EVALUATION OF ECONOMIC DEVELOPMENT OF INDIA DURING THE PERIOD OF THE GLOBAL CRISIS

Ocena ekonomskog razvoja Indije tokom period globalne krize

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Abstract

This paper explores the economic development of India during the period of global crisis (1998-2009). In this research we investigate the main factors of economy which provide the ability for Indian economy to survive during the period of global crisis. It was analysed a complex of indicators: a great number of economic indicators of Indian development (GDP growth, turnover of foreign trade, unemployment rate, level of savings, Gini index, import and export indicators, etc.) and the social sphere of Indian economy, such as level of poverty, income per capita, Human Development Index, etc. All these indicators provide the vividly expressed picture of historical review of the economic development of India, which help to find the weaknesses and strength of Indian economy during the period of world crisis. It was also calculated the model of economic growth of India and investigated the impact of each component of this model. This analysis provides the clear evidence of unique features of Indian economy, which are positive and negative simultaneously for economic development. The presented paper gives us the chance to overview in historical retrospective the government reforms and its consequences for the economy of India during the decade period of world instability.

Keywords: Economy of India, Model of economic growth in India, Global economic crisis, Unemployment rate in India, Export and import in India

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1. Introduction

The main causes of changing the proportions of the world economy are the global and national requirements. Long-term changes in the ratio of production factors determine the basic conditions of economic development and, ultimately, affect the rate of economic growth and efficiency. The main feature of the changes in world production is further strengths of the developed countries and a weaknesses process of the position of Eastern European countries.

It can be identified that it increased the disparities in income per capita, as between the subsystems of the world economy, and in individual groups of countries. From the 1970s it is the tendency for a deep restructuring of the economic proportions. The development occur not so much by quantitative factors of product, number of employees, but rather because of the quality of improving the production efficiency. It marked the accelerated growth of service sector.

It is happened the main changes in the sphere of material production. The most important sector in the structure of production remains the industry. The share of the mining industry in all subsystems is reduced. In the developed countries, it is less than 8%, in developing countries it is significantly higher than 17% of GDP.

Based on these features of world development, it is appropriate to consider the qualitative growth of the Indian economy, to prioritize the safety factor of economic development of India in the global crisis.

The liberation process of India in 1947 from British colonial, which lasted for about 200 years, is one of the most important historical events of the twentieth century. Since independence, India has achieved a great progress in social and economic development. By the end of 1990, total GDP has increased more than in seven times. The country has solved the problem of food security by switching from a massive grain imports in 1950 to its exports, India involved in the rang of the ten most developed countries in the world and became the sixth power country, conducting space exploration, and by the end of 1990 India became the owner of nuclear weapons.

All these facts demonstrate the massive economic strength of India, which become interesting object of research for many economists in the world. Definitely, a comprehensive analysis of the historical development of Indian economy can provide the necessity information for calculating the model of economical development of India for future adequate predictions.

2. The main part

The global economic crisis was a cause of talking about the vitality of many economies in the world, but in this period a great attention of world analytics was focused on the economy of the USA, the EU, China and Russia. However, a few economists pointed out that the economy of dynamic, but not very powerful countries, has not collapsed, but conversely demonstrated its ability to draw on the potential for overcoming the global economic problem situations. In this connection, we refer to the historical development of Indian economy.

During our research of constructing the model of economic development of India in historical retrospective, we selected a wide range of indicators which provide complex economic and social information of the country.

Firstly, we should consider how deeply India involved in the global cash flows. The foreign trade of India and its percentage from GDP during the period of 1999 –
2009 demonstrated a little dependence of the fluctuations of the global economy (Figure 1., Figure 2).

**Figure 1. The foreign trade turnover of the country for the period 1999 – 2009**

![Graph showing foreign trade turnover over the years 1999 to 2009 for various countries.](image)


**Figure 2. Foreign trade turnover (in percentage of world GDP)**

![Graph showing foreign trade turnover as a percentage of world GDP from 1999 to 2008 for various countries.](image)


The significant increase in the savings rate in India, which occurred in 2002, reached its maximum (36.02% of GDP) in 2008 (Figure 3), it was caused by the active economic reforms. Firstly, the government opened the access to foreign investments, conducted reforms of social welfare of citizens and the development of small and medium-sized businesses, which led to the creation of new jobs and increased the level of wages. It created for India some margin of safety during the crisis period.

