



Research Paper

Pattern of GDP Growth Rate, Inflation, Interstate Rate in Post Reform Period (1991-2017): A Comparative Analysis of India, China and USA

*Saleha Jameel

**Doctoral Fellow, Department of Economics, BBAU, Lucknow, Uttar Pradesh-226025*

**Dr.D.K. Yadav

***Assistant Professor, Department of Economics, BBAU, Lucknow, Uttar Pradesh-*

Abstract

Economic growth refers to an ability of an economy to increase its productive capacity through which it become more capable of producing additional units of goods and services. Economies all around are of great concern working on the new ways and techniques to promote the economic growth. The economic growth is also considered quite significant for economic policies; economy plans its economic policies accordingly. Macro variables play a very significant role in bringing economic growth to a country. It is said that major macro variables such as GDP, inflation, interest rate, balance of payment, employment rate are interrelated. Like high growth rate without increase in inflation is beneficial for an economy. Over a long period of time the low level of economic growth in developing countries causes great difficulty for the policy makers, professionals and government. The objective of this paper is to study the pattern of movement of fundamental variables in case of India, China, and USA. Through trend analysis and basic econometric tools, we will try to analyze the pattern of movement in fundamental variables during normal and recessionary period from post reform period. The hypothesis of the chapter is whether the pattern of movement in fundamental variables of the three countries is similar or varied. Methodology study is based on secondary data collected from World Bank. Use of Descriptive statistics and trend analysis have been used to check the statistical inferences. The findings of the paper show that all the core fundamental variables are independent each other. China is performing better among all variables.

Keywords: *GDP Growth Rate, Inflation, Interstate Rate, India, China and USA*

Received 22 Apr, 2022; Revised 03 May, 2022; Accepted 05 May, 2022 © The author(s) 2022.

Published with open access at www.questjournals.org

3.1. Introduction

Economic growth refers to an ability of an economy to increase its productive capacity through which it become more capable of producing additional units of goods and services. Economies all around are of great concern working on the new ways and techniques to promote the economic growth. The economic growth is also considered quite significant for economic policies; economy plans its economic policies accordingly. Macro variables play a very significant role in bringing economic growth to a country. It is said that major macro variables such as GDP, inflation, interest rate, balance of payment, employment rate are interrelated. Like high growth rate without increase in inflation is beneficial for an economy. Over a long period of time the low level of economic growth in developing countries causes great difficulty for the policy makers, professionals and government. The objective of this chapter is to study the pattern of movement of fundamental variables in case of India, China, and USA. Through trend analysis and basic econometric tools, we will try to analyze the pattern of movement in fundamental variables during normal and recessionary period from post reform period. The hypothesis of the chapter is whether the pattern of movement in fundamental variables of the three countries is similar or varied.

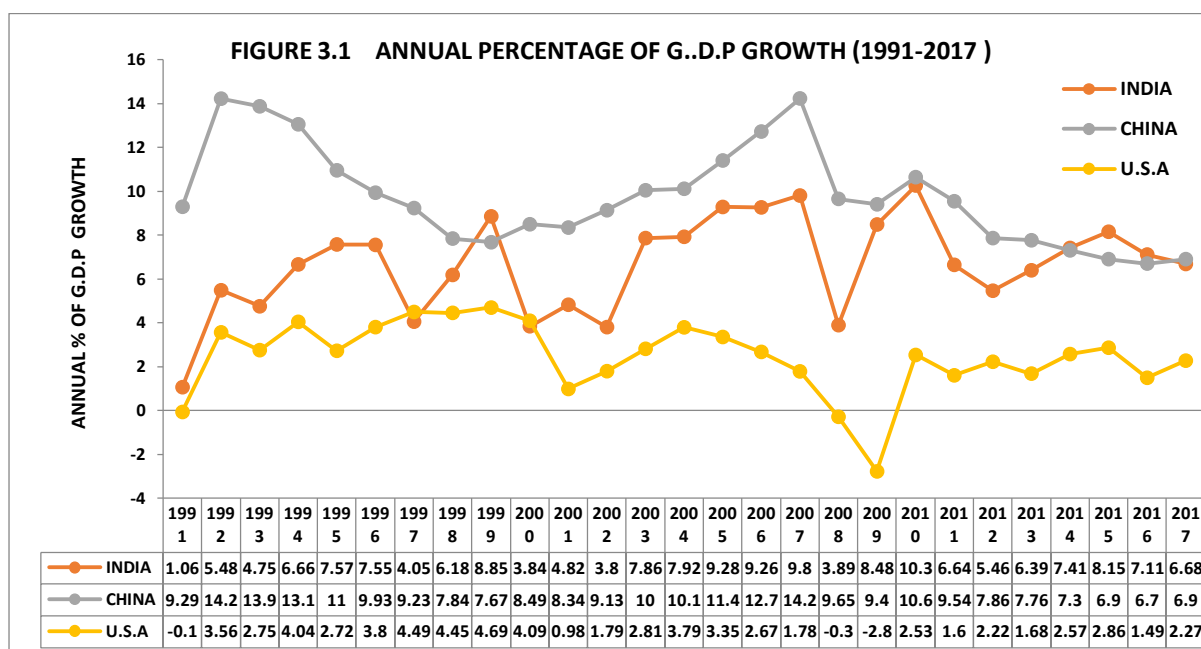
This chapter represents the pattern of movement of major macro variables that is GDP growth, inflation, interest rates, and current account balance of three countries viz. India, China and USA since post

