INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, ECONOMICS & MANAGEMENT

IJRCM

IJRCM

A Monthly Double-Blind Peer Reviewed Refereed Open Access International e-Journal - Included in the International Serial Directories
Indexed & Listed at:
Ulrich's Periodicals Directory ©, ProQuest, U.S.A., EBSCO Publishing, U.S.A., Cabell's Directories of Publishing Opportunities, U.S.A.
as well as inOpen J-Gage, India [link of the same is duly available at Inflibnet of University Grants Commission (U.G.C.)]
Registered & Listed at: Index Copernicus Publishers Panel, Poland
Circulated all over the world & Google has verified that scholars of more than 1500 Cities in 141 countries/territories are visiting our journal on regular basis.
Ground Floor, Building No. 1041-C-1, Devi Bhawan Bazar, JAGADHRI – 135 003, Yamunanagar, Haryana, INDIA
www.ijrcm.org.in

CONTENTS

CALL FOR MANUSCRIPTS

Weinvite unpublished novel, original, empirical and high quality research work pertaining to recent developments & practices in the area of Computer, Business, Finance, Marketing, Human Resource Management, General Management, Banking, Insurance, Corporate Governance and emerging paradigms in allied subjects like Accounting Education; Accounting Information Systems; Accounting Theory & Practice; Auditing; Behavioral Accounting; Behavioral Economics; Corporate Finance; Cost Accounting; Econometrics; Economic Development; Economic History; Financial Institutions & Markets; Financial Services; Fiscal Policy; Government & Non Profit Accounting; Industrial Organization; International Economics & Trade; International Finance; Macro Economics; Micro Economics; Monetary Policy; Portfolio & Security Analysis; Public Policy Economics; Real Estate; Regional Economics; Tax Accounting; Advertising & Promotion Management; Business Education; Management Information Systems (MIS); Business Law, Public Responsibility & Ethics; Communication; Direct Marketing; E-Commerce; Global Business; Health Care Administration; Labor Relations & Human Resource Management; Marketing Research; Marketing Theory & Applications; Non-Profit Organizations; Office Administration/Management; Operations Research/Statistics; Organizational Behavior & Theory; Organizational Development; Production/Operations; Public Administration; Purchasing/Materials Management; Retailing; Sales/Selling; Services; Small Business Entrepreneurship; Strategic Management Policy; Technology/Innovation; Tourism, Hospitality & Leisure; Transportation/Physical Distribution; Algorithms; Artificial Intelligence; Compilers & Translation; Computer Aided Design (CAD); Computer Aided Manufacturing; Computer Graphics; Computer Organization & Architecture; Database Structures & Systems; Digital Logic; Discrete Structures; Internet; Management Information Systems; Modeling & Simulation; Multimedia; Neural Systems/Neural Networks; Numerical Analysis/Scientific Computing; Object Oriented Programming; Operating Systems; Programming Languages; Robotics; Symbolic & Formal Logic and Web Design. The above mentioned tracks are only indicative, and not exhaustive.

Anybody can submit the soft copy of his/her manuscript **anytime** in M.S. Word format after preparing the same as per our submission guidelines duly available on our website under the heading guidelines for submission, at the email address: **infoijrcm@gmail.com**.

GUIDELINES FOR SUBMISSION OF MANUSCRIPT

1. **COVERING LETTER FOR SUBMISSION:**

DATED: _____________

THE EDITOR
IJRCM

Subject: **SUBMISSION OF MANUSCRIPT IN THE AREA OF.**

(e.g. Finance/Marketing/HRM/General Management/Economics/Psychology/Law/Computer/IT/Engineering/Mathematics/other, please specify)

DEAR SIR/MADAM

Please find my submission of manuscript entitled '____' for possible publication in your journals.

I hereby affirm that the contents of this manuscript are original. Furthermore, it has neither been published elsewhere in any language fully or partly, nor is it under review for publication elsewhere.

I affirm that all the author (s) have seen and agreed to the submitted version of the manuscript and their inclusion of name (s) as co-author (s).

Also, if my/our manuscript is accepted, I/We agree to comply with the formalities as given on the website of the journal & you are free to publish our contribution in any of your journals.

NAME OF CORRESPONDING AUTHOR:
Designation:
Affiliation with full address, contact numbers & Pin Code:
Residential address with Pin Code:
Mobile Number (s):
Landline Number (s):
E-mail Address:
Alternate E-mail Address:

NOTES:
a) The whole manuscript is required to be in ***ONE MS WORD FILE*** only (pdf. version is liable to be rejected without any consideration), which will start from the covering letter, inside the manuscript.
b) The sender is required to mentionthe following in the **SUBJECT COLUMN** of the mail:
New Manuscript for Review in the area of (Finance/Marketing/HRM/General Management/Economics/Psychology/Law/Computer/IT/Engineering/Mathematics/other, please specify)
c) There is no need to give any text in the body of mail, except the cases where the author wishes to give any specific message w.r.t. to the manuscript.
d) The total size of the file containing the manuscript is required to be below **500 KB**.
e) Abstract alone will not be considered for review, and the author is required to submit the complete manuscript in the first instance.
f) The journal gives acknowledgement w.r.t. the receipt of every email and in case of non-receipt of acknowledgment from the journal, w.r.t. the submission of manuscript, within two days of submission, the corresponding author is required to demand for the same by sending separate mail to the journal.