**Figure 3. The level of savings (1999 – 2009)**

![Graph showing the level of savings in India from 1999 to 2009.](image)
It is obvious to consider that the main reforms of the financial sector since 1991 year retained the predominance of government banks and left the significant barriers to entry of foreign banks. However, according to the forecasts, India could become the third of the largest banking market in the world, and in a long term this market may show even higher growth than China.

The budget deficit of India remains at the same level and it has not any significant fluctuations during a period of time. Because of the global economic depression, the government of India increased the government expenditure in order to stimulate production and economic growth in general scope. And the growth of government expenditure ensures the growth of production, as well as attracting investment in the Indian economy (Figure – 4).

**Figure - 4. The GDP and budget deficit in India (1999-2009)**

Indian companies demonstrated a rapid growth of development during the period of 2000 - 2008. During the crisis period of 2008 – 2009 the share prices have fallen
down to the level of 2005 year. The most stable companies are the representatives of heavy industry – “Tata steel”, “Tata Motors”, whereas, the energy companies showed the greatest volatility. The highest growth is indicated in the companies, called “Reliance Industries” and “Indian Oil”.

In India, Gini index ranges from 0.31 to 0.37 (Figure – 5), in other words, the inequality of incomes in this country is relatively small, while the Human Development Index (HDI) is in the range between 0.5 - 0.8, we can say that the human development is also located at the middle level. In other words, the inequality of incomes in India is rather small, and it does not create a serious antagonism in the society.

**Figure - 5. Human Development Index and Gini Index**

![Graph showing Human Development Index and Gini Index](https://www.hdrstats.undp.org/en/indicators/103106.html)

The crisis is primarily appeared in the reduction of GDP (Figure 6), and in 2007 we observe a significant decrease of this indicator, despite of the fact that the GDP of India remained a stable growth from 1999 to 2008, which created the economic potential of India.

The GDP growth in percentage terms in the quarterly period from March 2007 to June 2009 is the evidence of the increasing level of economic potential of India (Figure 7). The data which was used in this research take into account the rate of inflation. Obviously, that with having a margin of growth, the economy of India has not been exposed to the significant fluctuations.

It makes clear the fact that, despite of the economic crisis and a slowing period of world economy, India maintained a steady growth in 2009 fiscal year.

However, based on the research of the GDP growth in percentage, we can identify that over the whole researching period in India it can be stated a decrease.

Based on the researching materials, we can observe based on the Okun's law about the relationship of the GDP growth rate fluctuations and fluctuations in the unemployment rate. The Okun's law is the economic law of the presence of the inverse relationship between the unemployment rates exceeds the natural rate, and the value of the country's GDP (Schumpeter, 1982).

Every 2%, for which the real GDP exceeds its natural level, reducing the unemployment rate by 1% on comparison with the natural rate of unemployment. Every
2% of reduction in the real GDP increases the unemployment by 1% comparing with the natural rate of unemployment. Therefore, the reducing of the growth rate of India's GDP in the period since 2007 may be a cause of increasing the unemployment.

We can identify that the growth rate of GDP is not reflected in the increasing of the unemployment rate (Figure – 6). Conversely, the unemployment rate in India successfully reduced since 2004 to 2009. It means that there occurs the effect of other important factors in the aggregate condition, such as the increasing in production and foreign investment (creating more jobs on the development of business based on foreign investment). The growth of the working population does not reduce the unemployment (conversely, if you do not create new jobs, and the number of people looking for work is growing, the number of unemployed people will increase).

However, this indicator shows the working potential of the country and in conjunction with the unemployment it characterizes the quality of life in the country. After all, the more people having jobs, it will be higher the overall welfare of society. From the analysis we can conclude that the labor market in India is characterized by underemployment.

**Figure - 6. Level of unemployment and rates of production growth in India, %**

![Graph showing the level of unemployment and rates of production growth in India, %](image)


Although, the working-age population of India during a long period of time increases, while the number of unemployed people decreased (Figure – 7). Thus, in the period from 2003 to 2008 the level of unemployment reduced from 42 to 37 million persons. This means that, despite the increase in the amount of labor, the unemployment decreases, and it positively affects the quality of life.

But we should not forget about a great number of people in India who are below the poverty line. The researching data from Table – 1. shows that since 2002 the changes in the number of people living in poverty, stopped and the level remained stable at about 25%.

