GLOBAL FINANCIAL CRISIS AND ITS IMPACT ON
INDIAN FOREIGN MERCHANDISE TRADE

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ABSTRACT

In 2008 the world economy faced its most dangerous crisis since the Great Depression of the 1930s. It threatened the total collapse of large financial institutions, which was prevented by the bailout of banks by national governments, but stock markets still dropped worldwide. In many areas, the housing market also suffered, resulting in evictions, foreclosures and prolonged unemployment. And the Economic crisis was not only restricted to the U.S., India, like other nations also suffered the impact of this crisis. But it was observed that the impact which India suffered was less compared to the extent of the recession. Meaning thereby though the Indian foreign trade experienced a negative impact but the intensity was not of such severe nature as was expected. This was because of the tight monetary policy implemented by the Reserve Bank of India (RBI). Because of such regulation and control exercised by RBI the country was not severely impacted by the dangerous economic crisis of 2008-2009. The paper is descriptive in nature and proposes to study the impact of the Global Economic crisis of 2008-09 on Indian Foreign Trade and the data collected is purely based on secondary sources.

KEYWORDS: Economic Crisis, Foreign Trade, Great Depression, Monetary Policy.

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