2. **MANUSCRIPT TITLE**: The title of the paper should be in a 12 point Calibri Font. It should be bold typed, centered and fully capitalised.

3. **AUTHOR NAME (S) & AFFILIATIONS**: The author (s) **full name**, **designation**, **affiliation** (s), **address**, **mobile/landline numbers**, and **email/alternate email address** should be in italic & 11-point Calibri Font. It must be centered underneath the title.

4. **ABSTRACT**: Abstract should be in fully italicized text, not exceeding 250 words. The abstract must be informative and explain the background, aims, methods, results & conclusion in a single para. Abbreviations must be mentioned in full.

5. **KEYWORDS**: Abstract must be followed by a list of keywords, subject to the maximum of five. These should be arranged in alphabetic order separated by commas and full stops at the end.

6. **MANUSCRIPT**: Manuscript must be in ***BRITISH ENGLISH*** prepared on a standard A4 size ***PORTRAIT SETTING PAPER***. It must be prepared on a single space and single column with 1" margin set for top, bottom, left and right. It should be typed in 8 point Calibri Font with page numbers at the bottom and centre of every page. It should be free from grammatical, spelling and punctuation errors and must be thoroughly edited.

7. **HEADINGS**: All the headings should be in a 10 point Calibri Font. These must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.

8. **SUB-HEADINGS**: All the sub-headings should be in a 8 point Calibri Font. These must be bold-faced, aligned left and fully capitalised.

9. **MAIN TEXT**: The main text should follow the following sequence:

   INTRODUCTION

   REVIEW OF LITERATURE

   NEED/IMPORTANCE OF THE STUDY

   STATEMENT OF THE PROBLEM

   OBJECTIVES

   HYPOTHESES

   RESEARCH METHODOLOGY

   RESULTS & DISCUSSION

   FINDINGS

   RECOMMENDATIONS/SUGGESTIONS

   CONCLUSIONS

   SCOPE FOR FURTHER RESEARCH

   ACKNOWLEDGMENTS

   REFERENCES

   APPENDIX/ANNEXURE

   It should be in a 8 point Calibri Font, single spaced and justified. The manuscript should preferably not exceed ***5000 WORDS***.

10. **FIGURES &TABLES**: These should be simple, crystal clear, centered, separately numbered & self explained, and **titles must be above the table/figure**. **Sources of data should be mentioned below the table/figure**. It should be ensured that the tables/figures are referred to from the main text.

11. **EQUATIONS**:These should be consecutively numbered in parentheses, horizontally centered with equation number placed at the right.

12. **REFERENCES**: The list of all references should be alphabetically arranged. The author (s) should mention only the actually utilised references in the preparation of manuscript and they are supposed to follow **Harvard Style of Referencing**. The author (s) are supposed to follow the references as per the following:

- All works cited in the text (including sources for tables and figures) should be listed alphabetically.
- Use (**ed.**) for one editor, and (**ed.s)** for multiple editors.
- When listing two or more works by one author, use --- (20xx), such as after Kohl (1997), use --- (2001), etc, in chronologically ascending order.
- Indicate (opening and closing) page numbers for articles in journals and for chapters in books.
- The title of books and journals should be in italics. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working papers, unpublished material, etc.
- For titles in a language other than English, provide an English translation in parentheses.
- The location of endnotes within the text should be indicated by superscript numbers.

PLEASE USE THE FOLLOWING FOR STYLE AND PUNCTUATION IN REFERENCES:

BOOKS

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

CONTRIBUTIONS TO BOOKS

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

JOURNAL AND OTHER ARTICLES

- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

UNPUBLISHED DISSERTATIONS AND THESES

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

ONLINE RESOURCES

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

WEBSITES

- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

ANALYSIS OF THE IMPACT OF GLOBAL FINANCIAL CRISES ON INDIAN ECONOMY

BHAVNA RANJAN
ASST. PROFESSOR
AMITY BUSINESS SCHOOL
AMITY UNIVERSITY
NOIDA

SAKSHI WALIA
STUDENT
AMITY BUSINESS SCHOOL
AMITY UNIVERSITY
NOIDA

ABSTRACT

The research paper examines the world economy's position before, in and after the US and Euro-zone crisis. The data has been taken for BRIC nations, US, UK, Greece and Germany. In the research special reference has been made to Indian economy. The source of the data has been Reserve Bank of India and World Bank. Gross domestic product growth of nations including India has been studied for the period 2000-2010. Trend of various factors-Foreign Direct Investment (FDI), Foreign Institutional Investors (FII), Exports, Imports, Inflation affecting Indian GDP growth has been studied for the same period. Regression analysis has been done keeping the Indian GDP growth as the dependent variable and FDI, FII, Exports, Imports, Inflation as the independent variables. The results suggest that during recession Indian economy has been affected but its performance has been far better than the world economy in terms of GDP growth and India has been the second best performing economy amongst BRIC nations. FII's impact the Indian economy much more than the other independent factors studied. The study reflects a side of the position of the world as well as Indian economy.

