CHAPTER- 2
REVIEW OF LITERATURE

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Globalization started millions of years ago through the channels but, the clear usage of the term was since 1940's. The clear use in literature on globalization started in the 1980's (Theodore Levitt, 1983). The studies are replete with several theoretical and empirical approaches to globalization. The earlier studies have built theoretical models of economic growth which incorporate some element of globalization in order to study its impact on the economy. These include Baba (1956), Kindleberger (1956), Das (1966), Hagen and Hawrylyshyn (1969), Williamson (1978), Cardoso and Faletto (1979), Stokes and Jaffee (1982), and Jaffee (1985). The subsequent studies such as Leamer (1988), Grossman and Helpman (1990), Rivera-Batiz and Romer (1991), Matsuyama (1992), and Edwards (1992) have examined these theoretical models for their empirical validity.

The present chapter is organized in a thematic literature review where Section I discusses the literature review on globalization and its dimensions. It in detail reviews the literature relating to globalization dimensions using the various trade openness, financial openness. Some studies are country-specific, some are country comparative studies. This section further is divided into a sub section where the research related to indices are organized. The literature related to the index of globalization are basically combining the various indicators of globalization to measure the degree of globalization in a country. Section II discusses the literature effect of globalization on economic growth using the channels of trade and capital flows. The linkages of both globalization and economic growth have been developed using growth theories. Another link is established between the globalization indices and economic growth as a sub-section in section II. Section III discusses the literature on globalization and socio-economic development. It is deep showing the globalization effect on the dimensions of socio-economic development. Section IV discusses the literature related to globalization in the Indian economy. Section V discusses the literature on anti-globalization. Although, the research in this area is not much established. It analyses the movements, reasons and consequences of de-globalization. In the end conclusion has been given based on how the present study has made an exclusive

contribution in the field of globalization and its impact by explaining the gap of literature and giving a crux to the literature reviewed.

2.1 STUDIES ON GLOBALIZATION AND ITS DIMENSIONS

Globalization has been embarked the way through migration of the homo sapiens in ancient times about millions of years ago. At first the trade was used as a dimension of globalization which started 3000 BC years ago. The trade theories were established by Adam Smith in 1776. But the empirical studies relating to trade are found in the context of the establishment of GATT (General Agreement on Tariff and Trade). Researchers have built a relationship between the openness of the economy and economic growth. The studies related to opening up of an economy have been established through the trade channels as a link towards economic growth. This channel of trade is considered to be an economic element of globalization (AT Kearney, 2000). Economists started relating trade and economic growth in the 1950's. Baba (1956), Kindleberger (1956), Das (1966), Hagen and Hawrylyshyn (1969), Williamson (1978), Cardoso and Faletto (1979), Stokes and Jaffee (1982), Jaffee (1985), have examined the export effect on economic growth. The endogenous growth theories assumed that technological progress is endogenous and empirically tested the openness effect on economic growth. Helpman (1988), Bradford and Chakwin (1993), Rodrik (1995), Frankel and Romer (1999), have done a similar study on trade effect on economic growth using Trade to GDP and GDP for economic growth. To substantiate that opening up would bring technological progress and thus, lead to economic growth. International trade is a crucial element in international trade and another set of early literature embraces the idea of using import to GDP to the present openness of the economy. Yanikkaya (2003) and Baldwin (2003) have done a similar study and found that the share of import to GDP increases economic growth.

Harrison (1996) has investigated the relationship between openness and economic growth using various measures of openness. Seven different openness measures were used for testing the correlation between openness and economic growth. The first measure TR1, an index of liberalization, which was calculated using exchange rate and commercial policies, the second measure TR2 of trade liberalization, which was derived using tariff and non-tariff barriers of countries, third measure is black-market rate, fourth measure is export and

import to GDP, fifth measure is movements toward international price, which is computed as current and constant national account price index, sixth measure is price distortion index, and the seventh indicator measure the indirect bias against agriculture from industrial sector protection. The regression result shows that TR 2, black market and price distortion are significant in increasing GDP, which is used to measure economic growth.

Aka (2006) has examined the effects of openness, globalization on economic growth in Cote d' Ivoire from 1960-2006 using VAR. Economic growth is computed as a natural log of GDP, openness is measured as share of import of goods and services in GDP and globalization is measured as the natural log of share of international trade in GDP. The study found that economic growth was negatively affected by globalization and positively affected by openness. The results were found to be applicable both in the short-run as well as the long-run for Cote d' Ivoire.

The earlier studies on openness and economic growth were based on economic indicators of globalization. The other set of studies embraces the idea of using indicators of financial globalization. Schindler (2009) has constructed a new financial integration index for 35 high income countries, 42 middle income countries and 14 low-income countries from 1995 to 2005. The financial integration has been in terms of purchase and sale of different financial assets by residents abroad and by non-residents locally.

Baltagi, Demetriades and Law (2009) have analyzed the effect of trade openness and financial openness in estimating the financial development using GMM estimators for 42 developing countries. The trade openness is measured by the ratio of trade to GDP measured on a per capita in real terms and financial openness is measured using the volume of countries foreign assets and liabilities as a percentage of GDP and gross private capital flow to GDP have been used. Stock market capitalization as a percentage of GDP and private credit to GDP is used for financial development. The findings reveal that openness in terms of trade and finance has a positive significant effect on financial development.

Hanh (2010) has investigated the causality between financial development, and openness of the financial sector and of trade for 29 developing countries of Asia from 1994-2008 using GMM estimator and Pedroni cointegration technique. The financial openness measure uses Lane and Milesi-Ferreti de facto measure FDI inflow to GDP. Financial

development has been measured with the ratio of liquid liabilities and credit issued to private enterprises are used to measure the financial development. Exports and imports to GDP measure have been used for trade openness. The empirical result from the causality shows that bi-directional causality between both financial development, financial openness and trade openness. The GMM results also show that the financial development and openness have a strong positive effect on trade openness.

Matadeen, Matadeen and Seetanah (2011) have scrutinized the relationship between trade liberalization and economic growth in the short run and long run for Mauritius using Vector Error Correction Model (VECM) and Granger causality for 1968 to 2010. The economic growth is measured using the real GDP and the openness is measured using the export and import to GDP ratio. The empirical results of VECM suggest that openness is an important engine of economic growth in the study period and a bi-directional causality is found in the long-run between openness and economic growth.

Pereira, et al. (2012) investigates the flow of inward and outward FDI and FDI to GDP ratio for 62 countries from 1970 to 1999 using GMM (General Measure of Moments). They ran Vogelsang SupWald tests for a series of inward, outward FDI and FDI to GDP ratio of 62 countries. They found that there is a structural break in the outward and inward series of FDI. It was found that the FDI and the FDI to GDP ratio after the structural break were higher. Most breaks were related to regional economic integration, economic growth and financial instability. They have used several indicators related to GDP, trade, investment, exchange rate, political status and proxies for financial development and global factors. It was found that countries with high exchange rate volatility discouraged FDI. However, regional agreements and trade openness were found to attract FDI. The economic integrations found most effective in attracting FDI were the European Union and NAFTA.

