# JYOTI NIVAS COLLEGE (AUTONOMOUS)
## POSTGRADUATE CENTRE
## BANGALORE

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## PRESENTS E -JOURNAL
## ON FEBRUARY 2023
## BY THE DEPARTMENT OF
## M.COM(FA)
## on
# ECONOMIC RECESSION

## Introduction:

When there is a general fall in economic activity, there is a recession, which is a contraction of the business cycle in economics. Recessions typically start when expenditure falls dramatically across the board (an adverse demand shock). Several things could cause this, including a financial crisis, a shock to international commerce, a bad supply shock, the deflation of an economic bubble, or a significant anthropocentric or natural disaster (e.g. a pandemic).

Recessions are described as "a considerable fall in economic activity spread across the market, lasting more than a few months, generally visible in real GDP, real income, employment, industrial production, and wholesale-retail sales" in the United States.

A prolonged period of weak or negative real GDP (output) growth that is accompanied by a noticeably higher unemployment rate is known as a recession. During a recession, a lot of other economic activity indices are similarly weak.

## Definition of Economic Recession:

A period of overall economic deterioration known as an economic recession is frequently accompanied by a decline in the stock market, a rise in unemployment, and a decline in the housing market. Recessions typically have less of an impact than depressions. Usually, the federal government's top officials—the president, the chairman of the Federal Reserve, or the entire administration—are to blame for a recession.

## Causes of Recessions:

Recessions are brought on by high-interest rates because they reduce liquidity or the quantity of money available for investment.

Increased inflation is another factor. Over time, a general increase in the cost of goods and services is referred to as inflation. The proportion of goods and services that can be obtained for the same amount of money declines as inflation rises.

Another element that can contribute to a recession is a decline in consumer confidence. Consumers are less likely to spend money if they perceive the economy as terrible. Although purely psychological, consumer confidence can significantly affect any economy.

Reduced real wages is a term used to describe inflation-adjusted wages. A worker's paycheck is not keeping up with inflation if actual wages are declining. Despite earning the same amount of money, the employee's purchasing power has decreased.

### • Decreased Consumer Confidence

Consumption decreases as customers lose faith in the economy, which can create a vicious cycle. Eventually, business revenues and the need or ability to hire new people will decline if the demand for goods and services is sufficiently low.

Accordingly, the economy will create fewer jobs, sales will continue to decline, and manufacturers will typically reduce production in reaction to the declining demand. Reducing production also means reducing jobs, which raises the unemployment rate and causes people to reduce their spending.

### • Increasing Interest Rates

Borrowing money becomes more expensive at higher interest rates, discouraging individuals and companies from taking out loans to finance purchases or investments. The economy experiences a decline in demand for goods and services as a result of lower spending.

Businesses hire fewer personnel as a result of the decline in demand and ensuing production reductions. Inflation falls when the economy's expenditure does. But a recession might result if high-interest rates push the economy too far into contraction.

### • Crash of the Stock Market

A recession might result from a stock market meltdown. Investors frequently have less money to invest in enterprises as stock prices fall. Layoffs or hiring freezes may result if businesses are unable to raise the necessary funds for expansion and running expenses.

Some of the most significant stock market crashes in American history occurred right before a downturn in the economy. These include the "Black Tuesday" stock market crash of 1929, the financial crisis of 2008, and the COVID-19-related short-term slump.

### • Deregulation

When they eliminate crucial safeguards, legislators run the risk of starting a recession. When the Garn-St.Germain Depository Institutions Act was passed in 1982, and the roots of the savings and loan crisis and the ensuing recession were sown. 7 The loan-to-value ratio and interest rate ceiling restrictions for savings and loan associations were eliminated by this law and the Depository Institutions Deregulation and Monetary Control Act of 1980.

The 1990 recession was brought on by the savings and loan crisis. 9 Due to property flips, dubious lending, and illegal activity, more than 1,000 banks with $500 billion in assets failed.

- **After-war Depressions**

In American history, post-war recessions have occurred regularly. After World War II, the Korean War, the Vietnam War, and the Gulf War, there were recessions. Following the Korean, Vietnam, and Gulf Wars, there was a 4.5% decline in annual growth and an increase of 1% in average unemployment.

