DELTA
ENVISIONING CHANGE
A Magazine by Finance Forum

N. L. Dalmia Institute of Management Studies and Research
(A School of Excellence of N. L. Dalmia Educational Society)

Volume 27 | 2022-23

Is India ready against the Global Economic Slowdown?

Global Economic Slowdown | Financial Markets

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Editorial

"We don't prognosticate macroeconomic factors; we base our decision on theory & analysis rather than real facts." & "When it comes to investing, nothing will pay off more than educating yourself.", these quotes truly justify the current scenario.

This edition showcases the creative thoughts and ideas of the students specially curated with their articles & artwork.

The increasing interest and curiosity emerging in the minds of the people about unstable economies and recessionary sentiments over the globe, interest rates hiking & GDP growth rate is changing for most of the countries which is impacting investors and their investments. The financial scenario is beautifully explained by the students of NLDIMSR. Special thanks to Prof. Shilpa Peswani for sharing her insights for this edition.

We want to express our sincerest gratitude to all those who have contributed to develop the 27th Edition of DELTA. The young and brilliant students, respected faculty members and Marketing Team.

We, as a team would like to extend our gratitude towards the institute, Director Prof. Maqsood Khan and CEO Dr. Seema Saini to provide us with Delta as a representative platform along with Dr. Jyoti Nair and our Faculty-In-Charge, Dr. Pushkar Parulekar for his constant encouragement and guidance throughout in making this magazine a success.

This magazine is all about knowledge that upcoming leaders in the finance industry should read. We hope that the readers find this interesting and enriching. We strive to live up to our expectations each and every time.

The N. L. Dalmia Educational Society (NLDES) was established by the Founder Chairman Late Shri Niranjanlal Dalmia. In the year 1995, N. L. Dalmia Institute of Management Studies and Research (NLDIMSR) was established. The Institute is approved by AICTE, New Delhi and is also affiliated to University of Mumbai.

NLDIMSR is accredited with NBA(PGDM), an 'A' grade by NAAC, accredited 'Premier Status' by ASIC (Accreditation Services for Schools & Colleges), UK and rated by CRISIL 'A-Triple Star' at State level and 'A-Double Star' rated at National level for its PGDM program. The Institute is also an ISO 9001:2015 certified by UKAS, United Kingdom Accredited Services & SGS.

The N. L. Dalmia Educational Society emphasizes on service to mankind. With globalization and a diverse workforce, the nation requires leaders that can direct companies with people from different cultures. NLDIMSR's vision is not merely to develop skills in its students for leading the global workforce but also to create socially and ethically responsible leaders by empowering and helping them attain integral development.

NLDIMSR offers three autonomous Programs approved by AICTE- PGDM, PGDM (Finance) and PGDM (Business Analytics).

With a mission to advance Quality Management Education through accreditation, memberships and value-added services, the Institute has associations with prestigious professional bodies such as, Advance Collegiate School of Business (AACSB), USA, European Foundation for Management Development (EFMD), Association of Management Development Institutes of South Asia (AMDISA), Belgium and European Foundation for Management Development Global Network (EFMDGN), Belgium.

The Institute also has prestigious memberships with professional bodies like Bombay Management Association (BMA), Institute of Management Consultants of India (IMCI), Indian Merchant Chambers of Commerce and Industry (IMC), Confederation of Indian Industry (CII), All India Management Association (AIMA), Association of Indian Management Schools (AIMS). NLDIMSR is an institutional member of Indian Finance Association (IFA).

N. L. Dalmia Institute of Management Studies and Research takes pride of its professionally qualified faculty team, virtuously blended with industry and academic experience. The course curriculum is contemporary and provides holistic perspective of new thinking, a key to add ethical values in today's rapidly changing and competitive environment. The faculty members have published their research papers in journals listed in ABDC category, Scopus and with UGC Care.

The Institute has the best, state-of-the-art infrastructure that provides a conducive environment for learning which comprises of South Asia's second largest 24 Terminals Bloomberg Lab and one of the largest financial labs in Academia in the country. Additionally, the institute also has an Experiential Learning Partner (ELP) Bloomberg Programme.

The profound commitment to management education, balanced with social responsibility ensures that students realize and comprehend the challenges faced by the economy at large. In order to imbibe a sense of social responsibility among the students, the institute has introduced 'My Social Responsibility,' (MSR). This is a significant annex of the institute which enables the students to be empathetic towards mankind and understand their duties toward responsible business. The Institute has adopted Kondgaon Village (Palghar district).

In-order to strengthen the global collaborations, the Institute has academic tie-ups in the area of collaborative research projects with national and international Institutions of excellence. To name a few, NLDIMSR has signed a MOU with University of Wisconsin-Parkside, USA, SELC, Canada. The MOU facilitates joint research projects and student as well as faculty exchange.

