A PROJECT REPORT ON

"CRISIS AFFECTING STOCK MARKET - WITH A CASE STUDY"

SEMISTER VI

A PROJECT SUBMITTED TO

UNIVERSITY OF MUMBAI FOR PARTIAL COMPLETION OF THE DEGREE OF

BACHELOR IN MANAGEMENT STUDIES (IN FINANCE)

UNDER THE FACULTY OF COMMERCE

Submitted By:

Mr. Jay Sadanand Kadam

[ROLL NUMBER – 233515]

Under the Guidance of

PROF. NEHA SAROJ

Vidya Vikas Education Society's

Vikas College Of Arts, Science and Commerce

(Affiliated under University of Mumbai) NACC

Reaccredited "A" Grade

Kannamwar Nagar – II, Vikhroli [EAST]

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Mr. Jay Sadanand Kadam

Department of Management Studies

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CERTIFICATE

This is to certify **Mr. Jay Sadanand Kadam** has worked and duly completed his project work for the degree of Bachelor in Management Studies in Finance under the Faculty of Commerce in the subject of **Project Report** and his project is entitled, **"Crisis Affecting Stock Market – with case study."** under my supervision. I further certify that the entire work has been done by the leaner under my guidance and that no part of it has been submitted previously for any Degree or Diploma of any University. It is his own work and facts reported by his personal findings and investigations.

Co-ordinator	Principle
(Prof. Mansi Gokhale)	**(Dr. R. K. Patra)**
Project Guide	(External Examiner)
(Prof. Neha Saroj)	

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DECLARATION

I undersigned **Mr. Jay Sadanand Kadam** hereby, declare that the work embodied in this project work titled **"Crisis Affecting Stock Market – with case study.",** forms my own contribution to the research work carried out under the guidance of **Prof. Neha Saroj** is a result of my own research work and has not been previously submitted to any other University for any Degree/Diploma to this or any other University. Wherever reference has been made to previously works of others, it has been clearly indicated as such and included in bibliography. I, here by further declare that all information of this document has been obtained and presented in accordance with academic rules and ethical conduct.

Jay Sadanand Kadam

Certified by,

Prof. Neha Saroj

ACKNOWLEDGEMENT

To list who all have helped me in difficult because they are so numerous and the depth is enormous.

I **Mr. Jay Sadanand Kadam** would like to acknowledge the following as being idealistic channels and fresh dimensions in the completion of this project.

I take this opportunity to thank the **University of Mumbai** for giving me chance to do this project.

I would like to thank my **Principal Dr. R. K. Patra** for providing the necessary facilities required for completion of this project.

I take this opportunity to thank our **Coordinator Prof. Mansi Gokhale,** for her moral support and guidance.

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I would like to thank my **College Library**, for having provided various reference books and magazines related to my project.

I would like to thank my **Friend** for helping me in the completion and active suggestions for my projects.

Lastly, I would like to thank each and every person who directly or indirectly helped me in the completion of the project especially my **Parents and Peers** who supported me throughout my project.

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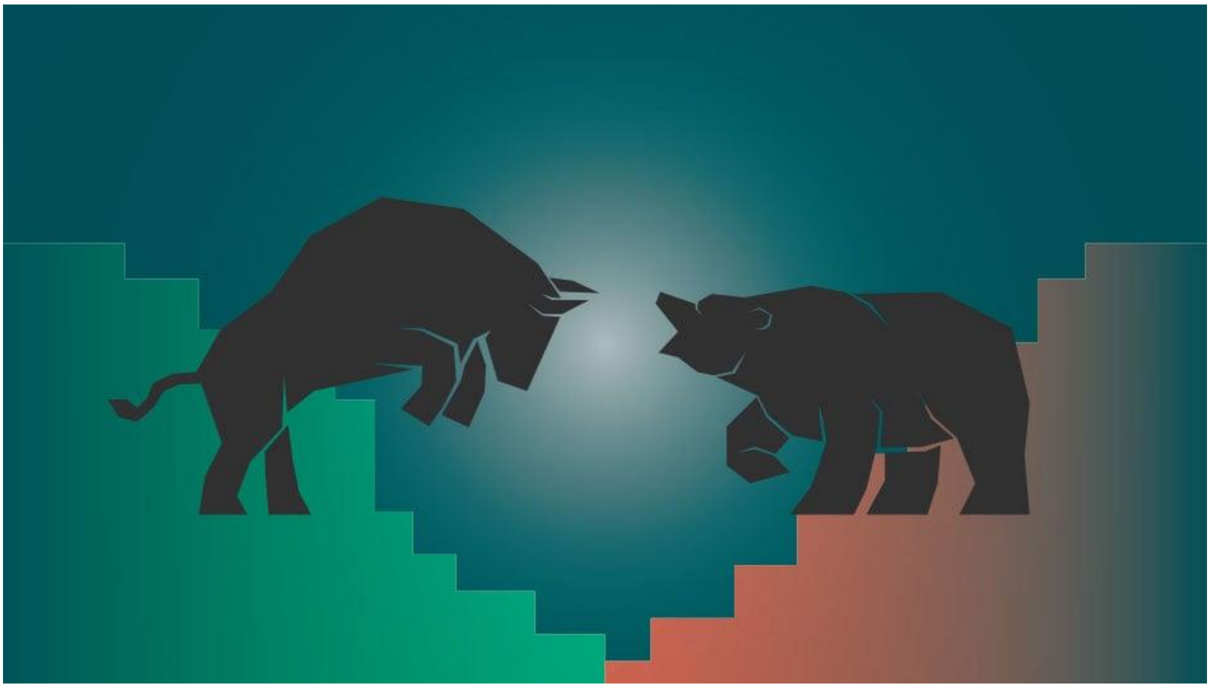
CHAPTER - I

INTRODUCTION

Stock Market is a place where buyers and sellers meet to exchange securities of listed companies. Many large companies have their stocks listed on a stock exchange. Some large companies will have their stock listed on more than one exchange in different countries, so as to attract international investors.

Trade in stock markets means the transfer of a stock or security from a seller to a buyer. This requires these two parties to agree on a price. Equities (stocks or shares) confer an ownership interest in a particular company.



Participants in the stock market range from small individual stock investors to larger investors, who can be based anywhere in the world and may include banks, insurance companies, pension funds and hedge funds.

The purpose of a stock exchange is to facilitate the exchange of securities between buyers and sellers, thus providing a marketplace. The exchanges provide real-time trading information on the listed securities, facilitating price discovery.

The stock market serves important purposes. It provides capital to the companies that they can use to fund and expand their businesses.

TYPES OF SHARE MARKET

The Stock Market is divided into two main sections: Primary Market and Secondary Market.

Primary Market: The Primary Market is where companies raise capital by issuing new stocks to the public. When a company registers itself for the first time at the Stock Exchange to raise funds through shares, it enters the primary market. Primary markets are facilitated by underwriting groups consisting of investment banks that set a beginning price range for a given security and oversee its sale to investors.

This is called an Initial Public Offering (IPO). Once the initial sale is complete, the company becomes publicly registered and its shares can be traded by the market participants. Further trading is conducted in the secondary market, where the bulk of exchange trading occurs each day.

Secondary Market: The Secondary market is where investors buy and sell existing stocks that have already been issued by the companies. The secondary market is also where the stock prices are determined based on supply and demand. Trades take place on the secondary market between other investors and traders rather than from the companies that issue the securities.

The Secondary market provides liquidity to the financial system and allows smaller traders to participate. Most people call the secondary market as stock market.

Secondary markets are important for several reasons. First, they provide liquidity to investors. Having a centralized location allows trades to take place with a large number of traders while ensuring that the value of securities is not lost as investors buy and sell securities

PARTICIPANTS IN STOCK MARKET

Investors: An investor is any person or other entity (such as a firm or mutual fund) who commits capital with the expectation of receiving financial returns.

There are two types of investors: Retail investors and Institutional Investors. A retail investor is also known as an individual investor. Institutional investor includes Mutual funds, hedge funds, and other funds, ownership of which may or may not be publicly traded (these funds typically pool money raised from their owner-subscribers to invest in securities).

Stock Exchange: A stock exchange, securities exchange, or bourse is an exchange where stockbrokers and traders can buy and sell securities, such as shares of stock, bonds and other financial instruments. Securities traded on a stock exchange include stock issued by listed companies, unit trusts, derivatives, pooled investment products and bonds. Stock exchanges often functions as "continuous auction" markets with buyers and sellers consummating transactions via open outcry at a central location such as the floor of the exchange or by using an electronic trading platform. In India the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) are the two main exchanges.

Stock Brokers: A stock broker is an individual or company that buys and sells stocks and other investments for a financial market participant in return for a commission, markup or fee. In most countries they are regulated as a broker or a broker-dealer and may need to hold a relevant license and may be a member of a stock exchange. They generally act as a financial advisor and investment manager. Stock brokers in India are governed by the Securities and Exchange Board of India Act, 1992 and brokers must register with the Securities and Exchange Board of India (SEBI).

The NSE and BSE brokers provide an ecosystem to investors to trade in capital markets through various channels. Stock market advisory and research services are highly regulated by SEBI in India.

Institutional Investors: An Institutional investor is an entity which pools money to purchase securities. Institutional investors include commercial banks, central banks, credit unions, insurers, pension funds, mutual funds.

Clearing House: A clearing house is a financial institution formed to facilitate the exchange (i.e. clearance) of payments, securities, or derivatives transactions. The clearing house stands between two clearing firms (also known as member firms or participants). Its purpose is to reduce the risk of a member firm failing to honour its trade settlement obligations.

After the legally binding agreement (i.e. execution) of a trade between a buyer and a seller, the role of the clearing house is to centralize and standardize all of the steps leading up to the payment (i.e. settlement) of the transaction. The purpose is to reduce the cost, settlement risk and operational risk of clearing and settling multiple transactions among multiple parties.

Intermediaries: An intermediary is also known as a middleman or go-between, is defined as differently by context. In Law or diplomacy, an intermediary is a third party that offers intermediation services between two parties. In trade or barter, an Intermediary act as a conduit for goods or services offered by a supplier to a consumer which may include wholesalers, resellers, brokers and various other services.

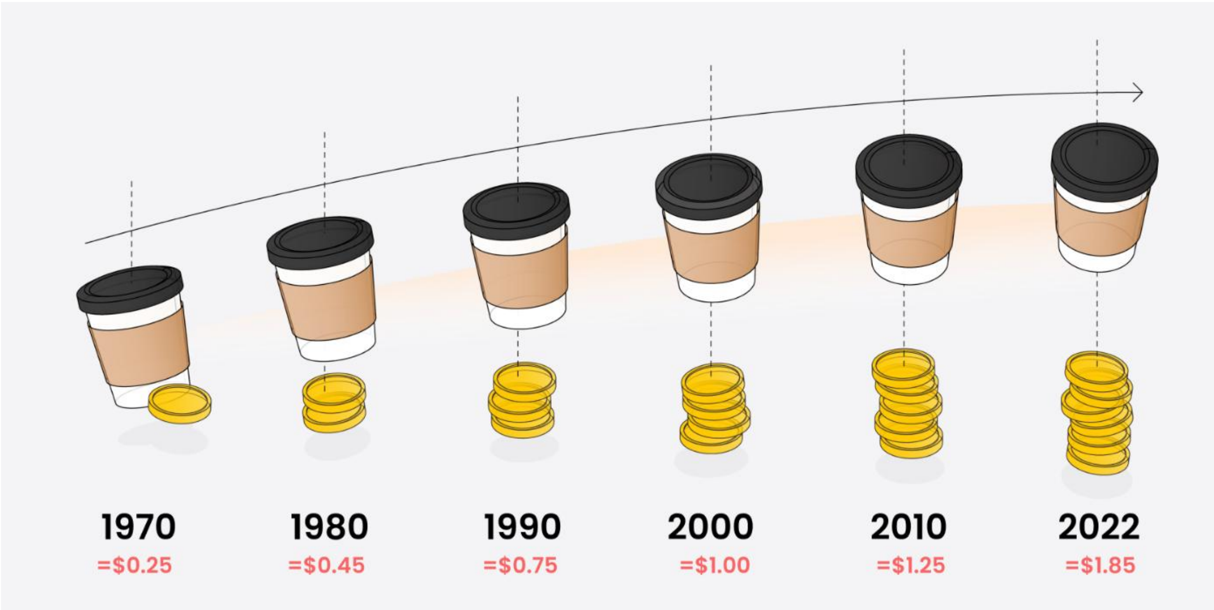
Issuers: Issuer is a legal entity that develops, registers and sells securities for the purpose of financing its operations. Issuers may be Governments, corporations, or investment trusts. Issuers are legally responsible for the obligations of the issue, and for reporting financial conditions, material developments, and any other operational activities as required by the regulations of their jurisdictions. The most common types of securities issued are equities: common and preferred stocks, and debt: bonds, debentures and bills.

Depository: Depository is an institution or a kind of organization which holds securities with it in De-mat form, in which trading is done among shares, debentures, mutual funds, derivatives, F&O and commodities. The intermediaries perform their actions in variety of securities at Depository on behalf of their clients. These intermediaries are known as Depositories Participants (DPs). Fundamentally, there are two depositories in India. One is the National Securities Depository Limited (NSDL) and the other is the Central Depository Service (India) Limited (CDSL). Every Depository Participant (DP) needs to be registered under this Depository before it begins its operation or trade in the market.

In India, a Depository Participant (DP) is described as an Agent of the depository. They are the intermediaries between the depository and the investors. In a strictly legal sense, a DP is an entity who is registered as such with SEBI under the sub section 1A of section 12 of the SEBI Act. As per the provisions of this Act, a DP can offer depository-related services only after obtaining a certificate of registration from SEBI. As of 2012, there were 288 DPs of National Securities Depository Limited (NSDL) and 563 DPs of Central Depository Service Limited (CDSL) registered with SEBI.

CRISIS AFFECTING STOCK MARKET

Inflation: Inflation is a general increase in the prices of the goods and services in an economy. This is usually measured using the consumer price index (CPI). As prices of goods and services rise, consumers may reduce spending, potentially leading to lower company profits and stock prices. Central banks may respond to high inflation by raising interest rates, increasing borrowing costs for businesses and affecting their profitability. Further, increasing costs of products dampens consumer spending, affecting corporate profits and stock performance. On the other hand, lower interest rates can stimulate borrowing and spending, leading to higher company earnings and potentially higher stock prices.



There are more challenges caused by inflation. When investors are uncertain about the future value of money, it results in conservative investment behaviour, influencing stock market trends. Moreover, inflation's effect on the valuation of future company cash flows can also lead to changes in stock valuations. Different sectors can also be impacted, with commodities and real estate potentially benefiting, while technology may suffer.

Economic Factors: Economic factors include economic growth, percentage of unemployment, inflation, interest and exchange rates and commodity (oil, steel, gold, etc) prices. These affect the discretionary income and purchasing power of households and organisations. When GDP growth is strong and unemployment is low, consumer spending and business activities tend to increase, positively impacting company profits and stock prices. Conversely, high inflation or rising unemployment can lead to reduced consumer spending and economic uncertainty, causing stock prices to decline. So, favourable economic data is significant to increase investor confidence in the company's stocks.

Exchange Rates: The currency fluctuations can affect revenues, profits, competitive positioning and overall financial performance of multinational companies, especially for the companies that rely heavily on international markets. Investors closely monitor these fluctuations and assess their potential impact on a company's earnings and stock price. Companies with well-defined currency risk management strategies and a diversified global presence may be better equipped to navigate the challenges posed by currency volatility.