**Figure - 7. The ratio of working-age population and the unemployed people in India**
Natural, the lack of further growth of this indicator is a positive phenomenon. Based on our analyses, we can conclude that it is possible to identify a steady trend of overall improvement of living standards in India.

The level of investment (foreign and domestic) is the next equally important factor influencing the economic growth of the country. The inflows of foreign direct investment (FDI) in the Indian economy have the unstable trend which is replaced by growth, and reduce. Only since 2005 to 2008 the investment in the Indian economy had a positive nature, the growth in 2008 (up to 4095.8 million USD), which indicates the attractiveness of investment in India.

In addition the foreign financial flows increase the volume of domestic financial resources and help to keep the interest rates at a lower level than in other circumstances (Figure – 8).

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**Table - 1. Population with incomes below the poverty level, income differentiation**

<table>
<thead>
<tr>
<th>Year</th>
<th>2000</th>
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<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>As % of total population</td>
<td>35</td>
<td>35</td>
<td>25</td>
<td>25</td>
<td>25</td>
<td>25</td>
<td>25</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>Gini Index</td>
<td>32.5</td>
<td>33</td>
<td>33.3</td>
<td>35</td>
<td>36.8</td>
<td>37.8</td>
<td>33</td>
<td>32.5</td>
<td>33</td>
</tr>
</tbody>
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**Figure - 8. The volume of Foreign Direct Investment (FDI) in the economy of India**
The volume of domestic investment increased during all periods of time, it should be noticed that it provides a stable economic growth. The greatest growth has occurred over the past three years from 32% to 38%. The increasing level of investment contributes to the development of technology, scientific and technological progress.

**Figure - 9. Internal Investment in the Indian economy, % from GDP**

Over the last twenty years, the world trade has grown about in two times, while the foreign trade of India has increased in six times. Our research shows that the imports and exports of India at the same time grow in a temporary space rapidly increases the
import of foreign goods and services and at the same time, slowly grow the export of national products of India (Figure – 9, Figure – 10).

Despite the fact that over the last decade, the foreign trade turnover per capita has grown steadily, it was 91.75 dollars per person in 2000-2001, then 108.18 dollars per person, 132.33 dollars per person, and 174.05 dollars per person in the 2007-2008 fiscal year. This indicator is generally lower than the world average, which suggests that the foreign trade of the country is in the early stages of its development.

The exports and imports of India are quite diversified. The main characteristic of India is there is no import of agricultural products in India, because the agricultural sector is well developed in the country.

We can conclude that two-thirds of Indian trade currently consists of the goods trade, one third is the services trade. At the same time the share of services is steadily growing.

The main direction of Indian trade is the United States, Western Europe, South-East Asia. These regions account for almost half of the Indian trade relations in the past few years. The United States is the main trading partner of India, the second largest country of trade relations is China.

Thus, in many aspects of its existence, India uses this important national economic instrument, as foreign trade, exclusively for to maintain of the level of development, living standard, etc., within the framework of the existing indicators. The trade relations of the country in its current forms tend to reinforce the country's dependence on external factors, including imports.

The trade balance for the last fifty years has been positive only twice, and for the last twenty years it has been importing products more than exports. The national economy is not able to adequately provide all the needs of a huge country.

The growth of import means that the India does not aim to reduce the import in order to protect national production sectors. Therefore, Indian economic growth cannot be called the import substitution growth. Conversely, India is trying to increase its exports to the world markets, and not restricting the import of products of foreign manufacturers to improve production technology and to create a good competition, which provides the improvement of the national production. This means that the economic growth of India belongs to the export-oriented type.

This type of policy can be determined by the necessity of financing the external debt of the country. The level of very large and high growth rates of external debt may have a negative impact on the foreign economic relations and can be a cause of weaknesses the economy in the long period of time, causing a decline in output and inflation. By researching the external debt of India for the period 2000-2008 we identify that the absolute value of the external debt of India has grown steadily over this period.

For determining the volume of the external debt of India it is not enough having the absolute values of the debt, it is also important to evaluate the growth rate of foreign debt comparing with GDP growth and the country's exports.