Boyrie and Johns (2013) have carried out the investigation between trade openness and economic growth using GMM for 18 Latin American countries from 1960 to 2008. The Trade openness of the countries were measured in terms of the trade agreement entered by them. Apart from trade openness measures other trade variables examined were human capital, life expectancy and physical capital. The countries were also examined for significance of government in maintaining law and democracy and thereby their impact on

trade openness. Economic growth is measured using per capita GDP. The results suggest that in the case of the Latin American countries the trade openness was not significant in affecting economic growth.

Jaumotte, Lall and Papageorgiou (2013) have examined the relation between trade, financial globalization and the rising income inequality in 51 countries from 1981 to 2003 using regression analysis. Income inequality is measure by Gini Coefficient, trade globalization is measured by de facto measure ratio of exports and imports to GDP and de jure measure 100-tariff rate, and financial globalization is measured by the ratio of cross-country assets and liabilities, cross-country FDI and portfolio ratios, and capital account convertibility. The empirical finding reveals that trade globalization reduces inequality and financial globalization plays a role in increasing income inequality.

Estrada, Park and Ramayanti (2015) have discussed the importance of financial development and openness for economic growth. For justifying the relationship financial depth, the indicators used are the ratios of total liquid liabilities, private credit by deposit money banks and stock market capitalization to the real economy. Lane and Milesi-Ferretti's total capital flow and Chinn and Ito's capital openness indicators were used to measure the openness. The regression shows a positive effect of financial development and openness on economic growth.

Mohanty (2017) has investigated the effect of economic globalization on total factor productivity in the developed, developing and least developed countries after the post liberalization period using GMM. GDP, and GFCF, has been used to measure the TFP. Trade to GDP, FDI to GDP and Internet users per 100 persons have been used for economic globalization. The study uses alternative proxies for control variables related to health, human capital, structural changes, and financial developments. There is a significant positive effect of all the variables used for globalization on economic growth.

Pradhan et al. (2017) have analyzed the relationship between openness in terms of trade, FDI, financial development and economic growth in 19 eurozone countries from 1988 to 2013. Financial development has been measured by the ease of credit availability to the private sector, the size of market capitalization, the extent of stock trading, and the stability of the turnover of trade in stocks. The trade openness has been measured by the depth of

import export and total trade in relation to GDP. The VECM (Vector Error Correction Model) and Granger causality have been used. The results show a significant positive relationship between trade and financial openness, financial development and economic growth. In the short-run, pairwise bi-directional causality is found for financial development, FDI and trade openness with growth, and between financial development and trade openness. However, uni-directional causality is found from economic growth to trade openness in the short run. In the long run, uni-directional causality is found running from trade openness, financial development, and growth to FDI.

Huchet, Mouel and Vijil (2018) have explored the relation of trade openness with economic growth using the GMM estimator for 169 countries from 1988 to 2014. GDP per capita is used to measure economic growth. The export ratio as a percentage of GDP has been used for trade openness. There exists a significant positive relationship between trade openness and economic growth.

Darku and Yeboah (2018) have examined the openness and growth relationship between high performing Asian economies and the rest of the developing world from 1960 to 2012. They have used a GMM estimator for the growth models. FDI, real domestic investment to GDP ratio, education, real GDP/population, population growth rate, FDI inflow to GDP, trade to GDP variables have been used in the growth models. They found that economic openness increased real per capita GDP in high performing Asian economies and sub-Saharan Africa but not in Latin America and Caribbean and South East Asia.

Shulgin, Zinkina and Andreev (2019) have analyzed countries' global connectivity on the basis of transnational flows. They have developed two approaches to measure globalization. The first approach is based on geographical, regional, historical and cultural closeness. The second approach is based on the intensity of countries' relations. The network model is created using trade in goods, trade in services, accumulated stock of bilateral FDI and accumulated stock of migrants. The K-Kore method has been used for the evaluation of countries' involvement in the global network. The connectivity rates range from 2 to 4 which showed the countries connectivity rates significantly increased.

Ramzan et al. (2019) have explored the importance of explaining trade openness on economic growth in 82 countries from 1980 to 2014. They measure trade openness using

trade to GDP, and imports and exports to GDP. GMM estimator has been used to explore the relationship between trade openness and GDP. Their findings suggest that trade liberalization had a favourable impact for developed countries while low-income countries were unfavourably impacted.

Some studies have differentiated between de-facto and de-jure indicators of economic and financial dimensions. De-facto indicators are outcome-based indicators which show the country's actual integration, while de-jure measures are related to the legal framework of the country which shows its willingness to be open by means of the regulatory environment. Grabner C. et al. (2020) have discussed the measures of economic openness for 216 countries over the time period from 1960 to 2019. It focuses on economic openness and financial openness. They further discussed the typology for openness by making a distinction between trade and financial openness having a de-facto and de-jure dimension. De-facto is based on outcome-based indicators which shows the country's actual integration and de-jure measure is based on a legal framework which shows the country's willingness to be open by the regulatory environment. De-facto openness to trade is a measure for Trade volume related to GDP approach. There are numbers of variants related to Trade/GDP: Exports/GDP and Imports/GDP, Trade/Population. GDP has been taken as a reference point. For de-jure tariff, finance, investment indicators have been measured based on different data sets available and updated by Lane and Milesi-Ferretti. Similar study, Figini and Santarelli (2006) have discussed the effect of globalization on openness, economic reforms and poverty. They have used (Exports + Imports)/ GDP, FDI/ GDP ratios, FDI/ capital formation, as a measure of openness and absolute poverty ratios taken from World Bank estimates. Arribas, Perez and Ausina (2009), have analyzed international economic integration and globalization. They have collected data from the CHELEM database for 59 countries from 1967 to 2004. Export+ Imports/GDP has been used as a degree of openness. Furthur, Agudze and Olarewaju (2021), have also analyzed the impact of trade openness on growth of the USA and China from 1985to 2020. Trade openness is measured using trade as a percentage of GDP and growth is analyzed using real per capita GDP.

2.1.1 Studies on Index of Globalization

Some studies found in the literature on globalization have constructed indices of globalization based on its multiple dimensions. Scholars have actively tried to develop globalization indices since the 2000s; the first index on globalization being that developed by a management consulting firm AT Kearney, in association with Carnegie Endowment for International Peace's 'Foreign Policy' magazine. It considered economic, technological, personal and political dimensions for 62 countries based on 14 variables. Simultaneously, the KOF (Konjunkturforschungsstelle of ETH Zurich, in Switzerland) globalization index to measure the extent of globalization of 122 countries was developed in 2002 by the Swiss Economic Institute based on the ideas visualized by Axel Dreher. It included 23 variables across economic, social and political dimensions of globalization. It was updated by Dreher (2006) and further revisited using 43 variables (Dreher et al. 2008).