Government Policies: Government decisions on taxation, regulations, and fiscal policies can significantly affect businesses. Favourable policies can stimulate economic growth and boost stock prices, while unfavourable policies can create uncertainty and negatively impact on investor sentiment. For example, the RBI's monetary policy decisions, such as changes in cash reserve ratios and open market operations, influence liquidity in the banking system, which in turn affects stock market liquidity and performance. Further changes in the corporate taxes can directly impact the industry. So, policy makers generally analyse the impact of increasing taxes on the business profits and investor sentiments prior implementation

Interest Rate: An Interest rate is the amount of interest due per period, as a proportion of the amount lent, deposited, or borrowed (called the principal sum). The total interest on an amount lent or borrowed depends on the principal sum, the interest rate; the compounding frequency and the length of time over which it is lent, deposited or borrowed. The annual interest rate is the rate over a period of the year. Other interest rates apply over different periods, such as a month or a day, but they are usually annualized.

Market Sentiments: Market sentiment, also known as investor attention, is the general prevailing attitude of investors as to anticipated price development in a market. This attitude is the accumulation of a variety of fundamental and technical factors, including price history, economic reports, seasonal factors and national and world events. If investors expect upward price movement in the stock market, the sentiment is said to be bullish. On the contrary, if the market sentiment is bearish, most investors expect downward price movement. Market participants who maintain a static sentiment, regardless of market conditions, are described as Perma bulls and permabears respectively.

Market sentiment is usually considered as a contrarian indicator: what most people expect is a good thing to bet against. Market sentiment is used because it is believed to be a good predictor of market moves, especially when it is more extreme. Very bearish sentiment is usually followed by the market going up more than normal, and vice versa. A bull market refers to a sustained period of either realized or expected price rises, whereas a bear market is used to describe when an index or stock has fallen 20% or more from a recent high for a sustained length of time.

Natural Disasters: In general, natural disasters can cause short-term disruptions and volatility in the stock market as investors respond to the immediate consequences of the disaster, such as damage to infrastructure, loss of life, and reduced economic activity in affected regions.

Politics: Politics always has the potential to impact the stock market somewhat. Why? Because political actions like regulation and laws have an effect on companies, and thus on their fundamental performance. Since presidents appoint economic advisors and fill positions such as the chair of the Federal Reserve, and economic policies and the direction of the interest rates (which are set by the Federal Reserve) also exert an effect on companies, these actions also have an impact on the stock market.

But it's an indirect effect, not a direct one. All those areas can affect the fortunes of companies, and therefore influence investor sentiment regarding those business's stocks.

Regulations that will have an impact on companies, for example, will affect those companies' bottom-line results. If they are expected to increase the bottom line, investors will take note and be more likely to purchase the stocks of those companies. If they are expected to have a negative impact on the bottom line, investors are less likely to buy the stocks, and may even sell them.

Supply and Demand: Supply and Demand Trading is a formidable strategy grounded in basic economic principles of market dynamics. It revolves around the notion that price movements in stock market arise from imbalances between supply (the quantity of an asset available for sale) and demand (the quantity investors want to buy).

U) OPEC – Organization of Petroleum Exporting Countries (1973):

INTRODUCTION:

In October 1973, **the Organization of Arab Petroleum Exporting Countries (OAPEC)** announced that it was implementing a total oil embargo against the countries who had supported Israel at any point during the Fourth Arab–Israeli War, which began after Egypt and Syria launched a large-scale surprise attack in an ultimately unsuccessful attempt to recover the territories that they had lost to Israel during the Third Arab–Israeli War. In an effort that was led by Faisal of Saudi Arabia, the initial countries that OAPEC targeted were Canada, Japan, the Netherlands, the United Kingdom, and the United States. This list was later expanded to include Portugal, Rhodesia, and South Africa. In March 1974, OAPEC lifted the embargo, but **the price of oil had risen by nearly 300%: from US$3 per barrel ($19/m3) to nearly US$12 per barrel ($75/m3) globally**. Prices in the United States were significantly higher than the global average. After it was implemented, the embargo caused an oil crisis, or “shock”, with many short- and long-term effects on the global economy as well as on global politics. The 1973 embargo later came to be referred to as the “first oil shock” “second oil shock” that was the 1979 oil crisis, brought upon by the Iranian Revolution.

Ever since Israel declared independence in 1948 there was conflict between Arabs and Israelis in the Middle East, including several wars. The Suez Crisis, also known as the Second Arab–Israeli war, was sparked by Israel’s southern port of Eilat being blocked by Egypt, which also nationalized the Suez Canal belonging to French and British investors. As a result of the war, the Suez Canal was closed for several months between 1956 and 1957. The Six-Day War of 1967 included an Israeli invasion of the Egyptian Sinai Peninsula, which resulted in Egypt closing the Suez Canal for eight years. Following the Yom Kippur War, the canal was cleared in 1974 and opened again in 1975. OAPEC countries cut production of oil and placed an embargo on oil exports to the United States after Richard Nixon requested $2.2 billion to support Israel’s war effort. Nevertheless, the embargo lasted only until January 1974, though the price of oil remained high afterwards.

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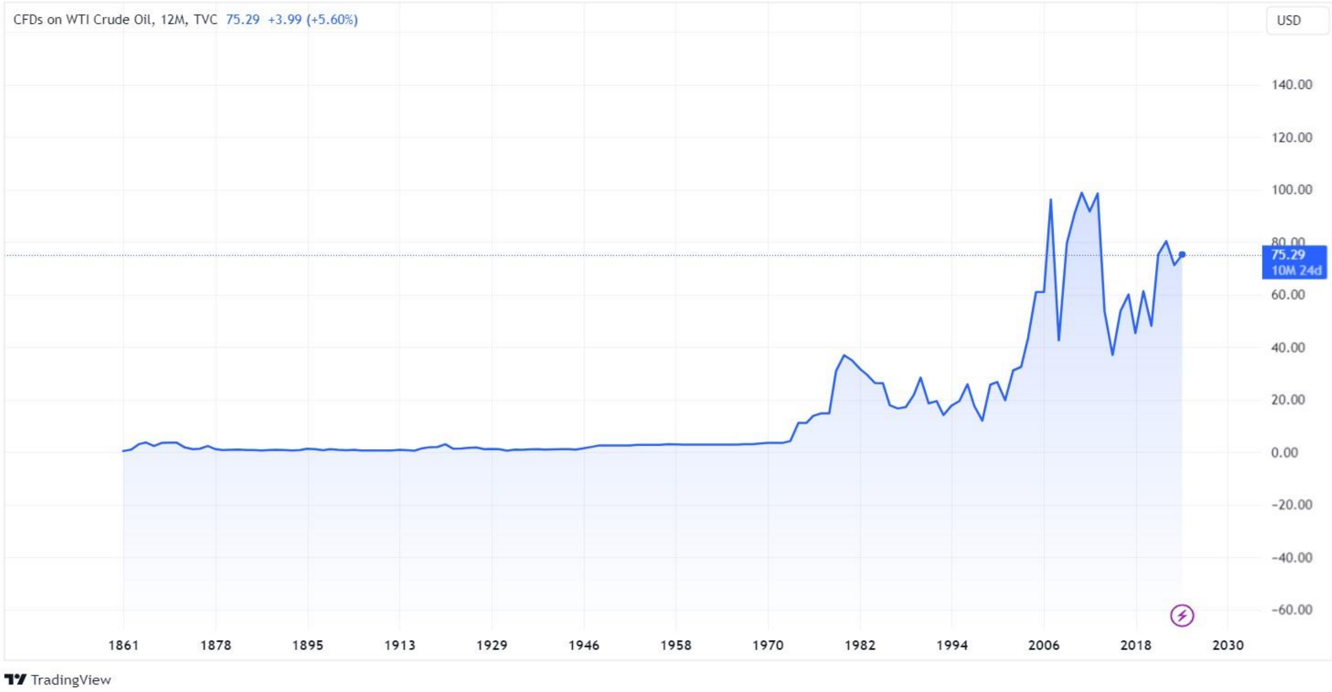
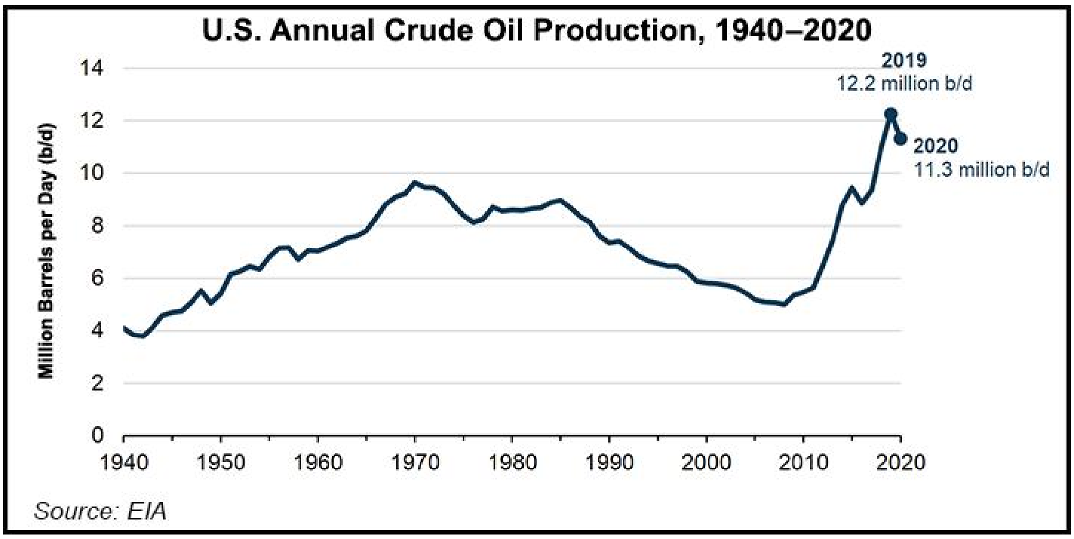
Oil Price Chart From 1861 in USD ($):



AMERICAN PRODUCTION DECLINE:

By 1969, American domestic output of oil was peaking and could not keep pace with increasing demand from vehicles. The U.S. was importing 350 million barrels (56 million cubic metres) per year by the late 1950s, mostly from Venezuela and Canada. Because of transportation costs and tariffs, it never purchased much oil from the Middle East. In 1973, US production had declined to 16% of global output. Eisenhower imposed quotas on foreign oil that would stay in place between 1959 and 1973. Critics called it the "drain America first" policy. Some scholars believe the policy contributed to the decline of domestic US oil production in the early 1970s. The cheapness of oil compared with coal led to the decline of the coal industry. In 1951, 51% of America's energy came from coal, and by 1973, only 19% of America's industry was coal-based.



OPEC:

The Organization of Petroleum Exporting Countries (OPEC), was founded by five oil producing countries at a Baghdad conference on September 14, 1960. The five founding members of OPEC were Venezuela, Iraq, Saudi Arabia, Iran and Kuwait. OPEC was organized after the oil companies slashed the posted price of oil, but the posted price of oil remained consistently higher than the market price of oil between 1961 and 1972. In 1963, the Seven Sisters controlled 86% of the oil produced by OPEC countries, but by 1970 the rise of "independent oil companies" had decreased their share to 77%. The entry of three new oil producers—Algeria, Libya and Nigeria—meant that by 1970, 81 oil companies were doing business in the Middle East. In the early 1960s Libya, Indonesia and Qatar joined OPEC. OPEC was generally regarded as ineffective until political turbulence in Libya and Iraq strengthened their position in 1970. Additionally, increasing Soviet influence provided oil producing countries with alternative means of transporting oil to markets. Under the Tehran Price Agreement of 1971, signed on February 14, the posted price of oil was increased and, due to a decline in the value of the US dollar relative to gold, certain anti-inflationary measures were enacted.

Because of a severe drain on U.S. gold reserves, leading to higher inflation and lack of confidence in the strength of the dollar, President Nixon issued Executive Order 11615 on August 15, 1971, closing the "gold window". This action made the dollar inconvertible to gold directly, except on the open market, and was soon dubbed the Nixon Shock, leading eventually to the collapse of the Bretton Woods system in 1976. Because oil was priced in dollars, oil producers' real income decreased when the dollar started to float free of the old link to gold. In September 1971, OPEC issued a joint communiqué stating that from then on, they would price oil in terms of a fixed amount of gold.

BRETTON WOOD SYSTEM:

After 1971, OPEC was slow to readjust prices to reflect this depreciation. From 1947 to 1967, the dollar price of oil had risen by less than two percent per year. Until the oil shock, the price had also remained fairly stable versus other currencies and commodities. OPEC ministers had not developed institutional mechanisms to update prices in sync with changing market conditions, so their real incomes lagged. The substantial price increases of 1973–1974 largely returned their prices and corresponding incomes to former levels in terms of commodities such as gold.

STARTING OF THE FALL IN THE MARKET:

On October 6, 1973, Egypt attacked the Bar Lev Line in the Sinai Peninsula and Syria launched an offensive in the Golan Heights, both of which had been occupied by Israel during the 1967 Six-Day War. The war began during the height of the Watergate scandal and Nixon largely let Kissinger manage foreign policy as he was distracted by the scandal. On 8 October 1973, Faisal told two Egyptian envoys: “You have made us all proud. In the past we could not lift our heads up. Now we can”. Faisal promised to give to Egypt a quality of aid worth $200 million US dollars to assist with the war effort, and stated he was willing to use the “oil weapon” if necessary to support Egypt. Kissinger promised the Israeli Prime Minister Golda Meir the United States would replace its losses in equipment after the war, but sought initially to delay arm shipments to Israel as he believed it would improve the odds of making peace along the lines of United Nations Security Council Resolution 242 calling for a “land for peace” deal if an armistice was signed with Egypt and Syria gaining some territory in the Sinai and the Golan Heights respectively. Nixon had ordered an arms lift to Israel on 12 October 1973, but Kissinger used the excuse of bureaucratic delays to limit the amount of weapons’ and ammunition sent to Israel. The Arab concept of the “peace of the brave” (i.e. a victorious leader being magnanimous to his defeated opponents) meant there was a possibility that Sadat at least would make peace with Israel provided that the war ended in such a way that Egypt was not perceived to be defeated. Likewise, Kissinger regarded Meir as being rather arrogant and believed that an armistice that ended the war in a manner that was not an unambiguous Israeli victory would make her humbler.

As both Syria and Egypt lost much equipment during the fighting, the Soviet Union began to fly new equipment in starting on October 12, and the Soviet flights to Syria and Egypt were recorded by the British radar stations in Cyprus.

Though the Soviets were flying in an average of 60 flights per day, exaggerated accounts appeared in Western newspapers speaking of “one hundred flights per day”. At this point, both Nixon and Kissinger began to see the October War more in terms of the Cold War rather than Middle Eastern politics, both seeing the Soviet arms lifts to Egypt and Syria as a Soviet power play that required an American answer.

On October 12, 1973, US president Richard Nixon authorized Operation Nickel Grass, a strategic airlift to deliver weapons and supplies to Israel in order to replace its materiel losses, after the Soviet Union began sending arms to Syria and Egypt. The first American weapons to Israel arrived only on 15 October 1973, and despite Nixon's orders the number of American planes flying into Tel Aviv were initially limited. After the first week of the war, the Israelis had halted the Syrian offensive in the Golan Heights and were pushing back the Syrians back towards Damascus, but along the Suez Canal, there was heavy fighting with the Egyptians holding their own. Yamani stated in a 1981 interview: "The king still wanted to give America a chance to stay out of the fighting. So, we agreed to cut back production by just 5 percent per month. A full embargo, we agreed, was something we would implement only if we felt that things were absolutely hopeless".