The ratio of external debt growth to GDP growth, mostly due to increasing of exports, shows the country's ability to pay debt, and therefore, how much external debt burden on the economy of India. There is also the excess of export growth over the pace of growth of Indian external debt, which means that India has a good potential payment of external debt. The payment of external debt usually occurs due to the finance from exporting operations of the country or by taxes. It means that the level and quality of life will not deteriorate in India due to rising foreign obligations of the state to foreign creditors.
Inflation is one of the general indicators of the financial and economic condition of the country. Inflation shows a steady rise in prices for goods and services and it depends on many factors such as the internal position of the economy as well as the factors of the global economy.

Since 2004 inflation in India is growing, and every year it increases for some positions. However, the increasing of inflation takes place in less than 10% per year. It means that India has moderate inflation. This type of inflation, economists usually not considered to be dangerous, even it is believed that small inflation stimulates the economy. However, in 2009 it has been analysed a rapid rise in inflation in India, which started in conditions of the global economic crisis, while in the summer of 2008 the growth in prices hit records and presented over 12%. But experts, in spite of this find that inflation is still low, and it does not collapse the Indian economy from quickly recovery of the global economic crisis.

Since 1991 in the whole economy of India there have been significant structural changes, which provided the increase in production, and introduction of new technologies.

The core of the economic reforms of 1990th was the liberalization of the economy, the gradual reduction of the government presence as the owner of the big companies. The course of liberalization suggested the possibility of privatization of the public sector of enterprises, a phased reduction of imported dues, increase in the allowed proportion of foreign capital in the ownership of Indian companies (Dennon, 1998).

The Indian reformer of 1990th has become P. V. Narasimha Rao who was to implement reforms for liberalization of the economy, focusing on the integration of India into the world economy.

It was carried out the sale of government-owned enterprises’ shares, as a result the share of public sector in the banking sector has been reduced to 82%. Gradually, it was declining the tariff barriers to imports. India has announced of the total elimination of quantitative restrictions on imports until 2003 (it was due to its commitments to WTO).

Considering of the socio-economic development of the country, the government of India has allocated a number of sectors of the economy, the development of which is given the priority. There are energy sector, ferrous and non-ferrous metallurgy, oil production and refining, construction of transport infrastructure, the development of transport, the development of the telecommunications network (Mookherjee, 1997).

For clear research, we consider the overall process of changes in the structure of Indian GDP during the period of 2000 to 2008. The service sector of the economy can be characterized as the most significant contribution issue to the GDP of the country.

The analysis shows that the main part of the Indian GDP is in the services sector; furthermore, the share of this sector in the Indian GDP continues to grow rapidly (Figure – 11). This trend is a characteristic of the developed countries, which is a positive feature of the Indian economy.

Figure - 11. Dynamic of GDP structure in India
It should be noticed that the service sector of the economy, characterized by the stable development. This sector of the economy during the period of 2000-2008 shows a positive growth rate, while the industry sector is characterized by instability of the slower rate of growth in comparison with the services sector, and agriculture demonstrates the lowest growth rates and even the negative tendencies in 2002. Such irregularity of agriculture rates can be explained by the dependence of natural conditions, as well as other factors, such as outdated technologies, the outflow of labor forces in the service sector, and others.

The Indian information technology sector has gained the worldwide significance. In the 2003-2004 fiscal year this sector of Indian industry was estimated at 25 billion USD (4.1% of GDP). The Indian exports of software products were calculated in total 12.1 billion USD.

However, despite the progress of high technology in such industrial centers such as Mumbai, the most parts of infrastructure (telecommunications, roads, railways, electricity) are poorly developed. For example, 40% of electricity is lost on the way from producers to consumers due to faulty and imperfect lines.

During our research we also should analyse such economic factors as empowerment of natural recourses. India has the acute shortage of oil and gas. During the period since 2000 to 2009 the consumption of petroleum products in India is growing rapidly. As a result of the construction of oil refineries, the production of petroleum products in the country increased by about 397 times. However, it was not enough to satisfy the needs of it in the country, and the share of imported oil consumption has increased.


Figure - 12. The explosion, consumption and import of Oil in India
Generally, the satisfaction of the country's needs in petroleum products dependent on imports (70%). In 2009 the total imports of oil and oil products totaled 2.159 million barrels per day, the approximate cost of 418.14 billion rupees. The main source of energy is still the coal. The total reserves are 2.2 billion tons (5.7% of the world), of which the category of indicated resources account for 44% on the pre-estimated - 21% on reliable - 35% (72.73 billion tons). The uranium reserves are sufficient to ensure the development of nuclear energy in the 19 000MW.

