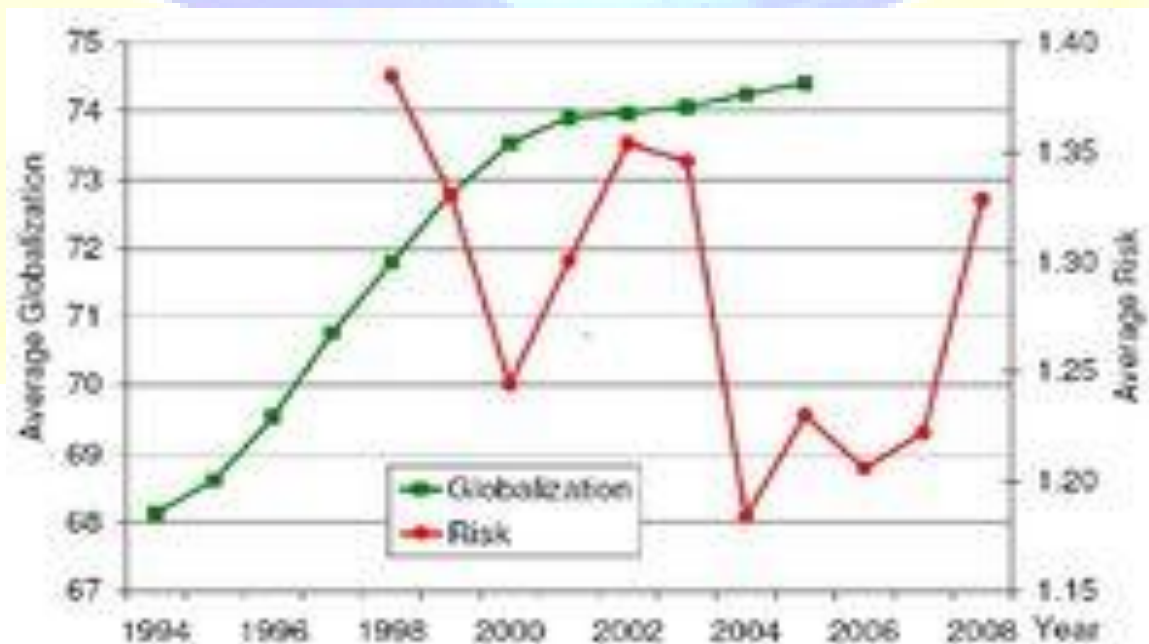
- ✓ Globalization facilitates in the typical long run growth rate of the economy by means of efficient allotment of resources, enhance labour productivity and reduction in capital-output ratio.
- ✓ It draws attention of entry of foreign capital with modernized technology in order to improve the quality of production. Globalization streamlines production and trade pattern.
- ✓ Globalization daunts uneconomic import changeover and favour cheaper import of capital goods which condense capital-output quotient in mechanized industries.
- ✓ Colossal Corporation from developed nations have greater elasticity to operate due to increased free trade among nations which allows capital liquidity to investors.
- ✓ Global mass media bonds the world together for disseminating information on communication among the different corporate and it permits the easy mode of transportation too.
- ✓ Countries joining together economically through politics and education can exterminate cultural barriers and brings the whole economy under one roof.
- ✓ Reduction of war between well developed nations is the core benefits of globalization.
- ✓ The propensity of firms to plan, operates, and invests for the future with reference to markets and opportunities.
- ✓ Managers should be alert of the best way to approach global demographics from a business to consumer perspective, taking an international product or service and localizing it successfully.
- ✓ Minimizing the damage done to the environment, and offsetting it as best as possible through philanthropic move.

Encounters of Globalization

Globalization stances major challenges. The stem of globalization is ensured to be extended to all countries. It leads to volatility. The very real fear in the industrial domain is cut throat of global competition will lead inexorably to a race to the bottom in wages, labor rights, employment practices, and the environment. Several multi-lateral corporations have rooted from the challenges of globalization. Concerning participation and transparency there is a requirement for high-level dogmatic negotiations. The penchant of harmonization by which norms, standards, rules, and practices are defined and enforced with respect to regions, or the world as a whole,

rather than within the bounds of nation-states. Where poverty and inequality have been the most visible and intransigent for decades, Globalization accelerates the spread of modern medicine, to encompass life expectancy and lessen infant mortality in rich and poor countries. A World Bank study found that periods of sustained economic growth are almost always accompanied by reductions in poverty. By raising the general standard of living, free trade helps people achieve higher levels of education and to gain access to alternative sources of information. A growing majority of nations have made their peace with globalization based not on whim or blind ideology but on the manifest failure of any alternative. They have come to realize that the spread of free markets and the institutions that support them offer the best hope fruits of prosperity can be shared by a wider circle of mankind.