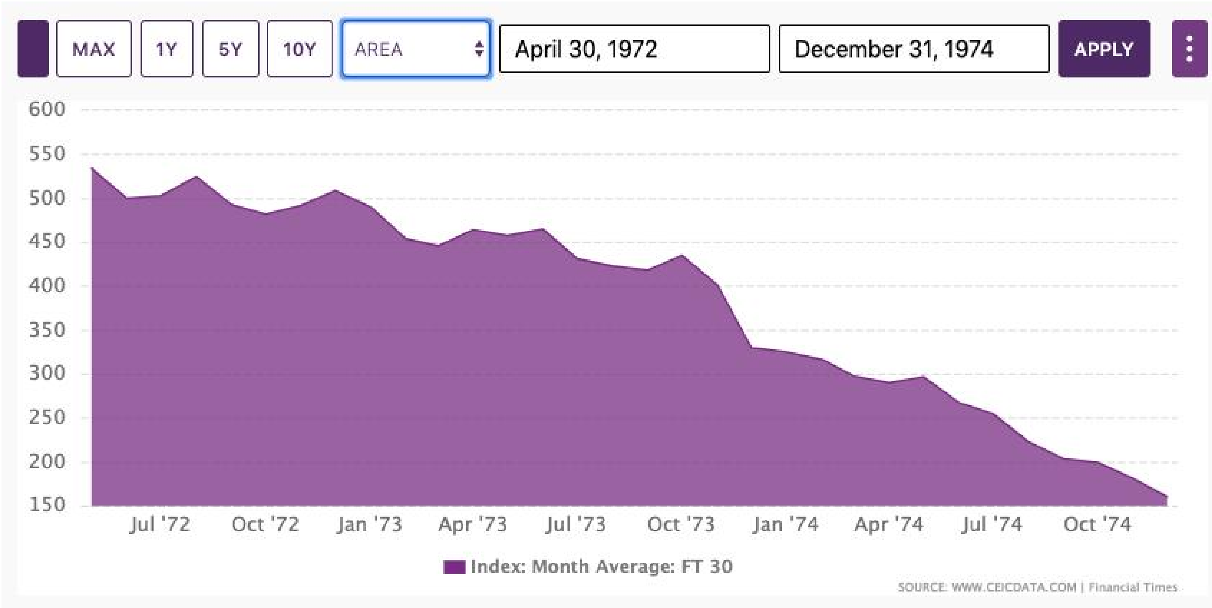
HOW IT AFFECTED STOCK MARKET:

In the 694 days between 11 January 1973 and 6 December 1974, the New York Stock Exchange's Dow Jones Industrial Average benchmark suffered the seventh-worst bear market in its history, losing over 45% of its value. 1972 had been a good year for the DJIA, with gains of 15% in the twelve months. 1973 had been expected to be even better, with Time magazine reporting just 3 days before the crash began that it was 'shaping up as a gilt-edged year'. In the two years from 1972 to 1974, the American economy slowed from 7.2% real GDP growth to −2.1% contraction, while inflation (by CPI) jumped from 3.4% in 1972 to 12.3% in 1974.

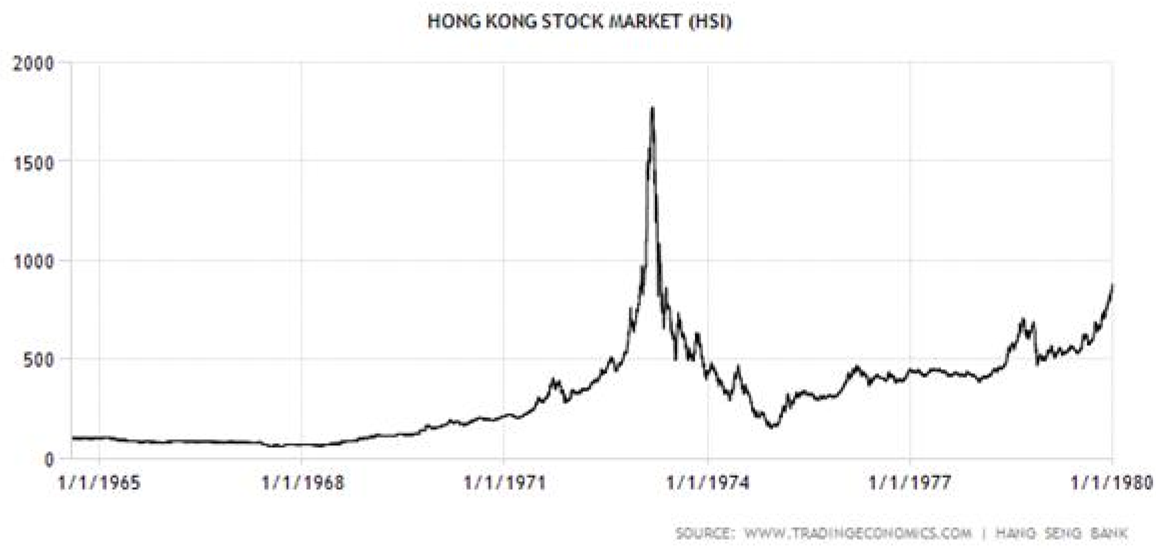
EFFECT ON NEW YORK STOCK EXCHANGE'S – DOW JONES INDUSTRIAL AVERAGE INDEX (DJIA):

EFFECT ON LONDON STOCK EXCHANGE'S – FT30:

The effect was worse in the United Kingdom, particularly on the London Stock Exchange's FT 30, which lost 73% of its value during the crash. From a rate of 5.1% real GDP growth in 1972, the UK went into recession in 1974, with GDP falling by 1.1%. At the time, the UK's property market was going through a major crisis, and a secondary banking crisis forced the Bank of England to bail out a number of lenders. In the United Kingdom, the crash ended after the rent freeze was lifted on 19 December 1974, allowing a readjustment of property prices; over the following year, stock prices rose by 150%. The definitive market low for the FT30 Index (a forerunner of the FTSE100 today) came on 6 January 1975, when the index closed at 146 (having reached a nadir of 145.8 intra-day). The market then practically doubled in just over 3 months. However, unlike in the United States, inflation continued to rise, to 25% in 1975, giving way to the era of stagflation.



EFFECT ON HONG KONG – HANG SENG INDEX:



The Hong Kong Hang Seng Index also fell from 1,800 in early 1973 to close to 300. In late 1971, Hong Kong's Hang Seng Index began rising. Maybe the word got out that Henry Kissinger went to China secretly for the first time in 1971 or people figured the relationship was on the mend by the time he went officially the second time; but by the time Mao was shaking hands with President Nixon in 1972, the Hang Seng Index was in the midst of a parabolic rise. Mainland China did not have a stock market at that time and the country looked and operated a lot more like North Korea does today. But if one wanted to speculate that China would open up after the Nixon visit, one lost about 90% from the peak as the Hang Seng crashed in 1973. After Mao died in 1976, Deng Xiaoping, a much more pragmatic leader, took power and put China on the right course. After that, the Hong Kong market began to recover.

EFFECT ON INDIAN INDEX – S&P 500:

In the United States, the term Nifty Fifty was an informal designation for a group of roughly fifty large-cap stocks on the New York Stock Exchange in the 1960s and 1970s that were widely regarded as solid buy and hold growth stocks, or "Blue-chip" stocks. These fifty stocks are credited by historians with propelling the bull market of the early 1970s, while their subsequent crash and underperformance through the early 1980s are an example of what may occur following a period during which many investors ignore fundamental stock valuation metrics, to instead make decisions on popular sentiment. Roughly half of the Nifty Fifty have since recovered and are solid performers, although a few are now defunct or otherwise worthless.

Investor Howard Marks reports that about half of the Nifty Fifty "compiled respectable returns for 25 years, even when measured from their pre-crash highs, suggesting that very high valuations can be fundamentally justified." On the other hand, Professor Jeremy Siegel analysed the Nifty Fifty era in his book Stocks for the Long Run, and determined companies that routinely sold for P/E ratios above 50 consistently performed worse than the broader market (as measured by the S&P 500) in the next 25 years, with only a few exceptions.

2) BLACK MONDAY (1987):

INTRODUCTION:

Black Monday (also known as Black Tuesday in some parts of the world due to time zone differences) was the global, severe and largely unexpected stock market crash on Monday, October 19, 1987. Worldwide losses were estimated at US$1.71 trillion. The severity of the crash sparked fears of extended economic instability or even a reprise of the Great Depression.

HOW IT EFFECTED STOCK MARKET:

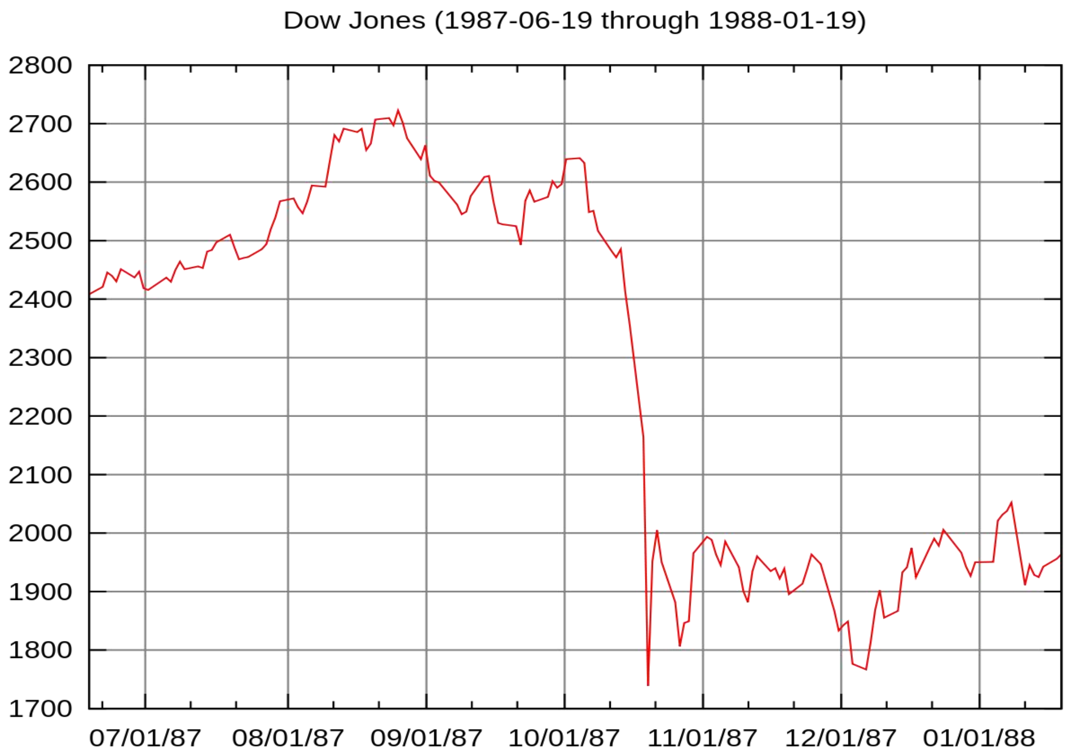
Possible explanations for the initial fall in stock prices include a nervous fear that stocks were significantly overvalued and were certain to undergo a correction, persistent US trade and budget deficits, and rising interest rates. Another explanation for Black Monday comes from the decline of the dollar, followed by a lack of faith in governmental attempts to stop that decline. In February 1987, leading industrial countries had signed the Louvre Accord, hoping that monetary policy coordination would stabilize international money markets, but doubts about the viability of the accord created a crisis of confidence. The fall may have been accelerated by portfolio insurance hedging (using computer-based models to buy or sell index futures in various stock market conditions) or a self-reinforcing contagion of fear.

The degree to Ih the stock market crashes spread to the wider (or "real") economy was directly related to the monetary policy each nation pursued in response. The central banks of the United States, West Germany, and Japan provided market liquidity to prevent debt defaults among financial institutions, and the impact on the real economy was relatively limited and short-lived. However, refusal to loosen monetary policy by the Reserve Bank of New Zealand had sharply negative and relatively long-term consequences for both its financial markets and real economy.

EFFECT ON DOW JONES:

During a strong five-year bull market, the Dow Jones Industrial Average (DJIA) rose from 776 in August 1982 to a peak of 2,722 in August 1987. The same bullish trend propelled market indices around the world over this period, as the nineteen largest enjoyed an average rise of 296 percent.

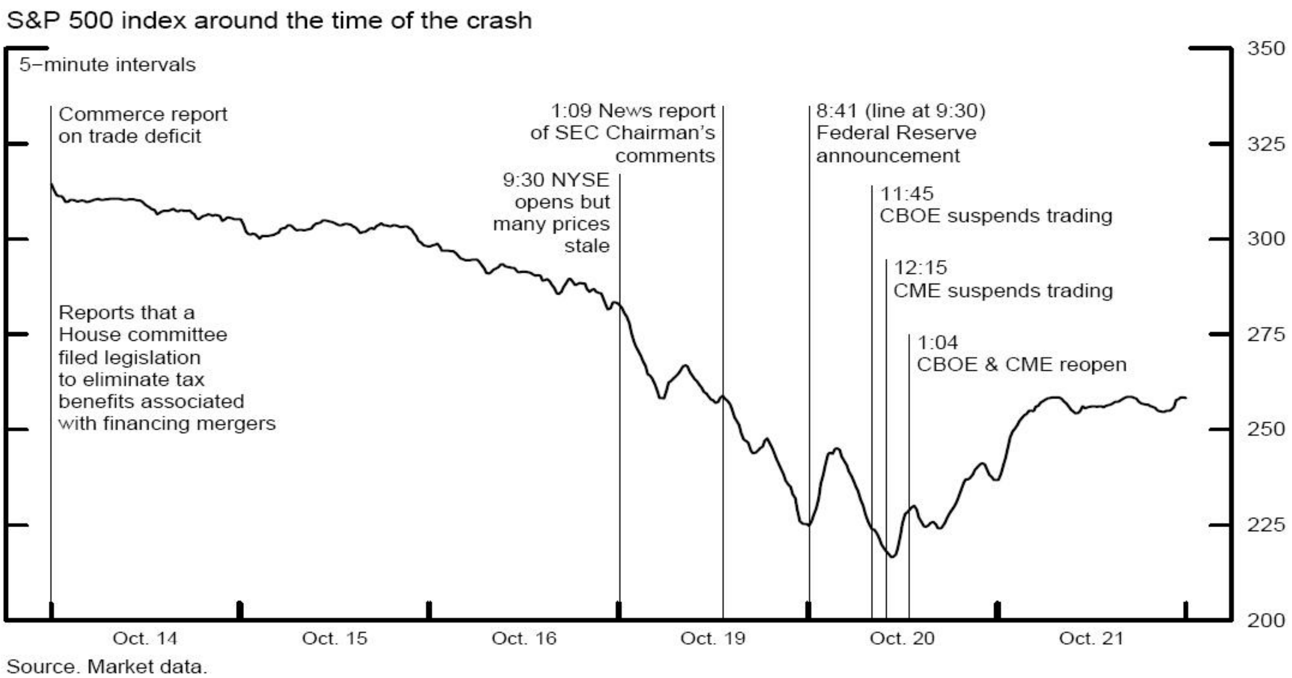
On the morning of Wednesday, October 14, 1987, the United States House Committee on Ways and Means introduced a bill to reduce the tax benefits associated with financing mergers and leveraged buyouts. Unexpectedly high trade deficit figures announced on October 14 by the United States Department of Commerce had a further negative impact on the value of the US dollar while pushing interest rates upward and stock prices downward. As the day continued, the DJIA dropped 95.46 points (3.81 percent) to 2,412.70, and it fell another 57.61 points (2.39 percent) the next day, down over 12 percent from the August 25 all-time high. On Friday, October 16, the DJIA fell 108.35 points (4.6 percent). The drop on the 14th was the earliest significant decline among all countries that would later be affected by Black Monday.



Though the markets were closed for the weekend, significant selling pressure still existed. The computer models of portfolio insurers continued to dictate very large sales. Moreover, some large mutual fund groups had procedures that enabled customers to easily redeem their shares during the weekend at the same prices that existed at the close of market on Friday. The amount of these redemption requests was far greater than the firms' cash reserves, requiring them to make large sales of shares as soon as the market opened on the following Monday. Finally, some traders anticipated these pressures and tried to get ahead of the market by selling early and aggressively on Monday, before the anticipated price drop.

EFFECT ON S&P 500, NYSE:

Before the New York Stock Exchange (NYSE) opened on October 19, 1987, there was pent-up pressure to sell. When the market opened, a large imbalance arose between the volume of sell and buy orders, placing downward pressure on prices. Regulations at the time allowed designated market makers (or “specialists”) to delay or suspend trading in a stock if the order imbalance exceeded the specialist’s ability to ulfil in an orderly manner.



