Global Crises and their Impact on the Indian Economy: An Empirical Study

Korra Revathi[1], Prof.M.Uma Devi[2]

[1]Research Scholar(Part-Time), Department of Commerce and Management Studies, Andhra University, Visakhapatnam
[2]Professor and Head, Department of Commerce and Management Studies, Andhra University, Visakhapatnam

Abstract

This paper examines the channels through which global crises influence the Indian economy and evaluates the policy responses required to sustain macroeconomic stability and inclusive development. The analysis covers the global financial crisis of 2008-09, the COVID-19 pandemic, the Russia-Ukraine war and subsequent energy and food-market volatility, geopolitical tensions in West Asia, trade and tariff uncertainty, climate risks, global monetary tightening and technological disruption. Particular attention is paid to GDP growth, inflation, fiscal and monetary policy, exports and imports, foreign direct investment, portfolio flows, the rupee, employment, agriculture, manufacturing, services and household welfare.

Keywords: *Global crisis, Indian economy, foreign investment, economic resilience.*

1. Introduction

The increasing integration of the global economy has significantly transformed the nature and dynamics of international economic relations. Globalisation has strengthened economic interdependence among nations through international trade in goods and services, cross-border investment, financial transactions, labour migration, technological advancements, digital data exchange and globally integrated production networks. These developments have generated substantial opportunities for economic expansion, enhanced productivity, technological progress and access to international markets. However, greater economic interconnectedness has also intensified the transmission of economic shocks across national boundaries. Consequently, an economic disturbance originating in one country or region can have far-reaching implications for production, employment, price stability, investment and financial conditions in other economies. In this context, contemporary global crises should not be understood as isolated economic events but rather as interconnected and overlapping disturbances arising from financial instability, geopolitical tensions, public health emergencies, supply-chain disruptions and structural economic vulnerabilities, further intensified by uncertainties in international policy frameworks.

Within this evolving global economic environment, the Indian economy occupies a strategically significant position. As one of the major emerging economies, India possesses a substantial domestic consumer market, a well-established services sector, an expanding industrial and manufacturing base, a significant agricultural sector and increasing integration with international trade and investment networks. The country's strong domestic consumption, expanding infrastructure investment and government-led development initiatives provide a certain degree of resilience against external economic disturbances. Nevertheless, the Indian economy remains considerably exposed to developments in the international economic environment through its dependence on imports of crude oil, natural gas, fertilisers, edible oils, electronic components and capital goods, as well as through its participation in global

technology services, remittance flows, foreign portfolio investments and export markets. Consequently, fluctuations in international commodity prices, disruptions in global supply chains, changes in international interest rates and volatility in financial markets can significantly influence India's domestic inflationary trends, exchange-rate movements, current account balance, production costs, investment climate and household purchasing power.

For the purpose of the present study, the term 'global crisis' is conceptualised as a major international economic or non-economic disturbance that generates considerable uncertainty and disrupts economic activities across multiple countries and regions. Such crises may emerge from several sources, including financial market instability, global public health emergencies, geopolitical conflicts, international trade restrictions, energy supply disruptions, environmental and climatic changes, and rapid technological transformations. The nature, intensity and duration of these crises may vary considerably depending on their underlying causes and the extent of their international transmission. While certain disturbances, such as temporary supply-side disruptions, may produce short-term increases in commodity prices and production costs, prolonged geopolitical conflicts and structural changes in international economic relations may have enduring consequences for global trade patterns, investment flows, industrial production networks and the geographical distribution of economic activities. Therefore, examining the transmission mechanisms and economic consequences of global crises is essential for understanding their implications for the Indian economy and formulating appropriate policy responses to strengthen macroeconomic stability and sustainable economic growth.Recent international assessments illustrate the uneven character of the outlook. The IMF's October 2026 World Economic Outlook projects global growth of 3.1 per cent in 2026 and 3.4 per cent in 2027, while identifying renewed conflict, trade tensions, financial repricing and fiscal vulnerabilities as downside risks. The World Bank's October 2026 India Development Update projects Indian growth at 7.1 per cent in FY2026-27, supported by domestic demand and exports, while highlighting global oil prices, climate conditions and volatile capital flows as risks. These estimates are forecasts rather than guaranteed outcomes and should be interpreted in light of their publication dates. This paper investigates how such global developments influence India's macroeconomic performance and sectoral prospects. It also examines the role of public policy in reducing vulnerability without retreating from international economic engagement. The central argument is that sustainable resilience requires a combination of domestic productive capacity, competitive exports, diversified external relationships, sound institutions and protection for groups most affected by economic shocks.