KEYWORDS
Financial crisis, FII, FDI.

INTRODUCTION

Since 1991, the year which led to globalization, India has made itself vulnerable to all the effects of the major and minor happenings around the world. Globalization has helped increased flow of funds through foreign lands but it was not thought at that time that when the strong, developed economies will be in crisis, what will happen to the flow of foreign funds to which our nation is accustomed to. Such an experience happened in the year 2008, the year of 'US Financial Crisis'.

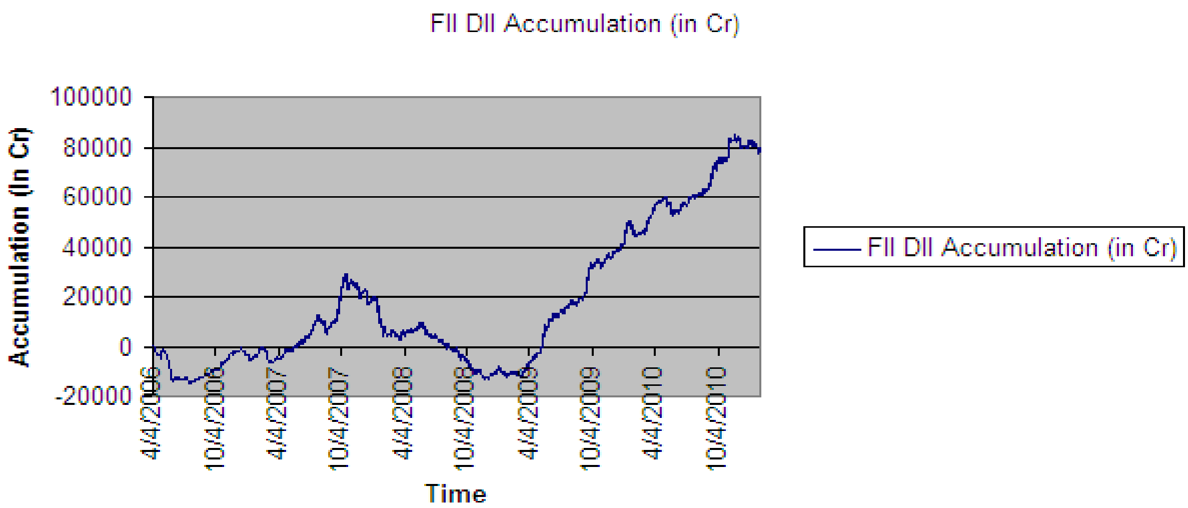
In 2008 Americans witnessed the financial meltdown: A series of bank and insurance company failures triggered a financial crisis that effectively halted global markets. The root of the US crisis was in the real estate and the subprime lending. Commercial and residential properties saw their value increasing precipitously in a real estate boom that began in the 1990s. Increases in housing prices coincided with the investment and banking industry lowering lending standards to market mortgages to unqualified buyers. At the same time government deregulation blended the lines between traditional investment banks and mortgage lenders. Real estate loans were spread throughout the financial system in the form of CDOs and other complex derivatives in order to disperse risk; however, when home values failed to rise and home owners failed to keep up with their payments, banks were forced to acknowledge huge write offs on these products. These write offs found several institutions at the brink of insolvency with many being forced to raise capital or go bankrupt.

Further in late 2009, financial crisis in Europe made it difficult for some euro-countries to refinance their government debt. The most affected countries were coined as PIGS nations namely Portugal, Ireland, Italy, Greece Spain. European sovereign debt crisis has resulted from a combination of various factors, including the globalization of finance; easy credit conditions during the 2002–2008 period that encouraged high-risk lending and borrowing practices; international trade imbalances; real-estate bubbles which brought about slow economic growth in 2008 and thereafter.

An important outcome of the US and Euro crisis has been on the Indian economy. Indian stock market was touching new heights before the crisis, because of heavy investments by Foreign Institutional Investors (FIIs). However, when the parent companies of these investors (based mainly in US and Europe) found themselves in a severe credit crunch as a result of sub-prime crisis, the only option left with these investors was to withdraw their money from Indian Stock Markets to meet liabilities at home.

It is evident from figure 1 given below.

FIGURE 1: FII IN INDIA 2006-2010



The global economy had experienced slow growth since the U.S. financial crisis of 2008-2009, which has exposed the unsustainable fiscal policies of countries in Europe and around the globe.
Greece's debts were so large that they actually exceeded the size of the nation's entire economy, and the country could no longer hide the problem. The Greece crisis has been viewed as the tip of an ice burg which will lead to another slowdown in growth which would impact India. Greece in reality has little economic trade with India .The bottom line is that the Indian economy is far more connected and dependent on European, American and Middle-Eastern countries. So another financial crisis in Europe will impact India.

