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Global Impacts of Recession

The advancement of technology and globalization has led the individual national economies under one roof of the global economy. The economic gain or loss experienced by developed economy makes a deep impact globally. The era from 2002 to 2007, the developed economies were enjoying the growth period so as the world economy. The global managers and reputed funds estimated the growth to continue at a double pace from there too. In order to earn competitive edge over other and to gain supremacy, every economic participant doubled their operations capacity without taking sufficient risk measures, which ultimately resulted in 'Recession-A curse to the economy'

The prevailing recession in the world economy started with the famous US Sub-Prime Crisis. This crisis in their probation period was the hint to the economy reformist for the up coming problem they are likely to face. But they failed to crack the hint and in their accordance it was not so big to tackle. This crisis also resulted in recession which had very adverse impact on the world as a whole.

Firstly, it led to closures of big financial institutes & banks which were operating from centuries. Lehman brothers propounded by two brothers in 1875 filled his bankruptcy because of this crunch. DSP Meril Lynch operating from last 50 decades had to shut its shutter because of the credit crunch. Citi group, Bear Sterner, AIG, JP Morgan are some other institutes which got deteriorated in this recession storm. The problem doesn't stop here. The failure of these institutions created the problem of credit for the industry and business which require a huge amount of credit to finance their operations. As a result the running companies found themselves in suffocating environment of viscous circle.

Secondly, there was the loss of confidence. For the smooth running of trade & business a mutual trust and a keen confidence is a must in the market. Recession in the market led to the loss of confidence among members. As a result, it led to the suspension of the contracts & agreements between the parties. Realtors & the infrastructure companies were the major losers on this ground. Many land deals, acquisitions deteriorated and consequently resulted in big losses to the companies.

Thirdly, unemployment came as a very devastating consequence of the recession. The shut down of the institutions and big concerns resulted in job loss of thousands of skilled and semi skilled personals. The problem doubles itself as the new entrants enter the market. The situation is very adverse and pitiful as the potential & substantial resource of the country remains idle. Because of the unemployment, the resource which is contributor to the growth becomes the consumer & hurdle of the growth.

The Growth and the Recession, both are like two side of the coin, the which way it going to spins no one knows. But we should take enough measures to take care of both the situations. Future is unpredictable, so every economy should have suitable risk management scheme to deal with such devastating problem.

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