

P: ISSN No. 2394-0344  
E: ISSN No. 2455-0817

RNI No. UPBIL/2016/67980

VOL.- X , ISSUE- II May - 2025  
Remarking An Analisation

# The Impact of Globalization on South Asian Economies

Paper Id : **20121** Submission Date : **2025-05-04** Acceptance Date : **2025-05-12** Publication Date : **2025-05-15**  
This is an open-access research paper/article distributed under the terms of the Creative Commons Attribution 4.0 International, which permits unrestricted use, distribution, and reproduction in any medium, provided the original author and source are credited.

**DOI:10.5281/zenodo.15448441**

For verification of this paper, please visit on <http://www.socialresearchfoundation.com/remarking.php#8>



**Naman Joshi**  
Research Scholar  
Political Science  
Kumaun University  
Nainital, Uttarakhand, India



**Gaurav Upadhyay**  
Research Scholar  
Political Science  
Kumaun University,  
Nainital  
Uttarakhand, India

## Abstract

One of the world's most diversified areas, South Asia is home to most of the world's most prominent political and economic systems. Many goods in South Asia were sold at greater prices prior to the onset of globalization. Globalization contributed to the dismantling of industry monopolies, which enhanced manufacturing sector innovation. E-commerce platforms have given businesses new ways to reach more customers both domestically and internationally. Globalization led to environmental degradation and increased the risk of price swings in South Asian economies. The fact that SAARC has not succeeded as an economic organization and that internal differences are still strong indicates a failure of globalization.

**Keywords** Globalization, South Asia, Regional Trade, Cross-border trade.

## Introduction

Globalization is defined as interconnectedness and interdependence of societies and economies across the globe. Globalization holds pace through trade, investment, and cross-border migration. Cross-border trade and trade among countries cannot define globalization completely. The process of globalization only becomes successful when integration happens in non-economic domains also, such as transfer of cultural values, knowledge systems, traditions, political processes, etc. But we cannot deny that economic integration is the most important pillar for globalization. South Asia is one of the most diverse regions of the globe where we can find most of the leading political and economic systems of the world. Globalization led to the end of the monopoly of industries, which resulted in improving innovation in the manufacturing sector. Globalization helped South Asian economies to build higher-value products for exports. The role of the internet and social media is also important to discuss, which reaches towards South Asia only because of globalization. There are also some challenges which come up with globalization and which negatively impacted the South Asian economies. The problem of environmental degradation, high competition, loss of jobs because of technology, etc., are some challenges. Globalization has also exposed South Asian economies to external shocks and volatility in global markets. So, in this paper, we will discuss both the positive and negative impacts of globalization in South Asian economies.

## Objective of study

Globalization is a complex phenomenon as it provides opportunities and challenges by influencing events, policies, and politics in developing and developed economies. The objective of this research paper is to find the impact of globalization on South Asian economies by analyzing challenges and opportunities.

**Review of  
Literature**

It is important to understand what globalization is for analyzing its impact on South Asian economies. David Held and Anthony McGrew (1999) define globalization as "the intensification of worldwide social relations which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa." For them, globalization helps in interconnectedness and interdependence of societies and economies across the globe. We can say that globalization is not just about simple connection in one or specific segment; instead, it is a connection built in various segments and various dimensions.

In this sense, Richard G. Robertson (1992) argued that globalization is the compression of the world and the intensification of consciousness of the world. These are the general definitions of globalization, but if we see globalization as a specific economic event, we find that the impact of globalization is more in the economic sector in comparison to political and social.

Paul Krugman (1995) argued that globalization is the tendency of the world's economies to become one giant market for goods and services and one source of capital. He emphasized more on International Trade, which is a building block for globalization. In the process of globalization, the economies of countries intersect with each other, and because of that, the impact on one country's economy can change the growth rate of another country, which is heavily dependent on that country for resources.