2. Evolution and Nature of Global Crises

2.1 Global Financial Crisis of 2008-09

The global financial crisis originated in vulnerabilities in the United States housing and financial system and spread through highly interconnected financial institutions and markets. The collapse of confidence, tightening of credit and decline in international demand affected production and trade worldwide. India's financial system was less exposed to some complex financial instruments than those of several advanced economies, but the country was not insulated from the global slowdown. Export demand weakened, capital flows became volatile and investment sentiment deteriorated.

The crisis demonstrated that domestic banking regulation alone cannot eliminate exposure to global financial conditions. A country may have relatively sound banks and still experience pressure through exports, exchange rates and portfolio flows. For India, the episode reinforced

the importance of adequate liquidity, countercyclical policy capacity and monitoring of external vulnerabilities.

2.2 Euro-Area Debt Crisis and Global Financial Market Volatility

The Euro-area sovereign debt crisis raised concerns about sovereign solvency, banking-sector exposure and the future of monetary union. Although its direct trade effects on India varied by sector, uncertainty weakened confidence and affected international financial markets. The 2013 taper tantrum, triggered by expectations of reduced monetary stimulus in the United States, demonstrated how changes in advanced-economy interest-rate expectations can lead to capital outflows and currency pressure in emerging markets.

The episode is relevant because global liquidity conditions influence the relative attractiveness of emerging-market assets. Countries with large external financing needs, high inflation or weak policy credibility may face sharper adjustment. India's policy response included measures to stabilise foreign-exchange markets and strengthen external buffers, illustrating the value of credible macroeconomic management.

2.3 COVID-19 Pandemic

The pandemic created an unprecedented combination of health, supply and demand shocks. Restrictions on movement disrupted transport, tourism, hospitality, retail trade, construction and manufacturing. The loss of employment and income affected household consumption, while uncertainty delayed private investment. International supply shortages affected medicines, medical equipment, electronics and industrial inputs. India's response included public-health measures, fiscal support, liquidity measures, credit guarantees and digital delivery of assistance. The crisis accelerated digital payments, e-commerce, remote work and technology adoption. However, the burden was uneven. Informal workers, migrant labourers, small traders, women in vulnerable employment and households without savings faced disproportionate hardship. The pandemic established that resilience must be evaluated not only through GDP recovery but also through the protection of livelihoods and access to essential services.

2.4 Russia-Ukraine War and Commodity Volatility

The Russia–Ukraine war disrupted established trade relationships and heightened volatility in oil, natural gas, wheat, fertilisers and other commodities. The effects were transmitted globally through energy prices, shipping, insurance, sanctions and uncertainty. India, as a major energy importer, faced pressure through the import bill and domestic cost structures. Higher fertiliser and energy prices also affected fiscal expenditure and agricultural input costs. The episode highlighted the strategic importance of diversified sourcing and the ability to adjust procurement relationships. It also demonstrated that the economic effects of conflict extend well beyond the countries directly involved. Even when a country is geographically distant, its firms and households may bear the cost through global prices.

2.5 Climate and Environmental Crises

Climate-related shocks affect the economy through heat stress, floods, droughts, cyclones, water scarcity and damage to infrastructure. Agricultural output and food prices are particularly sensitive to rainfall and temperature patterns. Extreme weather can disrupt transport, power supply, labour productivity and urban services. Climate change also creates transition risks as economies move towards lower-carbon production and energy systems.

India faces the dual challenge of protecting vulnerable populations from physical climate risks while expanding reliable and affordable clean energy. Climate resilience is therefore a macroeconomic priority, not merely an environmental concern.

