



“ IMPACT OF GLOBAL RECESSION ON INDIAN ECONOMY”

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ABSTRACT

“ No one saw the recession coming”- Gordon Ramsay

It is difficult to provide stability to national economies after the globalization effect. Developed countries have strong businesses due to the division of labor, use of monetary funds, free trade, etc. The high development of the global economy denotes international economy integration.

This paper will mainly focus on the impact of the global recession on the Indian economy, Industries, IT sector, and employment. To better understand economic performance and future prospectus after the global financial crisis and the latest crisis due to the pandemic. This research paper is based on primary data collected by an online survey. Along with this, secondary data from the internet has also been taken into consideration.

Keywords: Recession, Financial Crisis, Sustainable Economy, Analyses market structure, GDP..

INTRODUCTION

There is an integration of the economy because of globalization. The global economy is a part of the global financial system. Mainly the great Global recession started in mid-2007 in the US when the GDP of the US declined for 4 months. The experience of the Great Depression of the 1930s and 2008s still afresh to understand the drastic effect of the crisis. The global financial crisis lead to a global recession which affected a country's economy worldwide. A recession is period when business, industry or economy of country falls down.

Recession: A recession is a period when the economy of a country falls down.

Global recession: A global recession is an extended period of economic decline around the world.

Depression: Depression is nothing but the extreme recession, high unemployment, and negative GDP.

GDP: Gross domestic Product is the monetary value of goods and services produced.

HISTORY & BACKGROUND

“As sure as the spring will follow the winter prosperity & economic growth will follow the recession.”

– Bo Bennett

A recession is a significant decline in economic activities spread across the country for more than 4 months normally, visible in real GDP, real income, employment, industrial production, and in the overall economy. The recession in the US market started in the mid-2007 term as the global recession which impacted on the Indian economy as well. The large financial institution's fall down of the stock market indicated the global financial crisis. That financial crisis instantly affected the global job market. According to the International Labour Organization (ILO) in 2009 the world unemployment rate reached its peak (high unemployment). The global recession of 2008 was characterized as more unpredictable and lengthy as compared to other recessions.

LITERATURE REVIEW

Over the period of 1960-2020, global countries witnessed about six recessions. The Us economy has experienced seven recessions. India has also experienced 7 recessions. Prasad and Reddy (2009) have examined the impact of the financial crisis in India; they said that the impact of the crisis on the Indian economy relatively has been less when compared to the USA, UK, and European Union. Sengupta (2008) has observed that a surplus inventory of houses and an increase in interest rates led to a decline in housing prices in 2006-07 resulting in a collapse in the housing market.

1) OBJECTIVE

The following are the objective of the study

- To analyze the impact of the global recession on the Indian economy
- To know the sector-wise impact
- To examine the situation after the pandemic (Covid-19)
- To know the strategies to resolve the problem

2) HYPOTHESIS

- The impact of recession is not uniform in all sectors
- The growth of GDP, unemployment, income and wages, opportunities, interest rate are affected by global recession.



DATA COLLECTION

The study is analytical and descriptive in nature. Techniques like pie charts, and graphs have been used to show the impact of the recession.

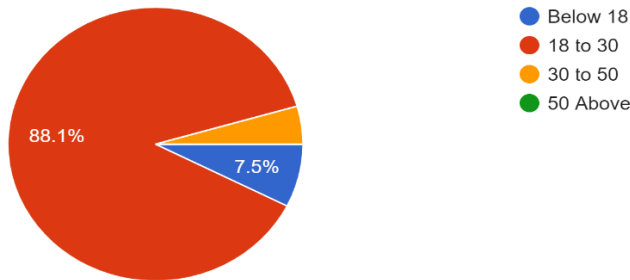
Primary data is collected through a questionnaire survey among people of different ages. The sample size of the survey is 67 users.

Secondary data is collected through the various social media website and taking an overview of the other research paper & articles.

The following are the question of survey :

Question 1 - What is the age group of the participants ?

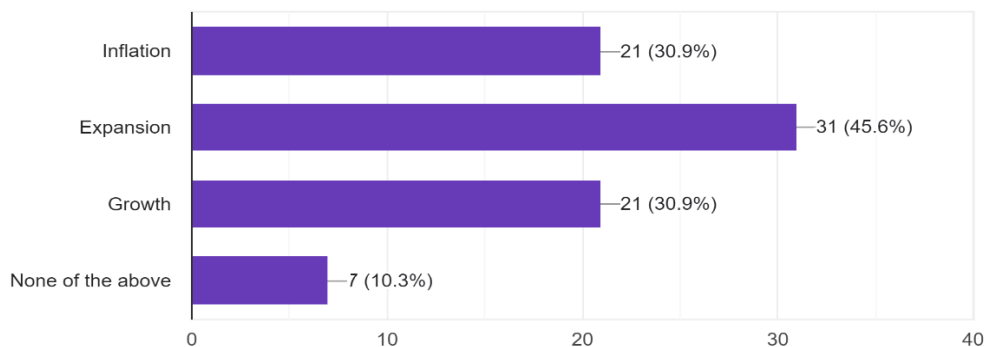
Age
67 responses



88.1% of users are the age between 18 to 30 years. 7.5% of users are below 18 years. Remaining are from 30 to 50 years.