The Institute has successfully completed six research projects for Maharashtra Police in the jurisdiction of Mira Bhayander area and regularly conducts Management Development Program for the Indian Navy (INS HAMLA) for its Long Logistics and Management Course (LLMC). Additionally, other Consultancy and MDP projects were also conducted in the area of Finance, Marketing and HR.

NLDIMSR has a brilliant placement record. Every year, leading MNCs and blue-chip companies visit the campus for placements. All students are provided with equal opportunity of placement assistance.

Alumni base of NLDIMSR is strong and enthusiastic with approximately 7700 plus connected on the institute alumni portal, often they get involved in institute's academic and placement activities.

The institute strives to impart the best quality education that commensurate with the needs of the ever-evolving business world of business by engaging industry leaders regularly in the form of guest lecture sessions, workshops and conclaves to supplement the curriculum with their experiential business acumen.

By adopting various global teaching learning practices the institute has strengthened its policies and practices towards positioning itself in nationally as well as globally via tie ups with international universities, collaborative research projects and international accreditations.

Greetings from the financial world, Students!

Another issue of Delta magazine is now available to provide you deeper insights into the world of finance!

The International Monetary Fund (IMF) predicts that this year, one-third of the global economy will be in recession, as IMF Chief Kristalina Georgieva stated at the beginning of 2023. It will turn out that the economy will grow less than it did last year. India is one of the fastest growing economies and has remained resilient despite the current bleak outlook.

As you read the articles published by your peers offering their perspectives on the topic, I wish you excellent learning.

You will undoubtedly benefit greatly from the diverse perspectives, ideas, and practises that this environment of shared learning will provide, all of which will further your understanding.

Additionally, it will tell you about the accomplishments of your peers and provide a window into their creativity through the students' artwork.

Finally, I'd want to express my gratitude to the faculty and student teams, as well as the volunteers, for their tireless efforts in making all of this possible. More information on them can be found in the pages that follow in Delta.

Happy Reading! Best wishes,

Prof. Dr. M. A. Khan
Professor & Director
(NLDIMSR)

Recession and India's relationship with it are complicated. Though, the country's history of economic growth has been tainted by slowdowns and crises, Indian economy has always emerged resilient. The present geo political tensions and economic shocks are shaping the economic developments globally. Add to it, the energy crisis, high inflation, high cost of inputs and tighter monetary policy. India will not be immune to these shocks. IMF is expecting one third of countries globally to face recession in 2023. US, Europe, Central Asia is expected to have weak economic growth whereas South Asia, Middle East and North Africa may continue with moderate growth. Policy makers are having a tough time taming inflation without affecting growth. Weak global demand, high interest rates and soaring food prices will be a huge challenge for economies. Governments and Business are facing a rough terrain with multiple challenges not seen earlier. This crisis has actually led to focus on geopolitical trends. Global supply chains is being reworked. Diversifying from China is helping India whereas if US enters recession, Indian economy will be adversely affected.

In the wake of above, it would be interesting to read the views of young managers in the making and the solutions they have to offer to combat this impending crisis.

I congratulate Team Delta for selecting this theme for 27 th volume of Delta.

I wish all happy reading!

Prof. Dr. Jyoti Nair
Ph.D., FCA, M.Com, B.Com
HOD – Finance, NLDIMSR

FEATURED ARTICLES

"Is India ready against the Global Economic Slowdown?"

TEJAS BAIT
PGDM 2022-24 (FINANCE)

The fragile economic conditions have cropped up due to a unique mix of headwinds such as disruptions in supply chains, Russia Ukraine war, interest rate increases to control inflation, and pandemic effects such as China's lockdowns.

Continued fiscal and monetary tightening in order to tame inflation is hurting lower and middle-class people. Corporates, especially tech firms are opting for job cuts due to higher costs of financing, and higher commodity prices.

The U.S. employers reported 102,943 cuts in January 2023, more than twice in December 2022. The technology sector made up 41% of the planned job reductions, according to data by Challenger, Gray & Christmas, Inc.

According to the World Bank, the global economy is projected to grow by just 1.7% in 2023 and 2.7% in 2024. Over these two years, per capita income growth in developing economies is estimated at 2.8%, a percentage point lower than the 2010-2019 average. In Sub-Saharan Africa which accounts for about 60% of the world's extremely poor, per capita income growth over 2023-24 is expected to average just 1.2%, a rate that could cause poverty rates to rise.