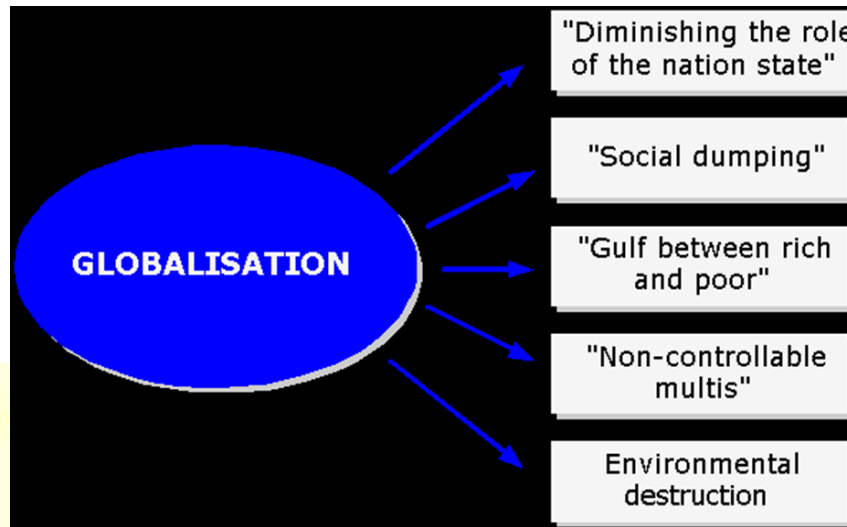
Human capital development in evolving markets makes a significant foundation of global cumulative demand and fairly economical qualified labour. Multinational corporations underpin the swing from the strategic competition for access to resources to the competition for inroads into new markets. Critics of globalization warn of a destructive “race to the bottom”. Alternative defy of globalization is the perception that economic liberalization has aggravated the fissure between rich and poor countries. The sensitivity of gap has been growing is true. The connection with globalization is much less clear.



Hurdles confronted with Globalization

Every model has its own advantages and disadvantages, and globalization is no exception. To figure out the following are identified as the hurdle towards globalization.