REVIEW OF LITERATURE
The following are the few researches done previously based on US 2008 and Eurozone debt crisis recession-
Bera, Soumitra Kumar (2010), in his research paper titled **"Financial crisis: The incrediable hulk in Indian economic growth and external sector"**, has examined the impact of current world-wide recession on India's growth. The results suggest that financial crisis has adversely impacted India's GDP and that the recovery of global economy is important. **Marc Labonte (2009)** in his research **"U.S. Economy in Recession: Similarities To and Differences From the Past"** has made an attempt to provide information on the patterns found across past recessions since World War II and analyzes whether and how the current recession might be different.
J. Isaac Miller and Ronald A. Ratti (2009), in their study titled **"Crude Oil and Stock Markets: Stability, Instability, and Bubbles"** have analysed the long-run relationship between the world price of crude oil and international stock markets over 1971-2008 using a co-integrated vector error correction model with additional regressors. **Robert D. Gay (2008)**, author of the research paper **"Effect Of Macroeconomic Variables On Stock Market Returns For Four Emerging Economies: Brazil, Russia, India, And China"** has made an attempt to investigate the time-series relationship between stock market index prices and the macroeconomic variables of exchange rate and oil price for Brazil, Russia, India, and China (BRIC) using the Box-Jenkins ARIMA model. His study did not find any significant relationship found between present and past stock market returns.
Bishnu Kumar Adhikary (2011), in his research paper on the topic **"FDI, Trade Openness, Capital Formation, and Economic Growth in Bangladesh: A Linkage Analysis"** examines the linkage between FDI, trade openness, capital formation, and economic growth rates in Bangladesh over a period 1986 to 2008 using time series analysis. **Global Research Limited**, in their report on the topic "**Impact of Greece Crisis"** found that Greece is currently facing accumulated high levels of debt during the decade before the crisis, when capital markets were highly liquid. As the crisis has unfolded and there is liquidity crunch in world economy, Greece may no longer be able to roll over its maturing debt obligations.
Yılmaz Akyüz (2011), in the working paper series titled **"The Global Economic Crisis and Trade and Growth Prospects in East Asia"** shows that in pre-crisis years, at least one third of growth in the People's Republic of China was due to exports. It will be necessary to embark on industrial restructuring necessitated by a shift from export-led growth to growth led by domestic demand and intraregional trade. **Raphael Sauter and Shimon Awerbuch (2003)** in their survey and literature review on the topic "**Oil Price Volatility And Economic Activity"** have made an attempt to survey recent researches in the area of oil price movements and their effect on economic and financial performance in IEA countries.
Nouriel Roubini (2004), in the research **"The effects of the recent oil price shock on the U.S. and global economy"** have explained that Oil prices shocks have a stagflationary effect on the macroeconomy of an oil importing country. The size of the output growth and inflation rate effect of an oil shock depends on many factors: they slow down the rate of growth and they lead to an increase in the price level and potentially an increase in the inflation rate. **Thomas Hofmann, Dr. Rolf Schneider (2010)** have attempted to analyse the Eurozone crisis and its impact on the economy in their research paper titled **"Eurozone debt crisis: Impact on the economy"**. They have tried to identify the repercussions of the debt crisis on the basis of the individual transmission channels. **Nida Iqbal Malik, Subhan Ullah, Kamran Azam, Anwar khan Marwat** in their research **"The Impact of Recent Global Financial Crisis on the Financial Institutions in the Developing Countries – the need for Global Solutions"** examine the recent impact of financial crisis on the financial institutions in the developing countries. This study contributes to the knowledge of investors and market practitioners.

OBJECTIVES
The objectives of the study are:
1. To analyze the impact of the US and Euro crisis on the Indian economy through a study of selected variables (2000-2010).
2. To examine the impact of global recession on World GDP.

The variables studied in the research are Indian GDP, Indian FDI, FII, Exports, Imports, Inflation.

RESEARCH METHODOLOGY
The research carried out was a **conclusive research** as the findings from this research are considered to be conclusive in nature and they can be used as an input into managerial decision making. The data used for the research is secondary in nature, which has been collected from the websites of World Bank, Reserve Bank of India, etc.