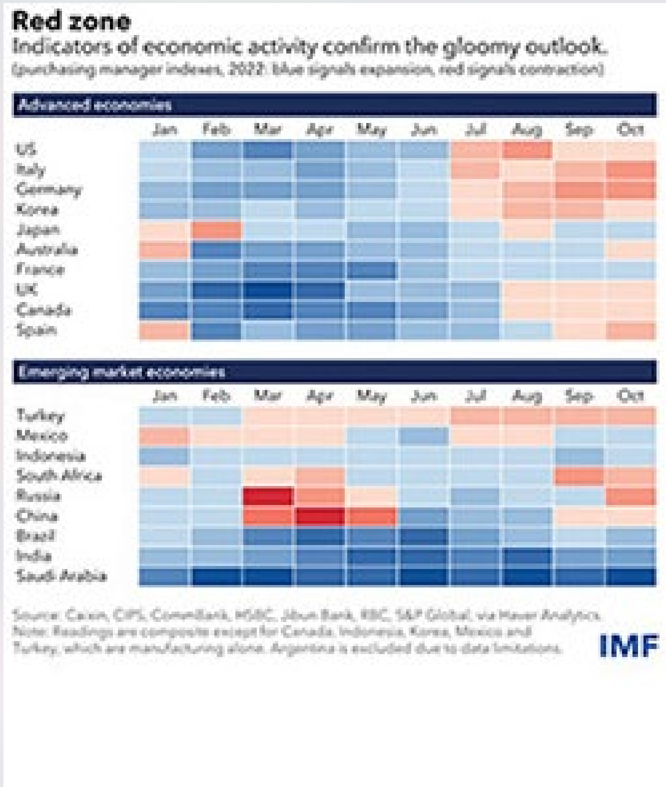
The domino effect on India and how India can brace against it?

The spillover effect will affect India but to what extent will it affect India, we first need to understand India's economic outlook.

India's consumer price inflation eased to 5.72% in December 2022, the lowest reading since December 2021. For the second straight month, the inflation is below the RBI's target of 2-6%.

India achieved an all-time high annual merchandise export of US$422 billion in FY22. Union Minister highlights "India has signed 13 free trade agreements (FTAs) and six preferential pacts with its trading partners for ensuring greater market access for domestic goods and promoting exports."

The table below gauges the momentum of the economic activity of various developed and developing economies.



However, the S&P Global India Manufacturing PMI fell to a three-month low of 55.4 in January 2023 from 57.8 in December 2022 signaling rising pressure of recession on India. However, the PMI index is comparably high compared to developed economies like the U.S.

According to CMIE, India's unemployment rate fell from 8.11% in Feb 2022 to 7.14% Jan 2023.

Hence, India exemplifies a buoyant economy against global slowdown headwinds. Moreover, considering the allocation of the Union Budget 2023-24 towards capital expenditure to boost economic growth, it is highly unlikely that the current economic weakening will bite into recession in India. However, it will negatively affect India's economic growth and our economic growth may plunge to some extent.

Most of the advanced economies have recently been hit by economic turmoil, the above table indicates. The repercussions of China's real estate crisis and pandemic lockdowns are evident in the PMI index and its spillover effect has affected global trade.

Survival Mechanisms for Firms during Economic Slowdown

DR. SHILPA PESWANI
FACULTY (FINANCE)

During the COVID-19 pandemic, we saw many businesses close down. Firms that adopted survival tactics exist today. In 2023, indicators are pointing towards a slowdown in economic affairs worldwide. GDP of major economies has reduced Q-o-Q. Ukraine war has escalated energy prices substantially resulting in high input costs. Exports are hampered due to low demand from importing nations. Interest rates have risen to combat inflation caused by quantitative easing. Further, there are reports of huge financial institutions filing bankruptcy that drains their customer savings causing distrust in the financial systems. Cumulatively, such multiple incidents are gradually slowing down businesses worldwide. Although India is investing substantially in developing infrastructure and redefining its business policies to accelerate business growth during Amrit Kaal, each firm needs to adopt measures to survive the slowdown.

A McKinsey & Co report in 2020 suggested that the fastest way to mitigate the ill effects of the slowdown in business is freeing up cash by deferring capital expenditures. Though it sounds simple, it is difficult for the leaders to decide which projects to cut and in which projects to best re-allocate the capital. Fig.1. gives a summarized view of the actions to free- up cash from investments and its impact on the firm. The firm should invest in projects that address the core operations of the firm (prioritizing essential investments) and reconstruct execution with debiased decisions.