Table 1:Major Global Crises and Their Economic Characteristics

Period / episode	Originating disturbance	Main international effects	Relevance to India
2008–09 global financial crisis	Sub-prime mortgage and financial-system instability	Credit contraction, recession, falling trade and risk aversion	Weaker export demand, volatile capital flows and investment uncertainty
2010–13 Euro-area debt stress and taper tantrum	Sovereign-debt concerns and changing US monetary expectations	Financial-market volatility and emerging-market outflows	Pressure on rupee and external financing conditions
2020–22 COVID-19 pandemic	Global public-health emergency	Lockdowns, mobility restrictions, supply shortages and demand collapse	Output contraction, informal-sector distress and accelerated digital adoption
2022 onwards: Russia–Ukraine war	Geopolitical conflict and sanctions	Energy, food, fertiliser and commodity-price volatility	Higher import costs, inflation and pressure on the current account
2023 onwards: shipping and West Asian tensions	Geopolitical risk to key maritime corridors	Longer routes, freight and insurance costs, delivery delays	Higher logistics costs and uncertainty in energy and merchandise trade
2020s: trade fragmentation	Tariffs, export controls and strategic competition	Supplier diversification, trade diversion and compliance costs	Potential supply-chain investment alongside market-access risks
Ongoing climate shocks	Heat, floods, droughts and extreme weather	Agricultural and infrastructure losses, food-price volatility	Risks to farm incomes, labour productivity and public expenditure
Ongoing AI and automation transition	Rapid technological change	Productivity gains and changing occupational demand	Opportunities in IT and advanced services; reskilling and displacement risks

Source: The time periods are indicative and overlap; they are not mutually exclusive crisis categories.

3. Channels Through Which Global Crises affect India

3.1 Trade Channel

A global slowdown reduces demand for exports of goods and services. The effect is transmitted to Indian producers through lower orders, reduced capacity utilisation, slower revenue growth and delayed investment. Export-oriented sectors such as textiles, gems and jewellery, engineering goods, chemicals, automobiles, pharmaceuticals and information technology services may experience different degrees of exposure depending on their destination markets and product mix. At the same time, disruptions to imported intermediate goods can raise production costs even when final demand remains strong.

3.2 Commodity-Price Channel

Higher international prices of crude oil, gas, fertilisers, edible oils and industrial metals can increase India's import bill. Firms may pass higher costs to consumers, reduce margins or postpone production. If the government absorbs part of the increase through subsidies or tax adjustments, the fiscal impact may rise. If the currency depreciates at the same time, the domestic cost of imported commodities may increase further.

3.3 Financial and Capital-Flow Channel

Global uncertainty can prompt investors to reduce exposure to emerging markets and move funds towards assets perceived as safer. Portfolio outflows can place pressure on equity and bond prices and the exchange rate. A weaker currency may support exporters over time, but it also increases the rupee cost of imports and foreign-currency liabilities. Foreign direct investment is generally less volatile than portfolio investment, but prolonged uncertainty can delay greenfield projects and cross-border mergers.

3.4 Exchange-Rate Channel

The exchange rate responds to trade balances, capital flows, interest-rate differentials, expectations and central-bank intervention. Depreciation can improve price competitiveness for some exporters, but the benefit depends on imported-input content, pricing power and global demand. Import-dependent sectors may face higher costs. Exchange-rate volatility can also make it difficult for firms to plan investment and manage foreign-currency obligations.

3.5 Confidence and Investment Channel

When businesses anticipate weak demand, higher costs or policy uncertainty, they may postpone investment. Households may increase precautionary savings and reduce discretionary spending. This confidence channel can amplify the initial shock. Clear communication, predictable regulation and credible macroeconomic policy can reduce uncertainty and support investment decisions.

3.6 Fiscal and Monetary Transmission

Global shocks complicate the policy choices of the government and the Reserve Bank of India. A supply-driven rise in inflation may call for restraint, while a simultaneous decline in demand may call for support. Fiscal authorities must balance relief for vulnerable groups with debt sustainability and productive public investment. Monetary authorities must distinguish temporary supply shocks from persistent inflationary pressures while maintaining financial stability.