Kluver and Fu (2004) calculated a cultural globalization index which was re-visited by Raab et al. (2008) to include social dimension. Randolph (2005) has developed the index of globalization by the World Market Research Centre measures, which capture the connectedness between national and foreign economies. The Centre for the Study of Globalization and Regionalisation (CSGR) constructed the CSGR index on globalization based on 16 variables measuring economic, social and political dimensions of globalization (Lockwood and Redoano, 2005) for 62 countries. The Maastricht globalization index was first developed by Martens and Zywietz (2006) which was revisited by Figge and Martens (2014) to include environmental dimensions. The index has seven broad sets of dimensions related to trade, finance, social factors, culture, global politics, organized violence, technology and environment. It is the only index which uses the environment as a dimension. Figge and Martens (2014) have revisited the Maastricht Globalisation Index for 117 countries from 2000 to 2012. Political, economic, social and cultural, technological and environmental dimensions have been used in the index. Embassies, international organization and military spending have been used in political dimension. Trade to GDP, FDI to GDP and net private capital flows to GDP have been used to measure economic dimension. Migrants as a share of population and tourism arrival and departure per 100 inhabitants were used as a social and cultural dimension. Cell phone subscriptions per 100

inhabitants and internet users as a share of population were used as technological dimension indicators. Ecological footprints of imports and exports as a share of biocapacity is used as an environmental dimension indicator.

Vujakovic (2010) introduced the New Globalization Index (NGI) by distinguishing globalization from regionalization. Regionalization included factors such as geographical distance between countries. Economic, political and social dimensions were used to measure globalization. Economic dimension was measured using a variety of indicators such as trade, stocks and flows of FDI and portfolio investments, income payments to foreign nationals, and cross-applications for trademarks by residents and non-residents. The social dimension was globalization was captured in terms of movement of students, tourists and migrants and a set of factors to represent international communication, print media and internet bandwidth. The political dimension was measured by agreements on environment protection, membership in international organizations, embassies in the country, and participation in UN peacemaking agreements. The index also includes some new variables such as trade mark application by non-residents, patent application by non-residents, environmental agreements, outbound student mobility, etc. These indexes differ in the number of countries, the indicators used, and the weightage scheme. One common finding in these indices is that the top-ranking countries are the European countries.

Bo and Pau (2008) have measured economic integration using a composite index in 17 Asia-Pacific regions from 1990 to 2005. They have used economic convergence, trade share, FDI flow share and international tourist share as four dimensions. Per capita GDP at constant prices, agricultural income, level of urbanization, life expectancy, and education expenses to GNI have been used to measure economic convergence. Nominal GDP, exports and imports of Asia-Pacific regions has been used for trade share. Gross capital formation and FDI flow has been used for FDI flow share. Inbound and outbound tourists' inflow and intra- Asia pacific inflow has taken international tourist share. The finding of the convergence index shows that Hong Kong and Singapore are the most integrated and China and Indonesia are the least integrated economies.

Ghemawat and Altman (2016) have developed an index on globalization measuring the deepening and widening of integration between countries. Trade, capital, information and

people as dimensions are used for constructing the globalization breadth index. Exports to GDP were used as an indicator for trade. FDI flows, stock market investments were used as an indicator for capital. Telephone calls are used for information and tourists, university students and migrants are used for people. Trade, capital, information and people are also used as a dimension for constructing depth indexes of globalization. Merchandise trade to GDP was used as an indicator for trade. FDI to GFCF, FDI to GDP, portfolio investment stock to market capital, and portfolio equity flow to market capital were used as an indicator for capital. Internet bandwidth, international telephone calls per capita and printed publications trade is used for information and tourists' departure and arrival per capita, university students' percentage of tertiary education enrollment and migrants as percentage of population were used for people. HongKong is the top ranked among the countries.

Carveth et al. (2019) have developed an index for economic openness for 157 countries in the world. Economic openness is measured using the environment for investment, enterprise conditions, governance indicators and market access dimensions. Market access and infrastructure is measured by import tariff rates, resources, transport and energy, border barriers, communication, and market distortion. Investment environment is measured by property rights, investors protection, financing ecosystem, restriction on international investment and contract enforcement. Enterprise condition is measured by creation of business environment, labour market flexibility, compliance requirement, and competitiveness in the domestic market. Governance is measured by rule of law, regularity, quality, executive constraints, governance integrity and political accountability.

Huh and Park (2019) have developed a composite index of globalization and an empirical analysis has been undertaken in order to identify the effects of globalization on growth and inequality for 158 economies from 2006 to 2014. The new globalization index has two sub components: Intraregional economic integration index and extra-regional economic integration index. The index uses variables ranging from trade and investment treaties, tax treaties, value chains, equity, debt and interest rates, connectivity in terms of logistics, flow of people, embassies, and social integration. The study makes a comparison of all these dimensions for intra as well as extra-regional exchange to gauge the concentration and complementarity of these indicators between integrating countries and outside of the

integration, and vis-à-vis integrating trade partners and all trading partners. The study compares trade costs for intra and extra-regional trading partners to gauge how integration as a composite measure of globalization has impacted domestic growth and development indicators, using regression analysis. Their findings suggest that both the indices have favourable impact on economic growth and development of countries which includes GDP per capital, education, health and equality indicators. It was, however, found that globalization worsened income inequality as measured by the GINI index.

2.2 STUDIES ON GLOBALIZATION AND ECONOMIC GROWTH

The role of globalization in economic growth has been a matter of research inquiry for many country-specific as well as cross-countries studies. It has been linked with economic growth through alternative channels, most commonly, trade and capital flows. Some studies have used globalization indices to examine their impact on economic growth. Accordingly, this section is divided into three sub-sections; one related to the channel of trade, another related to capital flows and the third sub-section related to studies on globalization indices and economic growth.

2.2.1 Studies on Economic Growth using Channels of Trade

The earlier studies related to trade and economic growth professed an outward-oriented approach and believed that export increases economic growth. Baba (1956) analyzed the impact of trade on the economic growth for Japan. He also examined how the share of Japan's trade in world trade has impacted the GDP of Japan. Kindleberger (1956) analyzed the effect of trade on economic development of European countries based on the index of industrial exports and imports. On the basis of the index, the study asserts that their terms of trade were unfavorable vis-à-vis the US and they therefore advocate that the terms of trade need to be made favorable to improve the stage of development. Das (1966) made an attempt to analyze if foreign trade induced economic growth in central Africa and found that the exports in the primary sector and mineral products have increased along with increase in the GDP. Hagen and Hawrylyshyn (1969) however, found low significance of exports and foreign capital inflows for economic growth in a regression analysis of 33 developing countries. Williamson (1978) analyzed the relationship between economic growth, exports, and foreign capital flows for Latin American countries. Calling it the two-

gap model, the study firstly relates the revenue from exports and foreign investment inflows as filling the gaps in the supply of imported goods and total volume of investment. These two in turn help in positively impacting GDP. They term it as the capital supply model.

Cardoso and Faletto (1979), Stokes and Jaffee (1982) and Jaffee (1985) growth models are based on export dependent economic growth and found that an increase in exports proportion of GNP had a positive significant effect on GNP. Similar results are found in Helpman (1988), Bradford and Chakwin (1993), Rodrik (1995), and Frankel and Romer (1999), who have examined the correlation between trade deepening of the GDP and economic growth as measured by GDP.