In other words, we can say about the stability situation with natural recourses in India during the period of 2000 to 2009.

Continuing our research we should consider in more details the social sphere of India and its impact on the economic situation of India in the world.

Based on researching data (Figure 12), we can conclude that the average life expectancy in India is increasing every year, while the death rate is reduced. We can also identify that the expenditure on healthcare in India are increasing on the whole interval of time, and the mortality rate is reduced (Figure – 13).

Figure - 13. The level of mortality rate and average life expectancy rate in India

As we can see in Figure – 14, the cost of healthcare in India are increasing during this period of time, and the mortality rate is reduced. The aim which pursued by
the government for the development of health, is achieved and the proof of this is the evidence of the decline in mortality rate from 8.8 to 6.4 indicates over the last eight years. Nowadays, the Indian government spent on the healthcare about 10% of GDP, and by 2016 this figure will fit into the framework of 11-12%.

**Figure - 14. The expenditure on Heath Services and level of mortality rate in India**

![Graph showing expenditure on health services and level of mortality rate in India](http://finmin.nic.in/)


For clear evidence, it should be necessary to analyse the dynamics of the index of domestic savings in comparison with changes in the national income per capita.

**Figure - 15. The Savings rate and National income per capita in India**

![Graph showing savings rate and national income per capita in India](http://www.mospi.gov.in)


It is obvious that the level of savings in India is growing to the extent that it increases the national income per capita (Figure 15). It means that as the welfare of nation improved, the level of savings increased, which is possible to invest the country's growth, without using the external borrowing. In the future, if the present favorable trend continues, Indian dependence of external financing may be reduced.

The poverty in India is gradually reduced, but it still continues to be one of the reasons for concern of the Indian government. Millions of people in India are not able to
provide themselves with basic food and things for life. Approximately 21.1% of the total population in agriculture sphere and 15% of the urban population of India is suffering from financial poverty (Besley, 2000). The poverty situation is illustrated in Figure – 16.

**Figure - 16. The level of poverty in India**

![Graph showing the level of poverty in India from 1977-1978 to 2007](image)


The poverty level of urban population affects increasing urbanization in the country and as a result - the inflow of people into the city. Most people move to the city in searching of work. Recently, the Indian government decided to subsidize and support the provinces to improve the quality of living conditions of people in the villages and alleviate the tense situation in the cities.

**Figure - 17. Income and consumption per capita in India**

![Graph showing income and consumption per capita in India from 2000 to 2007](image)


It should be notice that the average increase in the level of consumption in the country is below average income growth. It could be due to the growing level of savings. The existence of savings and its increasing level is a positive trend for the
Indian economy, as it points to improve the ability of countries to domestic investment. The availability of savings indicates that after the necessary spends for living, people have additional funds for savings. But on the other hand, the growing gap between income and consumption levels may also partly fueled by the high level of taxes, which is not very favorable for the occurrence of the population. The ratio of income and consumption, as well as its levels of growth are illustrated in Figure – 17.

The main sources of income of the Indian population is the industry orientated on export production and agriculture sphere, which employs more labor, as well as branches of foreign companies. In fact, a significant percentage of the population is in a rather difficult financial situation, but only a small part of population have a source of income, it’s own private business. The government is making significant efforts to maintain the economic welfare of Indian population by providing of grants, subsidies and other payments to low-income families and the unemployed persons.

Approximately two-thirds of Indian workforce is employed in agriculture sphere and in the provincial areas. Another one-third of the population is the agricultural households that contain themselves at the expense of wages. Approximately 60% of the workforce is employed in agriculture, 12% - in production, and 28% - in the service sector.

The share of the working population in India barely more increase the half of all residents, where under the influence of the "population explosion" was a process of rejuvenation of the age structure. As well, the increase of working population is happened relatively not very high rates, about 2.1% annually, exceeding the population growth (1.6%).

