

positive trend and upward change whereas in 2009, it was downward trend as it declined to -18.64 percent in 2009 as compared to 2008 indicating negative change. Thus it can be said that the foreign exchange reserves of India had negatively affected by global crisis.

(ii) Impact on foreign exchange rate:

The second indicator namely foreign exchange rate was assessed to know the impact of global recession on capital market. In the fiscal 2008-09 the rupee depreciated against major international currencies, except pound, sterling, due to deceleration in capital flows and widening trade deficit. This situation occurred due to worldwide financial crisis. The month to month movement of exchange rate in the year 2008-09 indicated that the rupee depreciated against the US \$ in May - June 2008 but remained almost stable during July-August 2008. The foreign exchange rate movement during 2007 to 2009 is given in Table - 3.

Table - 3

Foreign exchange rate Rupees for US \$

Year	Rate	% change to previous year
March 2007	44.03	—
March 2008	40.36	8.33
March 2009	51.23	+ 26.93

Table-3 reveals that foreign exchange rate of India was depreciated sharply against the US \$ at the end of March 2008 to the extent of 44.03 percent and move upto 48.63 percent in November 2008 further to 51.23 in March 2009 from Rs. 49.26 in February 2009, except March 2008, which shows 40.36 percent reserve rate. This shows that Indian rupee was become weaker. To the import more money has to be given due to this situation. Instead of decreasing foreign exchange rate it moved upward direction which shows negative effect of global recession on Indian foreign exchange reserve and balance of payment moved toward unfavorable at faster rate. This is not good business environment.

Section - III

Impact of global recession on stock market and foreign capital inflow:

The global crisis have directly impacted on Indian financial market in term of sudden decline in the foreign exchange reserve held by the RBI and fall in the external value of the rupee especially value of US \$ in term of rupee depreciation was observed in Section - II. In other words, India's financial market has been affected very badly during 2007-09 period, was shown by foreign exchange reserve and foreign exchange rate in Section - II, whereas how and to what extent global financial crisis affect on stock exchange market and foreign direct investment is examined in this Section.

(i) Impact on stock market:

The impact of global financial recession on Indian stock market was very deep. The BSE sensx bench mark index, which touched a high of about 21200 in January 2008 and slipped to less than 10000 in December 2008. It was downed to the extent of 8951. It was observed that sensx has fallen down by more than 50 percent. The Table - 4 shows impart of global crisis on stock market in terms of sensx during 2007-10.