The theoretical growth models form the basis of how economic growth is determined in a country. The theoretical growth models have two main divisions: exogenous and endogenous growth models. The exogenous models were pioneered by Solow (1956). The exogenous models argue that technological advancement is the key element for long-run growth. The endogenous growth models were pioneered by Romer (1986). The empirical and theoretical work of endogenous models is distinct from the neoclassical models which were pioneered by the Solow-Swan model which outlines the steady rates of economic growth with a combination of three forces; labor, capital, and technology. Knowledge, human capital, and research and developments are the key determinants of endogenous growth models. The exogenous technological change-based growth model reveals that the growth is exogenous which is unaffected by the trade openness.

The series of endogenous growth models established a link between trade and economic growth. Balassa (1968) found a high integration between exports and economic growth using correlation for 11 countries with a developed industrial base, such as India, Chile, Brazil, Mexico, Taiwan, etc. The increase in GNP was found due to the deepening of exports to GNP. Krueger (1978) and Tyler (1981) assess the impact of export on GNP using time series and indicate that an increase in exports leads to an increase in growth. Bardhan and Kletzer (1984) have developed a linkage between the human capital model and international trade, where labour productivity increased because of learning by doing. Leamer (1988) built a theoretical model of openness to predict the volume of trade in

absence of trade protectionism. Edwards (1992) applied regression analysis to the model developed by Leamer (1988) which revealed a significant positive effect of trade deepening on economic growth.

Lucas (1988) constructed a theory of growth incorporating international trade, using select indicators of economic development. He considered three models namely, the first, model based on physical accumulation of capital and technological. The second model is based on human capital accumulation measured by enrollment in schools. The third model is based on human capital accumulation on account of learning by doing. These new growth theories postulate that increased openness has a positive impact on growth and productivity through rising imports of goods and services. The study emphasized that the trade agreements help in fostering the technological advancement and productivity of countries. Grossman and Helpman (1991) analyzed the growth models involving Research and Development (R&D) sectors and international trade. They identified the channels for openness in terms of international flow of goods and services, international transmission of ideas and movement of capital. These international transmissions were postulated to improve technologies which lead to increase in the productive capacities, and thereby, economic growth. Grossman and Helpman (1990), Rivera-Batiz and Romer (1991), and Matsuyama (1992) have examined models on production which developed a link between growth and foreign trade in terms of knowledge transfer and specialization. Quah and Rauch (1990) and Barro (1991) have used cross-sectional and time-series data of trade to GDP ratio for less developed countries, and pointed out that increasing degree of trade openness raised growth of the economies. Romer (1994) and Pack (1994) have used the endogenous growth 9 models developed by Romer (1986) and Lucus (1988) for analyzing the economic growth through international trade. Michael (1997) has analyzed the relationship between trade liberalization and economic growth for 41 countries relating the ratio of exports to GDP with economic growth as measured by GDP. Trade was found to enhance economic growth through specialization. Thus, it indicated a positive association between the rate of growth of GDP and the share of exports in the GDP. However, Matteis (2004) found a negative effect of trade to GDP effect on economic growth, using regression analysis.

Stoianov (2007) has analyzed the impact of financial and trade openness on the economic growth of nine eastern European countries. The GDP per capita and the growth rate of GDP per capita have been used to measure economic growth. trade to GDP, terms of trade of goods and services index have been used to measure the trade openness and the ratio of domestic credit to GDP, FDI to GDP, and net current transfers to GDP, have been used for financial openness. GMM estimator has been used to study the effect of openness on economic growth. The finding reveals that trade openness has a significant positive influence on the growth of the countries. However, financial integration is found to have a negative influence on the growth of countries.

Were (2015) has examined the effects of trade on economic growth and investment based on 85 cross-country data. He has used trade (exports and imports) and export to GDP and import to GDP separately for measuring trade openness. He has used FDI as a measure of trade effect on investment. GDP per capita has been used to measure economic growth and life expectancy, population growth, and inflation have been used as the control variables for regression models. The regression shows a positive significant effect of trade on economic growth and investment.

Makhmutova and Mustafin (2017) have discussed the impact of international trade on economic growth in the USA, Germany, Russia, and China from 2015 to 2016. They have used the rate of change in exports, and imports, and trade turnover of different countries for analyzing the impact. The investigation showed that Germany is in the first position and China and USA are in the second position and Russia is in the third position having a positive impact of international trade on economic growth.

Blavasciunaite, Garsviene, and Matuzeviciute (2020) have explored the trade balance effect on economic growth and trade deficit periods from 1998 to 2018 in 28 European Union (EU) countries. They have used the Ordinary Least Square (OLS) method for estimating the dependence between variables. Import to export ratios have been taken for trade balances effect on economic growth, GDP is used to measure growth. There is a statistically significant positive impact on economic growth.

2.2.2 Studies on Economic Growth using Channels of Capital Flows

Apart from the trade channel, the second channel by which the impact of globalization on economic growth can be examined, is the channel of capital flows. This is because economic growth depends on capital formation as is well established in the literature. The studies based on FDI can be traced to the 1960s, although, the linkages between FDI and economic growth can be found in studies from the 1970s. Papanek (1973) applied regression analysis to examine the association between foreign private investment and growth in 51 less developed countries and found positive association between the two. Countries with higher foreign private investment were those with relatively higher economic growth. Likewise, Chase-Dunn (1975) and Bornschier, Chase-Dunn and Rubinson (1978) have analyzed the effects of FDI on economic growth and income inequality for 91 countries. Variables such as GDP per capita, the ratio of FDI to domestically owned capital stock as a measure of capital ownership, and GINI index have been used. The results suggest that FDI led to short-run increase in economic growth but it was also found to increase income inequality.

Jackman (1982) has used GNP per capita, gross domestic investment to GDP and foreign investment to GDP for analyzing the relationship between foreign investment and economic growth, and found a positive relation for high-income countries and negative relation for medium-income countries. The findings of Firebaugh (1992) however, are at variance from those of Jackman (1982). The former found that developing countries with higher FDI had higher levels of economic growth. Other studies like London (1987), London and Smith (1988), London and Williams (1988), London and Robinson (1989), Boswell and Dixon (1990) and Wimberley (1990), Zeinelabdin (1998) and Dabour (2000) found positive results for FDI and economic growth.

Mclean and Shrestha (2002) have undertaken an empirical analysis to gauge the relationship between financial integration and growth of 20 developing countries and 20 emerging and developing countries in Asian, Latin American, and African continents from 1976 to 1995. For financial integration, exchange arrangements and exchange restrictions (EAER) has been used as a measure and real GDP per capita has been used for economic

growth. The regression analysis shows that the link between financial integration and economic growth is weak.

Hsiao and Shen (2003) have examined the relationship of economic growth and FDI inflow using panel data set for 23 developing countries covering the period from 1976 to 1997. They have also analyzed the factors that affect FDI inflow. Results suggested that FDI had and positive effect on GDP. Secondly, the study also regressed FDI on factors like corporate tax rate, openness index, corruption index, telephone main line as a percentage of urban population and illiteracy rate. It was found that countries having favorable values of these factors 11 attracted greater flow of FDI.

