

ABSTRACT

Globalization can be referred to as a dynamic process that links the economy of a nation with world economy through economic and non economic forces. This study confines to the economic forces of globalization. The economic aspects stressed in globalization are trade, investment, trade liberalization, capital flow and technology transfer, globalization is not a new process its is lost in antiquity. The first phase of globalization was spear headed by the nation state. At the end of world war 11 globalization phase was propelled mainly by the emergence of multinational corporations. Next phase of globalization is the current phase of globalization the main feature in the phase is revolutionary changes in information technology with that rapid revolution has turbo charged several ways that help to more integration established in the global.

Trade liberalization or the removal of tariff and non-tariff barrier is one of the major forces, that helps to driving economic integration of nations. The world trade organization has attempted to promote globalization through the policy implementation of trade liberalization.

When Sri Lanka obtained political independence in 1948 in terms of per capita income Sri Lanka was far a head of the Asian other countries however, policies adopted by successive government after the independence resulted, in its the economy of the country being gradually pushed back to slow growth. Sri Lanka is predominately rural

Approximately 72% live in rural area. Since agriculture remains the main stay of economic activity in rural Sri Lanka, It has considerable influence on the life style of the rural households. Agriculture contributes 11% to GPP 22% export earning and 42% to total employment. Successive governments attempted to develop the peasant agricultural sector but still not reached to the expected level.

The results conclude that certain sectors like health, household conditions, communications are increased with time, being compared to the indicators of development which mainly influenced by globalization scenario, while certain important factors are not increased or positively affected as per the average indicators of the country. Further, it could conjecture that the villages of the study area are not much benefited, in their economic activities with the globalization context as consumption expenditures of food, income levels are not improved and many of the people are indulged in poverty. The poverty line as well as HCI is poor compared to the national and provincial levels. The expenditure on food is only 8%, which directly reveals that the people are poor compared to many. Poor transport facilities, less white collar jobs, less educational opportunities, poor accessibilities to the new technologies, imply the less development activities of the area which deviates the people from well being and better living standards. Finally, the results reveal the general concept of releasing the flow of knowledge and skills gain through the context globalization towards the rural economy of the country with better policy implications. Proper institutional set ups are needed with the optimum utilization of the prevailing institutional bodies.