GLOBAL ECONOMIC CRISIS: A STUDY OF INDIAN ECONOMY

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ABSTRACT

No country in today’s globalized world can be fully insulated from what happens in the global economy and India is no exception to the rule. As the country is increasingly integrated into the world, it cannot remain impervious to developments abroad. The unfolding of the US-economy crisis, euro zone crisis and uncertainty surrounding the global economy have affected the Indian economy causing drop in growth, higher Current Account Deficit (CAD) and declining capital inflows. The study covers reasons for financial crisis and its effect on Indian economy. It is found that during the recession period 2008-09, our country’s components of GDP Growth Rates, Balance of Payments Indicators, Foreign Exchange Reserves, Foreign Portfolio Investment are adversely affected. Therefore, there is a need to attract and improve the Foreign Portfolio Investment and discourage the unproductive imports.

KEYWORDS: BOP, CAD, GDP, NNP