Klein and Olivei (2005) have examined the effect of financial openness on financial depth and economic growth from 1986 to 1995 in a cross-country comparison study. The ratio of liquid liability to GDP and the ratio of a claim by financial intermediaries to the private sector to GDP has been used for the measure of financial depth. Exchange arrangements and exchange restriction (EAER) have been used for capital account liberalization. Real per capita income has been used for economic growth. OLS estimation shows that capital account openness has a significant effect on financial depth and economic growth.

Karimi and Yusop (2009) have discussed the relationship between Foreign Direct Investment (FDI) and economic growth from 1970 to 2005 in Malaysia. They have collected the time series data from World Bank Development Indicator and used the Toda-Yamamoto test and bounds testing (ARDL) for causality. The findings reveal that there is no causality between FDI and economic growth in the long-run.

Antiquisa and Delunathe (2014) have investigated the effect of trade and financial openness on economic growth of the Philippines from 1980 to 2011. They have used vector autoregressive and Granger causality tests to examine the relationship between financial and trade openness effect on economic growth. Financial and trade openness have been measured using indicators such as FDI to GDP, external debts to GDP, trade to GDP. It is found that trade openness has a positive effect on economic growth but no significant impact of financial openness is found on GDP of the Philippine economy. Similar indicators were used by Moghaddam and Redzuan (2012), they have investigated the globalization indicators for measuring economic growth in the eight developing countries

from 1980 to 2010. FDI to GDP, imports, exports were being taken as an indicator for globalization, and GDP growth rate has been taken for economic growth. There is a significant positive impact of globalization indicator between economic growth in all countries.

Bhanumurty and Kumawat (2020) have examined the relationship between financial globalization and economic growth in eight South Asian countries which are members of SAARC from 1990 to 2015. GDP per capita is used for economic growth and trade to GDP, FDI to GDP, portfolio investments to GDP and income payment to foreign nationals to GDP have been used to measure financial globalization. They have used de facto indicators of financial globalization namely, domestic financial sector development, domestic fiscal strength, and level of social development are used as control variables. For domestic financial sector development, two indicators namely, credit to the private sector by banks, and the broad money multiplier. For domestic fiscal strength, fiscal balance to GDP is used. Finally, for social development, life expectancy at birth is used. The data for SAARC countries were used from the KOF index. The granger causality test has been used to examine the impact and it was found that the causation from the financial globalization to growth is weak.

2.2.3 Studies on Economic Growth using Index of Globalization

Apart from the studies centered around individual indicators of globalization, such as those through trade and capital flows, some studies have identified several dimensions of globalization which have been woven together into indices to capture their combined effect on economic growth. Dreher (2006) has used dimensions of economic, social and political integration to construct an index of globalization. He has used actual flows and restrictions as indicators for the dimension of economic integration. Actual flows refer to those of trade and capital both in terms of FDI and portfolio, incomes etc. Restrictions are represented by trade barriers, tariff rates, current and capital account non-convertibility, etc. Political dimension of globalization includes the typical indicators such as number of embassies, participation in international organizations, and participation in UNSC missions. The social dimension of globalization is indicated by data on personal contact, data on information flows and data on cultural proximity. The construct of personal contact includes indicators

like volume and cost of telephonic communication, remittances and tourism. Flow of information is captured by depth of telephone lines, internet hosts and users, cable television, newspaper dailies, radios etc. The proxy variables used for cultural proximity included the number of McDonald's restaurants (per capita). Using panel data for a period from 1970 to 2000 for 123 countries, the index of all these dimensions has been constructed and used to study the impact of globalization on economic growth using regression analysis. The empirical findings show that economic and social dimensions promoted economic growth more robustly, while political integration was found to have no effect. Similar results were found by Nuno (2012), Gurgul and Lach (2014) and Kihcarslan and Dumrul (2018). However, Kilic (2015), Berhane (2016), Olimpia and Stela (2017), and Reeshan and Hassan (2017) found that economic and political globalization positively affected economic growth, while social globalization was found to have negative impact. All studies have largely used similar indicators of the various dimensions of globalization.

Nuno (2012) has investigated the relationship between economic growth, trade, and globalization from 1995 to 2008 using. To investigate the relationship, the index of globalization, FDI and intra-industry trade proxies have been used. Economic growth is measured using GDP, the economic, social and political dimensions of the KOF globalization index have been used to measure globalization and the intra-industry trade index given by Grubel and Lloyd (1975) has been used to measure the trade. He concluded that globalization and intra industry trade promote economic growth using the Generalized Method of Moment (GMM) estimator.

Studies like Gurgul and Lach (2014), Kilic (2015), Berhane (2016), Reeshan and Hassan (2017), Olimpia and Stela (2017) and Kihcarslan and Dumrul (2018) have undertaken similar type of analysis based on the KOF index of globalization which includes three dimensions of globalization, namely, economic, political and social. Gurgul and Lach (2014) have undertaken the study for ten CEE economies from 1990 to 2009. They found a strong effect of social and economic dimensions of globalization on economic growth, but the political dimension was not statistically significant. Berhane (2016) carried out the study for Ethiopia from 1970 to 2014 using unrestricted vector autoregressive models. The time series estimation showed that globalization and economic growth move in the same

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direction. Reeshan and Hassan (2017) undertook the study for 86 developing countries for the year 2015 using multiple regression analysis. GDP and FDI were used to measure economic growth and the KOF index were used for globalization to examine the impact of globalization on economic growth. The result indicated that there existed a negative relation of political and social globalization with economic growth. A positive impact of economic globalization is found on economic growth. The study by Olimpia and Stela (2017) was in the context of Romania for the period 1990 to 2013. They found a positive impact of economic and political globalization but a negative impact of social globalization on economic growth. Kilic (2015) has investigated the effect of economic, social, and political globalization on the growth level of 74 developing countries from 1981 to 2011, using Granger causality test. The findings were the same as those of Olimpia and Stela (2017). Kihcarslan and Dumrul (2018) carried similar study for Turkey for the period 1980 to 2015. This study, however, distinguished between the sub-indicators as de-jure and de-facto. A full modified Ordinary Least Square has been used for the analysis. The economic and social dimension shows the positive impact of globalization on economic growth. Political globalization shows a negative effect on economic growth.

Samimi and Jenatabadi (2014) has investigated the effect of globalization on growth for 33 Organization of Islamic Cooperation (OIC) over the period 1980 to 2008. They also study the effect of economic globalization on human capital development and financial development, and income levels of the countries. Further, the effect of economic globalization on growth has been analyzed by dividing the 33 countries into three income categories namely, high-income (three) countries, middle income (21) countries and low-income (nine) countries. They have used the panel data economic model for investigation. Real per capita GDP in the log form is taken as the dependent variable and is calculated based on exchange rates based on purchasing power parity derived from the Penn World Table (PWT 7.0) and the impact of economic dimension of KOF index has been examined on the former. For investigating the relationship, the Generalized Method of Moments (GMM) has been used. There is a positive impact of economic globalization on growth which is found to be statistically significant at one percent level. The effect of economic globalization on other dimensions of the KOF, and on human capital and financial

development is found to be significant at one percent of significance. Further, economic globalization has a positive effect on high and middle-income level countries, and it is statistically significant at five percent level. However, the effect on low-income countries is found to be negative and statistically significant.