reform period and also compares the three in terms of their fundamental variables. Although many researches and papers helped in determining the growth pattern of macro variables but still it is difficult to predict behavior of movement in terms of economic growth. The economy is interrelated with politics, culture and institutions which make it sufficiently complex. Hence to understand economy's rapid growth one has to focus largely on its major macro variables that affect economic growth. So, this chapter also emphasizes major macro variables of these countries in order to compare their economic growth. The comparisons are made through overall mean, standard deviation and variance. These comparisons are divided into two periods one is normal and another is recessionary period. Accordingly, the chapter is divided into two sections, first section compares fundamental variables of the three economies that is India, China and USA in normal period and the second section compares the three in recessionary period. According to IMF, there have been four global recessions since world war two, beginning in 1975, 1982, 1991 and 2009. The last recession was the deepest and widest of them all. The great recession was an extended period of extreme economic distress observed around the world between 2007 and 2009. The scale, impact, and recovery of the downturn varied from country to country. The recession of 1991 was mild relative to other post war recessions. According to UNDP, there were two more recessionary period one is 1997-1998 it was known as Asian financial crises and crises ruble, and the other is 2001-2002 it is called Dot.com bubble burst. As I am comparing the fundamental variables of the three countries since 1991 so according to my data there were four recessionary periods that is 1991, 1998, 2001 and 2008.and the last recessionary period persists longer that is between 2007 -2009. So pattern of movement of fundamental variables will be observed on the basis of normal period and recessionary period country wise and then compare the economic growth of these three countries.

3.2 Pattern of movement of GDP Growth in India, China and USA

Table 3.1 Annual percent of GDP growth in India, China and USA (1991-2017)

Year	GDP growth of India	GDP growth of China	GDP growth of USA	Category of period
1991	1.06	9.29	-0.07	Recession
1992	5.48	14.22	3.56	Normal
1993	4.75	13.87	2.75	Normal
1994	6.66	13.05	4.04	Normal
1995	7.57	10.95	2.72	Normal
1996	7.55	9.93	3.8	Normal
1997	4.05	9.23	4.49	Recession
1998	6.18	7.84	4.45	Recession
1999	8.85	7.67	4.69	Normal
2000	3.84	8.49	4.09	Normal
2001	4.82	8.34	0.98	Recession
2002	3.8	9.13	1.79	Recession
2003	7.86	10.04	2.81	Normal
2004	7.92	10.11	3.79	Normal
2005	9.28	11.4	3.35	Normal
2006	9.26	12.72	2.67	Normal
2007	9.8	14.23	1.78	Recession
2008	3.89	9.65	-0.29	Recession
2009	8.48	9.4	-2.78	Recession
2010	10.26	10.64	2.53	Normal
2011	6.64	9.54	1.6	Normal
2012	5.46	7.86	2.22	Normal
2013	6.39	7.76	1.68	Normal
2014	7.41	7.3	2.57	Normal
2015	8.15	6.9	2.86	Normal
2016	7.11	6.7	1.49	Normal
2017	6.68	6.9	2.27	Normal