- **Credit Shocks**

A credit crunch happens when there is an unexpected decrease in the amount of money that may be borrowed, which reduces the number of loans. For instance, during the 2008 financial crisis, banks suffered significant losses as a result of the high number of defaulted mortgages and the faulty mortgage debt they had purchased. They were extremely hesitant to make loans as a result of these losses.

Interest rates rise and less money is available for businesses and individuals when lenders are more cautious. That might cause a recession.

- **The bursting of Asset Bubbles**

When the cost of investments such as gold, equities, or real estate rises above what is reasonable, asset bubbles result. Even before the bubble collapses, conditions are already in place for a recession to take place. Before the recessions of 2001 and 2008, there was a housing bubble and "dot com" stock bubble.

- **Deflation**

Deflation lowers the market value of the goods and services being offered, which motivates consumers to hold off on purchases until costs are lower. Since they cannot afford to take on debt at such high-interest rates, it is frequently linked to high-interest rates, which may also make consumers wait to make purchases.

Because businesses must reduce expenses, deflation can also result in a rise in unemployment. Because unemployed people frequently are unable to spend money to stimulate the economy, this may produce a deflationary cycle.

## DEPRESSION

A significant and protracted decline in economic activity is referred to as a depression. A harsh recession that lasts three years or longer or that results in a real Gross Domestic Product (GDP) loss of at least 10% is generally referred to as a depression in economics. In a specific year. Depressions tend to be accompanied by high unemployment and low inflation and are often less frequent than lighter recessions.

Consumer confidence and investment drop during depressions, which leads to the collapse of the economy. A recession, a typical feature of the business cycle, often happens when GDP declines for at least two consecutive quarters. On the other hand, a depression is characterized by a severe decline in economic activity that lasts for years as opposed to just a few quarters. Due to this, there have been 33 recessions and one depression in the United States since 1854. Furthermore, even if those times of contraction are somewhat moderate, economists define a recession as two consecutive quarters of negative GDP growth. On the other hand, a depression is characterized by a decline in GDP of 10% or more.

An economy's and production's sharp decline can be brought on by several things. Regarding severe depression. The Federal Reserve (Fed) kept raising interest rates after the 1929 stock market crash because maintaining the gold standard was more important than injecting money into the economy to boost expenditure. Massive deflation resulted from those actions.

In terms of economics, a depression is a significant downturn in the business cycle that is marked by rapid and sustained declines in economic activity, high rates of unemployment, poverty, and homelessness, an increase in personal and business bankruptcies, sharp declines in stock markets, and significant drops in international trade and capital movements. A recession is typically characterized, by a national economy, as a period of at least two consecutive quarters of declining real (inflation-adjusted) GDP, or gross domestic product. Depressions, on the other hand, are a particularly severe and protracted form of recession. A recession is defined as "a considerable fall in economic activity" by the National Bureau of Economic Research, which keeps track of the cyclical peaks and troughs in U.S. economic activity going back to 1854.

Economic historians generally concur that the Great Depression, which started in 1929, was the worst economic downturn in U.S. history and the worst ever experienced by the Western industrialized world, even though there is no universal definition of depression that all economists accept (and, consequently, no universal agreement about how many depressions the United States has experienced since 1854).

## The Great Depression

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Global gross domestic product (GDP) declined by an estimated 15% between 1929 and 1932. In contrast, during the Great Recession from 2008 to 2009, the global GDP decreased by less than 1%. By the middle of the 1930s, some economies had begun to recover. However, the consequences of the Great Depression persisted in many nations until the start of World War II. Falling personal income, prices, tax receipts, and profits had devastating impacts on both wealthy and developing nations. International trade decreased by more than 50%, while unemployment in the United States increased to 23% and reached 33% in certain other countries. Cities throughout the world were severely impacted, particularly those reliant on heavy industry. In many nations, construction essentially came to an end. Rural areas and farming communities suffered

Economic historians typically view the abrupt, catastrophic decline in U.S. stock market prices that began on October 24, 1929, as the prime cause of the Great Depression. Nevertheless, some contest this finding, viewing the stock market crash less as the cause of the Depression and more as a sign of investors' growing trepidation as a result of gradual price declines brought on by declining consumer goods sales (due to overproduction brought on by new production techniques, declining exports, and income inequality, among other factors), which had already started as part of a gradual Depression.