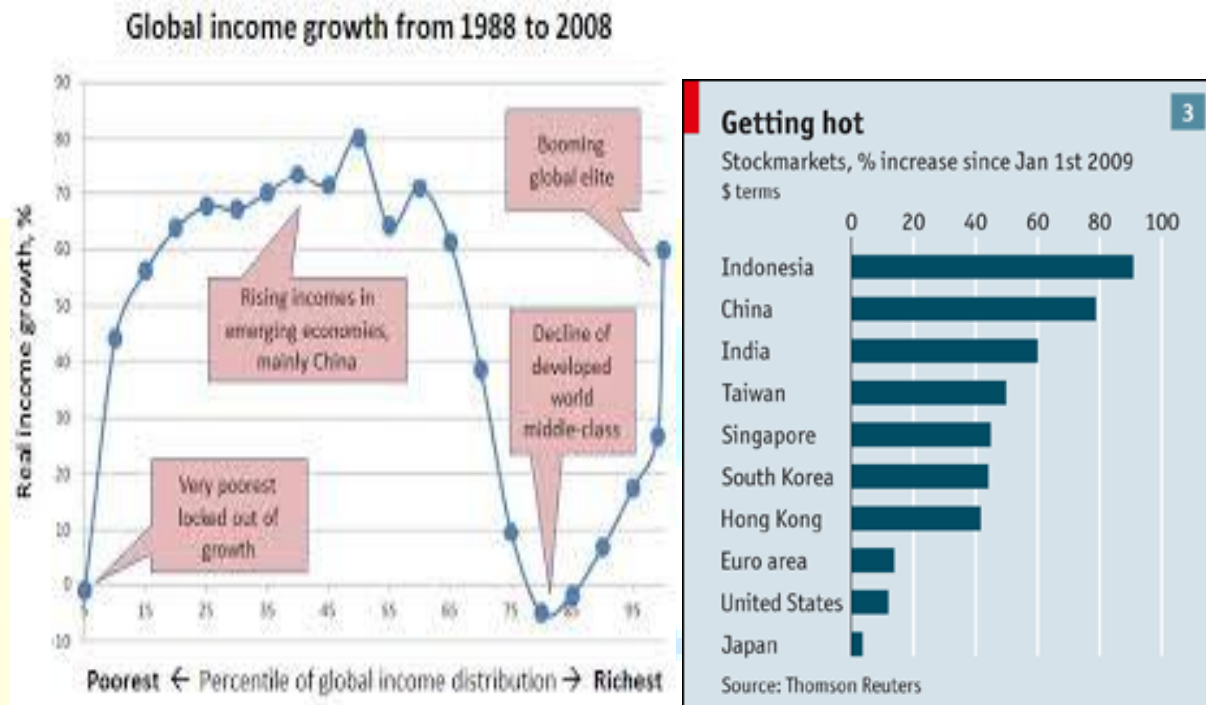
1. The concept of globalization is intricate. Implementation of globalization code is flatterer harder in many industrially developed democratic countries.
2. Globalization has latent to decline the environmental veracity. It will dilute the ability to tackle problems like environmental degradation and nuclear proliferation.
3. Globalization alarmed SSI as they cannot resist the competition of well organized MNCs.
4. The technological changes in some developing countries have resulted more loss of jobs and have left most of them unemployed.
5. There is the probability of civil open war within developing countries.
6. Globalization increases in import than export resulting in trade deficit and balance of payments.
7. Greater risks of diseases are being elated accidentally among nations thereby making people more vulnerable to health issues.
8. International bodies like the World Trade Organization infringe on national and individual sovereignty.
9. There is a seek for high cheap labor in globalization.
10. Major problem allied with the globalization is the obtainable disparities between the cultures and traditions. Critics of globalization are of the opinion that it will impede the age-old cultures which have been followed religiously all over the world.
11. The International Monetary Fund and the World Trade Organization have done enormous contributions in ensuring the stability of the world's monetary and financial system, and regulating international trade. However, these institutions lack executing powers to constraint a country's action.
12. There is an in equilibrium of income and wealth as a major hindrance is observed when rich keep on becoming richer and the poor get still poorer.



Future Prospectustowards Globalization

1. Few countries have used globalization as effectively as Australia - a market that has been transformed by a commercial link with Asia, particularly China. As a result, for the past 15 years Australia's economy has grown at an average rate of 3.7% per year and shows no sign of slowing down - despite having one of the world's highest minimum wages. Australia's economy has grown because of skyrocketing prices for its iron ore, coal and aluminum, which fuel China's factories. The cheaper prices of China's toys, appliances and other household products and office supplies have also helped raise living standards.
2. Globalization will continue throughout the next years, with worldwide exports growing faster than the worldwide gross domestic product (GDP). By 2030, worldwide exports will have more than tripled exports from emerging and developing economies will even have more than quadrupled. Regional and bilateral trade agreements are likely to further boost worldwide trade.
3. The economic growth of the BRIC countries up to 2030 is extraordinary as their real GDP will annually grow by almost 6% and therefore more than double between 2013 and 2030. The share of worldwide GDP of the BRIC countries will increase from 27% in 2013 to 38% in 2030. But GDP growth in the BRIC group is not homogeneous: While

China and India will grow much stronger than world GDP between 2013 and 2030, Russia and Brazil could fall behind.



Conclusion

Globalization is an extensive, litigious, multifaceted issue that affects people and culture around the world. The term "globalization" has acquired substantial poignant energy. It is key in to future world economic development. Like a coin, having head and tail there are some critics about globalization as it increases disproportion, threatens employment, thwart living standards and bring hostile in social progress. It is very complex to come to a consensus on the issue of globalization. The globalized society presents enormous opportunity for businesses. Intercultural marketplaces is consented to for different demographics, bigger market potential, a more varied customer support and a highly valuable human resource prospective to uphold an ethical maneuver.

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