Kenichi Ohmae (1990) coined the term "borderless world" to describe globalization; he focused on the decline of national borders as barriers to economic activity. He highlighted the rise of multinational corporations (MNCs). Globalization holds pace through trade, investment, and cross-border migration. It is clear that globalization as a process is mostly dependent on the nature of economic integration among states, which helps them in other political and social interconnectedness. It should be noted that cross-border trade and trade among countries cannot define globalization completely. The process of globalization only becomes successful when integration happens in non-economic domains also, such as transfer of cultural values, knowledge systems, traditions, political processes, etc. Kalansuriya et al., (2020) held that by 2020, South Asia's increased integration into global supply chains was a result of the liberalization measures that had been started in the 1990s.

Environmental degradation is also a matter of concern which arises after the spreading of globalization in South Asia. Chishti et al., (2020) mentioned that South Asia's environmental deterioration is greatly exacerbated by globalization, which increases energy consumption and industrial activity.

Globalization strengthens regionalism in South Asia, as Khan et al., (2021) argued that through organisations like SAARC and BIMSTEC, globalization promoted inclusive regionalism in South Asia.

The positive impact of globalization was that it increased the trade opportunities in South Asia by enabling access to the global market. Sadiq et al., (2022) argued that South Asian economies are still being shaped by globalization because it has made trade integration and financial development possible.

Globalization comes with hominization, but at the same time, the impact of globalization on South Asian economies is uneven. Due to globalization, inequality increased in the South Asian countries, as Fikri Tahrir (2024) noticed that the effects of globalization on South Asia are uneven, frequently favoring the industrial and service sectors at the expense of agriculture.

Globalization also comes with the opportunity of loaning and debt for infrastructure projects in South Asia, where earlier most of the development work was state-sponsored. MN Khatib (2024) highlighted that financialization and debt-driven growth models have become more prevalent in South Asia because of the liberalization wave brought by globalization.

**Main Text****Nature of economies in South Asia.**

South Asia is one of the most diverse regions of the globe where we can find most of the leading political and economic systems of the world. There are 8 countries in South Asia - India, Pakistan, Bangladesh, Afghanistan, Nepal, Bhutan, Maldives, and Sri Lanka. There is a difference in the economies of these countries. The difference occurs not only because of political instabilities but geography also plays a great role. Except Nepal and Bhutan, all the other South Asian countries experienced colonialism, which is one of the causes behind their suffering from poverty. If we differentiate South Asian countries based on economic growth, then we find that India and Bangladesh are giant and growing economies, while Nepal and Bhutan, which are situated in mountainous regions, are smaller and developing economies. Maldives and Sri Lanka are island nations and much dependent on the tourism sector; their economy is fragile and not stable. While Pakistan, which has the potential to grow in the agricultural sector, is facing economic hardship because of political instabilities. Economically, Pakistan is one of the weakest countries, which is largely dependent on foreign Western and Chinese aid. Sri Lanka and Pakistan are two countries which are facing a huge economic crisis. While Sri Lanka, with the help of IMF aid, is recovering, because of political instability, Pakistan's economy is continuously degrading and reaching towards its historical low. India is the largest economy of the region. India has a booming IT sector, and its service sector is continuously growing. According to the World Bank, India is a lower-middle income country, but in the 21st century, India is one of the most stable economies in the region; in terms of nominal GDP, it is the world's 5th largest economy. However, India's poverty and low level of per capita income are internal restraints for the potential growth. Unlike other countries, India's GDP is diverse, not dependent on a particular segment or industry. India is one of the leading producers of agricultural commodities. In the petroleum refinery sector, India is making its position at the global level. India's pharma industries are well known for their exports. The tourism sector is also growing in India. But there are several problems in the Indian economy. Because of that, India is not achieving its desired goal.