*The labor force of India is considerable, but it is dominated by unskilled labor. Literacy rate among the adult population is about 48% in 2001, in 2007 this figure rose to 69%.*

*It should be noticed that the production infrastructure and monetary system, as well as the government regulation remain the responsibility of the government. It is still saving the government regulation of prices. There is also protectionism. The import of agricultural products and industrial consumer goods is the subject of strict licensing. All these restrictions are gradually allowed to implement reforms in the national interest of India and to improve a lot of the economic indicators.*

*During our research we analysed all factors which have impact on economic development of India and which compose the model of Indian economic growth. We identify it as following:*  

$$\Delta \text{GDP} = f (\text{unemployment rate, inflation rate, export-import ratio, the Gini index, investments}).$$

According to our research the model of economic growth in India has the following view:

$$y=2,008+0,233 \, x_1 +0,079 \, x_6$$

The main factor of the constructed model of the economic growth in India was the inflow of investments into the country. Also our analysis confirmed that the workforce and the amount of population play a huge role, as another important factor in the model is the unemployment rate. Because of the national policy of "one family - one child" there will soon be a deficit of young workers. According to forecasts of the International Labor Organization, by 2020 India will have 116 million working population of this age, and in China it will be 94 million people.
3. Conclusion

Indian economy demonstrates a good level of positive development during the period of 1996-2009. During these years, there were a number of global crises in the world, but Indian economy is still having the safety factors for avoiding the crash consequence of the global negative tendencies.

During this research we analyse the economic factors of Indian development and calculate the model of economic growth of this country. Finally, it can made the conclusion that foreign investments stimulate the development of Indian economy, the emergence of new enterprises, the development of production and as a result of employment and the opportunity to people earning money for living. Moreover, its impact on the Indian economic growth is also determined by the large inflow of FDI in relation to the investment attractiveness of the country which defined not only by favoring reforms and regime, but also by the great economic potential of India. The volume of net exports is the main source of income for the state not to burden the population of external debt, and for the financing of the economy and the new reforms and development trends. Thus, selected factors in this analysis determine the modern economic development and create the margin of safety in India.

There are a number of historical features of India which have different effects on the economy: some of them slow down the development, others, contribute to it. By historical features contributing to the development of Indian economy it was included: multi-structural system (community usage of the land, caste, dependent crafts, etc.). However, in India there is a large world-class enterprise, including private enterprises.

Among the positive historical factors it should also named the abundance and low-cost labor. The great incentive for the development of industrial and agricultural production is the presence of a large domestic market, the solvency of which is constantly increasing with the growth of employment in modern industries. India has a double advantage - the availability of skilled labor and low-cost of labor, it was the cause of increased competitiveness in manufacturing.

The historical paradox is that India which is the one of the key developing countries, is also the core region of South Asia, and having a very large economic potential (among the top 15 countries of GDP volume), it remains one of the poorest countries in the world. The poverty rate is 26.1%.

In addition, there is a serious problem, which has far-reaching implications – the demographic problem. If the population growth rate will not decrease in the recent years, the overpopulation problem will soon become the most acute for the country.

Obviously, the pace of economic development in India is higher than in most developing countries. The model of economic development which elected in the years of independence, combining the economic role of the state with the market mechanism and private enterprise, we can conclude that this model had a positive impact on the economy of India.

Nowadays, the Indian economy is stable and has a positive trend. Currently, India is able to pay the external debt on time, thereby indicating positive changes, which taken place in the national economy over the past decade.
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References

Evaluation of economic development of India during the period of the global crisis


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Abstract

This paper investigates the economic development of India during the period of the global crisis (1998 – 2009). In this investigation, we consider the main factors of the economy that can provide the Indian industry to survive during the period of global crisis. We analyzed a complex indicator: a large number of economic indicators of Indian development (GDP growth, foreign trade, unemployment rate, savings level, GINI index, indicators of import and export, etc.) and the social sphere of the Indian economy (poverty level, income per capita, human development index, etc.). All these indicators vividly show the historical picture of economic development of India and help to find the weaknesses and strengths of the Indian industry during the period of global crisis. Therefore, this paper presents a model of economic growth of India and investigates the impact of each component of this model. This analysis gives a clear proof of the uniqueness of the Indian economy which are both positive and negative in terms of economic development. This study gives us a chance to make an overview of the historical perspective of government reforms and their impact on Indian industry in the decade of global instability.

Keywords: economy of India, model of economic growth of India, global economic crisis, unemployment rate in India, export and import in India

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Ključne reči: ekonomija Indije, model ekonomskog rasta Indije, globalna ekonomska kriza, stopa nezaposlenosti u Indiji, izvoz i uvoz u Indiji