Global Crisis Response and Its Implications, India Vs China

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Abstract

The stimulus measures introduced in China to combat the global crisis helped to raise the investment rate in the economy whereas the Indian measures raised the consumption rate. As a result, the productive capacity of the economy rose in China whereas it declined in India during the crisis. A large part of the stimulus spending was financed by banks in China while it was financed by the government budget in India. This resulted in weakening of the financial sector in China while in India that led weakening of the fiscal position.

Key Words: Fiscal Stimulus, Global Crisis Impact, India, China.