

Vol 3 Issue 2 Nov 2013

Impact Factor : 1.6772 (UIF)

ISSN No : 2249-894X

*Monthly Multidisciplinary
Research Journal*

*Review Of
Research Journal*

Chief Editors

Ashok Yakkaldevi
A R Burla College, India

Flávio de São Pedro Filho
Federal University of Rondonia, Brazil

Ecaterina Patrascu
Spiru Haret University, Bucharest

Kamani Perera
Regional Centre For Strategic Studies,
Sri Lanka

Welcome to Review Of Research

RNI MAHMUL/2011/38595

ISSN No.2249-894X

Review Of Research Journal is a multidisciplinary research journal, published monthly in English, Hindi & Marathi Language. All research papers submitted to the journal will be double - blind peer reviewed referred by members of the editorial Board readers will include investigator in universities, research institutes government and industry with research interest in the general subjects.

Advisory Board

Flávio de São Pedro Filho Federal University of Rondonia, Brazil	Horia Patrascu Spiru Haret University, Bucharest, Romania	Mabel Miao Center for China and Globalization, China
Kamani Perera Regional Centre For Strategic Studies, Sri Lanka	Delia Serbescu Spiru Haret University, Bucharest, Romania	Ruth Wolf University Walla, Israel
Ecaterina Patrascu Spiru Haret University, Bucharest	Xiaohua Yang University of San Francisco, San Francisco	Jie Hao University of Sydney, Australia
Fabricio Moraes de Almeida Federal University of Rondonia, Brazil	Karina Xavier Massachusetts Institute of Technology (MIT), USA	Pei-Shan Kao Andrea University of Essex, United Kingdom
Catalina Neculai University of Coventry, UK	May Hongmei Gao Kennesaw State University, USA	Loredana Bosca Spiru Haret University, Romania
Anna Maria Constantinovici AL. I. Cuza University, Romania	Marc Fetscherin Rollins College, USA	Ilie Pinte Spiru Haret University, Romania
Romona Mihaila Spiru Haret University, Romania	Liu Chen Beijing Foreign Studies University, China	
Mahdi Moharrampour Islamic Azad University buinzahra Branch, Qazvin, Iran	Nimita Khanna Director, Isara Institute of Management, New Delhi	Govind P. Shinde Bharati Vidyapeeth School of Distance Education Center, Navi Mumbai
Titus Pop PhD, Partium Christian University, Oradea, Romania	Salve R. N. Department of Sociology, Shivaji University, Kolhapur	Sonal Singh Vikram University, Ujjain
J. K. VIJAYAKUMAR King Abdullah University of Science & Technology, Saudi Arabia.	P. Malyadri Government Degree College, Tandur, A.P.	Jayashree Patil-Dake MBA Department of Badruka College Commerce and Arts Post Graduate Centre (BCCAPGC), Kachiguda, Hyderabad
George - Calin SERITAN Postdoctoral Researcher Faculty of Philosophy and Socio-Political Sciences Al. I. Cuza University, Iasi	S. D. Sindkhedkar PSGVP Mandal's Arts, Science and Commerce College, Shahada [M.S.]	Maj. Dr. S. Bakhtiar Choudhary Director, Hyderabad AP India.
REZA KAFIPOUR Shiraz University of Medical Sciences Shiraz, Iran	Anurag Misra DBS College, Kanpur	AR. SARAVANAKUMARALAGAPPA UNIVERSITY, KARAIKUDI, TN
Rajendra Shendge Director, B.C.U.D. Solapur University, Solapur	C. D. Balaji Panimalar Engineering College, Chennai	V.MAHALAKSHMI Dean, Panimalar Engineering College
	Bhavana vivek patole PhD, Elphinstone college mumbai-32	S.KANNAN Ph.D , Annamalai University
	Awadhesh Kumar Shirotriya Secretary, Play India Play (Trust), Meerut (U.P.)	Kanwar Dinesh Singh Dept.English, Government Postgraduate College , solan

More.....