RESULTS AND DISCUSSION
The present section attempts to analyse the impact of the global financial crisis on the World economy with special emphasis on the Indian Economy.
IMPACT ON WORLD GDP GROWTH RATE
Due to globalisation the whole world has become a global village where nations deal with each other for trade or investing activities which leads to one nation impacting the other.
The below table gives an insight into the GDP growth rate of the major countries from 2000 to 2010:

TABLE 1: GDP GROWTH RATE OF DEVELOPED AS WELL AS DEVELOPING NATIONS

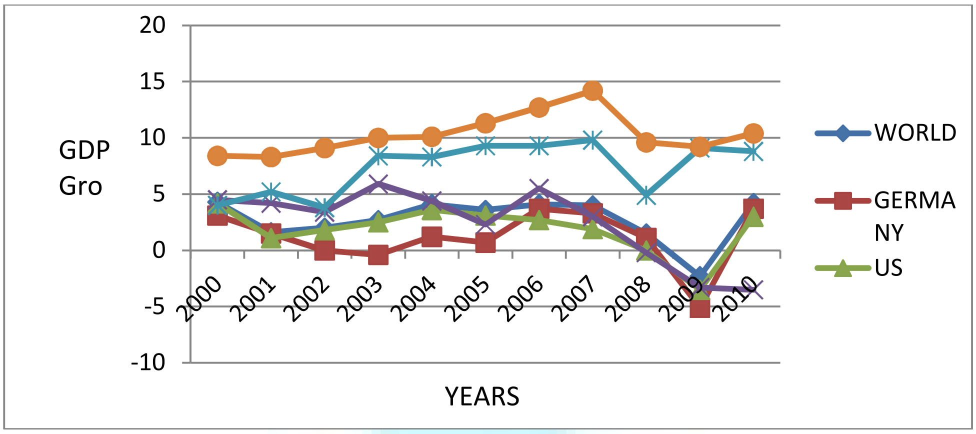
YEAR	WORLD	GERMANY	US	GREECE	BRAZIL	RUSSIA	INDIA	CHINA
2000	4.3	3.1	4.2	4.5	4.3	10	4	8.4
2001	1.6	1.5	1.1	4.2	1.3	5.1	5.2	8.3
2002	2	0	1.8	3.4	2.7	4.7	3.8	9.1
2003	2.7	-0.4	2.5	5.9	1.1	7.3	8.4	10
2004	4.1	1.2	3.6	4.4	5.7	7.2	8.3	10.1
2005	3.6	0.7	3.1	2.3	3.2	6.4	9.3	11.3
2006	4.1	3.7	2.7	5.5	4	8.2	9.3	12.7
2007	4	3.3	1.9	3	6.1	8.5	9.8	14.2
2008	1.5	1.1	0	-0.2	5.2	5.2	4.9	9.6
2009	-2.3	-5.1	-3.5	-3.3	-0.6	-7.8	9.1	9.2
2010	4.2	3.7	3	-3.5	7.5	4	8.8	10.4

Source- World Bank

As it can be observed from the above table, the GDP growth rate of the developed nations has remained lower than the world average and the GDP growth rate of the developing nations like India and China has consistently remained above the world average. Infact countries like India and China were the nations which maintained best GDP growth rates figures during 2009 when all the developed nations had negative growth.

Other BRIC nations like Russia and Brazil had negative GDP growth rates in 2009. However, these countries have recovered rapidly and the economic impact of global recession on these countries has been mild. A major problem for Russia during financial crisis was tightening of the international financial markets, the fast withdrawal of foreign money from domestic markets and fewer investments.

FIGURE 2: GDP GROWTH RATES OF DEVELOPED AND DEVELOPING NATIONS



The above figure shows that China has the highest GDP growth rate consistently over the years. This was because even after collapse in its export figures due to financial crisis it restored its economic growth by launching a massive stimulus program. India was second best performing developing nation because it was not completely dependent on US and other countries for export and import of products, employment remained quite steady. The banking system in India was so well established that India didn't face any mortgage issues like that USA did.

IMPACT ON THE INDIAN ECONOMY

Indian GDP growth rate

During the 2000s, India was one of the fastest growing economies in the world. Historically, from 2000 until 2011, India's average quarterly GDP growth was 7.45 per cent reaching a historical high of 11.80 per cent in December of 2003 and a record low of 1.60 per cent in December of 2002.

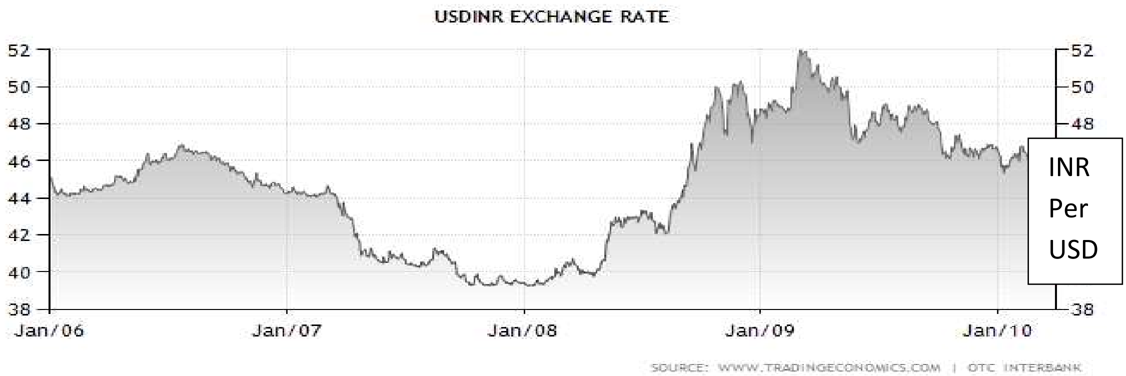
Post the economic downturn, the year 2009 saw a significant slowdown in India's official GDP growth rate to 6.1% as well as the return of a large projected fiscal deficit of 10.3% of GDP which would be among the highest in the world.