Despite being the fifth largest economy, the quality of life, health, education, research, and development sectors are not reaching the desired standard. There is a huge income disparity because equality of opportunity remains procedural, not substantive. Bangladesh is one of the fastest-growing economies. Bangladesh's textile industry has a huge share in its GDP. Garment manufacturing and export-oriented focus help Bangladesh to boost its economy. However, religious extremism, internal disturbance, terrorism, corruption, political rivalries, militarization, etc., are restraining Bangladesh from becoming a healthy economy in terms of stability and inflation. Nepal, which is a landlocked country, is known for the Himalayas and is one of the friendly nations of India. Nepal's economy is dependent on tourism and agriculture. Nepal is classified as a lower-middle-income country by the World Bank. Because of its geographical features, Nepal is heavily dependent on India and other neighboring countries for resources. Nepal also has limited industries. A significant portion of Nepal's consumption is derived from exports. Bhutan is another hilly region where the political system is different from other neighboring countries. Monarchy prevails in Bhutan. Bhutan and Nepal both have high hydropower potential. India is the biggest importer of electricity for Bhutan. It is a lower-middle-income country defined by the World Bank. So, from the above discussion, we understand that most of the countries in South Asia are lower-middle-income countries. Some countries like India and Bangladesh are giants in the region, while others are growing and small. There is also a country like Pakistan which is facing huge problems because of the indirect military rule and influence of other non-state actors in decision-making.

**Findings**

**Findings:** Findings are presented in the form of opportunities and challenges.

**Opportunities provided by Globalization.**

Jagdish Bhagwati argued that "Freer trade, a key aspect of globalization, has lifted millions out of poverty in developing countries, particularly in South Asia. Increased exports and foreign investment create jobs and contribute to economic growth, improving living standards for many." Poverty is one of the common problems of all the South Asian

countries; there is very little difference in terms of quality of life in South Asian countries. Before the advent of globalization in South Asia, there were a lot of commodities which were sold at higher prices. Several fruits were in the exotic category for the common citizen. The medical facilities were not good. The price of medicine was also comparatively high. Globalization increased the competition among the industries; because of that, supply increases and prices fall, due to which product availability increases in the market, and people have more choice. The monopoly of industries ended which resulted in improving innovation in the manufacturing sector. All these things helped in decreasing poverty by providing choices and opportunities. Arvind Subramanian, who is the former Chief Economic Advisor for the Government of India, highlighted that "While globalization presents undeniable challenges, it also offers immense opportunities for South Asia. By embracing trade liberalization, attracting foreign investment, and fostering innovation, South Asian economies can achieve faster growth and develop a more competitive workforce. This, in turn, can lead to poverty reduction and improved living standards for a vast number of people." Before globalization, the Indian economy was a closed economy; there were several restrictions and trade barriers presented. The government was not only controlling industries but there were also some government-owned industries. Due to lack of competition and innovation, most of the government-owned industries were not profitable and were in debt. Due to globalization in South Asia, export-oriented industries increased. Most of the population in South Asia was poor in terms of wealth, so they compromised their needs. They bought only those products which were highly essential for them. Due to lack of income, the maximum amount of their income share was used in purchasing food-related items. These food-related items were only selective. So, there was a low demand for luxury items in South Asia. Globalization helped South Asian economies to build higher-value products for exports. For example, clothing brands like Zara, H&M, and Levi's set up their manufacturing plants in Bangladesh and other South Asian countries due to cheap labor and loose regulations; they gain high profits by selling. Their product in higher prices in western countries and posh areas of developing countries.

The World Bank estimates that Bangladesh's garment industry employs approximately 4 million people, or roughly double the population of New Mexico, and accounts for nearly 80% of the nation's total export earnings. According to figures from the World Bank, South Asia's merchandise exports grew from approximately 15% of its GDP in the early 1990s to over 25% in 2020. This indicates a notable increase in output focused on exports throughout the region. Additionally, as evidence of the growing importance of exports in the region's economy, World Bank data reveals that South Asia's exports of goods and services as a proportion of GDP climbed from 22.4% in 1990 to 48.2% in 2020. Because of globalization, trade barriers were reduced, which increased the accessibility of South Asian countries' products in the global market. International organizations such as the World Trade Organization and international or regional trade agreements helped in increasing export-oriented industries. During the 1980s, the process of liberalization was initiated in South Asia. In 1977, the United National Party (UNP) came to power under J. R. Jayewardene, who advocated economic liberalization. However, we witnessed complete LPG (Liberalization, Privatization, Globalization) reforms in the early 1990s. As an illustration, Prime Minister Nawaz Sharif oversaw the Pakistan Muslim League's implementation of important initiatives like trade liberalization, privatization, and reforms in the financial sector, which helped in boosting the banking system's efficiency and competition. Because of LPG reforms, FDI and FPI flow increased in South Asian economies. Reduced labor costs and market potential motivated large international businesses to invest in the region. Globalization also helped in sharing new technologies and innovations, because of that production in South Asian countries increases. The technology helped in bulk manufacturing. The role of the internet and social media is also important to discuss. The World Wide Web (www) reaches towards South Asian countries only because of globalization; there are many businesses in South Asia which are running on Instagram, Facebook, and WhatsApp. It not only boosts inter-state trade but because of the internet, foreign trade also increases.