The above figure and table show the trend of GDP growth of India, China and US from the post reform period that is from 1991 to 2017. In the diagram India is represented by the red line on the other hand blue line represents USA and green line shows the movement of Chinese economy. Initially in 1991 there was recession so the GDP growth of India and USA was very low, even USA had a negative GDP growth. At the same time China maintained highest rate of GDP growth among the three i.e. 9.29 percent. Then in the very next period all the economies rose back and showed an exponential growth. In 1997 again recession hit India and China but USA maintained a constant growth in terms of GDP. In the year 1999 India's GDP rose to 8.85 percent and then in the very next year it fell down drastically. Then in 2001-2002 USA GDP growth fell down due to dot com bubble burst. At the same India was slightly effected by it and China was not much effected by this. The global financial crises of 2007-2009 were the widest of all the post reform recessions and affected all the three economies. The GDP growth had dipped down drastically of all the three economies. At that time Chinese economy was at the peak and after this recession its GDP growth fell from 14.23 percent to 9.65 in 2008 and 9.4 percent in 2009. From henceforth Chinese economy was unable to maintain double digit GDP growth. Indian economy was also equally affected in this period and showed a dramatic fall from 9.8 percent in 2007 to 3.89 in 2008. At the same time India started to recover in 2009 with 8.48 percent and in 2010 India showed highest GDP growth i.e. 10.26 percent. And when we talk of US economy at the same time it was declined to its lowest and showed negative GDP growth of -0.29 percent in 2008 and -2.78 percent in 2009 which is the lowest of all the time. The year 2010 was proved best for India and USA they reached its pinnacle during this period. Post 2010 the GDP growth of all the three economies was slow and constant.

Table 3.2 GDP Growth of India

Period	Average	Min	Max	Variance
1991	1.06	1.06	1.06	0
1992-1996	6.402	4.75	7.57	1.58197
1997-1998	5.115	4.05	6.18	2.26845
1999-2000	6.345	3.84	8.85	12.55005
2001-2002	4.31	3.8	4.82	0.5202
2003-2006	8.58	7.86	9.28	0.635467
2007-2009	6.845	3.89	9.8	9.6231
2010-2017	7.2625	5.46	10.26	2.07925

GDP of India is slower during recessionary period as compared to normal period. In some normal period also there was slower growth of GDP in India like 1990-2000. India accounted its highest GDP growth in 2003-2006.

Table 3.3 GDP Growth of China

Period	Average	Min	Max	Variance
1991	9.29	9.29	9.29	0
1992-1996	12.404	9.93	14.22	3.52478
1997-1998	8.535	7.84	9.23	0.96605
1999-2000	8.08	7.67	8.49	0.3362
2001-2002	8.735	8.34	9.13	0.31205
2003-2006	11.0675	10.04	12.72	1.604625
2007-2009	11.94	9.65	14.23	7.394633
2010-2017	7.95	6.7	10.64	1.999771

We can notice the impact of recession on China's GDP growth only during second recessionary period i.e. 1997-1998, otherwise it did not show any increase or decrease as such in the recessionary periods. Its GDP growth did not show much variance from 1997-2002. China's GDP growth was highest in 1992-1996 that is one of the normal periods and second highest GDP growth was registered in 2007-2009 which was one of the recessionary periods.

Table 3.4 GDP growth of USA

Period	Average	Min	Max	Variance
1991	-0.07	-0.07	-0.07	0
1992-1996	3.374	2.72	4.04	0.36918
1997-1998	4.47	4.45	4.49	0.0008
1999-2000	4.39	4.09	4.69	0.18
2001-2002	1.385	0.98	1.79	0.32805
2003-2006	3.155	2.67	3.79	0.265167
2007-2009	0.745	-0.29	1.78	5.2131
2010-2017	2.1525	1.49	2.86	0.257593