Another way to survive during a slowdown is by aggressively managing costs. It can be achieved by using Value engineering. Value engineering distinguishes value-added and non-value-added activities of a firm and its related cost. The process initiates by finding the actual utility (usefulness) a customer obtains from using the product or service. A non-value-added cost is a cost the customer is unwilling to pay for. Though there are few activities and costs that cannot be clearly categorized as value-added or non-value added (gray area), attempting to distinguish value-added costs and non-value-added costs provide useful input to value engineering. The firm should possibly eliminate non-value-added activities and increase the effectiveness of value-added activities. Locked-in costs (cost by design) of a product or service are costs planned at the designing stage of a product but actually incurred in the future. For example, scrap, rework, or spoilage costs incurred in manufacturing are often locked-in at the stage of designing the product. Likewise in the software industry (service industry), difficult-to-fix errors are locked-in costs. A cross-functional value engineering team consisting of a product designer, production manager, purchase manager, marketing manager, suppliers, dealers, and accountants, brainstorm on how to eliminate non-value-added activities and costs. This is possible only after understanding customer requirements, forecasting locked-in costs, and then reducing the cost while meeting customer needs. Thus, in the long run, value-chain analysis helps the firm to incur only those costs that the customer is ready to price in the product.

Value engineering helps the firm to eliminate unnecessary costs not only during slowdown but also makes the firm a strong competitor in the industry.

Thus, the firm can use capital rationing and value engineering to optimally utilize the scarce resource (cash) to survive during a slowdown.

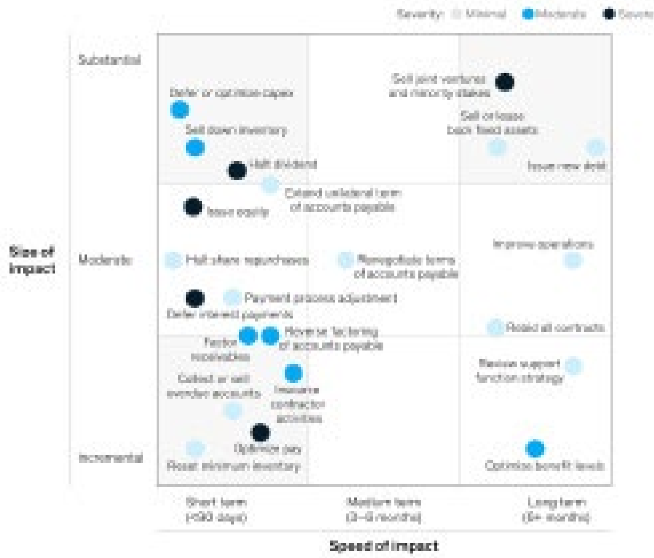


Fig.1: Size and Speed of impact on cutting CAPEX (Source: McKinsey & Company, June 2020)

Global Slowdown/Recession

Effects on Indian Investment and Measures taken by Indian Government

AYUSH PESHION
PGDM 2022-24 (FINANCE)

The term "global slowdown" or "recession" designates a time of economic contraction that impacts numerous nations, industries, and sectors. The economy shrinks during a recession, which results in slower economic growth, increased unemployment rates, and less consumer spending. Given that India is one of the biggest rising markets in the world, this might have a substantial effect on investment there.The global slowdown and recession have been largely caused by several factors, including the US-China trade tensions, declining exports, and slowing economic growth in several countries. The COVID-19 pandemic has exacerbated these issues, causing widespread job losses, supply chain disruptions, and a decline in consumer spending. As a result, investment activities have been impacted globally, including in India.

Effect of the Global Slowdown on Indian Investment

The global recession may have a variety of effects on Indian investment. First off, a downturn in international trade might impact India's export-dependent sectors including the textile, pharmaceutical, and software industries. As a result, there may be less foreign investment and less demand for Indian goods and services, which could slow the country's economic growth. Second, a recession may also have an impact on the availability of investment funds.

Investors often become more risk-averse during a recession, which can lead to a decline in funding for start-up businesses and projects. For start-ups and small and medium-sized firms (SMEs) in India, who mainly rely on external investment, this can be particularly difficult.

Thirdly, the value of many types of assets, such as stocks, bonds, and real estate, may decrease during a recession. This may influence investors' wealth, lowering their purchasing power and decreasing consumer spending. This can then have a detrimental effect on sectors like building, retail, and the auto industry that depend on domestic demand.

Finally, since governments often reduce expenditures during a recession, it is possible that a recession will also affect government spending. This may result in less money being spent on public investments and infrastructure, which could have a long-term effect on the economy.growing youth population, which is expected to continue to grow over the next decade. This young population is expected to lead to a growth in the demand for consumer goods, which will provide a boost to the country's economy.

Measures Taken by the Indian Government to Lessen the Effects of the Global Slowdown

The Indian government has adopted several measures to lessen the effects of the global downturn on India's economy and foreign investment. First, the government has put forth several initiatives to increase domestic demand, such as tax reductions, infrastructure investments, and direct cash transfers to consumers. These actions are intended to boost consumer spending and economic growth.
Second, the government has enacted several programs, such as lowering rules and offering incentives to businesses, to draw in international investment. Also, the government has started several programs like Made in India, Digital India, and Start-up India to encourage foreign investment and entrepreneurship in the nation.