On that Monday, the DJIA fell 508 points (22.6 percent), accompanied by crashes in the futures exchanges and options markets; the largest one-day percentage drop in the history of the DJIA. Significant selling created steep price declines throughout the day, particularly during the last 90 minutes of trading. Deluged with sell orders, many stocks on the NYSE faced trading halts and delays. Of the 2,257 NYSE-listed stocks, there were 195 trading delays and halts that day. Total trading volume was so large that the computer and communications systems were overwhelmed, leaving orders unfilled for an hour or more. Large funds transfers were delayed and the Fedwire and NYSE SuperDot systems shut down for extended periods further compounding traders’ confusion.

HOW FEDERAL RESERVE RESPONDED TO THE CRASH:

The response of monetary policy to the crash, according to economist Michael Mussa, “was massive, immediate and appropriate.” One day after the crash, the Federal Reserve (Fed) began to act as the lender of last resort to counter the crisis. Its crisis management approach included issuing a terse, decisive public pronouncement; supplying liquidity through open market operations; persuading banks to lend to securities firms; and in a few specific cases, direct action tailored to a few firms’ needs.

On the morning of October 20, Fed Chairman Alan Greenspan made a brief statement: “The Federal Reserve, consistent with its responsibilities as the Nation’s central bank, affirmed today its readiness to serve as a source of liquidity to support the economic and financial system”. Fed sources suggested that the brevity was deliberate, in order to avoid misinterpretations. This “extraordinary” announcement probably had a calming effect on markets that were facing an equally unprecedented demand for liquidity and the immediate potential for a liquidity crisis. The market rallied after that announcement, gaining around 200 points, but the rally was short-lived. By noon the gains had been erased and the slide had resumed.

The Fed then acted to provide market liquidity and prevent the crisis from expanding into other markets. It immediately began injecting its reserves into the financial system via purchases on the open market. On October 20 it injected $17 billion into the banking system through the open market – an amount that was more than 25 percent of bank reserve balances and 7 percent of the monetary base of the entire nation. This rapidly pushed the federal funds rate down by 0.5 percent. The Fed continued its expansive open market purchases of securities for weeks. The Fed also repeatedly began these interventions an hour before the regularly scheduled time, notifying dealers of the schedule change on the evening beforehand. This was all done in a very high-profile and public manner, similar to Greenspan’s initial announcement, to restore market confidence that liquidity was forthcoming. Although the Fed’s holdings expanded appreciably over time, the speed of expansion was not excessive. Moreover, the Fed later disposed of these holdings so that its long-term policy goals would not be adversely affected.

EFFECT ON UNITED KINGDOM (FTSE):

On Friday, October 16, all the markets in London were unexpectedly closed due to the Great Storm of 1987. After they re-opened, the speed of the crash accelerated. By midday, the Financial Times Stock Exchange 100 Index (FTSE 100) had fallen 296 points, a 14 percent drop. It was down 23 percent in two days, roughly the same percentage that the NYSE dropped on the day of the crash. Stocks then continued to fall, albeit at a less precipitous rate, until reaching a trough in mid-November at 36 percent below its pre-crash peak. Stocks did not begin to recover until 1989.

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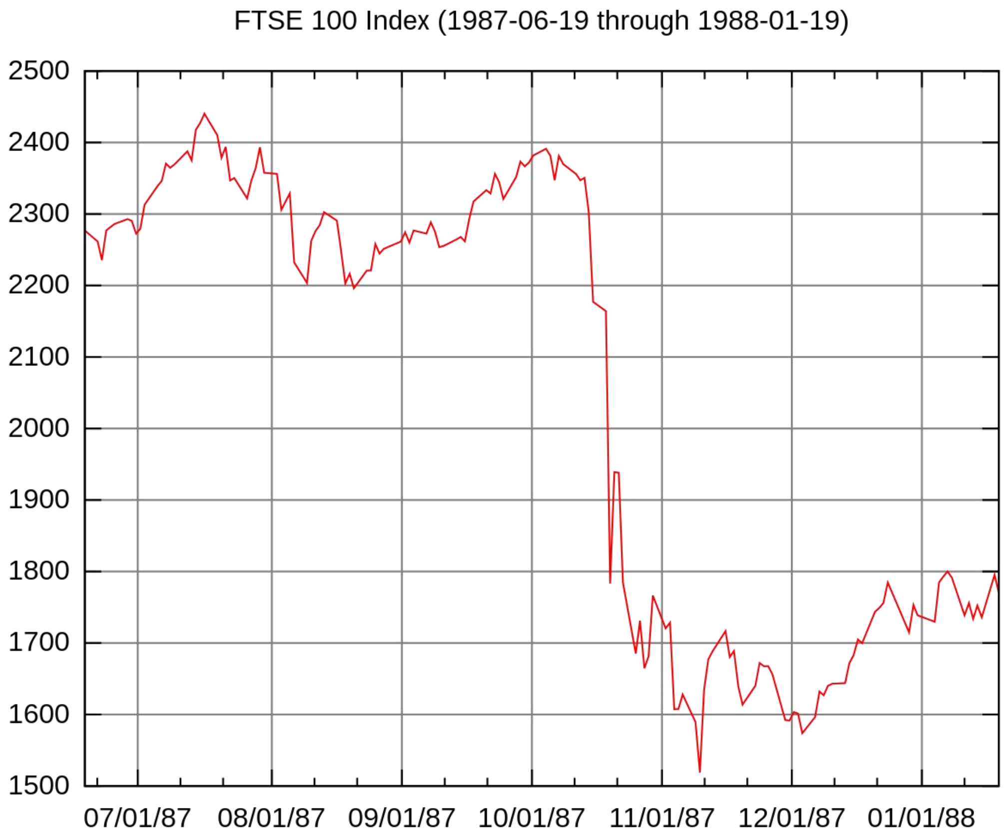


EFFECT ON JAPAN:

In Japan, the October 1987 crash is sometimes referred to as “Blue Tuesday”, because of the time zone difference, and its effects were relatively mild. According to economist Ulrike Schaede, the initial market break was severe: the Tokyo market declined 14.9 percent in one day, and Japan’s losses of US$421 billion ranked next to New York’s $500 billion, out of a worldwide total loss of $1.7 trillion. However, systemic differences between the US and Japanese financial systems led to significantly different outcomes during and after the crash on Tuesday, October 20. In Japan the ensuing panic was no more than mild at worst: the Nikkei 225 Index returned to its pre-crash levels after only five months. Other global markets performed less well in the aftermath of the crash, with New York, London and Frankfurt all needing more than a year to achieve the same level of recovery.

Several of Japan’s distinctive institutional characteristics already in place at the time, according to economist David D. Hale, helped dampen volatility. These included trading curbs such as a sharp limit on price movements of a share of more than 10 to 15 percent; restrictions and institutional barriers to short-selling by domestic and international traders; frequent adjustments of margin requirements in response to changes in volatility; strict guidelines on mutual fund redemptions; and actions of the Ministry of Finance to control the total shares of stock and exert moral suasion on the securities industry. An example of the latter occurred when the ministry invited representatives of the four largest securities firms to tea in the early afternoon of the day of the crash. After their visit to the ministry, these firms made large purchases of stock in Nippon Telegraph and Telephone.

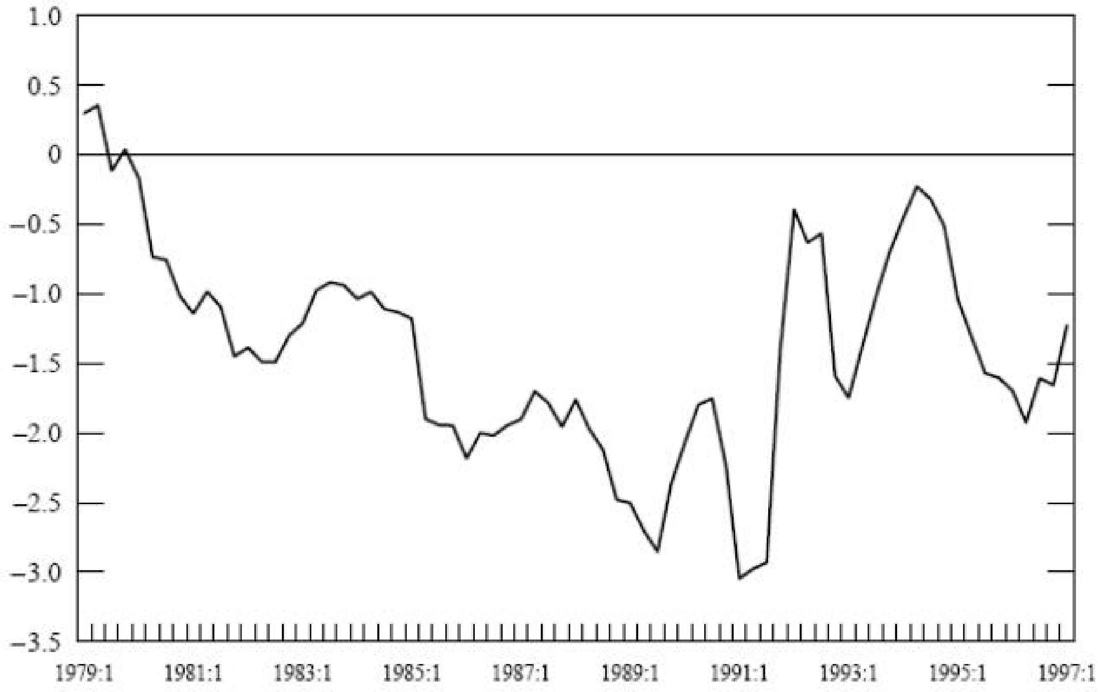
3) INDIAN ECONOMIC CRISIS (1991):

The 1991 Indian economic crisis was an economic crisis in India resulting from a balance of payments deficit due to excess reliance on imports and other external factors. India's economic problems started worsening in 1985 as imports swelled, leaving the country in a twin deficit : the Indian trade balance was in deficit at a time when the government was running on a huge fiscal deficit (although the twin-deficit hypothesis is disputed).

The fall of the Eastern Bloc, which had trade relations with India and allowed for rupee exchange, posed significant issues. Towards the end of 1990, leading up to the Gulf War, the situation became dire. India's foreign exchange reserves were not enough to finance three weeks' worth of imports. Additionally, the Iraq-Kuwait conflict caused a significant shift in the trade deficit as India relied on these nations for crude oil. The surge in crude oil prices further exacerbated the imbalance in India's balance of payments. Meanwhile, the government was on the brink of defaulting on its financial obligations. In July of that year, the rupee experienced a sharp depreciation/devaluation due to the low reserves, which further worsened the twin deficit problem.

In February 1991, the Chandrasekhar government was unable to pass the budget after Moody's downgraded India's bond ratings. The ratings declined further due to the unsuccessful passage of the budget, making it increasingly challenging and expensive for India to borrow money from international capital markets. This placed additional pressure on the country's economy. The International Monetary Fund (IMF) suspended its loan program to India, and the World Bank also discontinued its assistance. These actions limited the government's options to address the crisis and forced it to take drastic measures to avoid defaulting on its payments.

Current Account Deficit (Four-quarter sum as per cent of GDP)



Source: IMF, International Financial Statistics

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To address the economic crisis, the government implemented various measures, including the pledge of a significant portion of India's gold reserves to the Bank of England and the Union Bank of Switzerland as collateral. The aim of this move was to secure much-needed foreign exchange to meet India's debt obligations and stabilize the economy. However, this decision was not without controversy and was seen by some as a drastic and desperate move. Critics viewed the decision to mortgage the country's gold as a sign of the government's limited options and inability to manage the crisis effectively.

The economic crisis created a situation where India had to accept the conditions imposed 'y the World Bank and IMF loan, which included structural reforms. As a result, the Indian economy was opened up to foreign participation in various sectors, including state-owned enterprises. This move towards liberalization was seen by some as necessary to secure much-needed funds and prevent default on loan payments. However, it also led to concerns about the impact of foreign entities on India's economy and the potential loss of control over vital industries.

India's liberalization policies since 1991 have led to significant economic growth and integration into the global economy, but have also faced criticism for uneven distribution of benefits, austerity, unemployment and negative impacts on the environment.

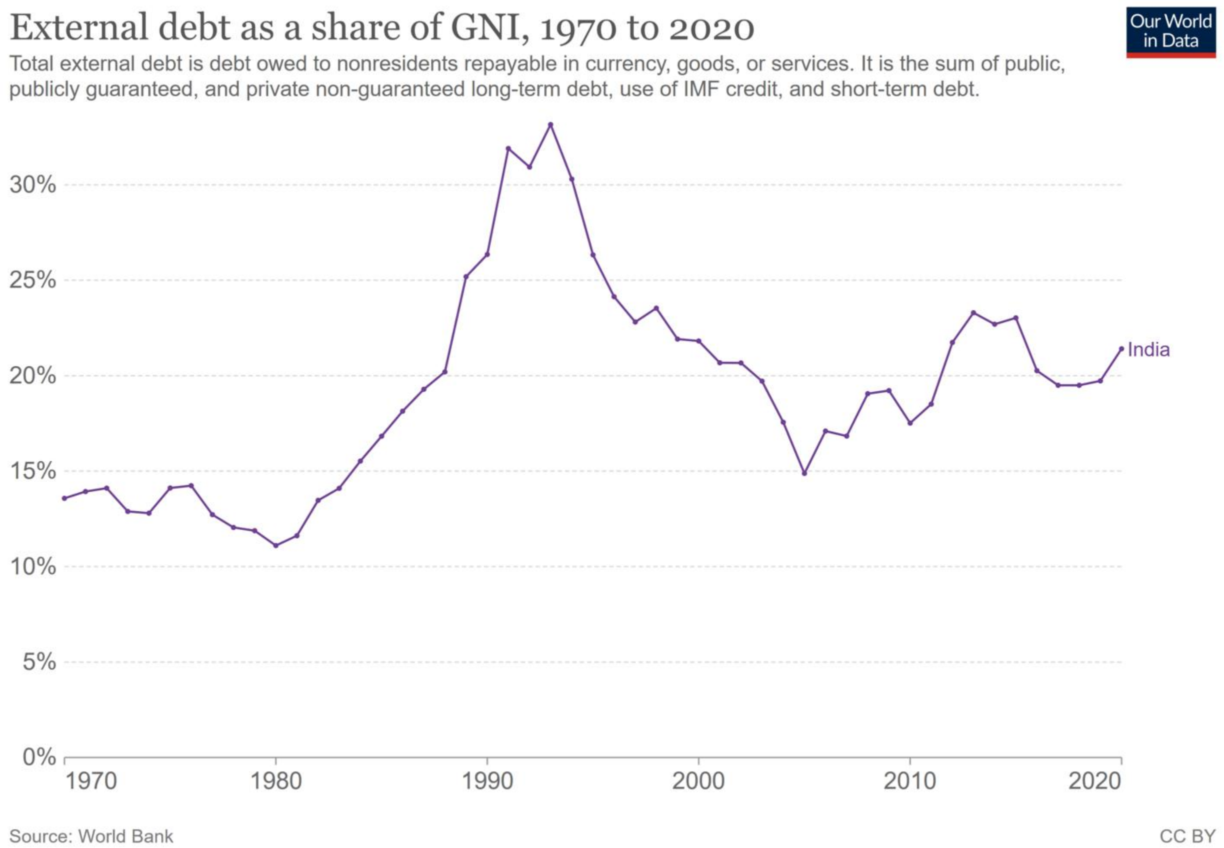
INDIA BEFORE THE CRISIS:

During the 1970s, the International Monetary Fund (IMF) began to increasingly criticise capital controls and shifted its perspective away from the belief that high unemployment was primarily due to insufficient demand. Instead, it started to emphasise the significance of 'inflexible' labour markets and other supply-side factors as the main causes of economic issues. These shifting views eventually laid the groundwork for what would be recognised as the 'Washington Consensus.' These set of economic liberalisation strategies were ‘recommended’ (or forced) upon developing nations like India by Washington, D.C based institutions, including the IMF, the World Bank, and the United States government’s economic departments.