Indian currency- USD per INR

Any major disruption in the stability of the dollar has important implications on Indian Rupee. The depreciating rupee added further pressure on domestic inflation and India's import bills. India is an emerging economy and a huge percentage of investment in India is from outside especially US. Due to recession in US, big institutions collapsed because of which investments in India fell whereby, the demand Dollar increased and rupee depreciated. Since the global uncertainties aggravated, the Indian exchange rate has depreciated 17.4% against the US Dollar.

This can be seen in the figure below.

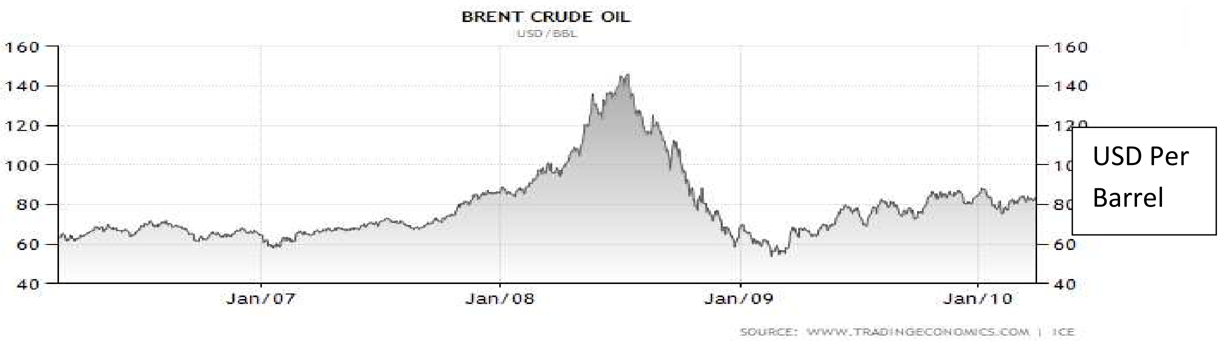
FIGURE 3: USD INR (2006-2010)



Changes in Brent crude oil prices and its impact

A recessionary environment created an actual oil demand contraction because of lower demand from developed nations. From 2006 until 2012 Brent Crude Oil futures prices averaged 80.90 dollars reaching a historical high of 145.91 dollars in July of 2008 and a record low of 54.04 dollars in February of 2009. The following figure shows the oil price movement.

FIGURE 4: BRENT CRUDE OIL PRICES 2006-2010



INDIAN FDI, FII, EXPORTS, IMPORTS

FDI - The FDI inflows in the economy were hit during recession because of global recovery from global crisis hit investor appetite. The most immediate effect of the crisis on India had been outflow of FII's from the equity market. A slowdown in US economy is a bad news because Indian companies have major outsourcing deals from the US.

TABLE 2: INDIAN IMPORTS, EXPORTS, FDI, FII IN US MILLION DOLLARS

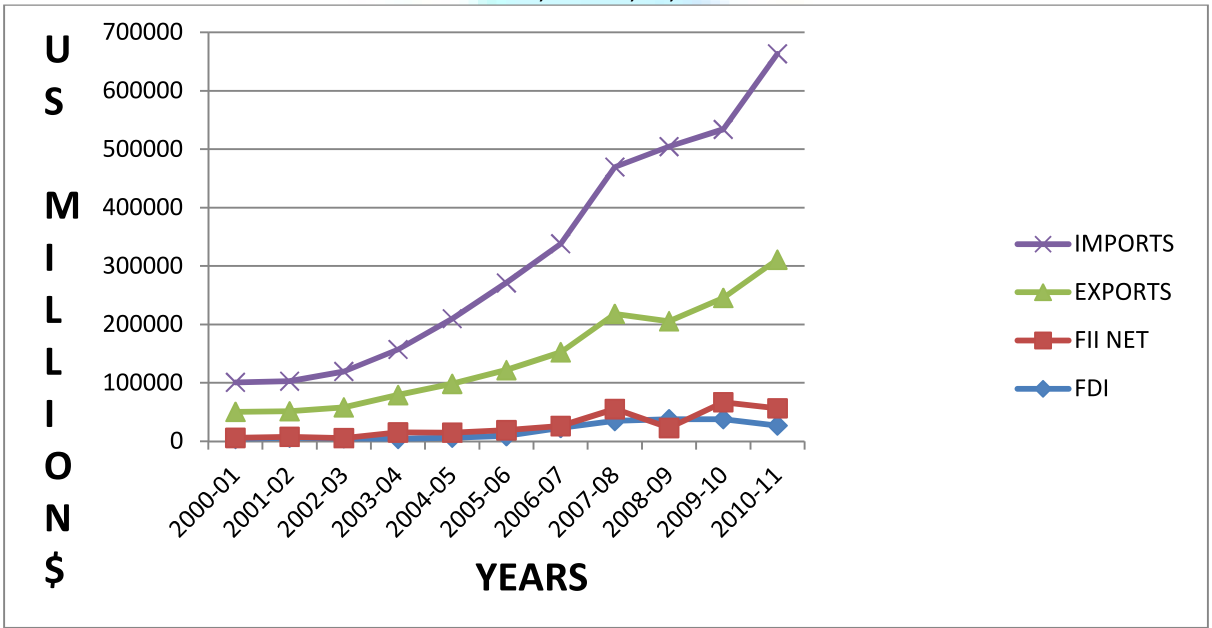
YEAR	FDI	FII NET	EXPORTS	IMPORTS
2000-01	4029	1847	44560	50537
2001-02	6130	1505	43827	51413
2002-03	5035	377	52719	61412
2003-04	4322	10918	63843	78149
2004-05	6051	8686	83536	111517
2005-06	8961	9926	103091	149166
2006-07	22826	3225	126414	185735
2007-08	34835	20328	162904	251439
2008-09	37838	-15017	182800	298833
2009-10	37763	29048	178751	288373
2010-11	27024	29422	254402	352575