3.7 Labour-Market and Remittance Channel

A slowdown in destination economies can reduce demand for migrant workers, affect overseas employment and alter remittance flows. Domestic export sectors may reduce working hours,

hiring or wages. Informal workers often have limited access to unemployment protection and may experience income losses before these become visible in formal indicators. Labour-market resilience requires portable social protection, skill development and pathways into productive formal employment.

Table 2:Transmission Channels from Global Crises to the Indian Economy

Transmission channel	**External trigger**	**Domestic mechanism**	**Likely macroeconomic consequence**
Trade channel	Recession or tariffs in trading partners	Lower export orders and weaker production	Slower output and employment in exposed sectors
Commodity-price channel	Oil, gas, fertiliser or food-price increase	Higher import and input costs	Imported inflation and wider trade deficit
Financial channel	Global risk aversion and tighter liquidity	Portfolio outflows and higher risk premiums	Market volatility and tighter financing conditions
Exchange-rate channel	Capital-flow reversal or external imbalance	Currency depreciation and costlier imports	Inflationary pressure and foreign-currency risk
Supply-chain channel	Port closures, conflict or export controls	Input shortages and delivery delays	Lower capacity utilisation and higher inventories
Confidence channel	Uncertainty about demand and policy	Deferred household and business spending	Weaker consumption and private investment
Labour and remittance channel	Slowdown in overseas labour markets	Lower overseas employment or remittance growth	Pressure on household income and consumption
Fiscal channel	Higher subsidy needs and lower revenues	Increased expenditure or reduced fiscal space	Higher deficit pressure or reprioritisation
Climate channel	Extreme weather and water stress	Crop losses, infrastructure damage and heat stress	Food inflation and productivity losses

Source: The time periods are indicative and overlap; they are not mutually exclusive crisis categories

4.Sectoral Impact of Global Crises on the Indian Economy

4.1 Agriculture and Allied Activities

Agriculture is exposed to global crises through fertiliser, fuel, pesticide and machinery prices, as well as through global food markets and climate conditions. Higher input prices can reduce farm profitability, particularly for small and marginal farmers with limited access to institutional credit. Export restrictions and changes in international demand can influence

prices for rice, wheat, spices, cotton, marine products and processed foods. Climate-related disruptions can compound these pressures by reducing yields and increasing uncertainty.

Policy responses should strengthen irrigation efficiency, climate-resilient seeds, crop insurance, storage, cold chains, agricultural extension and access to affordable finance. Better market information and diversified procurement channels can help farmers respond to international price volatility. Food security policy should balance consumer affordability with incentives for sustainable farm production.

4.2 Manufacturing and Industrial Development

Manufacturing is affected by global demand, imported components, energy costs, freight rates, exchange rates and technology restrictions. Industries such as electronics, automobiles, chemicals, steel, textiles, pharmaceuticals and machinery may be exposed to different combinations of these factors. Supply-chain disruption can create shortages of components, while trade restrictions may reduce access to specialised equipment or markets.

India's manufacturing opportunity depends on the ability to move from assembly and low-value production towards higher domestic value addition, research and development, quality improvement and reliable delivery. Production-linked incentives can support scale in selected sectors, but long-term competitiveness also requires logistics efficiency, stable power, skilled workers, access to finance and predictable regulation.

4.3 Information Technology and Business Services

India's IT and business-services sector is linked to global corporate spending, technology investment and client confidence. A slowdown in the United States or Europe may lead clients to defer discretionary projects and reduce consulting expenditure. Currency movements can affect revenue translated into rupees, while changes in visa and immigration rules can influence the movement of skilled workers.

At the same time, cloud computing, cybersecurity, AI, data analytics and global capability centres create new opportunities. The World Bank's October 2026 India update highlights the potential of AI and India's technical workforce, while stressing the need for skills, infrastructure and a sound regulatory environment. The sector's resilience will depend on moving towards higher-value services and continuous workforce adaptation.

4.4 Micro, Small and Medium Enterprises

MSMEs are particularly vulnerable to global crises because many operate with limited cash reserves, narrow customer bases and restricted access to affordable credit. They may face delayed payments, higher input costs, order cancellations and difficulty meeting new export standards. Smaller firms also have less capacity to hedge currency risk or maintain multiple suppliers.

