

# *Impact Of Gobar Economic Recession On Indian Financial Market*

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## **1. Introduction:**

Nowadays a common term we hearing is that global crisis or recession. Recession means showdown in the economic activities. Now this is an era of liberalization, privatization and globalization (LPG). Business activities have become global entire globe economy is integrated. Liberal policies by Government are making markets more and more open, leading to huge competition. Entire globe now has become one single market. Considering this, it can be said that, impact of the ups and downs of any economy of any country is going to affect other country's economy directly or indirectly and also the international trade and commerce. Trade has close connection with the purchasing power and the relations between different types of needs and their priority of buyers. Due to global crises, some of the firms have to wind up, some suffered heavy losses, some become bankrupt, many employees lost their jobs etc. The global recession or crisis hit to various fields of Indian business sector also.

According to the UNDESA's World Economic situation and prospects 2010, 47 million more people globally became poor or remained in poverty in 2009 growth rates, and 84 million more than would have been poor at 2004-07 growth rates, of these, 19 and 40 million are in South Asia. The report further shows that the number of India's poor was 33.6 million higher in 2009 than would have been the case if the growth rates of the years from 2004 to 2007 had been maintained. In 2009 alone, an estimated 13.6 million more people in India become poor or remained in poverty then would have been the case at 2008 growth rates. Put it in other way, while a dip from 8.8 percent growth in GDP averaged from 2004-2005 to 2006-2007 to the 6.7 percent estimated for 2008-2009, may be nothing like the recession faced by the West, but its human consequences for India were probably worse. The 2.1 percent decline in India's GDP growth rate has effectively translated into a 2.8 percent increase in the incidence of poverty.

In this scenario is essential to know and assess the impact of global recession on capital market because finance is the backbone of development of the economy, so an attempt is made in this paper to focus on capital financial market only. Therefore the main objective of this paper is to study and assess the impact of recession on capital market of India. The paper is divided into five sub-sections as under.

- Section - I : Research Methodology
- Section - II : Impact of global recession on foreign exchange reserve and rates.
- Section - III : Impact of global recession on stock market and foreign capital Inflow.
- Section - IV : Impact of global recession on capital market.
- Section - V : Summary of conclusions and suggestions.