Source- World Bank

Trade – Export/ Import - India has fairly strong trade relationship with the U.S. and EU which account for almost 30 percent of India's exports. In 2008-09, Indian exports had actually declined 3 percent following U.S. recession. Since then there has been diversion of exports to Asia and Africa. During the core period of the crisis, the average contraction in exports and imports has been around 20% in the first phase (October 2008-September 2009) and 28% in the second (December 2008-September 2009).

The following figure shows the trend of the Indian Exports, Imports, FDI and FII in India.

FIGURE 5: INDIAN IMPORTS, EXPORTS, FDI, FII IN US MILLION DOLLARS



INFLATION IN INDIA

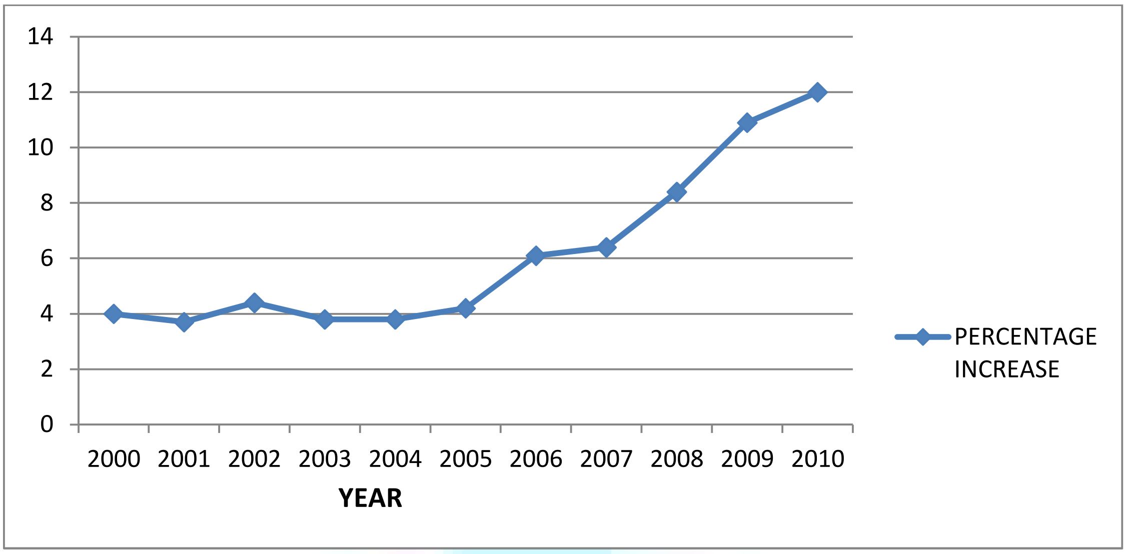
The following figure shows the percentage increase in inflation of consumer prices in India from the year 2000 till the year 2010. The percentage increase in inflation percentage was lowest during the year 2001 with 3.7% and highest during the year 2009 with 10.9% in the given period.

TABLE 3: INFLATION PERCENTAGE INCREASE IN INDIA

YEAR	YEAR ON YEAR PERCENTAGE INCREASE
2000	4
2001	3.7
2002	4.4
2003	3.8
2004	3.8
2005	4.2
2006	6.1
2007	6.4
2008	8.4
2009	10.9
2010	12

Source- World Bank

FIGURE 6: INFLATION PERCENTAGE INCREASE IN INDIA



When the world slows down the prices of oil will come down because of low demand. This will reduce India's import bill as well as inflation percentage.