Optimism remained for a while following the Wall Street Crash of 1929, which saw the Dow Jones Industrial Average fall from 381 to 198 over two months. Before progressively decreasing for years, to a low of 41 in 1932, the stock market recovered in the early 1930s, with the Dow recovering to 294 (pre-depression levels) in April 1930.

The first half of 1930 saw an increase in government and industry spending over the same time the year before. On the other hand, consumers reduced spending by 10% even though many of them had incurred significant losses in the stock market the year before. Additionally, the agricultural heartland of the United States was devastated by a severe drought that started in the mid-1930s.

By the middle of 1930, interest rates had fallen to low levels, but due to anticipated deflation and people's continued aversion to borrowing, consumer spending and investment remained low. Automobile sales fell to levels below those of 1928 by May 1930. Prices started to fall generally in 1930, while salaries remained stable. Then, in 1931, a deflationary spiral began. The Great Plain's drought and plummeting crop prices made the situation for farmers worse. Despite federal help, the Great Depression at its height saw roughly 10% of all Great Plains farms change ownership.

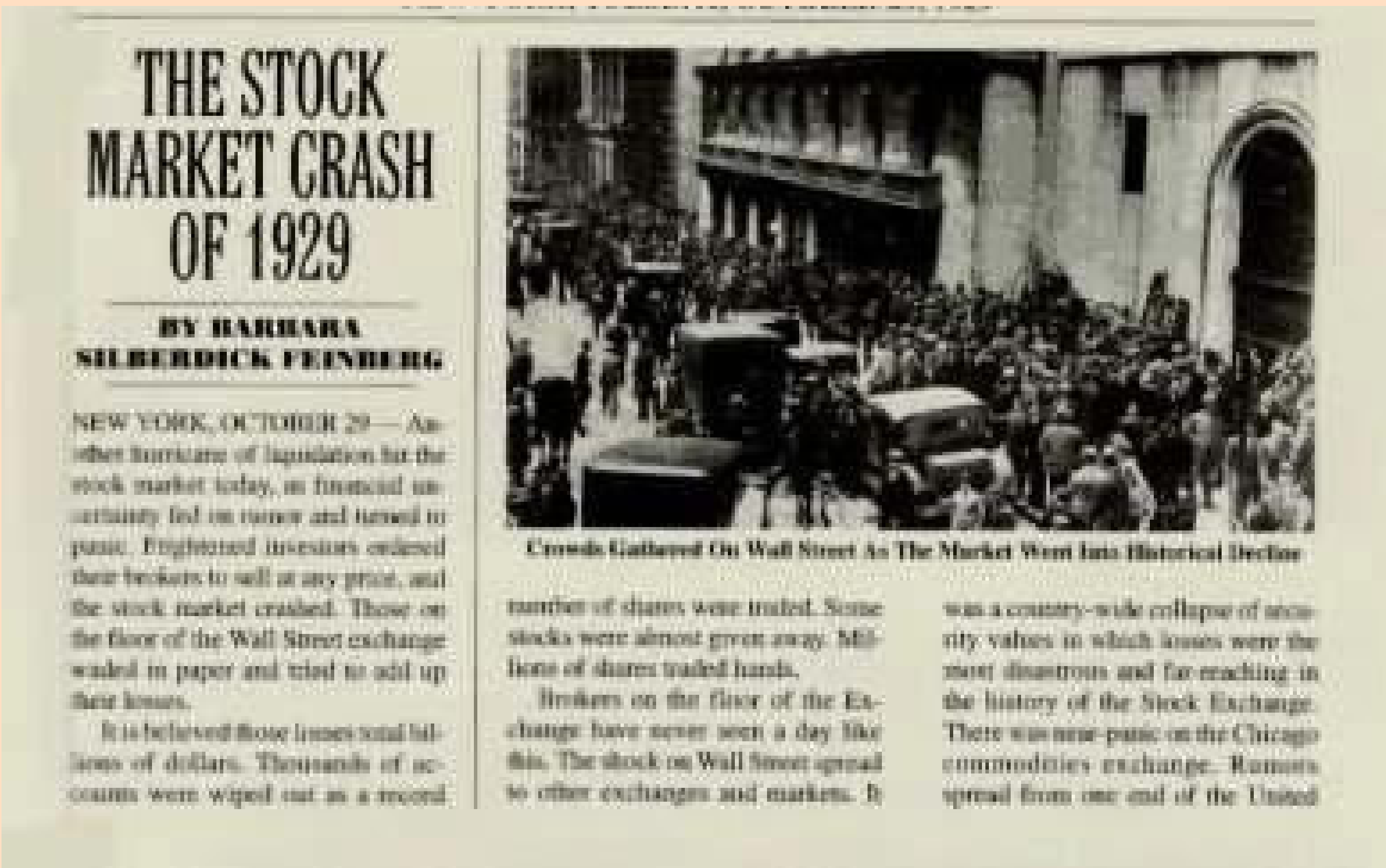
The majority of foreign nations were initially affected by the U.S. economy's fall; however, as time went on, conditions varied depending on each nation's internal strengths and weaknesses. The 1930 U.S. Smoot-Hawley Tariff Act and retaliatory tariffs in other nations were examples of frantic attempts by individual nations to support their economy through protectionist measures, which exacerbated the collapse of global commerce and contributed to the depression. By 1933, the economic downturn had reduced global trade to just one-third of what it had been four years earlier.

