

# How much is South Asia Globalized?

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## Abstract

However, the increasing interdependence among the nations and societies is providing better opportunity to grab the positive synergy of globalization, although the existing socio-cultural practices and traditional norms and values are threatened because of globalization. Therefore, this paper aims to analyze the globalization indicators and human development indicators in South Asia. The paper is primarily based on KOF Globalization index.

## 1.Introduction

Globalization refers to an increasing level of interdependence among the countries by a number of ways like free flow of goods and services, free movement of labor, different sectoral and political openness, military alliances, etc. Banerjee (2012) defines globalization as a phenomenon which increasingly integrates the global economy for creating greater wealth through economic interdependence and cooperation, increasing economic relations between the developing and developed economies. The 1990s has been the decade of globalization — defined as both external opening and an increased role of markets domestically. IMF and World Bank's compulsion to implement stabilization and structural adjustments programs (SAPs) helped to shift the countries towards more market-oriented, export-led development strategies which has globalized the developing countries. The Asian countries especially, South Asian countries had also adopted the IMF and World Bank's prescriptions to overcome the immediate economic problems without considering the future results.

Southern region of the Asian continent is taken as South Asia, comprising Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka. Four South Asian countries, namely Afghanistan, Bangladesh, Bhutan and Nepal are characterized as least developed countries. 'South Asia is home to well over one fifth of the world's population, making it most densely populated geographical region in the world. India is the largest economy in the region

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and makes up almost 82% of the South Asian economy'<sup>2</sup>. The South Asian region; despite having political instability, conflicts and weak governance and institutional mechanisms, shows the steady improvement in human development indicators. The study on impact of globalization in human development by Sapkota (2010) showed that having some divergence relations between globalization and income level, there is convergence relation among globalization, education levels, health facilities, access to ICTs and mass media. 'The UN's Human Development Report notes that there are still around 1 billion people surviving on less than \$1 per day—with 2.6 billion living on less than \$2 per day. The advocates of globalization argued that this is not because of too much globalization, but rather too little. It is the people of developing economies who have the greatest need for globalization, as it provides them with the opportunities that come with being part of the world economy.'<sup>3</sup> The scientific evaluation and analysis of globalization should include socio-economic variables like education, access to clean drinking water, health facilities, access to ICTs, political participation, transnational movement of people etc. into account.

The KOF globalization index is measured based on 3 broad indicators e.g. economic, social and political globalization including 28 sub-indicators. (*For further details: Appendix I*). The current KOF Index of Globalization (2014) reflects the economic, social and political dimensions of globalization in 2011 – a year dominated by the Arab Spring, the nuclear catastrophe in Fukushima and the Eurozone debt crisis. According to the index, globalization has stalled since the outbreak of the financial crisis in 2008. The degree of globalization has declined in northern and southern Africa and in the near and Middle East while the index has risen slightly in East Asia. In all other regions, globalization stagnated in 2011.

## **2. Conceptual Outlines of Globalization**

The globalization and human development are being the two parts of one coin due to rapidly increasing ICTs development, transnational movement of capital investment, increasing trade dependency among countries, easy access and quick flow of information and increasing migration of people. Therefore the term globalization is itself being the controversial word to

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<sup>2</sup> Source: [http://en.wikipedia.org/wiki/South\\_Asia](http://en.wikipedia.org/wiki/South_Asia)

<sup>3</sup> Source: <http://www.imf.org/external/np/exr/ib/2008/053008.htm>

define the human progress of the society. The different organizations and writers have their own criteria and limitations to define globalization in relation with human development.

Robertson (1992) traced the historical path of globalization to the present complex structure of global system through five phases: (i) the germinal phase (1400–1750) of dissolution of Christendom and emergence of nationalism in Europe; (ii) the incipient phase (1750–1875) of nation state and the initial phase of internationalism and universalism in Europe; (iii) the take-off phase (1875–1925) of conceptualization of the world as a single international society, global calendar, first world war, mass international migration and inclusion of non-Europeans in the international club of nation states; (iv) the struggle for hegemony phase (1925–1969) of cold war, the emergence of League of Nations and the UN, and the emergence of third world, and (v) the uncertainty phase (1969–1992) of space exploration, recognition of global environmental problem and global mass media, via space technology. This historical development of globalization explains that it is not new phenomenon rather it had been evolving since primitive time on different name of social transformation.