Finally, the government has also enacted policies to aid SMEs and new businesses, including lowering regulatory requirements and facilitating access to finance and funding. These actions are intended to support innovation and entrepreneurship in the nation.

C0nclusion

In conclusion, India's investment climate may be significantly impacted by the global downturn or recession. The Indian government has however made several steps to lessen the effects of the slowdown and encourage investment in the nation. India's long-term growth potential and favorable demographics make it an appealing location for investment in the years to come, despite any short-term difficulties that may exist.

ARTICLE 2

Investment opportunities in India amidst Global Economic Recession

HRITHIK AHUJA
PGDM 2022-24 (FINANCE)

Introduction

In the past three years, there have been several incidents that have led to a slowdown in the major economies of the world. The major economies going under lockdown in the year 2020, due to covid-19 pandemic and the Russia-Ukraine war (which is still ongoing), have resulted in economic slowdowns, inflation, reduction in Investments, etc.

How has the ongoing war impacted European economies?

The ongoing war between Russia and Ukraine has led to an energy and food crisis in Europe. Since, the major portion of Russia's exports is crude oil and petroleum oil; while the major portion of Ukraine's export is agricultural products such as wheat, sunflower oil, etc. Due to the war, the exports of these commodities have reduced. The increasing demand has not been met with adequate supply which has led to inflation in Europe because of the shortage of these products

Unemployment due to Economic Slowdown

Unemployment is another issue that has risen due to economic slowdowns worldwide. The International Labour Organization has warned that the global economic slowdown will force millions of workers to accept lower quality, poorly paid jobs. Due to unemployment, the cost of living will push more people into poverty. Companies like Amazon, Google, and IBM have already announced layoffs that will affect thousands of employees.

Rise in Interest Rates

To control inflation, FED (Central Bank of USA), hiked the interest rates by 75 basis points in November 2022, the range of interest rates was 3.75% to 4%. The FED hiked interest rates by 25 basis points in February 2023. Economists say the Fed will continue to emphasize that it will keep interest rates higher for longer, even if it comes at the expense of gains in wages and employment. The Reserve Bank of India also increased the repo rate by 35 basis points from 5.90% to 6.25% in December 2022.

Impact of Investments in India

This can be seen in two ways: - Opportunity and Threat

Opportunity: The Indian Economy is performing well compared to major global economies. As per estimation, the Indian economy will grow by 6.5% in FY 2024, a marginal slowdown as compared to economic growth of 7% in the current Financial year.

Recently, Apple posted its highest-ever quarterly revenue from India in the quarter ended on 31st December. Apple's performance in India was remarkable even though global sales fell by 5% as compared to the previous year. Apple currently manufactures 5-7% of its total production in India. Apple can increase its manufacturing base in India. Amazon CEO, Andy Jassy recently said that investment in India will be beneficial in the long run. He said that along with India, investments in a few other countries will pay off the e-commerce company in the future.

Threat: However, there are certain threats related to investments in India. Due to the global economic slowdown, companies may be a little conservative regarding their investment decisions. Also, their investment decisions are directly related to how friendly the business policies are in India related to investment and expansion.

Conclusion

The year 2023 may see an economic slowdown in some major economies in the world, which may cause unemployment and interest rate hikes. Even though the Indian economy is performing better, a slight slowdown may be seen in India too.

The Ripple Effect of a Global Economic Slowdown on Financial Markets

ATHARVA MISAL
PGDM 2022-24 (FINANCE)

"Globalization is a fact of life. but I believe we have underestimated its fragility" - Kofi Annan

Introduction

The world is a global village and is well interconnected as a result of globalization. This is because no country is self-sufficient due to which some significant imports and exports happen to meet their domestic demands. This creates a unique synergy and let them import what is hard to make and focus on what they can produce the best. But this global interdependence results in a cascading effect on all interlinked economies in cases of uncertainties like recession or economic slowdown.

An economic recession is a period of economic contraction, typically defined as two consecutive quarters of negative GDP growth. The recent global recession was triggered by the COVID-19 pandemic and Russia-Ukraine thereafter which caused unprecedented disruption to economic activity around the world. The consequent economic slowdown has had a substantial impact on Indian investment, significantly affecting the stock market, credit markets, and foreign investment.