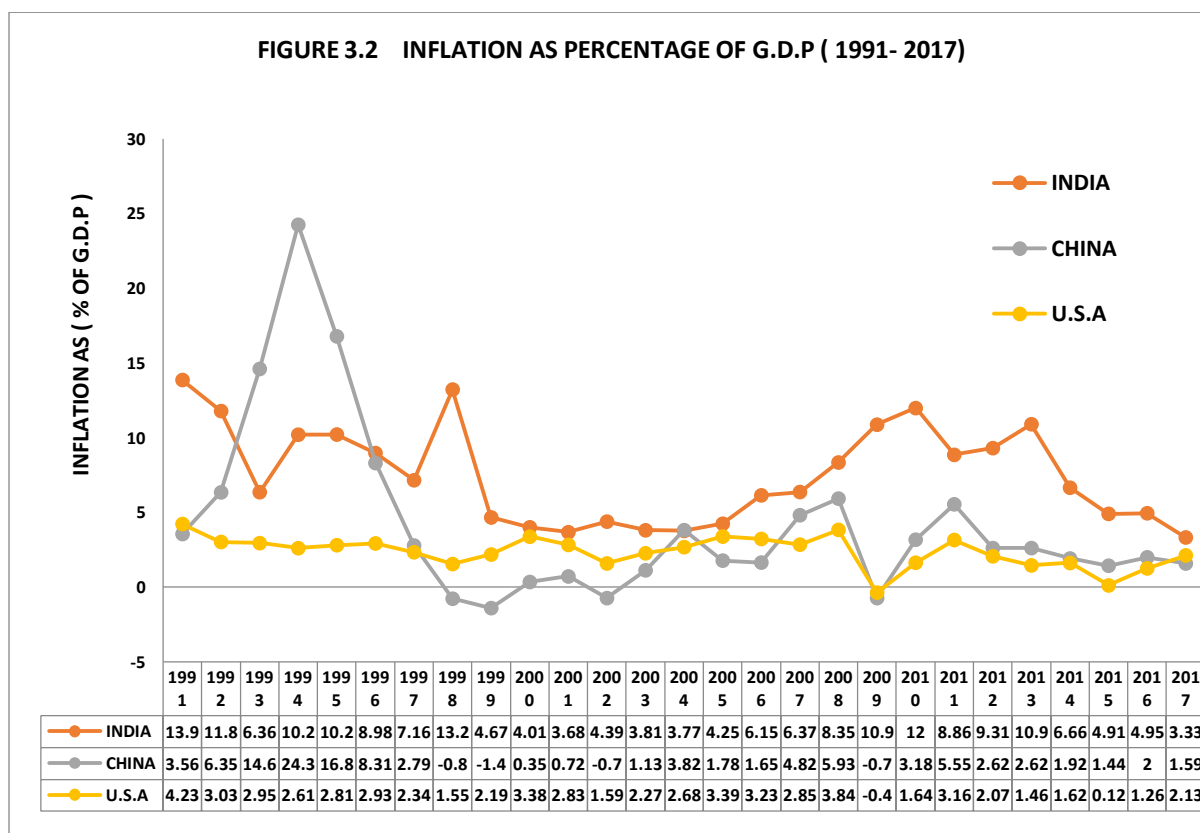
During 2001-2002 and 2007-2009 the GDP growth of USA was decreasing in itself and as compared to normal period, so these recessionary periods had an impact on the GDP growth of USA. We can now notice from the variance that GDP growth of USA was not much varied except in 2007-2009 because this recessionary period hit USA the hardest. From the average we can notice that USA accounted least growth in 2007-2009 and highest growth in 1997-1998. In the first two normal periods GDP was increasing then started to decrease in the next two normal periods.

3.3 Pattern of movement of Inflation in India, China and USA

Table 3.5 Annual Percentage of Inflation (consumer price) 1991-2017

Year	Inflation in India	Inflation in China	Inflation in USA	Category of Period
1991	13.87	3.56	4.23	Recession
1992	11.79	6.35	3.03	Normal
1993	6.36	14.61	2.95	Normal
1994	10.21	24.26	2.61	Normal
1995	10.22	16.79	2.81	Normal
1996	8.98	8.31	2.93	Normal
1997	7.16	2.79	2.34	Recession
1998	13.23	-0.77	1.55	Recession
1999	4.67	-1.4	2.19	Normal
2000	4.01	.35	3.38	Normal
2001	3.68	0.72	2.83	Recession
2002	4.39	-0.73	1.59	Recession
2003	3.81	1.13	2.27	Normal
2004	3.77	3.82	2.68	Normal
2005	4.25	1.78	3.39	Normal
2006	6.15	1.65	3.23	Normal
2007	6.37	4.82	2.85	Recession

2008	8.35	5.93	3.84	Recession
2009	10.88	-.73	-.36	Recession
2010	11.99	3.18	1.64	Normal
2011	8.86	5.55	3.16	Normal
2012	9.31	2.62	2.07	Normal
2013	10.91	2.62	1.46	Normal
2014	6.66	1.92	1.62	Normal
2015	4.91	1.44	.12	Normal
2016	4.95	2.0	1.26	Normal
2017	3.33	1.59	2.13	Normal



In this figure inflation as percentage of GDP has been depicted from post reform period till 2017 of India, China and USA. We can see from the figure that India faces inflation between 3 to 14 percent from the post reform period. In 1991 it was highest i.e. 13.87 and lowest in the year 2017 that is 3.33 percent. From the above data we can see that India faces high inflation rate during recessions except the dot com bubble burst in the year 2001 and 2002. On the other hand when we look at Chinese economy it faces inflation between 25 to -1.4 percent. From the year 1993 to 1995 it faces highest inflation i.e. 24.26 percent among all the three economies, it is due to adjustment and reform policy of China. During the recession period Chinese economy faces deflation rate except in 1991. In the US economy the inflation rate was between 4.23 to -0.36 percent. The highest was in the year 1991 that is 4.23 percent and it was lowest in the year 2009 i.e. -0.36 percent and it is called deflation. In the other two recessionary period inflation rates was nominal as per whole data of this economy.