The Keynesian (demand-driven) and the Monetarist explanations of the Great Depression are the two traditionally conflicting economic theories. Various heterodox theories also minimize or deny the justifications offered by Keynesians and monetarists. Demand-driven models concur that a significant drop in confidence caused a quick decline in investment and consumption. Many others assumed that by staying away from the markets once fear and deflation took hold, they could prevent further losses. As prices fell further and a given amount of money bought progressively more items, the profitability of holding money increased, hence accelerating the decline in demand. According to monetarists, the Great Depression began as a typical recession, but the declining money supply significantly exacerbated the economic situation, leading to a Whether the traditional monetary explanation—which holds that monetary forces were the primary cause of the Great Depression—or the traditional Keynesian explanation—which holds that a decline in autonomous spending, particularly investment, is the primary explanation for the onset of the Great Depression—is correct, economists and economic historians are almost evenly divided. The expectancies hypothesis and the debt deflation theory, which add non-monetary explanations to Milton Friedman and Anna Schwartz's monetary explanation, have received significant scholarly support in recent years.

Everyone agrees that the Federal Reserve System should have acted as a lender of last resort and increased the money supply to stop the process of monetary deflation and banking collapse. The economic downturn would have been far less severe and much shorter if they had done this.

Mainstream economists of today believe that:

- A decrease in the money supply (Monetarists), which leads to a banking crisis, a decline in credit, and bankruptcies.
- Insufficient government spending and insufficient private sector demand (Keynesians).
- The Smoot-Hawley Tariff Act's passage made a recession that could have otherwise been more "standard" worse (Both Monetarists and Keynesians).



# THE STOCK MARKET CRASH OF 1929

BY BARBARA SILBERDICK FEINBERG

Crowds Gathered On Wall Street As The Market Went Into Historical Decline

NEW YORK, OCTOBER 29— Another hurricane of liquidation hit the stock market today, as financial uncertainty fed on rumor and turned to panic. Frightened investors ordered their brokers to sell at any price, and the stock market crashed. Those on the floor of the Wall Street exchange waded in paper and tried to add up their losses.

It is believed those losses total billions of dollars. Thousands of accounts were wiped out as a record number of shares were traded. Some stocks were almost given away. Millions of shares traded hands.