The Volcker shock caused capital outflows from the developing world, causing external dollar denominated debt crises and economic slowdowns in Latin America and other developing countries, including India. This along with Gulf War oil price spike and the dissolution of the USSR and Eastern Bloc leaving the U.S. as the sole superpower gave the previously stated institutions the perfect opportunity to force its policies upon developing countries.

The crisis was caused by currency overvaluation; the current account deficit, and investor confidence played significant role in the sharp exchange rate depreciation.

During the mid-eighties, India started having the balance of payments problems. Precipitated by the Gulf War, India’s oil import bill swelled, exports slumped, credit dried up, and investors took their money out. Large fiscal deficits combined with the fixed exchange rate had a spillover effect on the trade deficit culminating in an external payments crisis. By the end of the 1980s, India was in serious economic trouble.



One of the main causes of the crisis was the accumulation of foreign debt. In the 1980s, India had borrowed heavily from international lenders, in part to finance infrastructure projects and industrialization. However, by 1991, the country was facing a severe balance of payments crisis, as it was unable to service its debt and was running out of foreign exchange reserves. There were also structural problems in the Indian economy that contributed to the crisis, including low savings and investment rates, and inadequate export growth. The foreign exchange reserves by 1991 had dried up to the point that India could barely finance three weeks' worth of imports.

In mid-1991, India's exchange rate was subjected to a severe adjustment. This event began with a slide in the value of the Indian rupee leading up to mid-1991. The authorities at the Reserve Bank of India took partial action, defending the currency by expanding international reserves and slowing the decline in value. However, in mid-1991, with foreign reserves nearly depleted, the Indian government permitted a sharp devaluation that took place in two steps within three days (1 July and 3 July 1991) against major currencies.

HOW IT GOT RECOVERED:

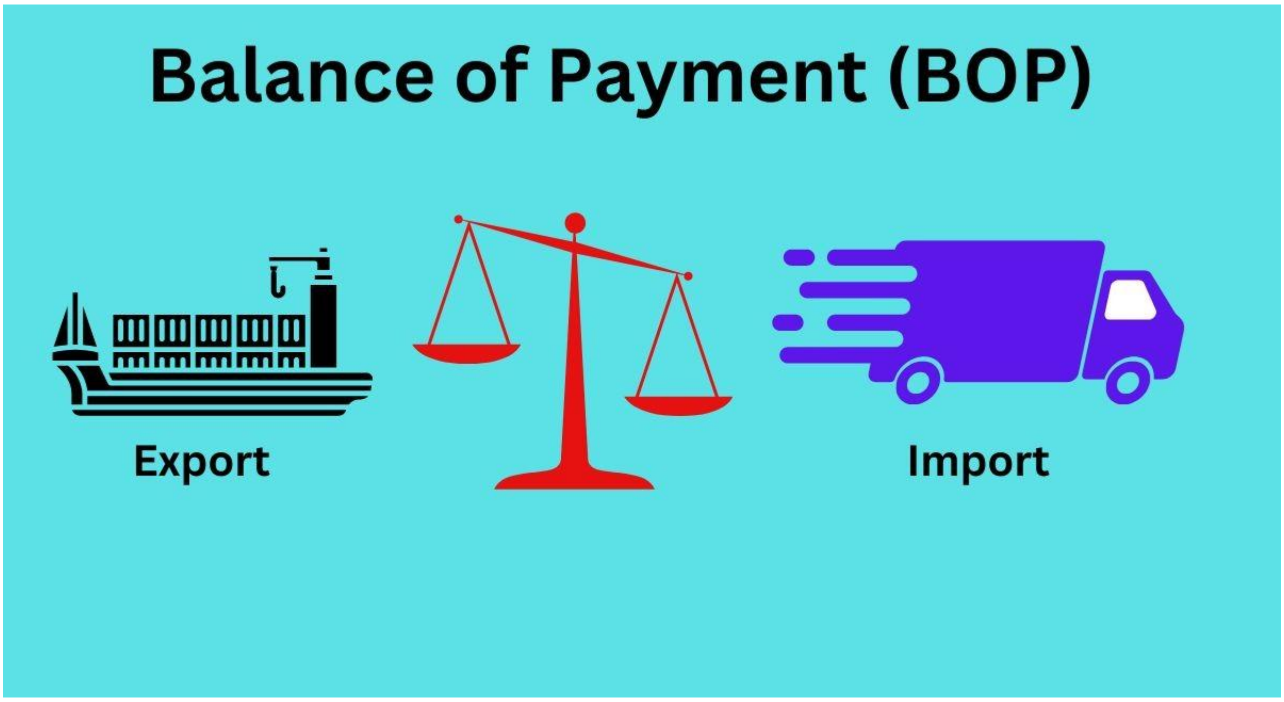
With India's foreign exchange reserves at $1.2 billion in January 1991 and depleted by half by June, barely enough to last for roughly 3 weeks of essential imports, India was only weeks away from defaulting on its external balance of payment obligations. Government of India's immediate response was to secure an emergency loan of $2.2 billion from the International Monetary Fund by pledging 67 tons of India's gold reserves as collateral security.

The Reserve Bank of India had to airlift 47 tons of gold to the Bank of England and 20 tons of gold to the Union Bank of Switzerland to raise $600 million. During the transport of the gold reserves to the airport, the van experienced a tyre burst and caused panic. The government, in the midst of the 1991 Indian General Elections, conducted the airlift with secrecy. The news of the government pledging the entire gold reserves against the loan outraged national sentiments and caused a public outcry. The gold was transported to London via a chartered plane from May 21 to May 31, 1991. The Chandra Shekhar government, which authorised the airlift, had collapsed a few months later. This move was seen as prioritising the balance of payment crisis over the welfare of the Indian people and kick-started P.V. Narasimha Rao's economic reform process.

Under Narasimha Rao Government:

Manmohan Singh became Finance Minister when P. V. Narasimha Rao became Prime Minister in June. The term "liberalisation" in Indian media refers to a number of reforms implemented by the Narasimha Rao government. The Indian Rupee was devalued by 9% on July 1, 1991, and then by 11% on July 3, 1991, marking the official start of the reforms. It was carried out in two stages, with a modest depreciation of 9% in the first to gauge the market's response. There was strong opposition to Prime Minister Rao's economic reforms from people who thought they would interfere with India's autonomy. The necessity of these reforms was stressed in a speech given by then-prime minister Rao just one week after he took office. As reported by the New York Times, "Mr. Rao, who was sworn in as Prime Minister last week, had already sent a signal to the nation as well as the I.M.F. that India faced no "soft options" and must open the door to foreign investment, reduce the bureaucratic red tape that stifles initiative, and streamline industrial policy." India's economy has grown significantly since economic reforms were put into place in 1991, and the country is now a major player in the world economy. Through boosting commercial ties, encouraging internal economic changes, and drawing in foreign investments, the Indian government's liberalization policies have made this expansion possible.

While some contend that India has profited from these measures, there are arguments to the contrary made by critics. According to some observers, the economy has not benefited equally from liberalization measures, and growth has been unequal. The gap between the rich and the poor has become wider, leading to a rise in inequality and the exclusion of vulnerable people. Furthermore, others contend that policies of liberalization have not addressed concerns pertaining to social justice and sustainability, and instead have had a detrimental effect on the environment. The Indian government is still pushing for liberalization policies and wants to deepen its integration with the world economy in spite of these objections. Economists, legislators, and representatives of civil society organizations continue to disagree on whether these initiatives have been successful. India's gross domestic product (GDP), adjusted for inflation, increased from $266 billion in 1991to $3.7 trillion in 2023, while its purchasing power parity increased from $1 trillion in 1991 to $13 trillion in 2023.



From 55.1% in 2005–06 to 16.4% in 2019–20, poverty has drastically decreased. Along with economic expansion and advancement, individuals in India now have far better access to needs like food, housing, and medical care. Furthermore, life expectancy has continuously increased, rising from an average of 58.7 years in 1990 to 67.2 years in 2021. But it should be remembered that life expectancy rose almost exactly at the same rate even prior to liberalization.

Sustaining Current Account Shortage:

Even after enacting liberal reforms in 1991, India's current account deficit has not been eliminated. India is still experiencing this imbalance, in contrast to nations like China and Vietnam, who have been able to achieve a surplus. As a result, to meet its balance of payments needs, India depends on foreign capital inflows in the form of Foreign Direct Investment (FDI) and Foreign Portfolio Investment (FPI). However, India is more vulnerable to outside shocks as a result of its reliance on international investment.

The possible effects of Interest r"te i'crease by the US Federal Reserve are one instance of this kind of vulnerability. Foreign investors in "risky" emerging nations like India would shift their money to "safe" areas like the U.S. and Europe in the event of a rate hike. Consequently, these investors would exchange their foreign currency holdings for their Indian Rupee-denominated assets through sale. As a result, the Rupee's value would decline, import prices would rise, and India's foreign exchange reserves would be reduced.

4) HARSHAD MEHTA SCAM (1992):

INTRODUCTION:

Harshad Shantilal Mehta, along with other bankers and politicians, engaged in market manipulation on the Bombay Stock Exchange, which resulted in the 1992 Indian stock market fraud. The scam defrauded investors of more than 10 million USD and seriously disrupted the Indian stock market. Mehta employed a variety of strategies, such as manipulating market vulnerabilities, having dishonest officials sign fictitious checks, and fabrication, to inflate stock values up to forty times their initial value. Stock traders who profited handsomely from the scheme were able to deceitfully apply for bank unsecured loans. The Indian stock market crashed in April 1992, the same banks found themselves holding millions of Indian rupees (INR) in worthless debt, and this was before the scheme was exposed.

At almost ₹ 5,000 crores, the scam was the largest money market scam ever perpetrated in India. Harshad Mehta, a stock and money market broker, was the primary perpetrator of the scam. The crash of the Indian stock market was caused by a systematic stock scam involving stamp paper and fictitious bank receipts. The fraud revealed the built-in weaknesses in the Indian financial institutions and led to a comprehensive overhaul of the stock transaction system, which included the implementation of online security measures.

The concept of diverting money from the banking system to different brokers or stockholders Is known as a security fraud. Mehta's systematic fraud in the Indian stock market in 1992 caused the security mechanisms to completely collapse. He bought equities on the Bombay Stock Exchange by defrauding the financial system out of over $1 billion. Due to the security system collapsing and investors losing hundreds of thousands of rupees in the exchange system, this had an effect on the entire exchange system. The scam's scope was so great that the net value of the stocks exceeded India's whole budget for both health and education.

Mehta obtained securities from the State Bank of India through a rusted check signed by dishonest officials. The scheme was set up in such a way that Mehta was unable to deliver the securities. Mehta sold the equities he held in these companies after inflating the stock values through fraudulent activities. The fraud had numerous repercussions, including the sudden collapse of the stock market and losses suffered by thousands of families. The index dropped from 4500 to 2500, signifying a ₹1000 billion decline in market value. Numerous questions concerning bank personnel who may have colluded with Mehta were raised by the 1992 scam. Montek Singh Ahluwalia, the Ministry of Finance's secretary for economic affairs, admitted in an interview that a large number of influential bank executives were engaged.

Bank Money Fraud:

Indian banks were prohibited from making equities market investments in the early 1970s. They were, nevertheless, required to report profits and hold onto a certain amount of their assets in government fixed interest bonds. In order to meet the banks' demand, Mehta took capital out of the banking system and poured it into the stock market.

Under the pretence of purchasing securities for them from other banks, he asked the banks to move the funds into his personal account and promised them higher interest rates.

In those days, a bank could not purchase securities or forward bonds from other banks without first going via a broker. Mehta temporarily utilized the funds in his account to purchase shares, sharply increase the demand for specific shares (ACC, Sterlite Industries, and Videocon, for example), sell them, give the bank a portion of the earnings, and pocket the remaining portion for himself. As a result, equities like ACC, which traded for ₹200 a share in 1991, shot up to almost ₹9,000 in just three months.

Scam Involving Bank Receipts:

The bank receipt (BR) was another important tool. Securities were not actually exchanged back and forth in a straight forward deal. Rather, a BR was provided to the buyer of the securities by the borrower, or the seller of the securities. In addition to acting as a receipt from the selling bank, the BR guarantees that the buyer will ultimately receive the securities for which they have paid at the conclusion of the period. Mehta needed banks in order to issue fictitious BRs, or BRs that were not supported by any government securities, after realizing this.

Following the issuance of these fictitious BRs, they were transferred to further banks, which then provided Mehta with funding under the false pretence that they were financing against government securities. He increased the ACC's price from ₹200 to ₹9,000. That was a 4,400% rise. The day he sold coincided with the market drop since he ultimately had to book profits.

Ahead-of-time Transaction Fraud:

Through a ready forward contract, two banks can be connected by a single broker. One bank contacts the broker when it wishes to sell securities. This broker seeks to sell the securities at another bank and vice versa for purchases. Mehta was a well-known broker; thus, checks were written in his name rather than the bank's. He went to another bank and did the same thing when the first one asked for money for the securities, investing the bank's funds in the stock market. Mehta used the ready forward trade to the Indian financial systems' Bank Receipts system. Due to the Janakiraman Committee's restructuring of the entire Bank Receipts system following the 1992 Scam.

Mehta employed multiple small banks to provide BRs on demand and utilized falsified BRs to obtain unsecured loans. Given the modest size of these banks, Mehta kept the receipts for as long as he pleased. The brokers' accounts, including Mehta's, were credited with the checks made out to both banks. Consequently, banks made significant investments in BOK and MCB because to their encouraging growth indicators. Mehta quickly drove up the price of ACC from ₹200 to ₹9000 by using the BR scam. Several other stocks experienced a gain of 4400%, and as he sold them, the market fell.

This continued as long as stock prices continued to rise and nobody knew anything about Mehta's business dealings. After the fraud was discovered, however, several banks were left in possession of worthless BRs; all told, the banking sector had been defrauded of a staggering ₹4,000 crore (or ₹310 billion, or US$3.9 billion, in 2023). They were aware that if anyone found out that they had anything to do with Mehta receiving checks, they would be charged. Later, it was discovered that Mehta had manipulated the share market with the help of Citibank, brokers like Pallav Sheth and Ajay Kayan, industrialists like Aditya Birla and Hemendra Kothari, several politicians, and RBI Governor S. Venkitaramanan.

Understanding of Fraud and Market Collapse:

When it became evident that Mehta was an abnormally significant investor in government securities in late April 1992, the swindle became obvious. Mehta was handling more than a third of all securities transactions in India at the time. Mehta's equities saw a sell-off when investors recognized that his investments were fraudulent and that his stocks were probably worthless. Suddenly, the banks who had given Mehta a loan were in possession of hundreds of millions of dollars in unsecured debt. The selling frenzy along with the reality that many banks had been duped caused the Indian stock market to collapse, with prices falling 40% right away. In the end, stocks fell 72%, and a bear market occurred that lasted for around two years.

This table illustrates the extent of money certain banks lost.

Name of Bank	₹ in crores
National Housing Bank (NHB)	1,199.39
State Bank of Saurashtra	175.04
SBI Capital Markets Ltd (SBI Caps)	121.23
Standard Chartered Bank	300.00
Total	1,795.66

Effects:

The immediate result was a sharp decline in market index and share prices, which led to a collapse in the functioning of the commercial banks' and RBI's securities control mechanism. The withdrawal of about ₹35 billion from the ₹2,500 billion market resulted in the collapse of the share market. The trading system's records were manipulated by the Bombay Stock Shares. Public fear was raised, and banks suffered greatly as a result. Banks that were connected to the scheme for forging bank receipts and transferring money into Mehta's personal account included Standard Chartered and ANZ Grindlays. The absence of computerized systems, which affected the whole stock market, was identified by the government as the primary cause of the financial structure of the stock markets' core Issue.