Table 3.6 Inflation in India

Period	Average	Min	Max	Variance
1991	13.87	13.87	13.87	0
1992-1996	9.512	6.36	11.79	4.09897
1997-1998	10.195	7.16	13.23	18.42245
1999-2000	4.34	4.01	4.67	0.2178
2001-2002	4.035	3.68	4.39	0.25205

2003-2006	4.495	3.77	6.15	1.264633
2007-2009	7.36	6.37	10.88	5.110233
2010-2017	7.615	3.33	11.99	9.730457

The inflationary effect was more during recessionary period in India as compared to normal period except in 2001-2002. The variance value shows that there was inflationary impact in India except during 1999-2002 and in 2003-2006 whereas the inflationary impact was high in 1992-1996 and 2010 -2017.

Table 3.7 Inflation in China

Period	Average	Min	Max	Variance
1991	3.56	3.56	3.56	0
1992-1996	14.064	6.35	24.26	51.07548
1997-1998	1.01	-0.77	2.79	6.3368
1999-2000	-0.525	-1.4	0.35	1.53125
2001-2002	-0.005	-0.73	0.72	1.05125
2003-2006	2.095	1.13	3.82	1.401367
2007-2009	5.375	4.82	5.93	12.7317
2010-2017	2.615	1.44	5.55	1.746571

Till 1995 inflation was very high in China due to policy reforms, because of it during 1992-1996 the variance value was high. Many times inflation was negative in China especially during 1997-2002. Only in 2007-2009 there was inflationary impact on Chinese economy. During normal periods inflation was high during 1992-1996 and even negative in 1999-2000.

Table 3.8 Inflation in USA

Period	Average	Min	Max	Variance
1991	4.23	4.23	4.23	0
1992-1996	2.866	2.61	3.03	0.02668
1997-1998	1.945	1.55	2.34	0.31205
1999-2000	2.785	2.19	3.38	0.70805
2001-2002	2.21	1.59	2.83	0.7688
2003-2006	2.8925	2.27	3.39	0.264692
2007-2009	3.345	2.85	3.84	4.8207
2010-2017	1.6825	0.12	3.16	0.744079

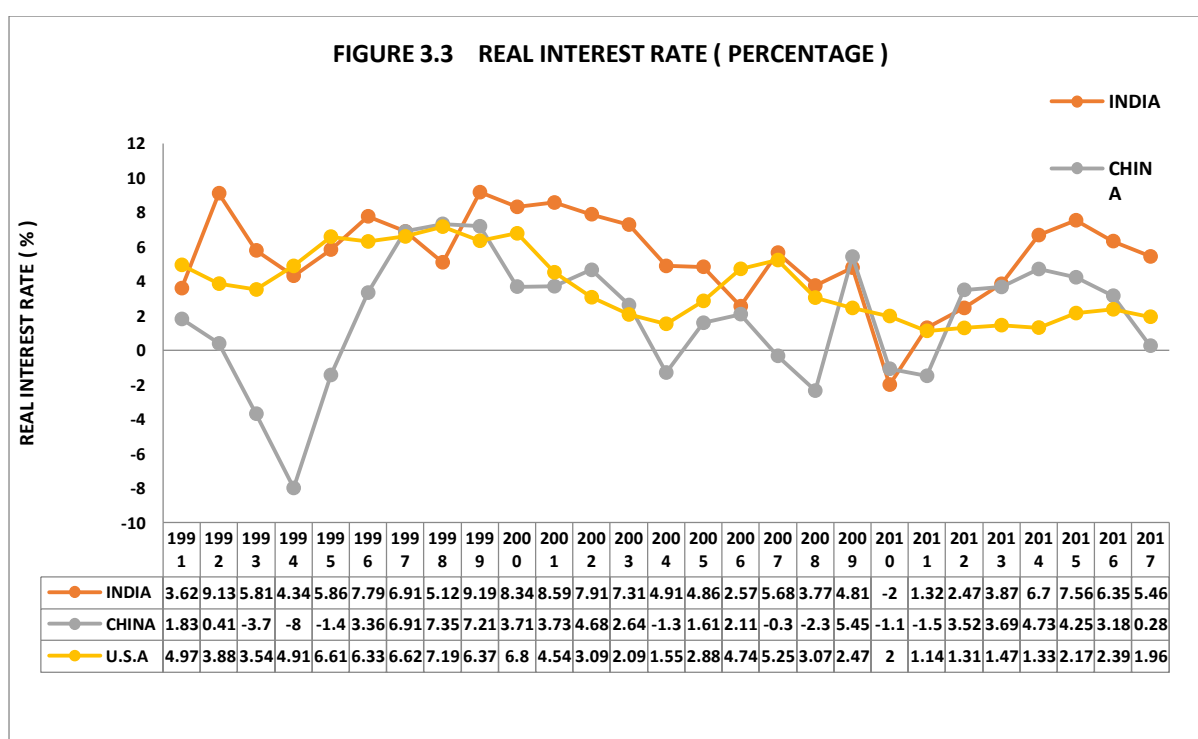
In USA we cannot as much variance in inflation except during 2007-2009 because during this recession US economy was adversely affected. Inflation decreases during 1997-1998 and 2001-2002 as compared to previous normal period. During 2007-2009 inflation was high in USA. In the normal periods inflation rate was decreasing except in 2003-2006.