Brokers on the floor of the Exchange have never seen a day like this. The shock on Wall Street spread to other exchanges and markets. It was a country-wide collapse of security values in which losses were the most disastrous and far-reaching in the history of the Stock Exchange. There was near-panic on the Chicago commodities exchange. Rumors spread from one end of the United

## WHAT PREDICTS A RECESSION

In line with the generally accepted definition of a recession, the U.S. gross domestic product decreased by 0.9% in the second quarter of 2022, which was the second consecutive quarter of negative growth. The organization that formally declares a recession is the National Bureau of Economic Research; it has not done so and is not likely to do so in the near future.

Despite more recent signs of softening, unemployment is still relatively low, at 3.6% in June. However, the GDP contraction, which is the broadest measure of the economy, indicates that a recession is underway, despite how unusual this economy may be and how reluctant the Biden administration is to acknowledge it. Of fact, economic downturns can rob millions of individuals of their employment, retirement funds, and financial stability. Because of this, it may be challenging to envisage a way to a robust stock market and, consequently, to favorable economic growth. Recessions, however, are occasionally an unavoidable aspect of a business cycle. Thus, it is good to be aware of the indicators of a recession so that you can be ready.

## WHAT HAPPENS DURING A RECESSION?

It is typical for stock values to decline and the unemployment rate to increase during a recession. Because investors have less money to invest and less confidence in the market to grow their investment, stock prices decrease. Because of the decreased demand for equities, stock prices would inevitably fall.

During a recession, business revenues also drop, which prompts many to stop employing new employees or reduce the size of their existing workforce. There will be a large number of company closures, which will result in more job losses. The unemployment rate rises as a result of this. More people are choosing to save their money rather than spend it, which is a result of both an increase in the unemployment rate and general economic uneasiness. This drop in sending could lead to more revenue declines for the company, restarting the cycle.

The fact that inflation normally declines during a recession is one potential benefit. When inflation spirals out of hand, it can completely destroy an economy by causing a currency to lose value. Economic growth slowdowns from time to time can prevent inflation from rising too high.

## HOW CAN YOU PREDICT A RECESSION?

Not all recessions can be predicted. If they were, we could better prepare for them or perhaps steer clear of them. However, there are a few indicators that economists can use to forecast the possibility of a recession. These indicators are what economists refer to as leading ones. Additionally, there are lagging indicators that appear after a recession has already begun. The most obvious lagging indication is a high unemployment rate.

An inverted yield curve is one prominent leading indication. The relationship between the yield of a short-term and long-term government bond is referred to as an inverted yield curve. Normal conditions will result in a higher long-term yield. A lack of confidence in the economy and the likelihood of a recession might be indicated by an inverted yield curve and a lower long-term yield. Since 1970, a yield curve inversion has predicted every U.S. recession.

A reduction in manufacturing jobs is another indicator of a coming recession. If factories lay off employees or stop recruiting new ones, it may indicate that cuts in other industries are imminent since a decline in the demand for manufactured items can be an indication of a decline in consumer spending. Falling property values, a downturn in the stock market, and a lack of new small enterprises are some other leading indications.

### HOW GOVERNMENT DEALS WITH RECESSION

Both monetary and fiscal policy can be used by the government to boost a flagging economy.

Monetary policy is managed by the central bank of the government. The Federal Reserve typically lowers interest rates to aid in economic recovery. This encourages people and companies to take out loans from the government, which can boost the economy. People are more willing to spend money if borrowing costs are lower. Of fact, the Fed is really raising interest rates at times of high inflation like the one we're experiencing right now.

Tax and spending-related choices are referred to as fiscal policy. Congress has the power to boost the economy by lowering taxes or raising spending. The government adopted an expansive fiscal policy in the years following the Great Recession. President Barack Obama's stimulus plan, as well as higher public borrowing and expenditure, were all part of this. Due to the higher unemployment rate, increased government spending is unavoidable during a recession. The government will have to spend more money to provide unemployment benefits since more people will be receiving them.

### EXAMPLE OF A RECESSION

The recession caused by the coronavirus is the most notable recent example. The COVID-19 pandemic's spread had a significant financial impact on the American economy, particularly as closure orders started to be issued across the country. Due to this, market predictions became incredibly unstable, which had a ripple effect on the stock market. As the pandemic devastated far more than just the United States, this recession eventually spread to the entire world.