Impact of the Global Slowdown on Stock Markets in India

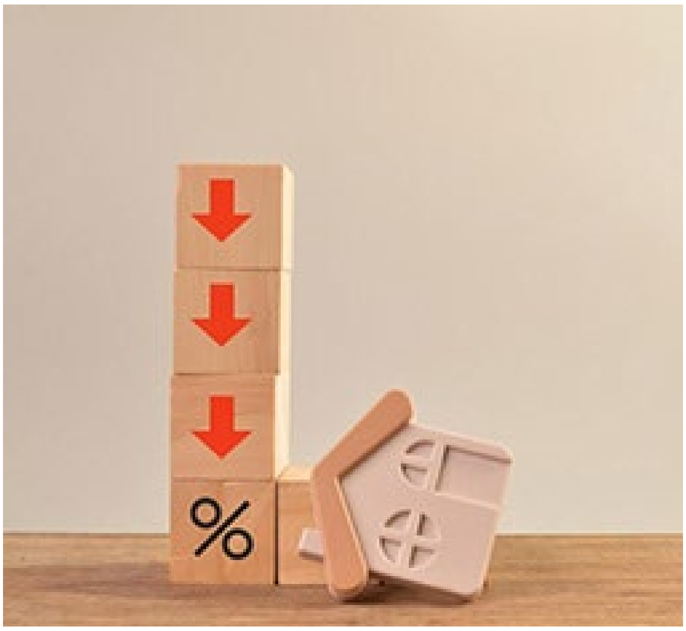
The Indian stock market has seen a sharp decline since the onset of the Russia-Ukraine war which caused large-scale supply disruption that resulted in further global inflation and instability. Nifty 50, the benchmark index of the National Stock Exchange, fell from its all-time high of 18,885 points on December 1, 2022, post-COVID-19, and is struggling to maintain its 18,000 levels as of February 1, 2023. This sharp decline was driven by the global economic slowdown, which caused investors to become more risk-averse and to pull out of the stock market.

Impact of the Global Slowdown on Credit Markets in India

The global economic slowdown has significantly impacted credit markets in India. The overall rise in the interest rates globally has resulted in The Reserve Bank of India hiking the repo rate from 4.40% in March 2020 to 6.25% in February 2023. This has resulted in putting control on inflation reducing it to 5.90% in December 2022 but in the process increasing the cost of funds to individuals and corporates discouraging spending thus restricting economic activity and decreasing consumption-driven demand. This could further cause a rollover effect to escalate the economic slowdown triggering recession and unemployment.

Impact of the Global Slowdown on Foreign Investment in India

The post-covid19 stock market bull run was fueled by foreign direct investment (FDI) which encouraged economic recovery and pushed NIFTY to its all-time highs. Since then the FIIs have sold ₹55,695 crores in 2 months resulting in the market tumbling below 18,000 levels. The markets however sustained because of the continuous buying activity of the DIIs. This decrease was primarily driven by the global economic slowdown and upcoming national elections which caused investors to become more risk-averse and pull out their investments in foreign markets. Additionally, the introduction of new FDI regulations, such as the requirement for foreign investors to obtain prior government approval for certain transactions, has further discouraged foreign investment.



Conclusion

The global economic slowdown and recession have become a part of the modern economic system and cannot be avoided even though their effect can be minimized. The stock market has seen a sharp decline, credit availability has tightened, and foreign investment has declined. To mitigate the effects of the slowdown, it is important for the government to implement policies that will encourage investment and stimulate economic growth.

The Impact of Global Slowdown on Investments in India

Understanding the Risks and Opportunities

SIDDHESH DHARMADHIKARI
PGDM 2022-24 (FINANCE)

The global economy is not immune to slowdowns or recessions, which can have significant impacts on individual countries' economies and financial markets. India, as one of the fastest-growing economies in the world, is not insulated from these external economic shocks. This article will examine the impact of a global slowdown/recession on investments in India.

Firstly, during a global slowdown or recession, foreign investments tend to decrease as investors become more risk-averse. Many foreign investors may choose to exit their investments in India to mitigate their losses, which can cause a significant decline in the Indian financial markets. This can lead to a decrease in demand for Indian assets, resulting in a depreciation of the Indian currency, which, in turn, can lead to inflationary pressures in the economy. Therefore, foreign investments may become scarce during a global economic downturn.

Secondly, a global slowdown can affect Indian exports, as the demand for Indian goods may decline in foreign markets. Since exports are a vital component of India's economic growth, any slowdown in exports can impact the country's GDP growth rate. This can have a ripple effect on the Indian economy, as a decrease in economic growth can lead to a decrease in corporate profits, which in turn can cause stock prices to fall.

Thirdly, a global slowdown can lead to a reduction in commodity prices, including oil prices, which can be beneficial for India, as it is a major importer of oil. However, this may not offset the negative impacts of a global slowdown on the Indian economy.amount of debt in the company with respect to its equity.

Fourthly, a global slowdown can lead to a eduction in remittances, as many Indians working abroad may lose their jobs or see their incomes decrease during a recession. This can impact the Indian economy, as remittances are a significant source of foreign exchange for the country.