Address:-Ashok Yakkaldevi 258/34, Raviwar Peth, Solapur - 413 005 Maharashtra, India
Cell : 9595 359 435, Ph No: 02172372010 Email: ayisrj@yahoo.in Website: www.isrj.net



GLOBAL RECESSION AND ITS IMPACT OF INDIAN ECONOMY

P.H. KADAM

Head & Assit.Prof, Dept. of Economics., Mudhoji College, Phaltan.(Satara)

Abstract:

The world economy is experiencing recession which long enough. The crisis is more or less unique because it has affected advanced and emerging economies. The India's current account deficit showed that India's balance of payment unfevourable. India's BoP was under stress during 2011-12 and 2012-13 as the trade and CAD widened. India's share in world merchandise export declined marginally to 1.6% in 2012 which was 1.7% in 2011. Accordingly in this global recession scenario Indian economy has been affected by global economic environment. Impact on Indian economy showed, declining its foreign trade, did not maintain inflation rate, where fiscal deficit seen over control.

KEY WORDS:

Global Recession, Indian Economy, global economic environment.

INTRODUCTION

The world economy is experiencing recession which long enough. The crisis is more or less unique because it has affected advanced and emerging economies. Recessions are the result of the reduction demand of production in global market. The recession began in US economy in 2008 and quickly spread over world. It is still up to current financial year and not to be improving further. The International Monetary Fund (IMF) in its January 2013 world Economic Outlook update, reduced global growth forecast for the year 2012 to 3.2 per cent from its October 2012 estimate of 3.3 per cent. Advanced economies are expected to grow 1.4 per cent in 2013, while emerging and developing economies are projected to grow at 5.5 per cent in 2013 (Economic Survey (2012 -13)

The Euro economy slipped back into recession in Q3 of 2012 as the GDP shrunk by 0.1 per cent following a contraction of 0.2 per cent in the previous quarter. Slipover from advanced economies and domestic constraints has affected economic activity in emerging and developing economies as well. The India's current account deficit showed that India's balance of payment unfevourable. India's BoP was under stress during 2011-12 as the trade and CAD widened. Though capital inflows increased but it fell short of fully financing CAD resulting in drawdown of foreign exchange reserves.

OBJECTIVES OF THE PAPER

- 1.To identify global recession
- 2.To focus Indian economic crisis 2013.

STATEMENT OF THE PROBLEM

India has implemented LPG policy since 1991 and surviving through foreign investment. Two

GLOBAL RECESSION AND ITS IMPACT OF INDIAN ECONOMY

way external transactions (i.e., gross current account plus gross capital account flows) have risen from 30.6 per cent of GDP in 1991 to about 108 per cent in 2011-12. The combined share of export and import of goods increased from 14.2 per cent of GDP in 1991 to about 43 .0 per cent in 2011-12. In this global era, no anyone county working isolated. Accordingly in this global recession scenario Indian economy has been affected by global crisis. Present paper considers this current economic crisis of India.

Sources of the data

Data collected from secondary sources to accomplish objectives of present research paper. Basically Govt. reports such as Economic Survey, RBI Bulletin, World Bank Reports have been referred.

Significance of the study

At present, Indian economy undergone economic trouble especially falling price of Rupee rapidly, declining in GDP and also decreasing foreign trade, ect. This study able to know what is the situation of India in current scenario.

Conceptual Clarification

In general, recession is nothing but declining in economic activities as well as employment. A recession is a contraction phase of the business cycle. In Economics the term recession generally describes the reduction of country's Gross Domestic Product (GDP) for at least two quarters. National Bureau of Economic Research (NBER) is the official agency in charge of declaring that the economy is in a state of recession. They defines recession as: significant decline in economic activity lasting more than a few months, which is normally visible in real GDP real income, employment, industrial production and wholesale, retail sales Some economist prefer a more robust definition of a 1.5% rise in employment within 12 months If you look at it from the point of view of business, recession is a transitory phase. The business Cycle Dating Committee of National Bureau of Economic Research has another definition. It profiles the business that has peaked with their activity in one season and it falls naturally in the next season. If regains its original position with new products or sales and continuous to expand this revival makes recession a mild phase that large companies tolerate. As the fiscal position rises there is no reason to worry. Recession can last to year when it happens year after year it is serious. If recession continues long enough with large intensity, it may lead to depression

Indicators of Global Recession

In Euro area the crisis has become deep, debt and fiscal issues in the United States the possibility of sharp slowing of investment of China, challenges to sustaining growth in Japan, Disruption in global oil supplies. Emerging and developing economies face problems of overheating