Before it, the United States went through the "Great Recession," which lasted from the end of 2007 to 2009. The majority of economists believe that the U.S. housing bubble's fall was the direct cause of this recession. This caused unemployment rates to soar and the U.S. GDP to decline.

### HOW LONG DO RECESSION LAST

Recessions are not all created equal. The most recent episode, which lasted from February to April of 2020, was the shortest recession on record. Some have lasted for years. You can have a better understanding of where the economy has been and where it might be going now by looking at the length and causes of recent recessions.

## THE COVID-19 RECESSION: FEBRAURY TO APTIL 2020

**Authorities implemented state wide lockdowns as the Covid-19 outbreak ravaged the U.S. in early 2020 in an effort to halt the spread. The majority of Americans were forced to spend months at home as a result of these measures, which also completely shut down the economy.**
**There was no doubt that the lockdowns would result in a recession, and many people worried that the economic crisis may persist for several months or perhaps years. They weren't entirely wrong.**
**The Covid-19 recession began in February 2020 and ended in April after only two months. GDP decreased by 3.4% and unemployment hit a record high of 14.7%.**

## DOUBLE – DIP RECESSION

**A double-dip recession is defined as a recession, a brief period of recovery, and then another recession. An economic phenomena known as a "double-dip recession" occurs when one recession is followed by a brief recovery and then another. They slow down the recovery process, resulting in longer-than-normal periods of stagnation in employment, earnings, and investment opportunities.**

## How can a double-dip recession be predicted?

**Rising interest rates and inflation are reliable indicators of a first recession. Negative GDP growth follows a period of positive growth when there is a double-dip recession. Typically, this decline in GDP is accompanied by a slowdown in the production of goods and services, which leads to new layoffs and reduced investment. As a result, persistent inflation, rising interest rates, and a decline in GDP following a period of growth point to the possibility of a double-dip recession.**

## A double-dip recession's root causes

**1) There are several factors that could cause the economy to enter a second recession. After the initial recession, the economy's recovery is always derailed by something.**
**2) It's possible that this is a different issue that continues coming up, like a pandemic that creates a series of outbreaks on a worldwide scale.**
**3) When governments and central banks raise taxes or interest rates, typically to reduce a ballooning deficit or rein in inflation, this also contributes to a W-shaped recovery.**
**4) While the goal of these fiscal and monetary policies is to promote long-term economic stability, they run the risk of short-term economic instability.**
**5) Continual debt deflation, significant economic shocks, and new public policies that raise.**

## In 2023 or 2024, is a double-dip recession likely?

**There is a chance that GDP growth could slide into another decline in late 2023 or early 2024, resulting in a double-dip recession, if the U.S. GDP does decline in early 2023 as a result of the Federal Reserve's tightening and then recovers.**
**In 2024, what can trigger a double-dip recession?**
**After appearing to be under control, inflation could resurface, forcing the Federal Reserve to increase interest rates once more. Consistent pay increases, high demand for goods and services, and an increase in the money supply are all factors that could cause inflation to rise.**

## In 2024, what can trigger a double-dip recession?

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## What is the duration of double-dip recessions?

Recessions are typically short-lived, but the time it takes for the economy to recover or surpass its pre-recession level can be fairly long, according to the National Bureau of Economic Research. While there is no set length for a double-dip recession, it can last for a combined total of 23 months or longer, as was the case during the double-dip recession .

## EFFECT ON EMPLOYMENT

Early symptoms of a double-dip recession can be seen in economic indicators. Double-dip signals are indicators that an economy may enter a new, longer-lasting recession, making it considerably harder to recover from. High or rapid consumer price inflation during the initial recession is one sign of a double-dip recession. Sluggish job growth, indications of impending secondary asset price bubbles, and/or a new rise in unemployment can happen during the interim recovery.

Consumer spending decreases during a recession when economic activity slows. When consumers reduce their spending, there is less of a need for the products and services that businesses sell. As a result, businesses produce fewer products and may reduce their service offerings. However, as fewer enterprises produce fewer goods and provide fewer services, layoffs are frequently the outcome. When people lose their jobs, they are obliged to cut back on their spending, which further reduces demand and may result in more layoffs. Till the economy recovers, the cycle keeps on.