The KOF Index of Globalization developed by Dreher (2006) which is considered the most comprehensive indicator of globalization. The KOF Globalization index ranges from zero (0) to hundred (100) where hundred refers more globalized and zero refers least globalized. The KOF index can be summarized in the following three dimensions:



- economic globalization, characterized as the long-distance flow of goods, capital, and services as well as information and perceptions that accompany market exchanges;
- political globalization, characterized by a diffusion of government policies; and,
- social globalization, expressed as the spread of ideas, information, images, and people.

## 2.1 Literature Review on Globalization

The globalization has positive as well as negative impacts on human development of a society and it is developing as cross-cutting issues. Traditionally, the development or human advancement was conceptualized as a modernizing effort through which people in the developing countries or other parts of world could consume, think, and act like their counterparts in the western world so called modernized and developed. Now a day, globalization is also analyzed with reference to effect of climate change, global warming, political ethics and values, human rights etc.

Fatma(2012) furtherstressed that globalization helps to improve efficiency and reduce costs, generates competition in the world market, increases foreign investment in utilizing new technology and latest skills, and utilizes the human capital in best possible manner across boundaries;on the other hand, in this globalized world it is difficult to maintain and implement social welfare programs. It shows the increasing influence of international organizations to cut subsidies particularly for social welfare programs.

Okasha (2005) found the positive and negative results from globalization which likely creates both losers and winners in the society. Globalization has promised to grant the world instant communication, fast and efficient means of travel, a widened access to technology, cross-border cultural interaction and globalized approaches to environmental issues. However, it also entails deregulation of commerce and the creation of super national political and economic bodies. As a result, the gap is widening between societies.Similarly, Labonte(2011) defined, globalizationas “the constellation of processes by which nations, business and people are becoming more connected and interdependent across the globe through increased economic integration and communication exchange, cultural diffusions (especially of Western culture) and travel.” Similarly,

Chinkin (2000) noted that rapid and advance dissemination of information communication technologies (ICTs) is cited as an overwhelming positive aspect of contemporary globalization. Further Levin Institute (2011)argued that globalization stimulates economic growth through foreign investment, liberalization, and competition, both of which contribute to higher incomes, reduction of poverty, better health care and lead desirable change in the determinants of health.

The above literatures show globalization is defined not only through traditional way of economic indicators such as, the free flow of goods and services, open market, increase in foreign investment, non-tariffs barriers etc. but also through capabilities approach of human development such as access to health facilities, education facilities, cross-border migration, free flow of information, political participation etc. It shows how globalization generates threats in socio-cultural activities of the societies.

### 3.Globalization in South Asia

Report of the World Commission on Social Dimension of Globalization (2004) states the income gap between the world’s richest and poorest countries has gone from US\$ 212 and US\$ 11,417 in 1960–61 to US\$ 267 and US\$ 32,339. Unemployment is increasing, reaching 185 million job seekers in 2003, that is, and 6.2% of the total labor force. Youth in developing countries are hard hit, with an unemployment rate of more than 14%. It shows that the globalization has not distributed benefits equally to the countries even though it helped to increase the living standard of the people, to connect rest of the world and furthermore the number of poor people has certainly started diminishing since 1980s except very few African countries.

The KOF globalization index (2015) shows that Afghanistan, Bhutan and Maldives are least-globalized countries in South Asia whereas Sri Lanka, followed by Pakistan, India, Maldives and Bangladesh has the highest index value in South Asia. The following graph shows changing level of globalization in south Asian countries.