Decline Merchandise Export

Declining World Trade European union accounted for nearly 27 per cent of total decline in merchandise trade

Singapore accounted 19 per cent

China shown 13 per cent

Indonesia decline by 6 per cent

Asian economies including India has been seen lower growth in export

World trade volume decelerated sharply to 2.8 per ce3nt in 2012 from 5.9 per cent in 2011 and 12.6 per cent in 2010

Projected world trade volume down at o.7 per cent which expected 3.8 per cent

World export fell by 0.2 per cent I the three quarter of 2012 over 2011 (WTO)

Scenario of Indian Economy

The recession in India was result of recession in USA. Due to US Federal executed policy of Quantitative Easing (QE1, QE32 & QE30 and purchased bonds So FIIs withdraw from Indian Capital Market. This affected the exchange rate and also Indian Stock Market

Causes of Recession

Currency crisis

Energy crisis and War

Under consumption in advanced countries

Over production

Financial Crisis

GLOBAL RECESSION AND ITS IMPACT OF INDIAN ECONOMY

Fluctuation in price of fuels

Effect of Recession

- Bankruptcies in West
- Credit Crunches
- Deflation in Euro Zone and US
- Foreclosures and slowdown
- Unemployment and meltdown
- Withdrawal of foreign capital from emerging economies

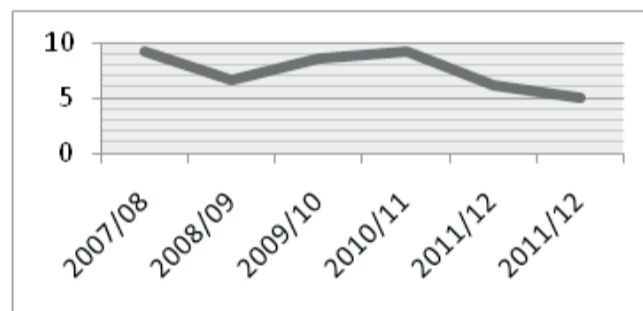
Recession and its impact of Indian Economy

Table-1 GDP Growth in India during Recession

Sl.No	Year	Growth %
1	2007/08	9.3
2	2008/09	6.7
3	2009/10	8.6
4	2010/11	9.3
5	2011/12	6.2
6	2012/13	5.0

Source Economic Survey 2012-13

Figure 1 GDP Growth of India



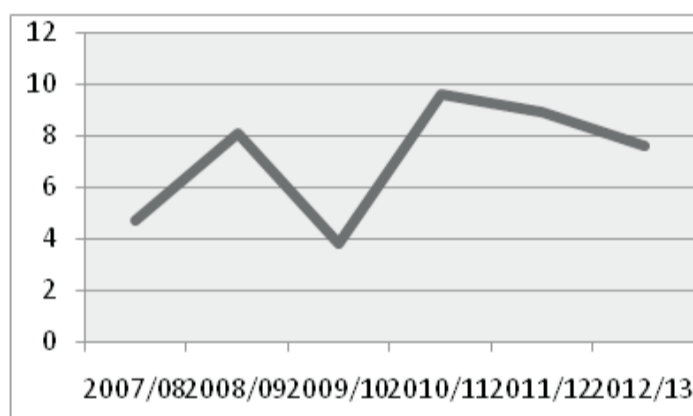
GLOBAL RECESSION AND ITS IMPACT OF INDIAN ECONOMY

Table-2 Inflation (WPI) During Recession

Sr. No	Year	Rate of inflation
1	2007/08	4.7
2	2008/09	8.1
3	2009/10	3.8
4	2010/11	9.6
5	2011/12	8.9
6	2012/13	7.6

Source Economic Survey 2012-13

Figure 2 Inflation (WPI)



Major Finding: Indian stock market

Foreign Institutional Investors (FII) had an influence on Indian stock market
Around 188 FII registered in India, investment of \$ 12,000 mill. (OR around 7,000 crores)
The Indian stock market fluctuate due to FII
IT sector most affected, since this sector largely depends on US economy
75 % of revenue of Indian IT firms is derived from US economy
Increase in unemployment, layoffs, wage cut policy etc. brought out