The two are closely related; a recession is characterized by a rise in unemployment and its endurance, while unemployment itself exacerbates recessions. Governments have developed a variety of policy tools intended to reduce unemployment during economic downturns as a result of the short- and long-term consequences of unemployment. In contrast to typical economic cycles, the unemployment rate decreased more swiftly during the two most recent recessions (in 2020 and 2022), rebounding before economic expansion.

A recession is a slowdown in economic activity, and as labor is a necessary economic input alongside capital, it makes sense that unemployment would increase as output (what businesses produce and sell) decreased since businesses that produce and sell less would require fewer workers.

There is an economic concept that describes the relationship between employment and production growth since it is sufficiently consistent: It is known as Okun's law after the economist Arthur Okun who first described it. According to a similar axiom, for a one percentage point reduction in the unemployment rate, the economy must expand by two percentage points more than its potential growth rate.

## RECENT RECESSION

**Global Recession 2023: A global recession is predicted to begin in 2023 by the Centre for Economics and Business Research (CEBR). Other organizations forecast that a global recession will start in 2023. Several economies contract as a result of new borrowing charges implemented to combat inflation. The global economy reached $100 trillion for the first time in 2022, according to the British consultancy's annual World Economic League Table, but will come to an end in 2023 as governments continue to battle rising expenditures.**

### Impact of the world recession on India

**1) According to the estimate, India's economy will grow to $10 trillion by 2035 and take third place in the world by 2032.**
**2) Being one of the great superpowers, the US, a mild or worse recession will eventually have an impact on the entire world.**
**3) A number of European bank failures, declines in many stock indices, and huge losses in the value of the Indian market were all signs of the crisis's eventual growth and spread into a global economic shock.**
**4) Given the huge outsourcing contracts Indian companies had with US clients, a slowdown in the US economy was definitely bad news for India.**
**5) India's exports to the US have increased over time. India was nevertheless impacted by the terrible financial crisis of September 2008 and was able to endure it.**

### CEBR Prediction

**The researcher's findings are more negative than his latest IMF predictions. The organization warned in October that there was a 25% chance that more than a third of the world's economy would collapse and global GDP would grow by less than 2% in 2023, according to Bloomberg.**
**Global gross domestic product will double he by 2037 as emerging economies catch up with wealthier countries. According to Bloomberg, East Asia and the Pacific will produce more than a third of global output by 2037, while changing power dynamics will see Europe's share drop to less than a fifth.**
**The IMF's World Economic Outlook data and internal models are used as the basis for the Centre for Economics and Business Research's growth, inflation, and exchange rate estimates.**

## ECONOMIC RECESSION 2023

**Portmanteau that perfectly sums up the state of the globe as 2023 begins. The invasion of Ukraine by Vladimir Putin has sparked the largest land conflict in Europe since 1945, the greatest nuclear threat since the Cuban missile crisis, and the broadest set of sanctions since the 1930s. High inflation rates during the 1980s and the biggest macroeconomic issue in the modern age of central banking have been fueled by rising food and energy prices. Longstanding presumptions such as that borders should be impregnable, nuclear weapons won't be utilized, and inflation**

**Result of three shocks working together. Geopolitical is the biggest. The American-led post-war world order is under threat, most visibly from Mr. Putin and most significantly from the steadily deteriorating relationship between the US and China under President Xi Jinping. The steadfastness with which the United States and other European nations reacted to Russia's aggressiveness may have revived the concept of "the West," notably the transatlantic alliance. However, it has increased the divide between the West and the rest of the world. The vast majority of people on Earth reside in nations that oppose Western sanctions against Russia.**
**Source : Wikipedia. Com**