IMPACT OF INDIAN EXPORTS, IMPORTS, FDI, FII, INFLATION ON INDIAN GDP

Multiple regression analysis was done for the analysis in which the Indian GDP was the dependent variable and India exports, imports, FDI, FII and inflation were the independent variables.

TABLE 4: MULTIPLE REGRESSION ANALYSIS

MODEL SUMMARY

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.902[a]	.814	.627	1.435

a. Predictors: (Constant), INFLATION, FII, FDI, EXPORTS, IMPORTS

The multiple regression analysis shows an R SQUARE value of 0.814. This means that all the factors (exports, imports, FDI's, FII's, inflation) account for approximately 81.4% of the variance in the GDP growth rate. The factors taken in this study were all external factors. Therefore it can be said that the rest of the factors not considered for the study would account for approximately 18.6% of the variation in the GDP growth rate.

Simple regression was also carried out in which all the independent variables (exports, imports, FDI's, FII's, inflation) were individually put as independent variable and Indian GDP was again taken as the dependent variable. The result show that the Indian GDP (dependent variable) is most affected by FII's flow in India amongst the variables studied.

CONCLUSION

During the US crisis, Russia had major changes in its export and import of goods than that of services. China launched fiscal stimulus program which was quickly implemented and it restored economic growth. But later it was observed that government spent more than required. Germany saw decrease in demand for automobiles which led to plunge in exports. Greece economy GDP dependent on tourism, private sector and credit could maintain a constant GDP.

Due to the Eurozone crisis Brazil had to open up for cheap imports especially from China. Chinese companies saw attractive opportunities to buy assets in the European nations due to economic slowdown, led to transferring of technology to Chinese companies. Initially European nations used to impose restrictions on Chinese investors but because of the slowdown they changed their stance.

Amongst the factors studied in the research the Indian GDP (dependent variable) is most affected by FII's flow in India. So, during the crisis the foreign investors quickly pulled out their investments to fund other necessary expenses. This shows that India must look for other better investment options to attract foreign funds. For example recently India allowed QFI's (Qualified Foreign Investors) to invest directly in India so that the markets are deepened and market volatility is reduced.

REFERENCES

1. Adhikary Kumar Bishnu (2011). FDI, Trade Openness, Capital Formation, and Economic Growth in Bangladesh: A Linkage Analysis. *International Journal of Business and Management Vol. 6, No. 1; January 2011.*
2. AkyüzYılmaz (2011). The Global Economic Crisis and Trade and Growth Prospects in East Asia.
3. Bera, Kumar Soumitra (2010). Financial crisis: The incrediable hulk in Indian economic growth and external sector.
4. Gay D. Robert (2008). Effect Of Macroeconomic Variables On Stock Market Returns For Four Emerging Economies: Brazil, Russia, India, And China. *International Business & Economics Research Journal – March 2008 Volume 7, Number 3.*
5. Global Research Limited. Impact of Greece Crisis.
6. Hofmann Thomas, Dr. Rolf Schneider (2010). Eurozone debt crisis: Impact on the economy.
7. Labonte Marc (2009). U.S. Economy in Recession: Similarities To and Differences from the Past. *Federal Publications. Paper 689.*
8. Malik Iqbal Nida, UllahSubhan, Azam Kamran, Marwat Khan Anwar. The Impact of Recent Global Financial Crisis on the Financial Institutions in the Developing Countries – the need for Global Solutions.
9. Miller Isaac J. and Ratti A. Ronald (2009). Crude Oil and Stock Markets: Stability, Instability, and Bubbles.
10. Roubini Nouriel (2004). The effects of the recent oil price shock on the U.S. and global economy.
11. Sauter Raphael and Awerbuch Shimon (2003). Oil Price Volatility And Economic Activity.

REQUEST FOR FEEDBACK

Dear Readers

At the very outset, International Journal of Research in Commerce, Economics and Management (IJRCM) acknowledges & appreciates your efforts in showing interest in our present issue under your kind perusal.

I would like to request you to supply your critical comments and suggestions about the material published in this issue as well as on the journal as a whole, on our E-mail **info@ijrcm.org.in** for further improvements in the interest of research.

If you have any queries please feel free to contact us on our E-mail infoijrcm@gmail.com.

I am sure that your feedback and deliberations would make future issues better – a result of our joint effort.

Looking forward an appropriate consideration.

With sincere regards

Thanking you profoundly

Academically yours

Sd/-

Co-ordinator

ABOUT THE JOURNAL

In this age of Commerce, Economics, Computer, I.T. & Management and cut throat competition, a group of intellectuals felt the need to have some platform, where young and budding managers and academicians could express their views and discuss the problems among their peers. This journal was conceived with this noble intention in view. This journal has been introduced to give an opportunity for expressing refined and innovative ideas in this field. It is our humble endeavour to provide a springboard to the upcoming specialists and give a chance to know about the latest in the sphere of research and knowledge. We have taken a small step and we hope that with the active co-operation of like-minded scholars, we shall be able to serve the society with our humble efforts.

Our Other Journals