**Table No. 1**

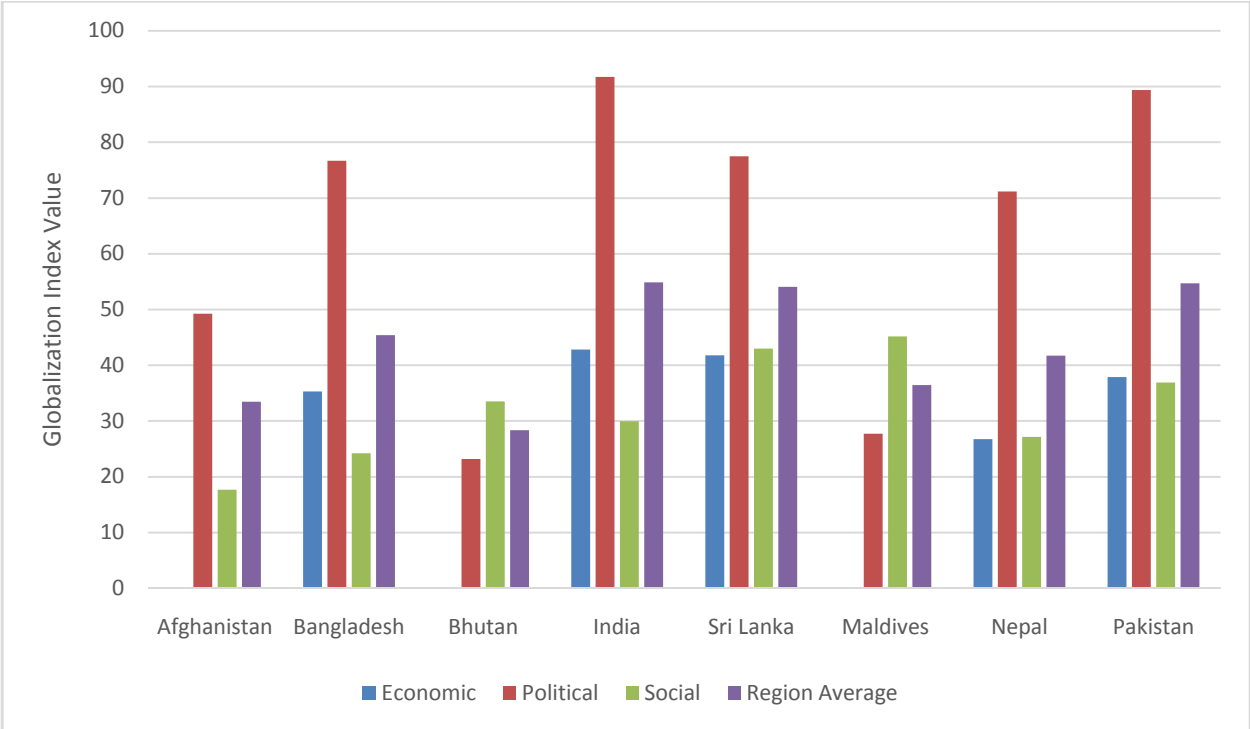
#### **KOF index of Globalization in South Asia**

<b>Country</b>	<b>1970</b>	<b>1975</b>	<b>1980</b>	<b>1985</b>	<b>1990</b>	<b>1995</b>	<b>2000</b>	<b>2005</b>	<b>2010</b>	<b>2012</b>
Afghanistan	15.42	17.10	18.02	18.09	18.74	19.19	19.84	26.55	29.08	30.62
Bangladesh	.	13.13	15.86	16.47	20.38	25.31	32.20	36.83	40.58	41.92
Bhutan	20.27	22.36	22.31	23.14	23.35	23.40	25.06	27.00	28.88	29.30
India	24.28	25.42	25.83	26.45	29.62	36.99	43.81	48.22	50.14	50.77
Sri Lanka	.	.	.	.	.	.	47.94	48.82	50.24	51.56
Maldives	25.47	25.28	26.76	27.01	27.65	29.61	33.90	36.46	38.86	38.07
Nepal	13.56	15.00	20.45	21.06	22.35	26.32	34.37	35.97	38.53	38.54
Pakistan	26.19	27.34	27.49	27.60	33.10	37.44	46.05	49.81	50.50	50.99
South Asia	20.87	20.8	22.39	22.83	25.03	28.32	35.4	38.71	40.85	41.47