E-commerce platforms have created new channels for companies to connect with more consumers, both locally and abroad. Statista estimated that the South Asian e-commerce sector is expected to grow at a quick rate and be valued at USD 350 billion by 2025.

According to a McKinsey Global Institute report, the internet could contribute to India's GDP by USD 1.7 trillion by 2025, in part due to increased business productivity.

According to a study by the ILO, having access to the internet can boost the chances of starting a business by 13% in developing countries. Hence, we can say that globalization helped South Asian countries to boost their exports, and it also opened the door to new knowledge, technology, and innovations. It also helps in poverty reduction, and it provides choices and opportunities for common citizens. There are also some challenges which come up with globalization and which negatively impacted the South Asian economies.

### **The Challenges**

There is also a critical perspective on the impact of globalization on South Asian economies. Economist Jayati Ghosh highlighted the negative impact of globalization on South Asian economies. She argued that "Globalization, with its emphasis on free trade and deregulation, has led to job losses in certain sectors of South Asian economies, particularly labor-intensive industries struggling to compete with cheaper imports. This can exacerbate unemployment and income inequality." There is a high population in South Asian countries, most of whom are unskilled and deployed in the agricultural sector. Globalization leads to technological development and sharing of innovations among the countries. Because of that high population, the South Asian region lost jobs; however, technological advancements improved the export facility, but unemployment also rose. Although globalization helped the Bangladeshi garment sector start off strong, it has also brought up several difficulties, such as increasing competitiveness. Bangladesh confronts rivalry as other emerging nations with cheaper labor rates, like Vietnam and Cambodia, join the global garment market. This competition could have an impact on job security and profit margins. Automation is another challenge. Some occupations in the apparel sector, especially those requiring repetitive labor, may be replaced by automation thanks to technological advancements. Concentrate on decreasing costs: International apparel companies who are always looking for ways to decrease costs might exert pressure on Bangladeshi garment factories to lower manufacturing costs, which means for cost cutting, they prioritize machines over labor.

According to data from the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), the rate of job creation has slowed down recently, even though the garment industry continues to be Bangladesh's largest employer, employing over 4.4 million people in 2021. Certain industry segments have reported manufacturing closures and layoffs, especially in smaller, less competitive factories. Globalization leads to competition, which resulted in high hopes for large profits because that many times corporates do not follow the ethical standards. Child labor, low wages, forced labor, job insecurities, women exploitation in the working area, etc., are some other challenges which increase with globalization.

Another scholar, Partha Dey (economist, Centre for Economic Studies and Planning), argued that "While globalization has brought some benefits like increased exports, it has also exposed South Asian economies to external shocks and volatility in global markets. This can lead to economic instability and hinder long-term planning for sustainable development." India is the largest producer of cotton, which produces 5.9 million tons of cotton per year. In a positive term, after globalization, India's cotton got a huge global market. But this is not an insider story. Crop is essential to the lives of millions of farmers in India, especially those who are tiny and marginal farmers. Globalization has made India's cotton industry more vulnerable to outside shocks and instability, nevertheless. Trade liberalization came up with the goal of cutting tariffs and subsidies; trade agreements have made Indian cotton growers more vulnerable to competition from nations with less expensive production costs and more government backing. This could result in a situation where domestic cotton prices are set by foreign pricing, which could hurt Indian farmers if world prices decline. The emergence of commodities markets with intricate financial instruments such as futures contracts has been enabled by globalization.