Question 2 - What is the opposite term for a recession?

2. What is the opposite term for recession ?
68 responses

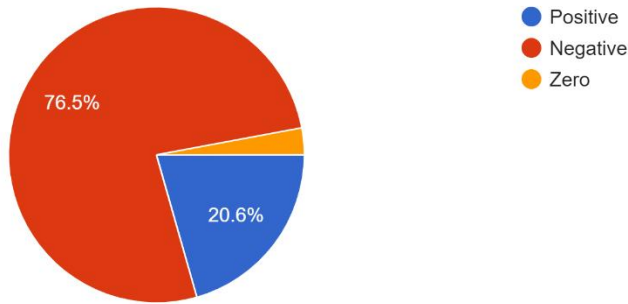


Mostly 7(10%) users out of 67 are not aware of the opposite term but the rest 60 (90%) are aware about it. Inflation, Expansion, and growth are the opposite term for recession.

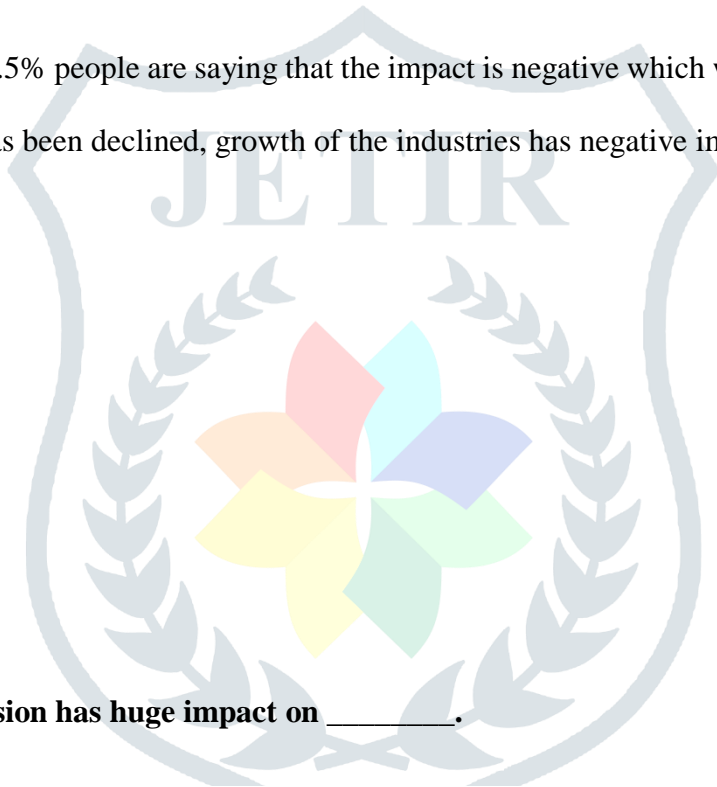
Question 3 - Impact of global recession ?

4. Impact of Global Recession can be_____ .

68 responses



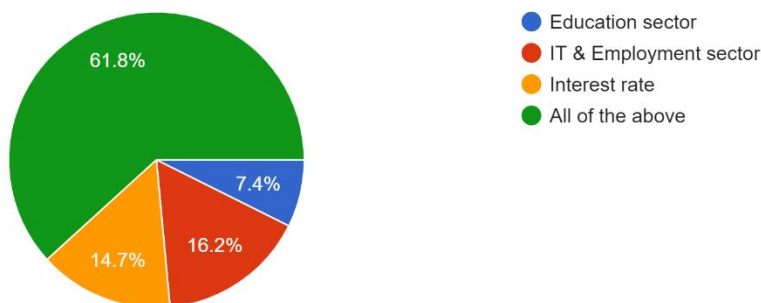
According to the survey 76.5% people are saying that the impact is negative which was logically correct. Due to recession rate of GDP has been declined, growth of the industries has negative impact.



Question 4 - Global recession has huge impact on _____.

6. Global recession has huge impact on _____.

68 responses



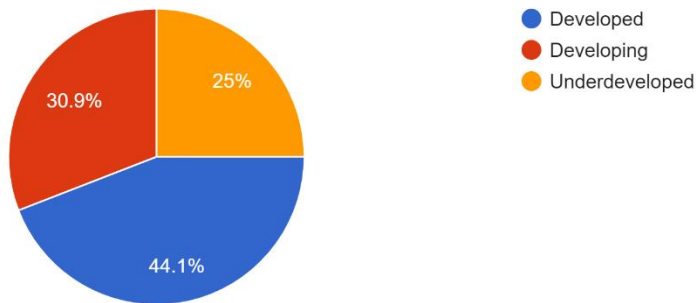
61.8% users are well aware about the sectors which were affected by recession. Education , IT and Employment, interest rate all these factors suffered huge loss due to recession

Question 5 - Which countries are more responsible for recession?