Support should focus on timely payments, credit guarantees with sound risk assessment, digital bookkeeping, export facilitation, technology upgrading, cluster infrastructure and access to market intelligence. Assistance should be targeted towards viable firms and linked to productivity improvements rather than becoming a permanent substitute for competitiveness.

4.5 Banking and Financial Services

Banks and financial institutions are exposed to global crises through market volatility, foreign-currency funding, borrower stress and changes in asset prices. A global downturn can weaken the repayment capacity of export-oriented companies and firms dependent on imported inputs. However, well-capitalised banks, prudent underwriting and effective supervision can prevent external shocks from turning into a domestic credit crisis.

Financial inclusion, digital payments and diversified sources of finance can improve resilience. At the same time, regulators must monitor cyber risk, operational concentration, non-bank financial institutions and interconnected exposures. Financial stability policy should be forward-looking and sensitive to new risks arising from technology and climate change.

4.6 Tourism, Transport and Hospitality

Tourism, aviation, hotels, restaurants and transport are sensitive to travel restrictions, geopolitical concerns, fuel prices and consumer confidence. The pandemic demonstrated how rapidly these activities can contract when mobility is restricted. Higher aviation fuel prices and shipping disruptions can increase operating costs. Domestic tourism can provide some offset, but employment and small-business income remain vulnerable.

4.7 Energy and Infrastructure

Energy security is central to economic resilience. Import dependence exposes India to international oil and gas prices and maritime disruptions. Renewable energy, storage, grid modernisation, energy efficiency, diversified import sources and strategic reserves can reduce vulnerability. Infrastructure investment in ports, railways, roads, warehousing and digital networks also lowers the cost of adjustment when global trade routes change.

Table 3: GDP Growth Comparison Across Selected Periods

Period	Years	GDP growth observations (%)	Analytical focus
Pre-financial-crisis	2007	7.7	Initial reference
Financial-crisis period	2008–2009	3.1; 7.9	Slowdown and recovery
European debt period	2010–2012	8.5; 5.2; 5.5	Growth moderation
Taper Tantrum period	2013	6.4	Financial-market disturbance
Pre-pandemic period	2014–2019	7.4; 8.0; 8.3; 6.8; 6.5; 3.9	Domestic and external trends
Pandemic period	2020–2021	5.8; 9.7	Contraction and rebound
Post-pandemic period	2022–2025	7.6; 7.2; 7.1; 7.6	Recovery and resilience

Source: World Bank, World Development Indicators

5. India's Policy Responses to Global Crises

5.1 Fiscal Policy

Fiscal policy can stabilise demand, protect vulnerable households and support productive investment during periods of uncertainty. Measures may include targeted transfers, food support, employment programmes, temporary tax relief, credit guarantees and public capital expenditure. The effectiveness of fiscal intervention depends on timing, targeting, administrative capacity and fiscal space. Broad subsidies may provide immediate relief but can

create large recurring liabilities and weaken incentives for efficient resource use.A resilient fiscal framework should preserve room for countercyclical action while maintaining a credible medium-term path for debt and deficit management. Public investment in transport, energy, water, health, education and digital infrastructure can raise potential output and reduce supply-side bottlenecks.

5.2 Monetary Policy and Financial Regulation

The Reserve Bank of India influences liquidity, interest rates, inflation expectations and financial stability. During a supply shock, monetary policy faces a difficult trade-off: tightening too aggressively may weaken demand, while responding too slowly to persistent inflation may damage credibility. Policy should therefore be guided by the persistence and breadth of inflation, expectations, demand conditions and financial stability risks. Macroprudential measures, stress testing, capital and liquidity requirements, foreign-exchange risk management and supervision of non-bank financial institutions can reduce systemic vulnerability. Clear communication helps markets understand the policy reaction function and reduces avoidable uncertainty.