2.3 STUDIES ON GLOBALIZATION AND SOCIO-ECONOMIC DEVELOPMENT

The earlier studies related to socio-economic development were not directly related to globalization or its socio-economic dimensions. Studies since 1970s incorporated the inquiry into income inequality on account of FDI and trade channels of globalization. Studies like Bornschier, ChaseDunn, and Rubinson (1978), Evans and Timberlake (1980), Bornschier and Chase-Dunn (1985), Firebaugh (1992) and Dixon and Boswell (1996) have analyzed the effect of FDI on income inequality and growth. These studies have been carried out for Latin American countries, developing and less developed countries. They found an increase in income inequality based on the Gini coefficient compared for different years. Similarly, Krugman and Lawrence (1993), Wood (1994), Burtless (1995) and Cline (1997) have argued on widening income inequality on account of increasing imports and exports. These studies have been carried out for the US economy and developed and developing countries. Alderson and Neilson (2002) and Milanovic (2005) have examined the impact of globalization measured in terms of trade and capital flows, on income inequality. They found that increased globalization resulted in a favorable effect on inequality, that is, it was found to have reduced over time.

Alderson and Neilson (2002) have examined the role of globalization on inequality in 16 OECD countries. The Gini coefficient index has been used for inequality, import penetration to GDP, direct outflow to the labour force and migration has been used for globalization. The direct outflow to labour force, import penetration to GDP and migration has a positive effect on inequality that it increases inequality.

Milanovic (2005) has examined the effect of globalization on income distribution in developed and developing nations. Globalization openness has been measured using imports and exports to GDP and FDI to GDP ratios, M2 to GDP has been used as a measure for financial depth, and demography variables from polity IV database has been used for

income distribution. The GMM estimators reveal that there exists a negative effect of openness in poor countries and positive effects in rich countries, FDI has no effect on income distribution, and demography has a positive effect on income distribution.

Contractor and Mudambi (2008) have examined the impact of investment of human capital on exports of 25 countries from 1989 to 2003 using OLS regression. Commercial service exports and manufacturing exports have been used as a variable for exports of goods and services. Adult literacy rate, government spending on education, ICT expenditure, subscriber's international telecom minute outgoing traffic, International Country Risk Guide (ICRG) index for business environment and wages have been used for human capital investment. It is found that Human capital investment has a positive effect on exports.

Heshmati and Lee (2010) have investigated the relationship between globalization and income equality by developing an index on globalization and its impact on economic growth. The analysis is carried out using panel data approach for 61 developed and developing countries from the period 1995 to 2001. The index is composed of four dimensions namely, Economic Integration, Personal Contacts, Technology and Political Engagements to represent globalization which are the same as Kearney index. To assess the globalization effect on the economy of the country, economic growth variables are used such as, GDP at constant rate, GDP growth, GDP per capita and growth in GDP per capita are included. The effect of globalization on income equality has been estimated using regression analysis. Different Gini inequality measures are used for the matter of sensitivity: Wgini, Mgini, and Gini. Wgini represents population weighted gini inequality, Mgini represents mean Gini over time and Gini is the most recent year of inequality. The results of the analysis show a positive effect of globalization on economic growth. Further, globalization is found to have reduced income inequality.

Elmawazini et al. (2013) have investigated the impact of trade globalization and financial globalization on inequality in eight European and CIS countries from 1992 to 2007. The effect of trade and financial globalization has been analyzed with Least Square Dummy Variables and Parks method. Gini index has been used to measure inequality, economic globalization indicators of KOF globalization index has been used to measure trade globalization and FDI net inflow/ GDP has been used to measure financial globalization.

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The findings reveal that both trade and financial openness have widened the inequality in the countries.

Haq and Luqman (2014) have discussed the relationship between trade, economic growth and human capital accumulation. They have used neo-classical growth models and endogenous growth models. They have used panel data for nine Asian countries from 1972 to 2012. They have used the growth rate of GDP, physical capital stock, capital imported, trade to GDP, growth rate of population, and investment to GDP as key variables. Generalized Method of Moments (GMM) estimators have been used to analyze. The study provides evidence of trade fostering the accumulation of human capital and increasing the growth of the country.

Figueroa (2014) has analyzed the impact of globalization on human development from 1995 to 2009 on 17 Latin American countries. Human development index variables have been used for human capital and the economic, social and political globalization indicators of the KOF globalization index developed by Dreher (2006), have been used for measuring globalization. Economic globalization has a strong negative effect on human capital but social and political globalization has a strong significant effect on human capital.

Shabab and Islam (2018) have discussed the impact of globalization on economic growth and poverty reduction in Bangladesh since 1980 to 1990. They have used qualitative research and collected the data on secondary sources from government policy documents, legislative documents, and national surveys. GDP, population and per capita GDP have been used for poverty reduction effect due to globalization. Agriculture, Industry and service sector GDP growth rates have been used to know the economic growth in Bangladesh. They concluded that poverty has been reduced in Bangladesh in rural areas and globalization has increased economic growth.

Hassan, Bukhari and Arshed (2019) have analyzed the effect of competitiveness, governance and globalization on poverty in 73 developing countries from the year 2005 to 2016. Poverty gap has been used as a dependent variable. The independent variables include the indicators of governance index. Other independent variables include global competitive index, trade openness as percentage of GDP, and development expenditures measured in terms of total spending on health and education as a percentage of GDP. The

study uses correlation analysis and Granger causality tests to analyze the effect of independent variables on poverty. The findings reveal that openness, competitiveness and development expenditures had a significant effect in poverty alleviation. All other governance indicators were found to have a negative impact on poverty alleviation.

Ulucak, Danish and Li (2020) have established a linkage between globalization, income and human development from 1990 to 2015 in 30 Asian Countries. Human development index has been used as a dependent variable and economic globalization and GDP has been used as explanatory variable. Economic globalization has been measured using KOF globalization index. The empirical result by OLS between the variables shows that economic globalization does not increase HDI. Real income promotes human development in Asian countries.

Diaconu and Bayar (2020) have investigated the impact of globalization on socio-economic development in eleven European countries from 1993 to 2016 using causality test, Panel Corrected Standard Error (PCSE) estimator and pooled OLS regression. Human development index, economic globalization, political globalization index, and social globalization index indicators have been used using KOF globalization index to analyze the socio-economic development in European countries. There exists one-way causality between economic, political and cultural globalization on socio economic development. The economic and social globalization have positive impact on globalization but, there is negative impact of political globalization on socio economic development. Another study, Roy, Basu and Dong (2021) have analyzed the relationship of globalization on socioeconomic status for 146 countries from 2000 to 2017. KOF globalization index and Global Connectedness index indicators have been used to measure globalization. The socio-economic development has been measured using data on Sustainable Development Goals (SDG) namely, education, employment, energy, food, gender equality, health, networks, justice, political voice and water and sanitization. Data Envelopment Analysis is used to understand the globalization efficiency of socioeconomic development.