Slowdown in Export

Export growth showed 7.2 % in 2012/13 it was 15.5 % in 2011/12
Export growth in dollar terms was -4.9 % in 2012/13
Monthly export growth in 2012/13 were negative
India's share in world merchandise export declined marginally to 1.6% in 2012 which was 1.7% in 2011
Non-POL imports increased by 23.3% in 2011/12

Major Finding :India's Balance of Payment

The share of exports and imports of goods increased from 14.2 % of GDP in 1991 to about 43.0% in 2011-12
External transactions have risen from 30.6 % of GDP in 1990-91 to about 108.0% in 2011-12
At present export have declined while imports have not fallen significantly.
Increasing trade and current account deficit
Selected Indicator of the External Sector as per GDP (mp)

GLOBAL RECESSION AND ITS IMPACT OF INDIAN ECONOMY

Table-3 Selected Indicator of the External Sector as per GDP (mp)

Sl.No	Item	2006/07	2007/08	208/09	2009/10	2010/11	2011/12	2012/13
1	CAD	1	1.3	2.3	2.8	2.8	4.2	4.8
2	G&SD	3.4	4.2	2.8	2.7	6.1	6	-
3	Trade Deficit	6.5	7.4	9.7	8.7	7.4	10.2	10.8
4	Invisible Balance	5.5	6.1	7.5	5.9	5	5.1	-
5	Export	13.6	13.4	15.2	13.4	14.8	16.5	-
6	Import	20.1	20.8	25	22	22.6	25.8	-
7	Net capital Inflows	4.7	8.1	0.5	3.8	3.7	4.5	-
8	FDI	0.8	1.3	1.8	1.3	0.6	1.3	-
9	Portfolio Investment	0.7	2.2	-1.2	2.4	1.8	0.1	-

Source Economic Survey 2012-13

CAD widening to 4.6% of GDP in first half of 2012-13

FII's could moderate or reverse

The BoP position is more vulnerable

Net invisible balance declined to 51.7 billons. US dollars in H1 of 2012-13 it were 53.1 billons. in H1 of 2011-12

CONCLUSION:

It can be concluded that, present world economic environment has been seen recession long enough. According to Paul Krugman, the winner Nobel Prize in Economics states that- the 'beginning of "a second Great Depression'

In global recession period Indian economy affected its foreign trade, did not maintain inflation rate, where fiscal deficit seen over control.

Reserve Bank of India announced a series of measures to promote the financial markets

Provided extension of additional liquidity support to banks.

RBI monitored domestic liquidity and monetary conditions consistent with its monetary policy.

India has urgent need to under control fiscal deficit.

REFERENCES:

1. World Economy Today(1993) Devendra Thakur Deep and Deep Publications, New Dhelhi
2. New economic policies in Developing countries (1996) G.S.Batra & Narender Kaur, Anmol Publication Pvt. Ltd.
3. World Trade and Development(1997) Rajkumar Sen and K.C. Roy, Atlantic Publishers, New Delhi
4. Post Reform leading issues of Indian Economy (2002) Volume 1&2, Atlantic Publishers, New Delhi
5. Indian Economy (2011) Datt & Sundaram, S Chand & co. New Delhi.
6. Economic Survey (2011-12) Govt of India Publication, New Delhi
7. www. Govt. in

Publish Research Article
International Level Multidisciplinary Research Journal
For All Subjects

Dear Sir/Mam,

We invite unpublished research paper.Summary of Research Project,Theses,Books and Books Review of publication,you will be pleased to know that our journals are

Associated and Indexed,India

- * International Scientific Journal Consortium Scientific
- * OPEN J-GATE

Associated and Indexed,USA

- DOAJ
- EBSCO
- Crossref DOI
- Index Copernicus
- Publication Index
- Academic Journal Database
- Contemporary Research Index
- Academic Paper Databse
- Digital Journals Database
- Current Index to Scholarly Journals
- Elite Scientific Journal Archive
- Directory Of Academic Resources
- Scholar Journal Index
- Recent Science Index
- Scientific Resources Database

Review Of Research Journal
258/34 Raviwar Peth Solapur-413005,Maharashtra
Contact-9595359435
E-Mail-ayisrj@yahoo.in/ayisrj2011@gmail.com
Website : www.isrj.net