3.4 Pattern of movement of Real Interest Rate in India, China and USA

Table 3.9 Real Interest Rate (1991 -2017)

Year	Real Interest Rate of India	Real Interest Rate of China	Real Interest Rate of USA	Category of Period
1991	3.62	1.83	4.97	Recession
1992	9.13	.41	3.88	Normal
1993	5.81	-3.67	3.54	Normal
1994	4.34	-7.98	4.91	Normal
1995	5.86	-1.42	6.61	Normal
1996	7.79	3.36	6.33	Normal
1997	6.91	6.91	6.62	Recession
1998	5.12	7.35	7.19	Recession

1999	9.19	7.21	6.37	Normal
2000	8.34	3.71	6.80	Normal
2001	8.59	3.73	4.54	Recession
2002	7.91	4.68	3.09	Recession
2003	7.31	2.64	2.09	Normal
2004	4.91	-1.28	1.55	Normal
2005	4.86	1.61	2.88	Normal
2006	2.57	2.11	4.74	Normal
2007	5.68	-0.31	5.25	Recession
2008	3.77	-2.33	3.07	Recession
2009	4.81	5.45	2.47	Recession
2010	-1.98	-1.06	2.00	Normal
2011	1.32	-1.47	1.14	Normal
2012	2.47	3.52	1.31	Normal
2013	3.87	3.69	1.47	Normal
2014	6.7	4.73	1.33	Normal
2015	7.56	4.25	2.17	Normal
2016	6.35	3.18	2.39	Normal
2017	5.46	0.28	1.96	Normal



As Chinese economy is considered to be a surplus economy, so it's real interest rate showing more negative trends. As we look back the data of real interest rate of China we can analyze that in the period of 27 years, 8 years are showing negative interest rate. During the Asian financial crises it has highest interest rate of 7.3 percent. As we move forward towards India in only one year we can see that it is showing negative interest rate in 2010. During the year 1992 it shows highest rate of interest i.e. 9.1 percent. During the recessionary period Indian economy is showing high rate of interest. And when we talk of US economy there was no negative interest rate in the period of 27 years. Like Indian economy US also showing high rate of interest during recessionary periods. During the year 1998 US economy had shown highest rate of interest i.e. 7.1 percent. As Indian and US economy is a deficit economy that is why their rate of interest is high as compared to China.

Table 3.10 Interest Rate of India

Period	Average	Min	Max	Variance
1991	3.62	3.62	3.62	0
1992-1996	6.586	4.34	9.13	3.52383
1997-1998	6.015	5.12	6.91	1.60205

1999-2000	8.765	8.34	9.19	0.36125
2001-2002	8.25	7.91	8.59	0.2312
2003-2006	4.9125	2.57	7.31	3.746025
2007-2009	4.725	3.77	5.68	0.914433
2010-2017	3.96875	-1.98	7.56	10.41578

The interest rate of India was low during recessionary period as compared to normal periods. Interest rate of India was much varied during 1999-2002 and 2007-2008 but it showed high variance in 2010-2017. During first two normal periods the interest rate was increasing then started to decrease in 2003-2006 and rose again in 2010-2017.

Table 3.11 Interest Rate of China

Period	Average	Min	Max	Variance
1991	1.83	1.83	1.83	0
1992-1996	-1.86	-7.98	3.36	18.33135
1997-1998	7.13	6.91	7.35	0.0968
1999-2000	5.46	3.71	7.21	6.125
2001-2002	4.205	3.73	4.68	0.45125
2003-2006	1.27	-1.28	2.64	3.066867
2007-2009	-1.32	-2.33	5.45	16.29773
2010-2017	2.14	-1.47	4.73	6.182914

In the year 1997-1998 interest rate of China was highest but in rest of the recessionary periods interest rate was decreasing and even negative in 2007-2009. In 1992-1996 interest rate was negative and then increased to 5.46 during 1999-2000 and again decrease to 1.27 in 2003-2006 and again rose up to 2.14 in 2010-2017. The variance in normal period was high in 1992-1996 and 2010-2017, while in recessionary period it was high in 2007-2009.