Lastly, during a global slowdown or recession, central banks tend to lower interest rates to boost economic growth. A reduction in interest rates can lead to an increase in consumer spending, which can stimulate the economy. However, this can also lead to inflationary pressures and a depreciation of the Indian currency.

Conclusion:

Global slowdown or recession can have significant impacts on investments in India. The country's financial markets may witness a decline in foreign investments, which can lead to a depreciation of the Indian currency and inflationary pressures in the economy. Additionally, a slowdown in exports and a decrease in remittances can negatively impact the Indian economy. However, a reduction in commodity prices, including oil prices, and lower interest rates can provide some relief to the Indian economy during a global slowdown. Therefore, investors need to diversify their investments and stay informed about global economic developments to mitigate the risks associated with a global economic downturn.

How can India keep abreast of the recession?

SIDDHESH PAWAR
PGDM 2022-24 (FINANCE)

A global economic slowdown or recession can have a significant impact on investments in India. According to RBI's technical definition of a recession, data indicates that in the last 42 years, India has seen only one recession, and that was in 2020 due to the lockdown. It means that according to the RBI's definition, at the time of the 2001 dot-com bubble burst and 2008's global recession caused by the US housing crisis, India did not get into a recession but during these global recessions, India did face major economic slowdowns.

The slowing of the global economy can lead to decreased demand for Indian exports, which in turn can hurt Indian businesses and negatively impact the country's economic growth. This can lead to a decrease in investment in the country, as investors become more risk-averse and are less likely to invest in a slowing economy. Additionally, a recession can result in a decrease in consumer spending and investment, which can lead to lower stock prices and decreased investor confidence.

However, it is important to note that the impact of a global recession on India will depend on the severity and duration of the downturn, as well as on the Indian government's ability to respond with supportive policies. A proactive response from the government, including measures to stimulate the economy, can help to mitigate the impact of a global recession and support investment in the country.

The global slowdown or recession is a period of economic downturn characterized by reduced economic activity, declining output, and lower investment, which can impact investments in India as well.

Reduced FDI and Portfolio Investments

The global slowdown can lead to a reduction in foreign direct investment (FDI) and portfolio investments in India, which can result in a decline in investment activity in the country.

A Slowdown in Exports

The global slowdown can result in a decline in exports, which can impact the Indian economy. This can lead to reduced investment in export-oriented industries, resulting in a decline in investment activity in the country.

Stock Market Impact

The global slowdown can result in a decline in the stock market, which can impact investments in the country. This can result in reduced investment activity in the stock market, as investors become more cautious and adopt a wait-and-watch approach.

Reduced Consumer Spending

The global slowdown can result in a decline in consumer spending, which can impact the Indian economy. This can lead to reduced investment in consumer-oriented industries, resulting in a decline in investment activity in the country.

Interest Rates and Lending

The global slowdown can result in a decline in interest rates, which can impact the Indian economy. This can lead to reduced lending activity, resulting in a decline in investment activity in the country.

Conclusion

The global slowdown or recession can have a significant impact on investments in India. However, the Indian government has taken several measures to revive the economy and attract investments. These measures include increasing public spending and implementing reforms to make the country more investment friendly.


003
▼ -50.23 %
- 10.0577
▼ -98.6 %

The knock-on Impact of Global Recession on Investments in India

ATHARVA KULKARNI
PGDM 2022-24 (FINANCE)

The global recession has affected the global economy in various ways and the impact has been felt by all nations, including India. A recession is widely regarded as a period of prolonged decline in output experienced across much of the economy. To be more concrete, commentators often consider a recession to be in progress when total output (real gross domestic product) has declined for at least two consecutive quarters (Osborn et al). This period of contraction results in lower levels of economic activity, lower levels of consumer spending, higher unemployment rates, and a decrease in investment. In this article, we will discuss the impact of the global recession on investments in India in 2022.

The global slowdown and recession have been largely caused by several factors, including the US-China trade tensions, declining exports, and slowing economic growth in several countries. The COVID-19 pandemic has exacerbated these issues, causing widespread job losses, supply chain disruptions, and a decline in consumer spending. As a result, investment activities have been impacted globally, including in India.

The global recession has had a profound impact on investments in India. The decrease in consumer spending and lower levels of economic activity have led to a decrease in investment in India. This decrease in investment has resulted in a decrease in the availability of capital and has led to a decrease in the growth rate of the Indian economy. As a result, businesses have been forced to cut back on their investments, which has resulted in a decrease in the number of new businesses being created and a decrease in the number of jobs being created.

One of the major impacts has been a decline in the country's exports. India is heavily dependent on exports, and the decline in demand for its products has led to a decline in the country's economic growth. In addition, the decline in global oil prices has reduced India's revenue from oil imports, which is a significant source of the country's foreign exchange earnings.