According to survey simultaneously all counties are responsible for recession even though developed countries (44.1 %), Developing countries (30.9%), Underdeveloped (25%) countries having equal result.

8. Which countries are more responsible for recession ?

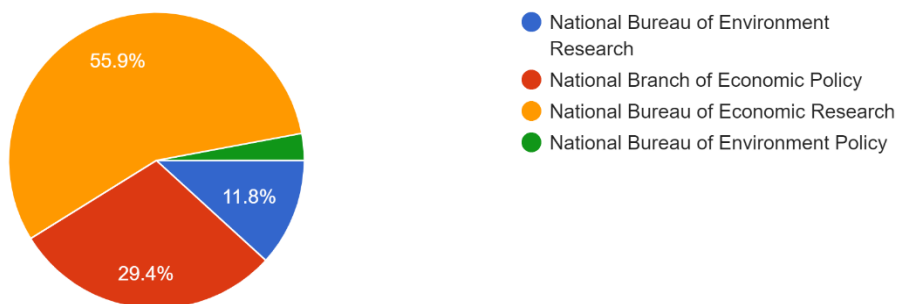
68 responses



Question 6 - Who define the recession ?

9. Who defines the recession ?

68 responses

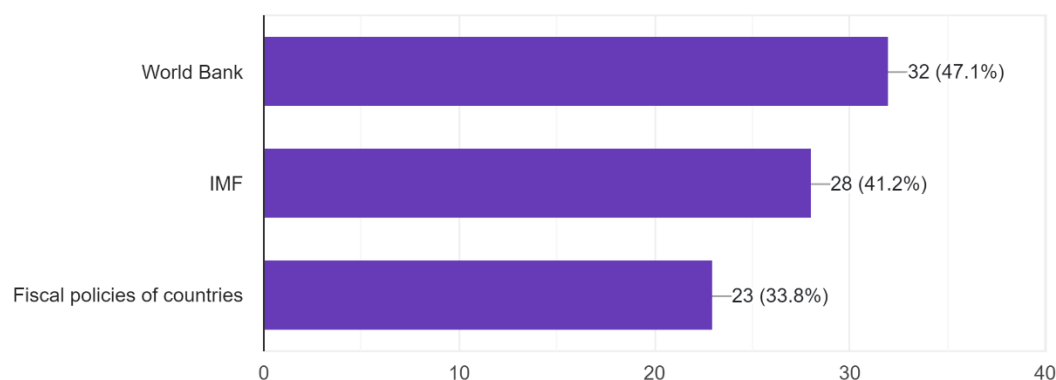


National Bureau of Economic Research defines the recession.

Question 7 - Who can play a measure role at the time of recession ?.

10. Who can play measure role at the time of recession ?

68 responses



World bank, IMF, Fiscal policies of counties all these factors can play measure role at the time of recession.

Suitable measure consist all these things.

CAUSES OF GLOBAL RECESSION

Some of the causes of the global financial crisis are as follows :

- 1) Continuous fall in the price of the asset.
- 2) Investment banks got into the mortgage.
- 3) Bank borrowed more money and gave loaned to subprime borrowers.
- 4) No management for investment.
- 5) Restrictions for monetary policy.
- 6) Decreasing consumer interest.
- 7) Competition between developed countries.

IMPACT OF GLOBAL RECESSION ON THE INDIAN ECONOMY

Though no one wants a recession but because of globalization no country can remain distinct from recession.

International banks suffered a heavy loss which affected all the countries including India. There is a negative impact of the recession as the rate of GDP has declined but on the other hand, there was an interdependency between the US economy and emerging economies like India and China has reduced the loss over the last two decades.

MEASURES TO OVERCOME THE RECESSION

Under the guidance of the IMF, Monetary policy should be first in the line of Defence in other countries and the same should be followed by India.

- RBI has to provide liquidity for financial institutions and banks.
- The Indian economy should focus on greater financial and economic development.
- Reduction in rate of interest and Tax can help to encourage people for saving.
- Likewise , we need to mainly focus on employment by making public infrastructure better.
- Finally it's high time to rethink about our financial system after COVID-19.

CONCLUSION

“The recession won’t be over till we raise a generation that knows how to live on what they’ve got.” -

Unknown

India made economic reform LPG in 1991 to take part in the global economy. After globalization there was a huge change in employment, the IT sector, and the overall in Indian economy. Although the global recession or crisis is a serious issue that needs to be determined. The proper solution or measure should be taken into consideration. The impact of the global recession was negative for the Indian economy. It was difficult to create economic recovery after COVID-19.

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