2.4 STUDIES ON GLOBALIZATION WITH REFERENCE TO INDIA

This section reviews the literature in the context of the Indian economy covering research areas such as dimensions of globalization, economic growth and socio-economic

development. Most of the studies related to globalization in the context of India are, however, sector specific studies. These include Brissimis, Delis and Papanikolaou (2008), Sufian and Habibullah (2012) and Ghosh (2016) which have examined the effect of globalization on the performance of the banking sector. While they differ in the indicators used, the common finding was that globalization had a significant effect on the performance of the banking sector. Gordon and Gupta (2004), Banga (2005), Verma (2008), Dehejia and Panagariya (2010), Gupta (2011), Mukherjee (2013), Goldar (2014), and Nyamekye and Gabriel (2016) have studied the impact of globalization in the service sector. A similar approach has been used by Ghosh (2013) and Pandian (2017) the studies have a similar conclusion that globalization has increased the productivity of the manufacturing sector over time. Some studies related to globalization of insurance sector in India include Jain (2013), Ahmed et al. (2013), Arif (2015), Shikhare (2015), Hassan (2015), Chandra Kantha et al. (2016), Lee and Lin (2016), Santimol and Shaiju (2018), and P.P. and Fulwari (2020), which have studied the effect FDI on insurance sector. The broad findings of the studies are that entry of foreign firms in the insurance sector had 16 expanded the size of the sector as also its efficiency. While it has encouraged entry of foreign insurance companies, the Life Insurance Corporation continues to be a dominant player in the sector. life insurance sector.

Nayar (2001) has examined the nature and extent of the Indian economy's external sector openness. Exports to GDP, imports to GDP, total international trade of goods and services to GDP, import duty as a percentage of import for the level of tariff have been used for the degree of protection; FDI to GDP, FDI net inflows, PFI net inflows, for state control on capital movements have been used for analyzing the extent of external sector openness from 1970 to 1998. Another Study, Habib and Shah (2003) have examined the nature and extent of India's trade openness from 1970 to 2000. Change in GDP at market price and change in import and exports has been used as an indicator for India's foreign trade performance and economic growth status, the ratio of GDP at market price to GFCF at current price has been used as an indicator of domestic capital for examining the efficiency level of investments, import penetration, import duties to tax revenue and export duties to total tax revenue has been used to analyze India's trade performance. The regression

analysis shows that there is a positive strong association between trade and economic growth. But there is no significant relation between openness and domestic capital.

Das and Das (2012) have examined the association between foreign investment and economic growth in India from 1991 to 2010 using Ramsey RESET Test. Time series data has been collected from the Department of Industrial Policy and Promotion (DIPP) for 20 years. The results of the analysis show that the FDI has a negative impact on India's economic growth.

Ray (2012) has examined the impact of globalization on India's economic growth in the long run. He has used GDP at constant rate for economic growth, import and export to GDP has been used for economic globalization, and sum of capital inflow and outflow has been used for financial globalization. For capital inflow sum of foreign aid, FDI and FII has been used for capital outflow debt servicing has been used. Expenditure on education including medical expenditure and health expenditure as a proxy is used for Human resource development. The OLS, Granger causality test and Johansen cointegration test has been used to analyze the impact of globalization on economic growth. It is found that openness and human resource development has a significant positive effect on economic growth and the financial globalization variables have a negative effect on GDP. The cointegration shows that the variables have a long-run relationship. The relation between globalization and economic growth is bi directional.

Ray (2012) has re-examined the causal relationship between financial integration and economic growth in India from 1990 to 2010. The real GDP is used as a proxy for economic growth and for financial integration the sum of capital inflow and capital outflow to GDP has been used. For capital inflow sum of official aid, FDI, and FPI in India have been used and for capital outflow debt to GDP has been used. Granger causality, and error correction models are being used to estimate the relationship between financial integration and economic growth. The finding reveals that there exists unidirectional causality between financial integration and economic growth. It indicates that economic growth accelerates financial integration in India but, financial integration does not have a significant impact on economic growth.

Dixit (2014) has examined the impact of trade openness, capital openness, and government on economic growth size using the ARDL approach in India from 1980 to 2010. Government expenditure is measured with tax and expenditure aspects. Tax is measured as total tax revenue, corporation tax, and taxes on income as a percentage of GDP. Expenditure is measured as total public expenditure, expenditure on social and community services to GDP, and welfare expenditure as a percentage of GDP. Economic growth is measured as real per capita GDP, trade openness and capital openness measure. The empirical findings reveal that there exists a negative relationship between trade openness, capital openness and economic growth. But, a positive relationship between economic growth and government size.

Sehrawat and Giri (2016) have explored the impact of globalization and financial development on economic growth in the Indian economy from 1982 to 2014. For measuring globalization, they have used the globalization index developed by Dreher (2006) and for financial development, six different proxy variables have been used namely, broad money to GDP, domestic credit to GDP, domestic credit to private sector to GDP, market capitalization to GDP, turnover ratio, and traded stock ratio. Economic growth is being represented by GDP. They have used autoregressive distributed (ARDL) bound tests and Granger causality test has been used to examine the impact of globalization, and financial development on economic growth. It is found that financial development and globalization contribute positively to economic growth.

Dixit (2017) has investigated the causality between economic openness, income inequality, and welfare spending in India from 1980 to 2013. Inequality in income is measured by the Gini coefficient and economic openness is measured by two indicators namely, trade openness and capital openness. Trade openness is measured by the sum of export and import of goods and services as a percentage of GDP and capital openness is measured by FDI as a percentage of GDP. Welfare spending is measured as spending on education, art and culture, medical, public health, sanitation, and water supply, labor and employment, and social security and welfare are converted into real per capita GDP. The causality relationship is tested using the granger causality. There exists uni-directional relation from

Income inequality to trade openness and capital openness. The causality relation shows that FDI inflows to India granger causes increased demand for welfare spending.

Sengupta and Puri (2018) have explored the relationship between capital openness in terms of FDI to GDP and economic growth in India and its four neighboring countries namely, Pakistan, Nepal, Bangladesh, and Sri Lanka from 1995 to 2005. The FDI and GDP have a direct causality on economic growth. For exploring the relationship between FDI and GDP Granger Causality test has been used. The trend of GDP growth percentage and FDI as a percentage of GDP showed Bangladesh has received the lowest FDI as compared to other nations. In Nepal, FDI has grown after 1990 liberalization but the economic growth of the country is not significant. In Sri Lanka, there has been a significant growth percentage since liberalization. In Pakistan, it received high investment early in 1996 but failed to attract high investment. The Granger causality test suggests that there exists a long-run unidirectional relation between GDP and FDI in India, Nepal, Sri Lanka, and Bangladesh but, there is no significant relationship between FDI and GDP in any direction in Pakistan. They concluded that there is an association between GDP and FDI in all countries except for Pakistan.

Verma and Srivastava (2018) have analyzed the relationship of globalization on economic growth from 1991 to 2016 in India. The dependent variable GDP per capita has been used for economic growth and inward FDI to GDP, exports to GDP, imports to GDP, tax on trade to revenue, KOF index have been used as an independent variable for globalization. The effect of globalization has been analyzed using the OLS model. It is found that FDI, exports, imports, taxes on trade, and some indicators of KOF index such as information flow, and number of trade agreements have a significant effect on economic growth but, cultural proximity and personal contact have a negative effect on economic growth in India.