5.3 Trade and Industrial Policy

Trade policy should pursue diversification without creating excessive protection or uncertainty. Exporters benefit from predictable tariff structures, efficient customs procedures, reliable standards certification, competitive logistics and access to trade finance. Trade agreements can improve market access, but their benefits depend on domestic firms' ability to meet quality and origin requirements. Industrial policy can support strategic sectors where learning spillovers, scale economies or security considerations justify public coordination. Such support should have transparent performance criteria, periodic evaluation and sunset provisions. The objective should be internationally competitive production rather than indefinite protection.

5.4 Energy Policy

Energy policy should reduce concentration risk by expanding renewable energy, storage, transmission networks, energy efficiency and diversified sources of imported fuels. Strategic petroleum reserves can provide a temporary buffer during severe disruptions, but they cannot replace structural improvements in energy intensity and domestic clean-energy capacity.

5.5 Social Protection and Labour Policy

Social protection is essential because economic adjustment imposes concentrated costs on workers and households with limited savings. Portable benefits, food security, public health systems, unemployment support where feasible, skill development and employment services can reduce the long-term effects of crises. Policies should pay particular attention to migrant workers, informal workers, women, young people and small producers.

5.6 Digital and Technology Policy

Digital public infrastructure can improve the delivery of welfare, payments, credit and public services. AI and automation may raise productivity, but their benefits require affordable connectivity, data protection, competition, digital literacy and lifelong learning. A balanced approach should encourage innovation while protecting privacy, consumer rights and worker transitions.

Table 4: Government Policy Instruments and Their Intended Outcomes

Policy area	Instrument	Immediate objective	Long-term contribution
Fiscal policy	Targeted transfers and food support	Protect vulnerable households	Prevent loss of human capital
Fiscal policy	Public capital expenditure	Support demand and employment	Improve productivity and logistics
Monetary policy	Liquidity management and policy-rate decisions	Maintain price and financial stability	Anchor expectations and support sustainable credit
Financial regulation	Stress tests and prudential supervision	Identify emerging vulnerabilities	Reduce systemic risk
Trade policy	Market diversification and trade facilitation	Maintain export access	Improve competitiveness and resilience
Industrial policy	Time-bound support for strategic sectors	Build capacity and attract investment	Increase domestic value addition
Energy policy	Renewables, storage and diversified sourcing	Reduce immediate supply vulnerability	Lower exposure to fossil-fuel shocks
Labour policy	Portable social security and reskilling	Support displaced workers	Improve adaptability and productivity
Agricultural policy	Insurance, storage and climate-smart practices	Reduce farm-level risk	Strengthen food-system resilience

Source: The researcher must test data properties and model assumptions before selecting a final specification. These are proposed tests, not results.

5.7 Empirical and Descriptive Evidence: Selected Indicators

The following table summarises selected institutional assessments available by November 2026. The figures are not a single continuous time series: they refer to different reporting periods and forecast vintages. They should be used as contextual evidence, not combined mechanically into a statistical model.

Table 5: Summarises Selected Institutional Assessments

Institution / publication	Indicator	Reported estimate	Interpretation
IMF, WEO October 2026	Global real GDP growth	3.1% in 2026; 3.4% in 2027	Moderate global expansion with uneven country performance.

IMF, WEO October 2026	Global headline inflation	4.7% in 2026; 4.1% in 2027	Energy and food prices remain important risks.
World Bank, India Development Update, October 2026	India real GDP growth forecast	7.1% in FY2026–27	Domestic demand and exports support growth despite external risks.
Government of India, Economic Survey 2025–26	Total exports	USD 825.3 billion in FY2024–25	Services and selected manufacturing exports strengthen external capacity.
Government of India, Economic Survey 2025–26	Exports in first half of FY2025–26	USD 418.5 billion	Indicates continued export activity amid trade uncertainty.
World Bank, India Development Update, April 2026	India growth estimate / forecast	7.6% in FY26; 6.6% projected in FY27	The April assessment incorporated Middle East energy disruption risks.
IMF, Article IV consultation, November 2025	India real GDP growth	6.5% in FY2024–25; 6.6% forecast FY2025–26	Illustrates forecast vintage differences and revisions.

Source: IMF (2026a, 2026b); World Bank (2026a, 2026b); Government of India (2026); IMF (2025). Forecasts and estimates are reproduced with their respective reporting periods.