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Numerous bank employees were the subject of investigations and charged with fraud. The Financial Fairgrowth Services Limited (FFSL) and Andhra Bank Financial Services Ltd (ABFSL) were connected to the five principal accused officials. After learning of the bank receipt scandal, the chairman of Vijaya Bank took his own life. P. Chidambaram resigned as a result of the scandal after it was claimed that he owned shell firms linked to Mehta. Both the Bombay High Court and the Supreme Court of India found Mehta guilty of his involvement in the ₹49.99 billion (US$740 million) financial fraud. When several bank employees were taken into custody, the banking systems came to a total standstill.

The first reform was the formation of the National Stock Exchange of India (NSE). It was followed by the development of the CII Code for Desirable Corporate Governance by Rahul Bajaj. The CII Code commanded the formation of two major committees headed by Kumar Mangalam Birla and N. R. Narayana Murthy, and overseen by the Securities and Exchange Board of India (SEBI). The objective was to monitor corporate governance and prevent future scams. The SEBI were to monitor the NSE and the National Securities Depository. For the equity market, the government introduced ten acts of parliament and one constitutional amendment based upon the principles of economic reform and legislative changes. The introduction of online trading by NSE changed the dynamics of stock buying and selling. The financial market opened up nationally rather than being confined to Bombay (now, Mumbai).

Modifications to India's Financial Framework:

The Indian stock market crashed in 1992; over ₹1,000 billion, or 40% of the market value, was lost. It prompted the authorities to reevaluate and reorganize the current financial structures. In order to stop fraudulent transactions, the first structural modification was to document payments made for investments in subsidiary general ledgers and reconciled bank receipts. To supervise the Securities and Exchange Board of India, a committee was formed on the recommendation of the Janakiraman Committee. The committee's main suggestion was to restrict dealings involving ready forward and double ready forward to only government securities. In transactions, custodians were assigned to all banks instead of principals. The

Reserve Bank of India (RBI) was to oversee banks' portfolio audit systems, which were to be distinct systems.

5) DOT-COM BUBBLE (2000–2002):

INTRODUCTION:

The dot-com bubble (or dot-com boom) was a stock market bubble that ballooned during the late-1990s and peaked on Friday, March 10, 2000. This period of market growth coincided with the widespread adoption of the World Wide Web and the Internet, resulting in a dispensation of available venture capital and the rapid growth of valuations in new dot-com startups.

Investments in the NASDAQ composite stock market index increased 800% between 1995 and March 2000, when it peaked. However, by October 2002, it had dropped 78% from its peak, forfeiting all of its gains during the bubble.

Many online retailers, including Pets.com, Webvan, and Boo.com, as well as a number of communication firms, including Worldcom, NorthPoint Communications, and Global Crossing, collapsed and were shut down during the dot-com bust. Some, including People Sound, MP3.com, and Lastminute.com, persisted after it was sold and acquired by buyers. Bigger firms like Cisco Systems and Amazon lost a significant amount of their market capitalization; Cisco lost 80% of the value of its shares.

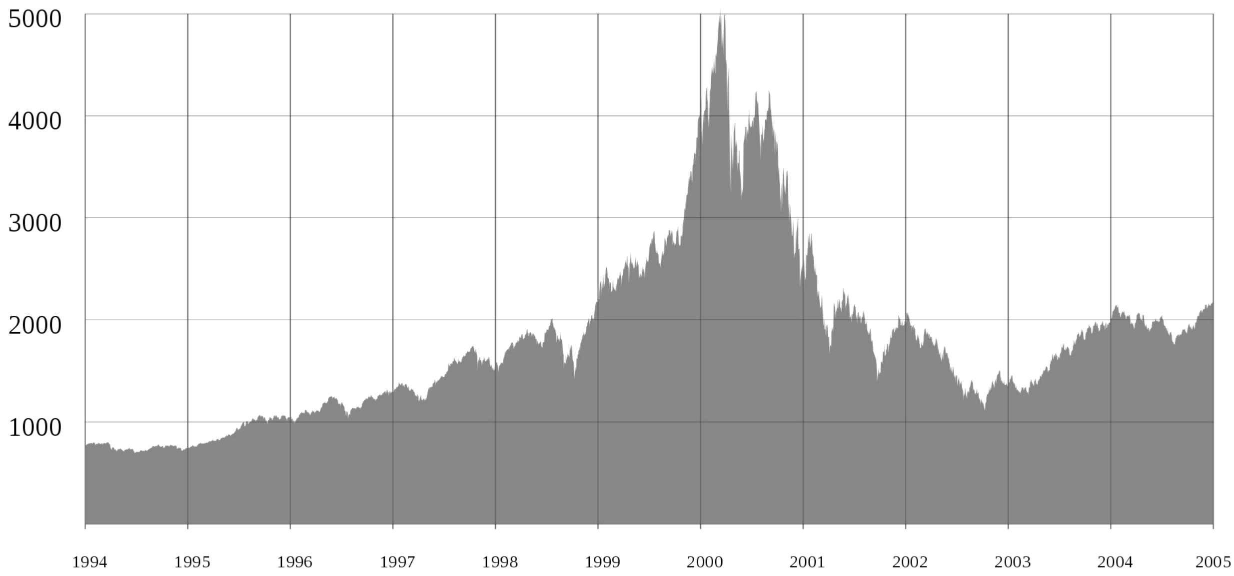
The dot-com boom is comparable to several other previous technology-driven booms in history, such as the railroads of the 1840s, the automobiles of the early 20th century, radio in the 1920s, television in the 1940s, transistor electronics in the 1950s, computer time-sharing in the 1960s, and home computers and biotechnology in the 1980s.

<u>HOW IT STARTED:</u>

A rise in start-up businesses was made possible by low lending rates in 1998 and 1999. The majority of these new business owners lacked administrative skills and realistic strategies, yet they were nonetheless able to pitch their ideas to investors due to the dot-com concept's novelty. When the dot-com boom broke in 2000, a large number of dot-com firms failed to turn a profit after spending all of their venture funding. But a lot of others, especially internet merchants like Amazon and eBay, prospered and made huge profits. Online merchandising proved to be a lucrative extra revenue stream for traditional shops. When their seed money ran out, some online news and entertainment sites folded, while others persevered and eventually became financially independent.

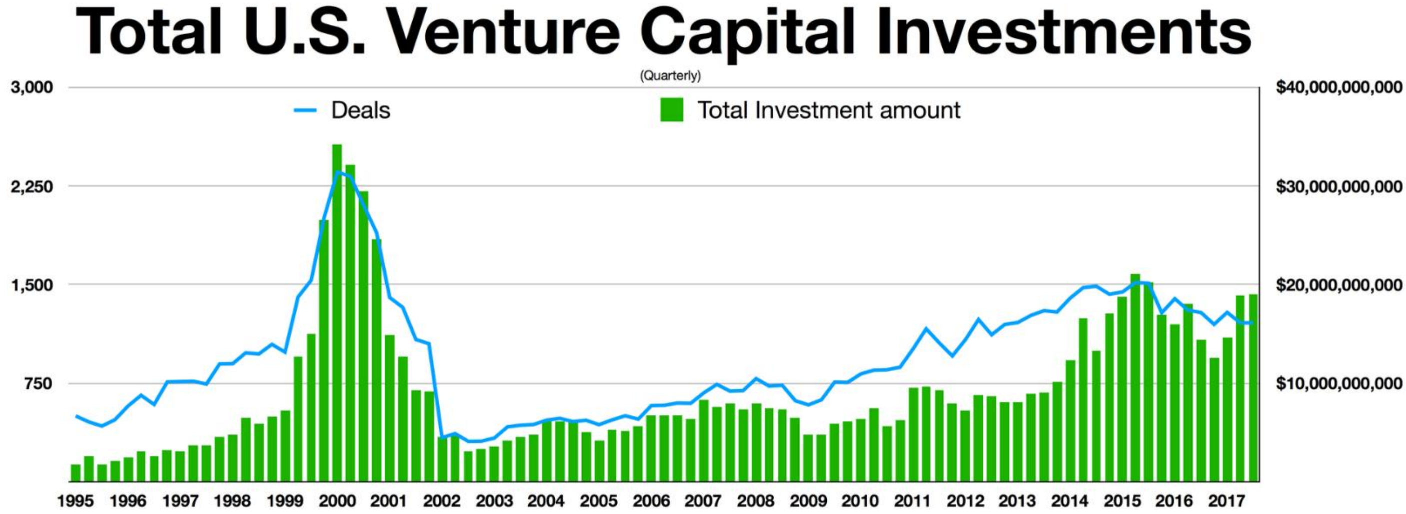
Traditional media organizations, particularly cablecasters, broadcasters, and newspaper publishers, discovered that the Web was a helpful and lucrative extra route for content delivery as well as a way to increase advertising revenue. A solid business model and a specific, if not unique, market niche that was well-defined and well-served were the two characteristics shared by the websites that withstood the bubble burst and went on to succeed.

The NASDAQ Composite index spiked in 2000 and then fell sharply as a result of the dot-com bubble.



Following the dot-com bubble, a large number of Internet business clients failed, leaving telecommunications firms severely overcapacity. This, together with continuous expenditure on local cell infrastructure, kept connection costs down and contributed to the decreased cost of high-speed Internet access. [Reference required] A few businesses succeeded in creating business strategies that improved the appeal of the World Wide Web during this period. They include websites that allow users to book flights, Google's search engine and its successful keyword-based advertising strategy, eBay's auction site, and Amazon.com's virtual department store.

Established business tradition in advertising, mail-order sales, customer relationship management, and many other sectors was likely to change due to the low cost of reaching millions of people globally and the potential to sell to or hear from those people at the same instant that they were reached. A fresh game-changer was the web, which offered seamless, low-cost methods of connecting random buyers and vendors. Venture capitalists were approached by entrepreneurs worldwide who created innovative business ideas and hurried to find funding. The bulk of the new business owners were just individuals with ideas, and while some of them had prior business or economics knowledge, they mismanaged the inflow of funds.



A lot of dot-com business plans also assumed that by using the Internet, they would be able to avoid competing with established businesses by using their own distribution channels; these hopes were dashed when established businesses with strong brands created their own online presence, leaving the newcomers to try to break into markets dominated by larger, more established companies.The technology-heavy NASDAQ Composite index peaked at 5,048.62 on March 10 (5,132.52 intraday), more than doubling its value just a year earlier, marking the end of the dot-com boom in March 2000. Deflation of the bubble was well underway by 2001. After burning up their IPO and venture funding, many dot-coms had discontinued trading, frequently never turning a profit. Nevertheless, despite this, the Internet is still expanding due to factors like mobile device access, social networking, commerce, and the ever-growing amount of online knowledge and information.

BEFORE THE BUBBLE:

The World Wide Web became accessible to computer users in 1993 with the release of Mosaic and other web browsers, which helped popularize the usage of the Internet. The “digital divide” shrank as improvements in computer education, Internet usage, and connectivity led to an increase in internet use. As computer ownership evolved from a luxury to a necessity, the number of American households with a computer rose from 15% in 1990 to 35% in 1997. This signalled the start of the Information Age, an information technology-based economy that saw the founding of numerous new businesses.

Additionally, there was more capital available due to a decrease in interest rates. Individuals became more open to making riskier investments after the Taxpayer Relief Act of 1997, which reduced the highest marginal capital gains tax in the US. It is said that by inflating stock valuations, Alan Greenspan, the Federal Reserve’s Chair at the time, encouraged stock market investments. Numerous individuals hoped to profit from the plethora of new technologies that the Telecommunications Act of 1996 was predicted to provide.

THE MAIN BURST:

As a result of these factors, many investors were eager to invest, at any valuation, in any dot-com company, especially if it had one of the Internet-related prefixes or a ".com" suffix in its name. Venture capital was easy to raise. Investment banks, which profited significantly from initial public offerings (IPO), fuelled speculation and encouraged investment in technology. A combination of rapidly increasing stock prices in the quaternary sector of the economy and confidence that the companies would turn future profits created an environment in which many investors were willing to overlook traditional metrics, such as the price-earnings ratio, and base confidence on technological advancements, leading to a stock market bubble.

Between 1995 and 2000, the Nasdaq Composite stock market index rose 400%. It reached a price–earnings ratio of 200, dwarfing the peak price–earnings ratio of 80 for the Japanese Nikkei 225 during the Japanese asset price bubble of 1991. In 1999, shares of Qualcomm rose in value by 2,619%, 12 other large-cap stocks each rose over 1,000% in value, and seven additional large-cap stocks each rose over 900% in value. Even though the Nasdaq Composite rose 85.6% and the S&P 500 rose 19.5% in 1999, more stocks fell in value than rose in value as investors sold stocks in slower growing companies to invest in Internet stocks.

An unprecedented amount of personal investing occurred during the boom and stories of people quitting their jobs to trade on the financial market were common. The news media took advantage of the public's desire to invest in the stock market; an article in The Wall Street Journal suggested that investors "re-think" the "quaint idea" of profits, and CNBC reported on the stock market with the same level of suspense as many networks provided to the broadcasting of sports events.

At the height of the boom, it was possible for a promising dot-com company to become a public company via an IPO and raise a substantial amount of money even if it had never made a profit—or, in some cases, realized any material revenue. People who received employee stock options became instant paper millionaires when their companies executed IPOs; however, most employees were barred from selling shares immediately due to lock-up periods. The most successful entrepreneurs, such as Mark Cuban, sold their shares or entered into hedges to protect their gains. Sir John Templeton successfully shorted many dot-com stocks at the peak of the bubble during what he called "temporary insanity" and a "once-in-a-lifetime opportunity". He shorted stocks just before the expiration of lockup periods ending six months after initial public offerings, correctly anticipating many dot-com company executives would sell shares as soon as possible, and that large-scale selling would force down share prices.

Spending habits of dot-com companies:

Most dot-com companies incurred net operating losses as they spent heavily on advertising and promotions to harness network effects to build market share or mind share as fast as possible, using the mottos "get big fast" and "get large or get lost". These companies offered their services or products for free or at a discount with the expectation that they could build enough brand awareness to charge profitable rates for their services in the future. The "growth over profits" mentality and the aura of "new economy" invincibility led some companies to engage in lavish spending on elaborate business facilities and luxury vacations for employees. Upon the launch of a new product or website, a company would organize an expensive event called a dot-com party.

Bubble in telecom:

In the five years after the American Telecommunications Act of 1996 went into effect, telecommunications equipment companies invested more than $500 billion, mostly financed with debt, into laying Fiber optic cable, adding new switches, and building wireless networks. In many areas, such as the Dulles Technology Corridor in Virginia, governments funded technology infrastructure and created favourable business and tax law to encourage companies to expand. The growth in capacity vastly outstripped the growth in demand. Spectrum auctions for 3G in the United Kingdom in April 2000, led by Chancellor of the Exchequer Gordon Brown, raised £22.5 billion. In Germany, in August 2000, the auctions raised £30 billion. A 3G spectrum auction in the United States in 1999 had to be re-run when the winners defaulted on their bids of $4 billion. The re-auction netted 10% of the original sales prices. When financing became hard to find as the bubble burst, the high debt ratios of these companies led to bankruptcy. Bond investors recovered just over 20% of their investments. However, several telecom executives sold stock before the crash including Philip Anschutz, who reaped $1.9 billion, Joseph Nacchio, who reaped $248 million, and Gary Winnick, who sold $748 million worth of shares.