In terms of investments, the global recession has had a significant impact on the Indian stock market. The stock market, which is considered one of the key indicators of the economy's health, has witnessed

a sharp decline in recent years. This has led to a decrease in investor confidence and reduced investments in the market. Investments in the country have been declining, particularly in the manufacturing and services sectors, which have been hit hard by the economic slowdown. The decline in exports and rising costs have made Indian companies take a prudent approach toward expanding and investing in new projects.

Despite these challenges, there are several reasons why investments in India may remain attractive in 2023. One of the main reasons is the country's large and growing population. India has a large and growing youth population, which is expected to continue to grow over the next decade. This young population is expected to lead to a growth in the demand for consumer goods, which will provide a boost to the country's economy.

Another reason why investments in India may remain attractive in 2023 is the country's strong growth potential. Despite the slowdown in the global economy, India's economy is expected to continue to grow in the coming years. This growth is expected to be driven by the country's large and growing population, as well as by its rapidly developing infrastructure.

It is important for the Indian government to take measures to mitigate the impact of the global recession on investments in India. The government should focus on creating a favorable environment for businesses to invest and create new jobs. This can be achieved by reducing regulations, increasing access to capital, and providing tax incentives for businesses.

In conclusion, the global slowdown and recession have had a significant impact on investments in India. However, by implementing the measures discussed above, the country can mitigate these impacts and continue to grow and thrive in the long term. It is essential that the government takes proactive measures to support the country's exports, provide incentives and subsidies to companies, and implement reforms in the financial sector to ensure the growth and stability of the economy.

Navigating India's Investment Landscape Amidst Global Economic Slowdown

GAUTAM JHA
PGDM 2022-24 (FINANCE)

The global economy is currently facing a slowdown, with many countries experiencing a recession. This economic slowdown is having a profound impact on investments in India, with many investors rethinking their investment strategies and seeking out more secure investments. In this article, we will examine the causes of the global slowdown and its impact on investments in India.

The global slowdown is largely due to a combination of factors, including trade tensions between major economies, sluggish economic growth, and a decline in consumer confidence. The COVID-19 pandemic has also played a major role, with many countries facing lockdowns and a decline in consumer spending. These factors have led to a decline in global trade and investment, which has in turn led to a slowdown in the global economy.

In India, the slowdown has had a significant impact on investments. Many investors are concerned about the impact of the slowdown on their portfolios and are seeking out more secure investments that are less exposed to market volatility. This has led to a decline in investment in equities and a shift towards more secure investments such as bonds and fixed deposits.

The slowdown has also had a significant impact on the Indian stock market. The BSE Sensex and Nifty 50, two major stock indices in India, have seen a decline in value, reflecting investor concerns about the economic outlook. Many companies in India are facing reduced earnings and declining share prices and are struggling to raise capital.

However, the slowdown is not all bad news for investors in India. Despite the challenging economic environment, there are still opportunities for investment in India. For example, the Indian government is investing heavily in infrastructure and digital technology, which is providing opportunities for investment in these sectors. Additionally, India is a major consumer market, and as the economy continues to grow, there will be increased opportunities for investment in consumer-oriented industries.

Investors in India can also take advantage of the current economic environment by being strategic in their investment decisions. For example, they can consider investing in companies with a strong financial track record, or in industries that are likely to be resilient in the face of economic uncertainty. They can also consider investing in low-cost index funds or exchange-traded funds, which provide exposure to a diversified portfolio of stocks at a lower cost.

Conclusion

The global slowdown is having a significant impact on investments in India, with many investors rethinking their investment strategies and seeking out more secure investments. However, despite the challenging economic environment, there are still opportunities for investment in India, and investors can take advantage of the current economic environment by being strategic in their investment decisions. It is important for investors to stay informed about the economic outlook and to diversify their portfolios to manage risk and maximize returns.

The Golden Land of Opportunities

RUTUJA DAMLE
PGDM 2022-24 (FINANCE)

India, the land of many colours,
A nation of diversity and pride
A place of warmth and hospitality,
Where investment opportunities reside.
Companies from around the world

Came knocking at India's door
The potential for growth
And success was too much to ignore.

The country's growing middle class
And its tech-savy youth.
Make it a hotspot for investment,
Where opportunities are uncouth.

The Government worked hard,
To make India an attractive place.
With policies and incentives,
That made it easy to embrace.

From the Himalayan peaks,
To the coastal shores down south.
India's growth story is fascinating one,
Where investments can bring about wealth.

India is land of possibilities
Where investments can bear fruit
A nation with a bright future,
Investors, come take your pursuit.

Foreign Direct Investment in India,
A partnership that's here to stay.

- **Equity Research and Valuation Competition**

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