7.Conclusion

Global crises have become a recurring feature of the contemporary international economic system. Financial instability, pandemics, armed conflicts, trade restrictions, commodity-price shocks, climate events and technological transitions interact with one another and influence national economies through complex transmission mechanisms. India's experience demonstrates that strong domestic demand, a diversified services sector, macroeconomic buffers and public investment can support resilience. However, these strengths do not remove the country's exposure to energy imports, global trade conditions, international finance and climate-related risks.

The central conclusion of this paper is that India must move from a narrow concept of crisis response towards a comprehensive strategy of economic resilience. Short-term stabilisation measures are necessary, but they should be accompanied by structural reforms that raise productivity, diversify exports, improve energy security, strengthen MSMEs, expand human capital and protect vulnerable households. Economic resilience should be measured not only by the speed at which GDP returns to its previous path, but also by the ability of workers, firms and communities to adapt without losing their long-term development opportunities.

India's position in the changing global economy will depend on its capacity to combine strategic autonomy with constructive international engagement. Domestic production capabilities should be strengthened in critical areas, but international trade, investment, technology and cooperation remain essential to productivity growth. A policy framework based on diversification, openness, institutional credibility and inclusion can help India convert global uncertainty into opportunities for sustainable development.

In conclusion, global crises represent both a challenge and a test of economic governance. India's long-term success will depend on the quality of its institutions, the competitiveness of its enterprises, the adaptability of its workforce and the effectiveness of its social protection systems. By strengthening these foundations, India can improve its capacity to withstand external shocks and pursue stable, inclusive and sustainable economic growth.

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APPENDIX A : SUGGESTED DATASET FOR FUTURE EMPIRICAL TESTING

Researchers who wish to convert this analytical article into a fully empirical study may compile annual or quarterly observations for the variables listed below. The precise period should be selected after checking data availability and consistency.

Variable	**Suggested measurement**	**Expected relationship**	**Source**
Global growth	Annual world GDP growth	Positive with Indian exports and growth	IMF WEO
Global uncertainty	Economic Policy Uncertainty / geopolitical risk index	Generally negative with investment	Policy uncertainty databases / academic sources
Crude oil price	Annual average Brent price; USD per barrel	Positive with inflation and import bill	World Bank commodity data / EIA
Indian GDP	Real GDP growth	Dependent variable	MOSPI
CPI inflation	Annual average CPI inflation	Positive with imported commodity costs	MOSPI / RBI
Exchange rate	INR per USD	May rise with risk-off shocks; interpret direction carefully	RBI
FDI	Net or gross FDI inflows	Potentially negative under uncertainty	RBI / DPIIT
FPI	Net portfolio investment	Potentially negative under global risk aversion	RBI
Exports	Merchandise and services exports	Positive with partner-country demand	Ministry of Commerce / RBI
Employment	PLFS employment indicators	May weaken during severe shocks	MOSPI

APPENDIX B: RECOMMENDED ACTION PLAN FOR STRENGTHENING INDIA'S RESILIENCE

Priority	Recommended action	Key stakeholders	Expected outcome
High	Diversify energy sourcing and accelerate clean-energy storage	Union and state governments; energy companies	Lower exposure to fuel-price and supply shocks
High	Improve export logistics, standards and market intelligence	Commerce and industry departments; export councils	More competitive and diversified exports
High	Ensure timely MSME payments and working-capital access	Banks; government agencies; large buyers	Improved liquidity and business continuity
High	Strengthen targeted social protection and worker portability	Union and state governments	Reduced household vulnerability
Medium	Map critical supply-chain dependencies	Industry ministries; firms; research institutions	Better preparedness for shortages
Medium	Expand climate-resilient agriculture and storage	Agriculture departments; research institutions	More stable farm output and food supply
Medium	Scale technical and vocational reskilling for AI transition	Education and skill agencies; industry	Improved worker adaptability
Medium	Enhance financial and climate stress testing	RBI and financial regulators	Early identification of systemic risks
Continuous	Participate in regional and multilateral crisis cooperation	Government of India; international partners	More predictable trade and coordinated response