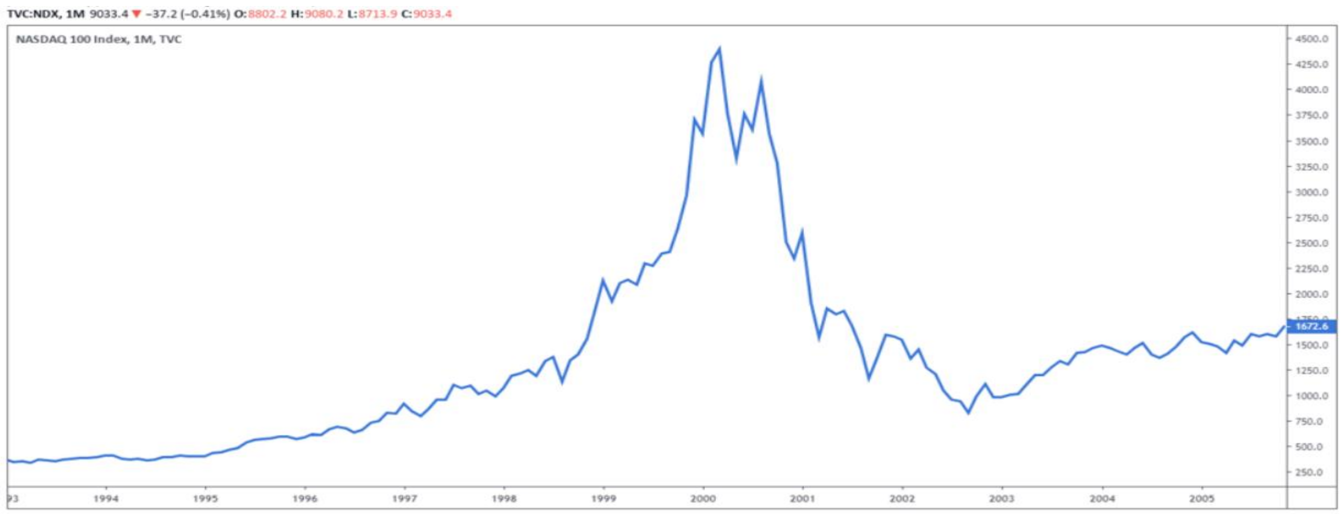
HOW THE DOT- COM BUBBLE WENT:

As the year 2000 drew closer, businesses spent erratic amounts on technology to get ready for the Year 2000 issue. Although there were worries that computer systems would struggle to switch from 1999 to 2000 in terms of their clock and calendar systems, perhaps leading to more significant societal or economic issues, there was essentially no impact or interruption because of sufficient planning. Additionally, marketing spending broke records for the industry: For Super Bowl XXXIII, two dot-com firms bought advertising space; for Super Bowl XXXIV the following year, 17 dot-com companies acquired advertising space.

NASDAQ, S&P 500 AND DOW JONES DURING THE BURST:

The NASDAQ Composite stock market index peaked at 5,048.62 on Friday, March 10, 2000. On March 13, 2000, however, reports that Japan had fallen into recession again set off a global sell-off that disproportionately hit technology companies. The Nasdaq dropped 2.6% shortly after Yahoo! And eBay terminated their merger negotiations, but the S&P 500 increased 2.4% as investors switched from high-performing technology equities to low-performing traditional sectors.

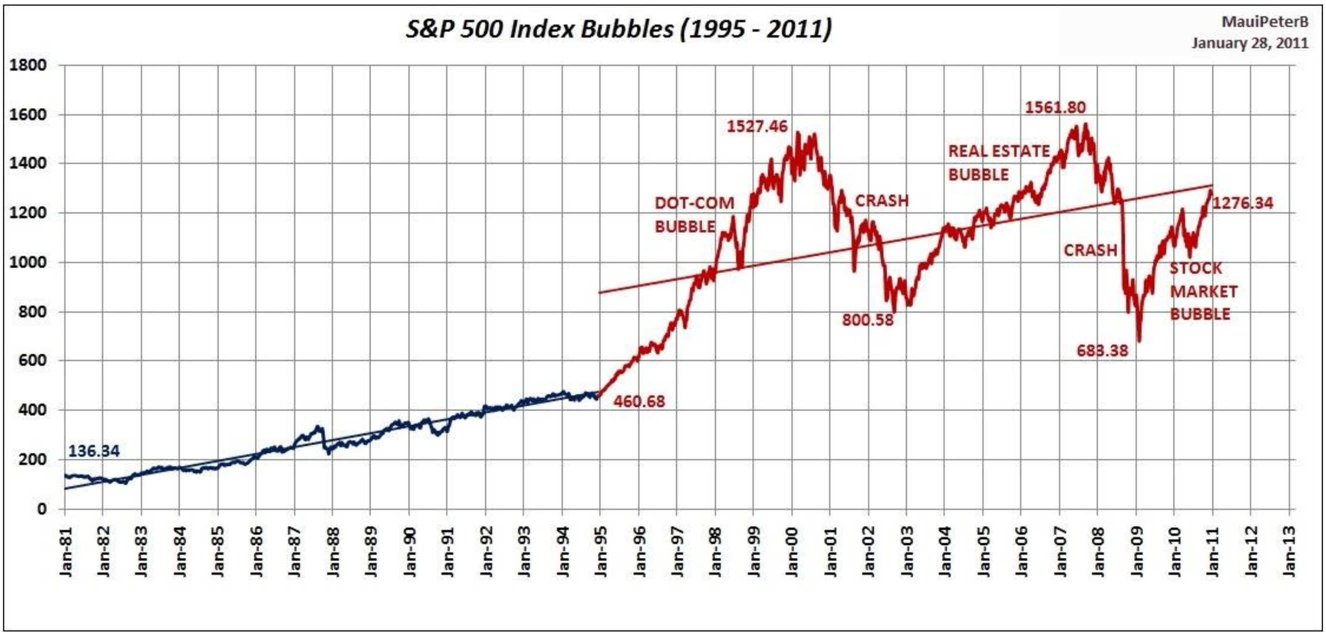
NASDAQ:



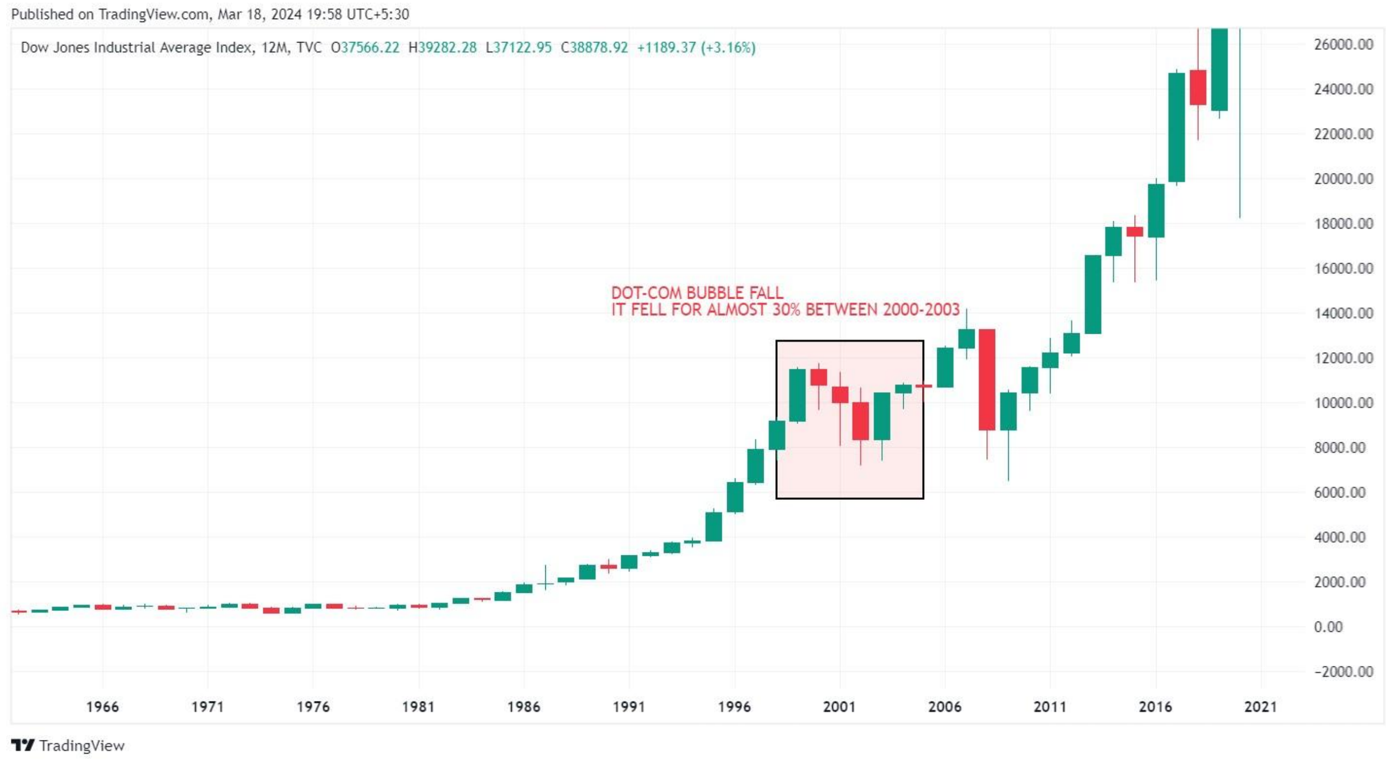
Barron's published a cover story titled "Burning Up; Warning: Internet companies are running out of cash—fast" on March 20, 2000, which foresaw that many Internet companies will soon file for bankruptcy. Many decided to reconsider their investments as a result. MicroStrategy revealed a revenue restatement the same day as a result of aggressive accounting procedures. Its stock price dropped $140 per share, or 62%, in a single day after rising from $7 per share to as high as $333 per share in a single year. The Federal Reserve increased interest rates the following day, which caused the yield curve to invert even while equities briefly increased.

In a case unrelated to the rumours, United States v. Microsoft Corp. (2001) saw Judge Thomas Penfield Jackson render legal conclusions, finding Microsoft guilty of monopolization and tying in violation of the Sherman Antitrust Act. As a result, the value of Microsoft shares fell by 15% in a single day, and the Nasdaq fell by 350 points, or 8%. The legal measures were viewed by many as detrimental to technology in general. Bloomberg News released a highly read piece titled "It's time, at last, to pay attention to the numbers" that same day.

S&P 500:



DOW JONES:



A week of 25% declines culminated in a 9% decline on Friday, April 14, 2000, on the Nasdaq Composite index. In order to pay taxes on profits achieved in the prior year, investors were compelled to sell their equities before Tax Day. Dot-com enterprises had little choice but to reconsider their advertising campaign spending by June 2000. Just nine months after its initial public offering (IPO) was completed, Pets.com, a highly anticipated business with support from Amazon.com, ceased operations on November 9, 2000.

By then, the value of the majority of Internet equities had dropped by 75% from their peak, losing $1.755 trillion in value. Just three dot-com businesses purchased commercials during Super Bowl XXXV in January 2001. The stock market decline was hastened by the September 11 attacks. A number of accounting scandals and the ensuing bankruptcies—such as the WorldCom incident in June 2002, the Adelphia Communications Corporation crisis in July 2002, and the Enron disaster in October 2001—further damaged investor confidence.

The market capitalization of stocks had dropped by $5 trillion from its high by the time the 2002 stock market crisis ended. The NASDAQ-100 fell to 1,114 at its lowest point on October 9, 2002, which was 78% below its high.

6) LEHMAN BROTHERS (2007-2008):

INTRODUCTION:

The global financial crisis in 2007–2008, also known as the Global Economic Crisis (GEC), was the worst to hit the global economy since the Great Depression. A "perfect storm" that resulted in the Great Recession was caused by predatory lending in the form of subprime mortgages that targeted low-income homebuyers, excessive risk-taking by international financial institutions, a steady accumulation of toxic assets within banks, and the burst of the US housing bubble.

The value of mortgage-backed securities (MBS) connected to US real estate fell, as did a massive network of derivatives associated with those MBS. Global financial institutions sustained significant harm, culminating in Lehman Brothers' collapse on September 15, 2008, and the ensuing global banking crisis.

The preconditioning for the financial crisis was complex and multi-causal. Almost two decades prior, the U.S. Congress had passed legislation encouraging financing for affordable housing. However, in 1999, parts of the Glass-Steagall legislation, which had been adopted in 1933, were repealed, permitting financial institutions to commingle their commercial (risk-averse) and proprietary trading (risk-taking) operations.

Arguably the largest contributor to the conditions necessary for financial collapse was the rapid development in predatory financial products which targeted low-income, low-information homebuyers who largely belonged to racial minorities. This market development went unattended by regulators and thus caught the U.S. government by surprise.

To save the global financial system from collapsing, governments implemented palliative fiscal and monetary measures along with substantial bailouts of financial firms when the crisis first emerged. When the similarly sized American Recovery and Reinvestment Act of 2009 was enacted on February 17 and included a sizable payroll tax credit, economic indicators in the United States reversed and stabilized less than a month later. The October 3, $800 billion Emergency Economic Stabilization Act of 2008, failed to stop the country’s economic free-fall.

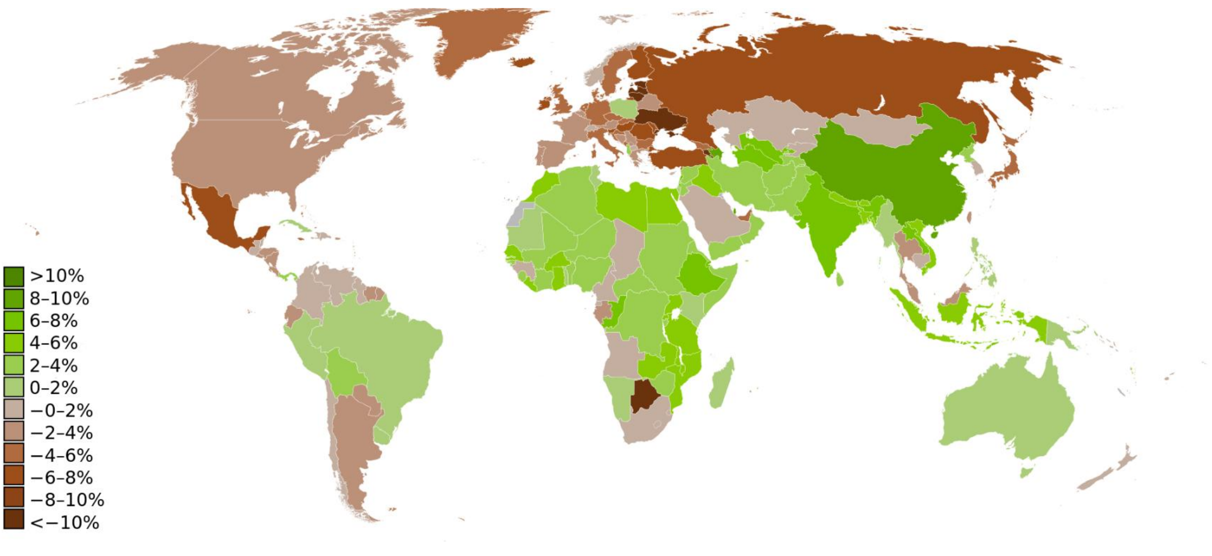
The crisis led to the Great Recess”on, ’hich had a number of negative effects, including a rise in suicide and unemployment as well as a decline in institutional trust and fertility. One of the main conditions for the European debt crisis was the recession.

The US responded to the crisis by passing the Dodd-Frank Wall Street Reform and Consumer Protection Act in 2010 with the goal of “promote the financial stability of the United States”. Worldwide adoption of the Basel III capital and liquidity standards is also evident.

CONTEXT:

The Great Recession, which at the time was the worst worldwide recession since the Great Depression, was brought on by the crisis. The 2008–2011 Icelandic financial crisis, which involved the failure of all three of the country's major banks and was, in relation to the size of its economy, the largest economic collapse suffered by any country in history, was also followed by the European debt crisis, which started with a deficit in Greece in late 2009. This financial crisis, which ranked among the top five worst the world had ever seen, cost the world economy around $2 trillion. From an average of 46% during the 1990s to 73% during 2008, the United States' home mortgage debt as a percentage of GDP reached $10.5 trillion (~$14.1 trillion in 2022) trillion. As home values increased, there was a corresponding rise in cash out refinancing, which led to a spike in consumption that peaked when home values fell.