These can provide chances for hedging, but speculative trading can also make prices more volatile. The contract with big companies is more oriented towards profit-making.

The volatility not only impacts the Indian economy, but it also impacts the livelihood of farmers who are dependent on income generated through cotton production.

Price fluctuations are also a key problem. Indian farmers may suffer large financial losses when cotton prices decline globally because of things like rising production or a halt in

demand. This may result in mounting debt, trouble paying for necessities, and even civil unrest. All these problems lead to suicidal tendencies. Regrettably, there has been an increase in farmer suicides in India in recent years. In several cases, this has been linked to financial stress brought on by unstable cotton prices and debt loads. Environmental activist and scholar Vandana Shiva provides a new dimension of challenge. She argued that in some South Asian countries, the emphasis on export-oriented agriculture under globalization has led to environmental degradation, the depletion of natural resources, and the displacement of small farmers. Food security and rural livelihoods are long-term threats posed by this unsustainable model. Globalization not only made South Asian markets vulnerable, but it also increases disaster vulnerability. In the western developed countries, there are very strict rules and regulations for industry operation while following the environmental norms. So, MNCs invest a huge amount of money for following the environmental regulations, and this investment decreases their profit. Bangladesh's Sundarbans, a sizable mangrove forest ecosystem, are recognized as a UNESCO World Heritage Site due to its significant ecological value and rich biodiversity. The development of shrimp farming, however, has become noticeable as a danger to this fragile environment's natural balance.

### Conclusion

In the start, we discuss the meaning of globalization according to various scholars. We noticed that most scholars supported the fact that globalization led to a free-market economy and created a borderless world. Because of that, the nation experienced the loss of sovereignty. Globalization is mainly focused on trade liberalization, and because of economic relations between countries, relations in various other segments also develop and become stronger. We find that the economy is the main pillar of globalization. South Asia, which is also known as the Indian Subcontinent, is one of the highly densely populated areas. There is a different political structure, and these countries follow various economic strategies to boost their growth. Poverty is common in South Asia as a region.

Globalization led to poverty reduction by boosting export-oriented industry, and it also reduced poverty by providing choices and opportunities to citizens. The role of civil society and other non-state actors also increased because of globalization. In South Asia, the process of globalization initiated in the early 1980s but was successfully implemented in the 1990s with trade liberalization and market privatization.

Globalization helped the South Asian economy to experience its potential by providing necessary technology and innovation. While the amount of FDI and FPI not only depends on the economic condition of the country but also depends on the political structure. Foreign investors invest for the long term only in those regions which are politically stable. The political stability of South Asia is highly vulnerable because of corruption in the election process and indirect influence of autocrats and the military. Despite this political challenge and internal security crisis, countries like India and Bangladesh achieve significant growth and rise in their economy because of globalization. Critics criticized globalization for leading to environmental degradation in South Asia, which will impact South Asian economies in the long run. Globalization also led to increased competition. It is very challenging for small and marginal farmers (who are mostly in number) to survive in global market competition without government support and subsidies. Critics also argued that globalization led to unemployment because of machine-oriented industries where the demand for human labor is very low. So, we can say that globalization connected South Asian countries to a wider market. Globalization provides a bigger market for South Asian economies. It increases the say of South Asian economies in global trade negotiations. Despite economic growth, South Asia faces problems because of internal politics. Which resulted in human rights abuse and low motivation of investors to invest in the region. It is a failure of globalization that SAARC, as an economic organization, has not become successful, and internal differences remain high. Globalization does not change the relation between India and Pakistan. For both countries, political issues are prior to economic issues. Hence, globalization has both positive and negative impacts on South Asian economies.