Table 3.12 Interest Rate of USA

Period	Average	Min	Max	Variance
1991	4.97	4.97	4.97	0
1992-1996	5.054	3.54	6.61	1.93513
1997-1998	6.905	6.62	7.19	0.16245
1999-2000	6.585	6.37	6.8	0.09245
2001-2002	3.815	3.09	4.54	1.05125
2003-2006	2.815	1.55	4.74	1.945233
2007-2009	4.16	3.07	5.25	2.140133
2010-2017	1.72125	1.14	2.39	0.215213

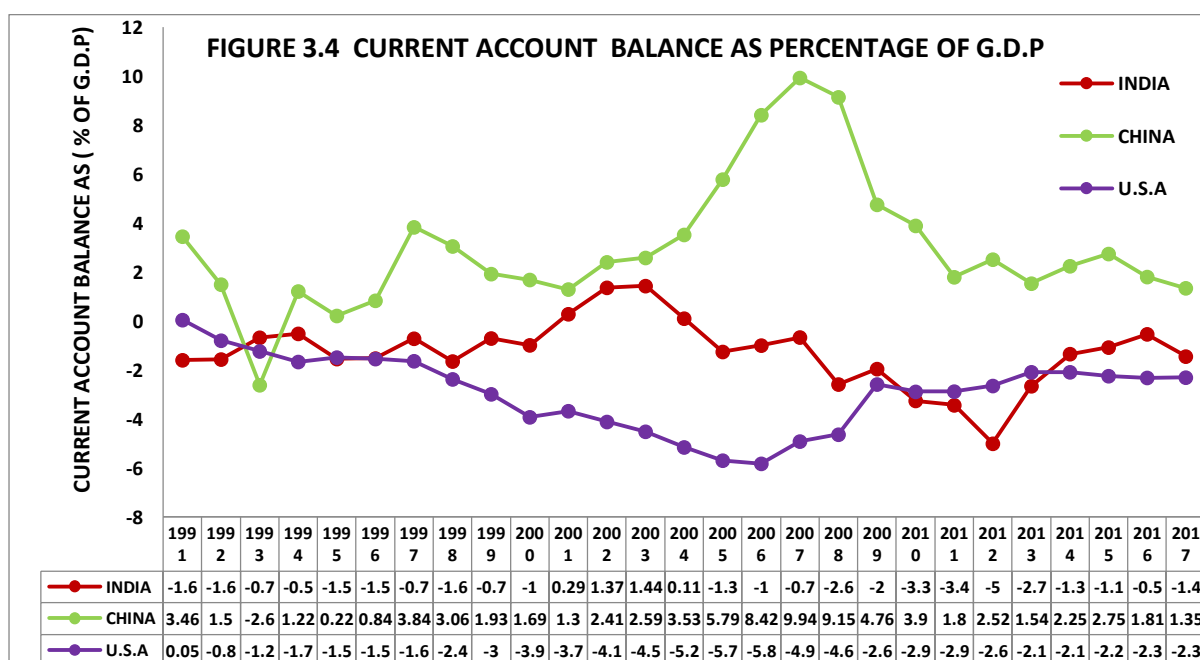
The interest rate of US economy did not show much variance, the highest variance of USA was 2.14 during 2007-2009. The US economy showed increased interest rate during recessionary period except in 2001-2002. During the first two normal periods interest rate were increasing and in the next two normal periods it showed a decreasing trend.

3.5 Pattern of movement of Current Account Balance

Table 3.13 Current Account Balance as Percentage of Gross Domestic Product (1991-2017)

YEAR	C.A.B OF INDIA	C.A.B OF CHINA	C.A.B OF U.S.A	CATEGORY OF PERIOD
1991	-1.59	3.46	0.05	Recession
1992	-1.56	1.50	-0.79	Normal

1993	-0.67	-2.61	-1.23	Normal
1994	-0.51	1.22	-1.66	Normal
1995	-1.54	0.22	-1.48	Normal
1996	-1.52	0.84	-1.54	Normal
1997	-0.71	3.84	-1.63	Recession
1998	-1.64	3.06	-2.37	Recession
1999	-0.70	1.93	-2.98	Normal
2000	-0.98	1.69	-3.92	Normal
2001	0.29	1.30	-3.67	Recession
2002	1.37	2.41	-4.11	Recession
2003	1.44	2.59	-4.51	Normal
2004	0.11	3.53	-5.15	Normal
2005	-1.25	5.79	-5.69	Normal
2006	-0.99	8.42	-5.82	Normal
2007	-0.66	9.94	-4.91	Recession
2008	-2.58	9.15	-4.63	Recession
2009	-1.95	4.76	-2.58	Recession
2010	-3.25	3.90	-2.88	Normal
2011	-3.43	1.80	-2.87	Normal
2012	-5.0	2.52	-2.64	Normal
2013	-2.65	1.54	-2.08	Normal
2014	-1.34	2.25	-2.08	Normal
2015	-1.07	2.75	-2.24	Normal
2016	-0.53	1.81	-2.31	Normal
2017	-1.44	1.35	-2.30	Normal



