



Impact of Globalization on World Economy

Surinder Kumar, Associate Professor

Deptt. of Commerce, Govt.College Shahpur, Kangra (HP)

Surinder.attri@gmail.com

ABSTRACT

The world economy has undergone many revolutionary changes during the first few decades. The most prominent change being the emergence of global market and international competition, marked as globalization

It refers to the development of extensive worldwide patterns of economic relationships between the nations. The increasing sophistication in technology, particularly in information technology, transport and communication, has apparently changed the world into a global village. Globalization is the process of integration of economic, cultural, political and social systems across geographical boundaries throughout the world. Before to talk about globalization the contemporary world is the contemporary world is increasingly sharing the ever increasing problems and challenges like the environmental degradation terrorism and certain biological problems, etc. Consequently, a need to think from global perspective in all spheres in life in general and from point of view of the business houses in particular has become the order of the day.

Keywords – Globalisation, World, Economy and Business

Introduction

Globalization is a dynamic and multidimensional phenomenon. Many authors have defined the term globalization from various angles. Some of them have defined globalization as a political globalization others have defined it as economic or social globalization. To make it more specific within the given contexts some of the economists has designated globalization as a policy or a package that revolve around implementation and simplification of procedures for quick approval of proposals for foreign direct investments (FDI) and the removal of erstwhile business barriers to commercial activities around the globe called international trade. On the other side globalization gas also referred to as aprocess through which poor nations will steadily approach to the income level of rich nations.

In simple words, it refers to the increasing integration of economies around the world, particularly through the trade and financial flows. The term has come into common usage since 1980s, reflecting technological advances that have made it easier and quicker to complete international transactions in trade and financial flows.

Impact of Globalization:

- **INTERNATIONAL COMPETITION:** The larger effect of globalization is seems on the level of competition. Before globalization the countries have to fight only the competitors available within the geographical boundaries of the nation, but after liberalization the industries have to fight the competitors available anywhere in the world.
- **DEMAND & SUPPLY OF GLOBALLY TRADABLE CURRENCIES:** Global trade is possible only with the help of foreign exchanges available within the country or the potential inflows. It has increased the demand of currencies in which international trade can be conducted such as dollar \$ and pond etc.
- **AVAILABILITY OF VARIETY OF PRODUCTS:** Globalization is supposed to increase the varieties of products and services available for consumers. The consumers will be benefitted a lot as they will receive a variety of products.

- **CULTURAL CLASHES:** Globalization leads to increased scope of cultural clashes. The cultural defines that there is diversity among different cultures with respect to taste, habits, preference etc. while globalization leads to make the whole world a global village characterized by global tastes, habits etc. hence the problems of cultural clashes among different communities of the world will increase.

- **INCREASED SCOPE OF OUT-SOURCING:** Globalization has increased the scope of outsourcing, although it is the outsourcing of goods or services. In the earlier regimes the outsourcing were restricted to a maximum extent via geographical constraints, visa, policy constraints and international regulatory constraints etc. but globalization seems to resolve all these problems and will lead to outsourcing to a larger extent.

- **REDUCTION IN TARIFF & NON-TARIFF BARRIERS:** The world trade is expected to reduce the largely imposed restrictions on free flow of goods and services across national boundaries of various countries in the form of tariff and non-tariff barriers. The global efforts are on their way to remove these types of trade restrictions and make globalization a real success.

- **INCREASE IN THE WORLD TRADE IN GOODS AND SERVICES:** The biggest impact of globalization is seemed to come up in the form of increase in world trade in goods and services. In the previous regime the global trade is restricted to maximum extent. Globalization may change the philosophy of world trade and instead of following a policy of closed economic systems the countries may participate in world affairs to increase the world trade further.

- **RESTRICTIONS ON REGIONAL GROUPING OF COUNTRIES:** There had been a culture of regional grouping of countries among different nations of world. For example the European countries have their own grouping; the Asian countries have their own groupings, in the same the South African countries have their own groups. Now in the era of globalization it seems that these grouping may decrease and the countries may participate in a global way.

- RESISTANCE TO CHANGE: Globalization has some psychological problems especially in Indian context. The people have become conditioned to particular system from the almost more than 50 years. Globalization needs huge structural changes in the economy which may not be acceptable to the people at large. People have axiomatic belief that it is something which is against their socio-economic interests. So there is a need to change the mindset of the people towards globalization.

References-

- www.wikipedia.com
- www.timesofindia.com
- International Business sharmapub.