### References

1. Baylis, J., Smith, S., & Owens, P. (2023). *The globalization of world politics: An introduction to international relations (9th ed.)*. Oxford University Press.
2. Bhagwati, J. (2018). *Globalization and South Asia*. In L. N. Rangarajan (Ed.), *The impact of globalization on South Asian economies* (pp. 3–22). Oxford University Press.

P: ISSN No. 2394-0344  
E: ISSN No. 2455-0817

RNI No. UPBIL/2016/67980

VOL.- X , ISSUE- II May - 2025  
**Remarking An Analisation**

3. Dey, P. (2010). *Globalization and inequality in South Asia*. Oxford University Press.
4. Ghosh, J. (2016). *Unlocking creativity: Non-linear dynamics for building a better future*. Orient Blackswan.
5. Ghosh, J. (2006). *Globalization and uneven development*. Harvard University Press.
6. Held, D., McGrew, A., & Perraton, J. (1999). *Global transformations: Politics, economics and culture*. Stanford University Press.
7. International Labour Organization. (2016). *World employment and social outlook 2016: Transforming jobs for a better future*. [https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms\\_443480.pdf](https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_443480.pdf)
8. Maqbool-ur-Rahman, M. (2015). The impact of economic globalization on economic growth in Bangladesh, India and Pakistan: A panel cointegration analysis. *Journal of Economic Structures*, 4(1), 1-17. [https://www.researchgate.net/publication/341264963\\_Globalization\\_and\\_Bangladesh\\_Economy\\_A\\_Critical\\_Assessment](https://www.researchgate.net/publication/341264963_Globalization_and_Bangladesh_Economy_A_Critical_Assessment)
9. Rangarajan, L. N. (Ed.). (2018). *The impact of globalization on South Asian economies*. Oxford University Press.
10. Rodrik, D. (2006). Globalization and unequal development: A tale of two worlds. *The Developing World*, 13(2), 1-22. <https://doi.org/10.1080/01436597200612002>
11. Shiva, V. (2002). *Water wars: Privatization, pollution, and profit*. South End Press.
12. World Bank. (2019). *How will changes in globalization impact growth in South Asia?* <https://elibrary.worldbank.org/doi/abs/10.1596/1813-9450-5079>
13. World Bank. (2020). *South Asia economic focus: The future of work*. <https://www.worldbank.org/en/region/sar/publication/south-asia-economic-focus-spring2023>
14. World Bank. (2023). *World development indicators*. <https://databank.worldbank.org/source/world-development-indicators>
15. Chishti, M. Z., Ullah, S., Ozturk, I., & Usman, A. (2020). Examining the asymmetric effects of globalization and tourism on pollution emissions in South Asia. *Environmental Science and Pollution Research*, 27, 39405-39415. <https://doi.org/10.1007/s11356-020-09057-9>
16. Kalansuriya, N. D. Y., Dissanayake, W., & Tharanga, B. B. (2020). *Corruption and world trade: Shaping competitiveness in South Asian region*. ResearchGate. <https://www.researchgate.net/publication/391494810>
17. Khan, M. R., & Akbar, A. (2021). Regional organization for economic cooperation: Role of SAARC and BIMSTEC. *The Journal of Regional Policy and Cooperation*. <https://juojs.sothik.com/index.php/tjrpc/article/view/280/216>
18. Khatib, M. N. (2024). Prevalence of eating disorders in South Asian countries: A systematic analysis of Global Burden of Disease. *Eating and Weight Disorders*. <https://link.springer.com/article/10.1007/s40519-025-01746-z>
19. Sadiq, M., Shabbir, M. S., & Yahya, G. (2022). The role of globalization in financial development, trade openness and sustainable environmental-economic growth: Evidence from selected South Asian economies. *International Journal of Finance & Economics*, 27(2), 1706-1725. <https://doi.org/10.1080/20430795.2020.1861865>
20. Tahrir, F. (2024). ASEAN's environmental consequences: Tourism, globalization, and FDI under the pollution haven hypothesis. *Discover Sustainability*. <https://link.springer.com/article/10.1007/s43621-025-01240-7>