Mallick, Mahalik and Padhan (2020) have examined the effect of globalization on income inequality in China and India from 1980 to 2013. To examine the effect inward FDI to GDP, Remittances to GDP, output distributed by sectors to GDP, infrastructure development, government size, and economic growth measures have been used on income inequality. Government consumption expenditure to GDP, GDP per capita, index for human capital per person, education and health spending as a percentage of GDP, Gini

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coefficient index, economic globalization indicators of KOF index, the urban population as a percentage of the total, infrastructure index, remittance to GDP, inward FDI to GDP, industry sector value-added to GDP and service sector value-added to GDP have been used. Bayer-Hanck combined co-integration method and ARDL co-integration method have been used to analyze the impact. The findings reveal that economic globalization, FDI inflow, and remittances have increased the income inequality in India and reduced income inequality in China, the changing sectoral contribution of both the service and industry sector has increased income inequality in China and reduced it in India, infrastructure development has increased the income inequality in India and China, human capital formation, economic growth, urbanization and government size have reduced income inequality in both the economies.

2.5 STUDIES ON ANTI-GLOBALIZATION

Globalization is losing steam in the international markets and Anti-globalization has become a controversy among several countries around the world. After decades of increasing globalization in trade, capital, and movement of people the trend turned towards anti-globalization. However, it remains an area not researched adequately. The present section discusses select literature on the subject to bring the proposed research in perspective.

Hillebrand (2010) has analyzed de-globalization which led to reduction in trade, capital flow and migration in the context of the developed countries. This may have led to positive effects on the economy, citizens and businesses in US and other OECD countries but also to ill effects on non-OECD countries as it reduced the economic growth and income and increased poverty. De-globalization has increased inter-state war. He concluded that if globalization receded then it would reduce income, increase poverty, lead to political instability, and so on. He opines that it is better to restructure globalization than move toward de-globalization.

Liemt (2014) discussed that developed countries needed fair trade instead of free trade for the promotion of exports, fair labor standards, environment, and human rights. He asserts that increased openness is bound to increase trade and exposure. He further opines that anti-globalizers need sustainable long-term growth and development rather than a protest.

Now many countries are focusing on the need for labour, environment, and human rights. He also emphasized on more effective international organizations for dispute settlement.

Rahim et al. (2014) discusses the impact of globalization on poverty. The major challenge to any economy is to eradicate poverty. Poverty is the cause of high rates of child mortality and death. Globalization has certainly helped through technological transfers, trade liberalization, information, and capital movements. But whether it removes or increases poverty is a matter of dispute. He concluded that globalization should be managed so that it could fairly benefit all nations. Countries are implementing minimum wage policies to promote unskilled labour, encouraging exports and inflow of foreign investments which reduces poverty.

Postelnicu et al. (2015) discussed de-globalization which is a contrast of globalization negatively affecting the world. They further analyzed exports and imports, expats' money remittances, outflow and inflow of FII and FDI, changes in technological transfer, tariff and non-tariff barriers, restrictions by the state on the free movement of labour, etc. They are of the view that de-globalization does not imply going back to a state of autarky but rather they mean it as an effort made for reconstruction of the economy so as to correct unfair trade, without withdrawal from international treaties.

James (2017) in his paper compares globalization and de-globalization on the basis of three dimensions, namely, trade protection, capital flow restrictions, and immigration flow of people between countries. He finds that economies are going towards a new wave of globalization i.e., backlash or de-globalization with nationalism and national priorities. He termed it as globalization 2.0. He cites the imposition of trade tariffs as the beginning of de-globalization initiated by the US. Likewise, migration creates a threat of job losses, reduction in incomes, cultural differences and conflicts, and welfare costs which is the major concern of the UK and a reason for its exit from the European Union.

Zhu et al. (2018) have examined the US-China trade war and its implications for other countries as well. The researcher also showed the trend of trade between the US and China which resulted in a trade surplus in China. After entering into the trade war China's GDP has slowed down. This is, however, also impacting the other developing nations' global trade development. The study concluded that the trade war was a threat to globalization

and suggested increasing bilateral negotiations, improving the mechanism of the WTO trade dispute settlement, and increasing product innovations.

PP and Fulwari (2020) have investigated the de-globalization movements and inquired into the reasons for the anti-globalization stance. They have identified Brexit, the trade war between US and China, the US-Mexico dispute in North America Free Trade Agreement (NAFTA), the US threat to withdraw from World Trade Organization (WTO), India-Malaysia palm oil rift, Iran raising crude oil prices, US trade war with Russia as movements for backlash against globalization in the world economies. Further, they discussed about the reasons which lead to the de-globalization stance viz., loss of jobs, raising income inequalities, increase in population due to immigration, financial crises and market failures, raising trade deficits, geo-political issues, increasing cyber threats, climate change, and epidemics. The study recommended that with increase in adverse geo-political issues countries have to re-design, re-modify and re-adjust their national and international global objectives. Another study, Herrero (2018) examines the change from increasing globalization to de-globalization. Globalization has decreased the trade, capital flows and people flows due to the US-China trade war which increased the tariff and other protectionism, and the role of WTO also became dysfunctional during the US President Donald Trump rule.

Irwin (2020) discusses the covid-19 situation which increased de-globalization. He has analyzed the Trade to GDP ratio and found that the trend in economic globalization has reduced in the pandemic year and led the countries to move toward protectionism and trade war. The countries in order to protect their economies are moving toward policies to boost their own economy such as China's Made in China by 2025, and America First of the USA.

2.6 CONCLUSION

This Chapter undertakes a review of the extensive studies with reference to the objectives of the thesis. Each section includes studies that are organized in a manner that shows the impact of globalization. The reviews done are based on the establishment of linkages between dimensions of globalization, economic growth, and socio-economic development. It is evident from the review of literature that the majority of the studies form part of country-comparisons, dividing them into developed, developing and under-developed.

Several other studies have been undertaken for Latin American countries, European countries, African countries and select Asian countries, and a few are done for OECD countries.

While 30 years have gone by since India embarked on the path of globalization, the inquiry into its nature and direction at a macro economy level are not found for such a long period of time. Also, no study is found that relates such long period findings with their impact of growth and development of the Indian economy. Most literature found in the context of India relating to globalization is on some specific sector, region or aspect of globalization. Few studies examine globalization in its entirety or establish linkages between its multiple dimensions using econometric analysis. Some indicators of globalization and socio-economic indicators are missing in studies in the context of India. For instance, in examining economic globalization no study has used indicators such as import penetration, share of India in world trade, customs duty collection to imports. Financial globalization indicators such as sectoral FDI changes and FDI as a ratio to gross domestic capital formation are also found missing in the context of India. Many indicators of social and political globalization are also found to be missing in India related studies. Further, there is no study found that undertakes a text network analysis of the literature on globalization to identify the prominent global connections of anti-globalization and geopolitics. The present study has attempted to fill this gap and aims to contribute to the literature by encompassing these aspects.