Source: KOF Globalization Index, 2014

The table shows that there has been a progressive upward trend in globalization in the South Asia since 1970. The globalization is increasing in consistently till 1995. The higher rate of progress in globalization indicator can be observed during 1995 to 2000. After 2000, overall globalization trend in South Asia is increasing but at slower rate. The value of Maldives and Nepal is increasing very slowly whereas the value of other countries are increasing in greater proportion. The globalization indicator Maldives is slightly decreased from 2012 to 2012 whereas other countries in this region have increasing trend. In South Asia, Sri Lanka belongs to most globalized country with (51.56) and followed by Pakistan(50.99) and India(50.77). Similarly, Bhutan belongs to least globalized country with (29.30) and followed by Afghanistan (30.62) and Maldives (38.07).Nepal is also not globalized well which lies in the middle performer of South Asian region with 38.54. The globalization in South Asia is moving ahead though there is huge gap among economic, social and political indicators of globalization. The following graph explains the composition of globalization in South Asian countries with three major indicators in 2015.

**Graph No. 2**  
**Composition of Globalization in South Asia**



Source: KOF Globalization Index 2014

The graph exhibits the composition and contribution of economic, social and political indicators in the composite indicators of globalization. It clearly shows that KOF globalization index is very much influenced by political factor except Bhutan. The recent report exhibits that India (42.84) is most economically globalized in South Asia followed by Sri Lanka and Pakistan. Nepal (26.77) is least economically globalized followed by Bangladesh. The economic globalization index of Afghanistan and Bhutan is not available.

Further, in the political globalization index, India (91.74) is most globalized in South Asia, followed by Pakistan and Sri Lanka. Bhutan is the worst performer in political globalization followed by Maldives and Afghanistan. Similarly, Maldives (45.21) is the best performer in the social globalization, followed by Sri Lanka and Pakistan. Afghanistan is socially least globalized in the region, followed by Bangladesh and Nepal. The different level of globalization status in terms of economic, social and political exhibits the diversity in region. India is most globalized in political aspects (91.74) and economics aspects whereas India is fifth globalized on social globalization. Similarly, Maldives (45.21) is most socially globalized in South Asia whereas Afghanistan is poorly globalized (17.71). In the region, India is the most globalized country where as Bhutan is the least globalized country.

Sapkota (2010) explained the positive relationship with human development. The increasing trend of globalization, cross border migration of labor, rapid flow of information among the societies, foreign direct investment, increasing influences of multi-national organizations and companies are mainly contributing in the human development of South Asia. Especially, the migration of south Asian labor in rapidly industrializing countries such as Arab countries, South Korea and other East Asian countries, is contributing to increase the living standard of the people. But how much it would be sustainable for macro-economic stability and long term growth of south Asian countries and removing the regional disparities in the regions or with in the country?

#### **4. Conclusion**

The recent studies on the effect of opening up the economy or free market characterized by globalization shows the effect of globalization depends on how the country can utilize the positive bases of globalization and free market to modernize the economy so that each section of the society will be benefited equally. The simultaneous emphasis on globalization with the unsatisfactory performance of developing countries in lowering inequality and poverty levels,

has led to an intense debate over whether globalization, and the development strategies associated with it, are part of the problem, or part of the solution. According to Bhattacharya (2012), in the real picture of globalization as is well known it is the private corporations, national elites, and those able to access higher education have reaped benefits. But for hundreds of millions across the world, the actual effects of neo-liberal policies have been inequality, poverty, hunger, increased susceptibility to disease and sickness, and economic and political marginalization. Peasants, small-scale farmers and fishers, small and medium entrepreneurs, workers, and indigenous communities have faced deep and shattering livelihood crises as a result of free trade and investment, and the depredations of speculative capital. It shows that the data are showing positive trends on globalization and development in South Asia but the lower section of the society are not benefited from it. Globalization is possibly not boosting growth or reducing inequality and poverty rather it is contributing to expand the gap between rich and poor.