### Global recession likely in 2023: How it may affect the India?

**In India, the service sector predominates, accounting for over 50% of gross value added, compared to less than 20% for manufacturing. The manufacturing sector is substantially more affected by global supply chain disruptions than the overall impact on the home economy, which is anticipated to be less. In FY23, domestic exports may be impacted by declining exports of a number of goods, including engineering goods, petroleum products, gems and jewelry, and textiles. India's GDP will continue to be among the fastest-growing emerging economies and is predicted to increase at 6.8% in FY23. Exports account for less than a fifth of the domestic economy.**
**In contrast to the global trend, Indian equities markets are becoming less susceptible to Fed rate increases, US economic circumstances, and FII selling. Given that it imports more than three-fourths of its energy needs, India is susceptible to oil shocks. But because of its positive connection with Russia, India was able to reach a deal. It began importing more oil from Russia at affordable prices, which helped the country's inflation rate drop in comparison to that of advanced economies. Markets have held up well mostly because of the consistent domestic flows that indicate rising household equities exposure. The peak in interest rates for the US, India, and Dollar Index is anticipated for next year. Additionally, the recession in developed economies will cause FII money to move toward emerging markets.**

**India's superior growth profile is due to structural factors like PLIs, FTAs, alternate technologies/fuels, domestic demand, favorable government policies, and healthy balance sheets (BS) of consumers, corporates, and banks that drive GDP higher. Considering the global economic slowdown, domestic-oriented sectors, compared to export themes, are anticipated to do better in the near term. Since Indian exports currently account for only 2% of global exports, the PLI schemes, and Free trade agreements are being actively pursued by India, and we expect the export-led themes to drive growth over the long term. Since India is relatively well placed, and supported by government policies, with growth across sectors, domestic markets are to be volatile in the near term. Still, the earnings of corporates are continuing their momentum, and the capital markets will follow the lead and reach highs over the long term.**
**SOURCE :- mint**

**"A major fall in economic activity distributed across the economy, lasting more than a few months" is the definition of a recession.**
**Retail, restaurants, travel/tourism, leisure/hospitality, service providers, real estate, and manufacturing/warehouse are the industries most impacted.**

- **Retail**

**In a recession, the majority of consumers typically reduce their spending on discretionary items, which results in declines in practically every area of retail, with the exception of big-box retailers, discount merchants, and DIY-related businesses. And this time, a lot of physical stores that were already struggling before the outbreak may remain shuttered permanently.**

- **Restaurants**

**Even those eateries that have perfected the takeaway and delivery model are struggling despite the fact that many establishments have made the switch. The public's unwillingness to venture out and the significantly decreased capacity may result in restaurants experiencing lower revenue for some time after they are formally reopened.**

- **Tourism and travel**

**Every day in April 2019, more than 2 million people travelled through airports in the United States. After a year, air travel has decreased by more than 95%, with some days seeing less than 100,000 passengers nationwide. It's difficult to predict when such figures might improve. According to a recent survey by the travel-focused market research company Longwood's International, 82% of Americans have altered their travel plans for the upcoming six months as a result of the coronavirus. And if the coronavirus is still common and no cure or vaccine has been developed, travel plans even further in the future may be affected or delayed Airlines, in particular, will bear the brunt of social distancing protocols as it's likely consumers will continue to be wary of flying with strangers.**

- **Leisure and hospitality**

**While these sectors have been hit particularly hard today, they usually don't fare well in any recession. Adding to the misery are the cancellations of industry events and conferences, as well as social events like weddings and graduation parties, which make it hard to see these industries rebounding anytime soon. Movie theaters, casinos and other venues that often draw large crowds are also suffering.**

- **Service purveyors**

**From hairstylists to personal trainers, many service providers are currently furloughed or out of a job. While pent-up demand might create an initial widespread rebound, expenditures could wane as consumers reassess their disposable income in the event their income has decreased or disappeared in the downturn.**

- **Real estate**

**Most recessions eventually devastate the housing market, which includes real estate brokers, mortgage lenders, and everyone involved in the building industry, from employees to suppliers. As office workers continue to remove themselves socially and maybe adopt remote work over the long run, commercial real estate could also decline.**

- **Manufacturing and warehousing**

**While certain product categories may experience an increase in demand, many others may suffer as supply systems fail and consumer demand for items declines. The requirement for social distance may also be a threat to output.**

**Source:- acorns**