The figure 3.7 shows the trend of current account balance of India, China and USA. Indian economy is a deficit economy and almost shows negative trend in terms of current account balance. Its highest deficits were during the period 2010-2012. Of the four recessionary periods its deficit had been increased in 1998 and 2008. The current account balance was in surplus from the year 2001 to 2004 while in 1991 its deficit showed slightest decrease to -1.59 percent as it was -2.19 percent in 1990. From the data we can see that Chinese economy was

always a surplus economy. During the global financial crises its surplus was highest i.e. 9.94 percent in 2007 and 9.15 percent in 2008. During recessionary periods its surplus had been increasing. In the year 1993 it had a deficit current account balance of -2.61 percent. Now if we talk of US economy it is also a deficit economy. It was in surplus during 1991 and from 1992 its deficit had been increasing till 2006. During the two periods of recession its deficit had been declined whereas in 1998 its deficit was slightly increased as US economy was unaffected in this period of recession. One thing is also noticeable that when US economy was at its peak in terms of its deficit at that time Chinese economy was in high surplus.

Table 3.14 CAB of India

Period	Average	Min	Max	Variance
1991	-1.59	-1.59	-1.59	0
1992-1996	-1.16	-1.56	-0.51	0.27415
1997-1998	-1.175	-1.64	-0.71	0.43245
1999-2000	-0.84	-0.98	-0.7	0.0392
2001-2002	0.83	0.29	1.37	0.5832
2003-2006	-0.1725	-1.25	1.44	1.503092
2007-2009	-1.62	-2.58	-0.66	0.9579
2010-2017	-2.33875	-5	-0.53	2.269555

Current Account Balance of India mostly showed negative balance, that means India is a deficit economy, but there was not much variance, the highest variance was during 2010-2017 that is 2.26. In 1997-1998 and 2007-2009 the deficit was increasing as compared to previous normal period and Indian economy was in surplus in 2001-2002. During normal period deficit was decreasing in India except in 2010-2017.

Table 3.15 CAB of China

Period	Average	Min	Max	Variance
1991	3.46	3.46	3.46	0
1992-1996	0.234	-2.61	1.5	2.75768
1997-1998	3.45	3.06	3.84	0.3042
1999-2000	1.81	1.69	1.93	0.0288
2001-2002	1.855	1.3	2.41	0.61605
2003-2006	5.0825	2.59	8.42	6.754092
2007-2009	9.545	9.15	9.94	7.7881
2010-2017	2.24	1.35	3.9	0.679257

China is a surplus economy because its Current Account Balance was mostly positive which means that exports are more than imports. We can notice that Chinese economy showed much variance in Current Account Balance comparative to India. Compared to previous normal periods surpluses are increasing during recessionary periods. Also, during normal periods surpluses are increasing except in 2010-2017.

Table 3.16 CAB of USA

Period	Average	Min	Max	Variance
1991	0.05	0.05	0.05	0
1992-1996	-1.34	-1.66	-0.79	0.11915
1997-1998	-2	-2.37	-1.63	0.2738
1999-2000	-3.45	-3.92	-2.98	0.4418
2001-2002	-3.89	-4.11	-3.67	0.0968
2003-2006	-5.2925	-5.82	-4.51	0.356292
2007-2009	-4.77	-4.91	-2.58	1.6183
2010-2017	-2.425	-2.88	-2.08	0.107486

Like Indian economy The USA is also a deficit economy. In 1997-1998 and 2001-2002 deficits were increasing in US economy as compared to its previous normal period while its deficits decreased in 2007-2009. Current Account Balance of USA was not much varied comparative to India and China; its highest variance was 1.61 in 2007-2009. In normal period deficits kept on increasing except in 2010-2017.

3.6 Conclusion:

After comparing the three economies it is concluded that India and China is growing swiftly in terms of its fundamental variables of economic growth. On the other hand, economic growth of US economy is not performing well as compared to India and China. After the reforms China is the fastest growing economy of the world and India is an emerging economy and is performing well in terms of economic growth. In terms of recessions India and China were affected by 1991 and 1998 recession while US economy was adversely hit by the global financial crises and dot com bubble burst. The variance was least in USA with respect to the movement of fundamental variables which proves that its fundamental variables are not performing. At the same time India and China showed variations with respect to the movement of fundamental variable. So we can say that the trends are not similar in the three countries during recessionary and normal periods.