So it can be concluded that globalization has positive as well as negative synergies in human development of any country not only in South Asia but also in other countries which can be explained through the policies and absorptive capacity of a country. As globalization is becoming the multi-dimensional and cross-cutting issues, it is not easy to judge from one angle either it has positives or negatives impacts in particular country. It is sure that globalization creates wider space for government, civil societies, transnational organizations and individuals to perform their best to enlarge its benefits for the betterment of the society. To sum up, it is noteworthy to mention the United Nations Millennium Declaration that has spoken on globalization as “to ensure that globalization becomes a positive force for all world’s people.”

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## Appendix:i

### 2014 KOF Index of Globalization

#### Indices and Variables

#### Weights

<b>A. Economic Globalization</b>	<b>[36%]</b>
i) Actual Flows	(50%)
Trade (percent of GDP)	(21%)
Foreign Direct Investment, stocks (percent of GDP)	(27%)
Portfolio Investment (percent of GDP)	(24%)
Income Payments to Foreign Nationals (percent of GDP)	(27%)
ii) Restrictions	(50%)
Hidden Import Barriers	(24%)
Mean Tariff Rate	(28%)
Taxes on International Trade (percent of current revenue)	(26%)
Capital Account Restrictions	(22%)
<b>B. Social Globalization</b>	<b>[38%]</b>
i) Data on Personal Contact	(33%)
Telephone Traffic	(25%)
Transfers (percent of GDP)	(4%)
International Tourism	(26%)
Foreign Population (percent of total population)	(21%)
International letters (per capita)	(24%)
ii) Data on Information Flows	(35%)
Internet Users (per 1000 people)	(36%)
Television (per 1000 people)	(37%)
Trade in Newspapers (percent of GDP)	(27%)
iii) Data on Cultural Proximity	(32%)
Number of McDonald's Restaurants (per capita)	(45%)
Number of Ikea (per capita)	(45%)
Trade in books (percent of GDP)	(10%)
<b>C. Political Globalization</b>	<b>[26%]</b>
Embassies in Country	(25%)
Membership in International Organizations	(28%)
Participation in U.N. Security Council Missions	(22%)
International Treaties	(25%)

Globalization is the interaction and integration between different people, government and companies around the world. These days, it is growing rapidly owing to the advancement in transportation and communication technology. The growth in international trade and influence of different ideas and culture amid people, comes from globalization. Belgium is the most globalized country in the world, and has a score of 90.47. The Netherlands is quite close on the heels and stands second with a score of 90.24. Switzerland bagged the third position with a score of 89.7. Globalization impacts the environment, political systems, economic development, prosperity, and well-being of people. Current globalizing forces are compelling South Asian countries to establish a trade network and institute economic policies among themselves. South Asia is not one of the three main economic core areas of the world; however, it is emerging to compete in the world marketplace. Some would call India a part of the semiperiphery, which means it is not actually in the core or in the periphery but displays qualities of both. Understand how rapid population growth is a primary concern for the countries of South Asia. The Physical Geography. The landmass of South Asia was formed by the Indian Plate colliding with the Eurasian Plate. This action started about seventy million years ago and gave rise to the highest mountain ranges in the world. How do South Asian countries view each other? Why is Southeast Asia poorer than East Asia? Is there a reason? Kavitha Dhandapani, studied at College of Engineering Guindy, Tamil Nadu, India. Answered 4 years ago · Author has 156 answers and 970.3K answer views. South Asian countries are relatively poorer than many other countries despite having enormous natural resources. This is because of many reasons such as. Newly Independent States. There are more ways of measuring things like the HDI but as you want to know the details only in terms of per capita income I will concern myself with only that. Late independence: Compared to the entire better off economies the south Asian countries have achieved their sovereignty quite late which has a h. Continue Reading. The Asian countries especially, South Asian countries had. also adopted the IMF and World Bank's prescriptions to overcome the immediate economic. problems without considering the future results. Southern region of the Asian continent is taken as South Asia, comprising Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka. Four South Asian countries (42.84) is most economically globalized in South Asia followed by Sri Lanka and Pakistan. Nepal (26.77) is least economically globalized followed by Bangladesh. The economic. globalization index of Afghanistan and Bhutan is not available. Further, in the political globalization index, India (91.74) is most globalized in South Asia, followed by Pakistan and Sri Lanka.