Many financial institutions owned investments, such as mortgage-backed securities or credit derivatives used to guarantee them against failure, whose value was derived from home mortgages. These investments saw a sharp decrease in value. Large American and European banks lost almost $1 trillion, according to estimates from the International Monetary Fund, as a result of toxic assets and subpar loans between January 2007 and September 2009. Stock and commodities prices crashed in late 2008 and early 2009 due to a lack of investor trust in bank soundness and reductions in credit availability. Numerous bank collapses were the consequence of the crisis' quick expansion into a worldwide economic catastrophe. Due to tighter credit and a drop in foreign commerce, economies all around the world stagnated during this time. Foreclosures and evictions resulted from the collapse of housing markets and the spike in unemployment. A number of companies failed.



The world was not spared from the economic downturn Ih began In the United States. The rest of the world relied on American consumers as a source of demand, and between 2000 and 2007, U.S. consumption accounted for more than a third of the growth in worldwide consumption. Globally, institutional and corporate investors held toxic securities. The interconnection between major financial institutions was further strengthened by derivatives like credit default swaps.

US household wealth dropped by $11 trillion from its peak of $61.4 trillion in the second quarter of 2007 to $50.4 trillion by the end of the first quarter of 2009. This reduction in wealth was attributed to a decrease in corporate investment and a subsequent decline in spending. In the fourth quarter of 2008, the United States' real GDP shrank by 8.4% from the previous quarter. At its peak in October 2009, the unemployment rate in the United States was 11.0%, over twice the pre-crisis figure and the highest since 1983. Since the government started gathering statistics in 1964, the average number of hours worked per work week has decreased to 33. International trade declined as a result of the financial institutions' de-leveraging, which was accelerated by the sale of assets to cover debts that could not be refinanced in credit markets that were closed. Falling trade, commodity prices, investment, and remittances from migrant workers (e.g., Armenia) were the main causes of the declines in developing countries' development rates. States with weak political systems were afraid that the crisis would force investors from the West to take their money out of them.

Governments and central banks, such as the Federal Reserve, the European Central Bank, and the Bank of England, provided then-unprecedented trillions of dollars in bailouts and stimulus as part of national fiscal policy responses to the Great Recession. These included expansive fiscal policy and monetary policy to offset the decline in consumption and lending capacity, prevent a further collapse, encourage lending, restore confidence in the vital commercial paper markets, reduce the risk of a deflationary spiral, and give banks enough cash on hand to allow customers to withdraw. The central banks turned into for a large segment of the economy, the "lender of only resort" rather than the "lender of last resort." The Fed was regarded as the "buyer of last resort" in various situations. These central banks bought distressed private assets and government debt worth US$2.5 trillion (about $3.35 trillion in 2022) from banks in the fourth quarter of 2008. This was the biggest monetary policy move in global history as well as the largest inflow of liquidity into the credit market. The governments of the United States and Europe raised the capital of their national banking systems and guaranteed the debt issued by their banks, emulating the model started by the 2008 United Kingdom bank rescue package. In the end, they bought $1.5 trillion in newly issued preferred stock in major banks.

RISE OF MORTGAGE ORGANISATION (1997-2006):

One of the earliest Wall Street companies to enter the mortgage origination market was Lehman. Lehman purchased Colorado-based Aurora Loan Services, an Alt-A lender, in 1997. Lehman bought West Coast subprime mortgage company BNC Mortgage LLC in 2000 in order to increase their pipeline for mortgage originations. Quickly, Lehman emerged as a major player in the subprime market. Lehman Brothers ranked third in lending by 2003, having made $18.2 billion in loans. This amount exceeded $40 billion by 2004. BNC and Aurora were lending about $50 billion a month by 2006. Lehman had $680 billion in assets by 2008, while its firm capital was barely $22.5 billion. Its capital was thirty times less than its riskier investment in commercial real estate when it had an equity position. A 3 to 5 percent decrease in real estate values would wipe out all of the money in such a highly leveraged arrangement.

The Prime Culprit:

The company, along with many other financial firms, branched into mortgage-backed securities and collateral debt obligations. In 2003 and 2004, with the U.S. housing bubble well under way, Lehman acquired five mortgage lenders along with BNC Mortgage and Aurora Loan Services, which specialized in Alt-A loans. These loans were made to borrowers without full documentation.

At first, Lehman's acquisitions seemed prescient. Lehman's real estate business enabled revenues in the capital markets unit to surge 56% from 2004 to 2006. The firm securitized $146 billion of mortgages in 2006—a 10% increase from 2005. Lehman reported record profits every year from 2005 to 2007. In 2007, it announced $4.2 billion in net income on $19.3 billion in revenue.

7) RUSSIA – UKRAINE WAR (2014 – TILL NOW):

INTRODUCTION:

The conflict between Russia and Ukraine, known as the Russo-Ukrainian War, started in February 2014 and is still continuing on. In the wake of Ukraine's Revolution of Dignity, Russia helped pro-Russian rebels battling the Ukrainian military in the Donbas war and captured and annexed Crimea from Ukraine. In addition, there were cyberattacks, increased political tensions, and naval mishaps during the first eight years of the battle. Russia initiated a full-scale invasion of Ukraine in February 2022 and started to capture additional territory. Viktor Yanukovych, the pro-Russian president of Ukraine, was overthrown by the Revolution of Dignity following the Euromaidan protests in early 2014. Soon after, as unmarked Russian troops took Crimea, pro-Russian protests broke out in eastern and southern Ukraine. Following a hotly contested referendum, Russia quickly annexed Crimea.

The Donbas war began in April 2014 when militants supported by Russia took control of cities in the eastern Donbas area of Ukraine and declared the DPR and LPR to be independent nations. Russia gave the separatists significant but secret help, and Ukrainian attempts to completely recover regions controlled by the separatists were unsuccessful. Despite Russia's denials, Russian forces participated in the conflict. Although Russia and Ukraine signed the Minsk II agreements in February 2015 in an attempt to put an end to the conflict, they were never fully carried out in the years that followed. With numerous short ceasefires but no long-lasting peace and minimal shifts in territorial control, the Donbas war descended into a bloody but stagnant confrontation between Ukrainian and Russian and separatist forces.

Russia began to establish a significant military presence in Belarus, as well as close to its border with Ukraine, starting in 2021. Plans to attack Ukraine were frequently denied by Russian officials. Vladimir Putin, the president of Russia, espoused irredentist opinions and rejected Ukraine's existence. He called for Ukraine to never be allowed to join NATO and denounced the military alliance's expansion. The DPR and LPR were acknowledged as sovereign states by Russia. Putin declared on February 24, 2022, that Russia had no intention of occupying Ukraine and that a "special military operation" would be launched to "demilitarize and denazify" the nation.

Following the Russian invasion, numerous nations reinforced already-existing sanctions against Russia and issued new ones, which were universally denounced. Early in April, Russia gave up on its attempt to capture Kyiv due to strong opposition. Ukrainian soldiers started retaking territory in the northeast and south in August. Russia announced the annexation of four partially-occupied territories at the end of September, a move that sparked worldwide outrage. Russia launched a series of fruitless offensives in the Donbas during the winter. Russia took up positions ahead of another Ukrainian counteroffensive in the spring of 2023, which was unable to make any headway. Tens of thousands of people have died and there is a refugee problem as a result of the fighting.

THE ORANGE REVOLUTION AND INDEPENDENT UKRAINE:

Russia and Ukraine remained close after the Soviet Union (USSR) broke apart in 1991. As a non-nuclear weapon state, Ukraine consented to join the Treaty on the Non-Proliferation of nuclear weapons in 1994. Nuclear weapons from the former Soviet Union were taken out and dismantled in Ukraine. By means of the Budapest Memorandum on Security Assurances, Russia, the United Kingdom, and the United States committed to maintaining the political independence and territorial integrity of Ukraine in exchange.

A signatory to the 1999 Charter for European Security, Russia "reaffirmed the inherent right of each and every participating State to be free to choose or change its security arrangements, including treaties of alliance, as they evolve." Many former Eastern Bloc nations joined NATO in the years following the fall of the Soviet Union, in part as a reaction to Russian involvement in regional security issues such the Russian constitutional crisis in 1993, the Abkhazian War (1992–1993), and the First Chechen War (1994–1996). Putin said that the West has betrayed its vow to forbid the membership of any nations in Eastern Europe.

The presidential election In Ukraine In 2004 was contentious. Viktor Yushchenko, the Iion candidate, was poisoned by TCDD dioxin during the election campaign; he later claimed that Russia was involved. Election observers claimed that Prime Minister Viktor Yanukovych had rigged the results, but Yanukovych was pronounced the winner in November. Big, nonviolent demonstrations successfully contested the result throughout the course of the two-month Orange Revolution. Following the annulment of the first-round result by the Supreme Court of Ukraine on the grounds of extensive election fraud, a second-round rerun was conducted, with Yanukovych remaining in opposition and Yushchenko emerging as the winner and Yulia Tymoshenko as prime minister.

The Orange Revolution is sometimes associated with other early 21st-century protest movements, referred to as "colour revolutions," especially those that occurred in the former USSR. Anthony Cordesman claims that Russian military officers saw these colour revolutions as American and European attempts to weaken Russia's national security by destabilizing its neighbours. Russian President Vladimir Putin characterized the 2011–2013 Russian protests as an effort to bring the Orange Revolution to Russia and accused their organizers of being former Yushchenko advisors. During this time, pro-Putin demonstrations were dubbed "anti-Orange protests". NATO membership was pursued by Georgia and Ukraine during the Bucharest summit in 2008. Different NATO members had different reactions. In an effort to avoid upsetting Russia, Western European nations rejected providing Membership Action Plans (MAP) to Georgia and Ukraine, despite US President George W. Bush advocating for their admittance. In the end, NATO declined to extend MAP offers to Georgia and Ukraine, although it did declare that "these countries will become members of NATO" eventually. Putin was adamantly against Georgia and Ukraine's applications to join NATO. The prospect of Ukraine joining NATO was still unlikely by January 2022.

Yanukovych declared in 2009 that he would seek the presidency once more in the 2010 Ukrainian presidential election, which he eventually won. When Yanukovych abruptly decided not to sign the EU-Ukraine Association Agreement in Favor of tighter links to Russia and the Eurasian Economic Union, massive pro-EU protests broke out in November 2013. The finalization of Ukraine's deal with the EU was unanimously accepted by the Ukrainian parliament on February 22, 2013. Then, using the prospect of sanctions, Russia put pressure on Ukraine to turn down this arrangement. Sergei Glazyev, a Kremlin advisor, said that even if the deal was reached, Russia could not ensure that Ukraine would remain a sovereign state.

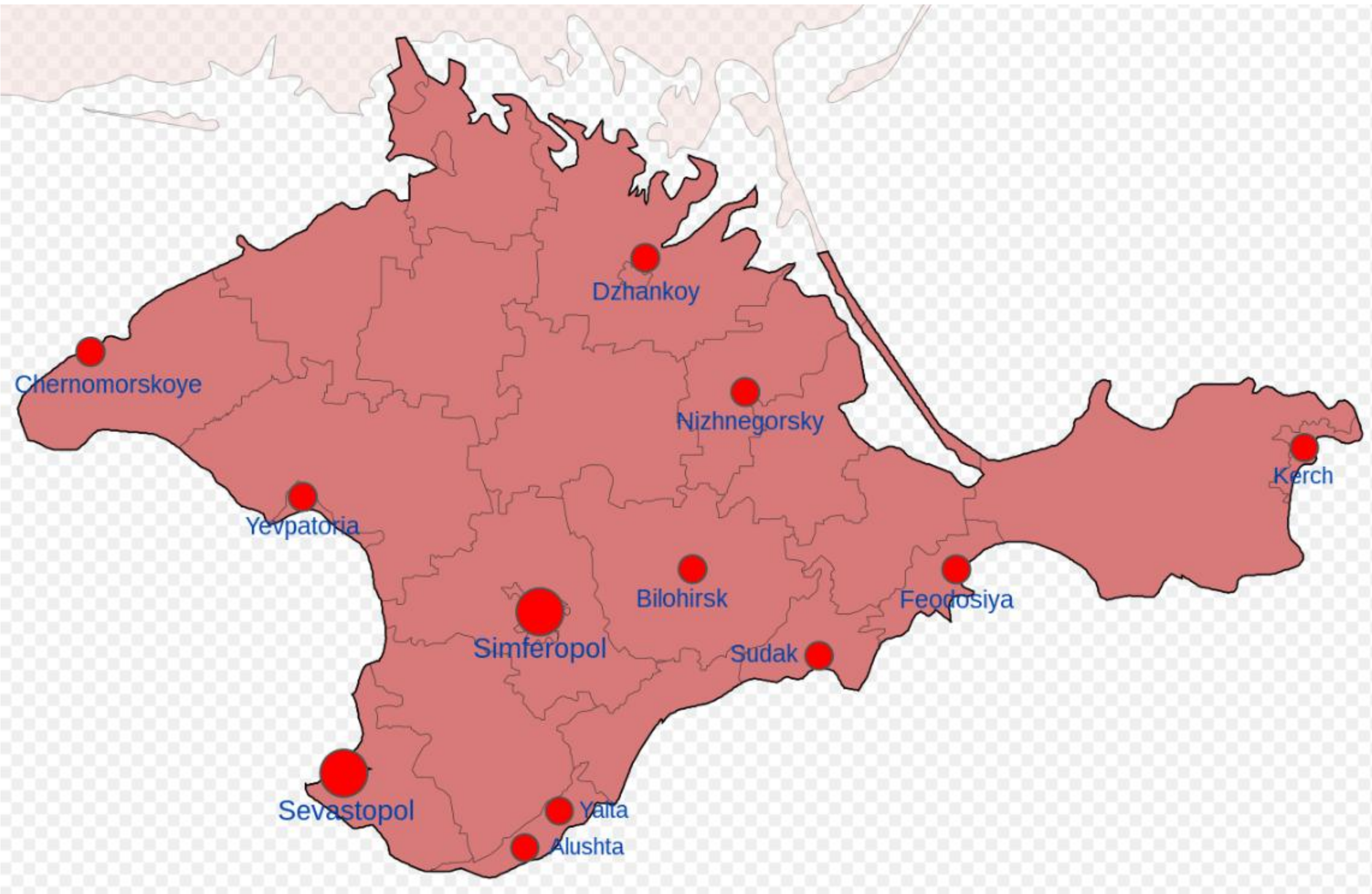
RUSSIAN MILITARY BASES IN CRIMEA:

About 12,000 Russian military soldiers from the Black Sea Fleet were stationed in several Crimean Peninsula areas, including Sevastopol, Kacha, Hvardiiske, Simferopol Raion, Sarych, and others, at the beginning of the battle. Control of many additional beacons, including the Sarych Cape lighthouse near Yalta, became a point of contention between Russia and Ukraine in 2005. The transit and basing arrangement with Ukraine permitted Russian presence. The Russian military in Crimea was limited to 25,000 soldiers under the terms of this agreement.

It was mandated that Russia observ" Ukr'Ine's laws, maintain its sovereignty, refrain from meddling in its domestic affairs, and present "military identification cards" to border crossings. Early in the battle, under the guise of resolving security issues, Russia was able to significantly boost its military presence, deploy special troops, and acquire other necessary assets to undertake the operation in Crimea thanks to the agreement's liberal personnel limit.

Russia was permitted to maintain its military bases in Crimea until 2017, at which point it was required to withdraw all military personnel, including its share of the Black Sea Fleet, from the Autonomous Republic of Crimea and Sevastopol, in accordance with the original treaty on the division of the Soviet Black Sea Fleet signed in 1997. In order to settle the 2009 Russia-Ukraine gas dispute, former Ukrainian president Viktor Yanukovych signed the Kharkiv Pact, a new agreement, on April 21, 2010. Russia's tenure in Crimea was prolonged under the agreement until 2042, with a renewal option.

RUSSIAN OCCUPATION OF CRIMEA:



LAWFULNESS AND ANNOUNCEMENT OF WAR:

The current Russo-Ukrainian War is still going on without an official declaration of war. Putin avoided a formal declaration of war by claiming to have started a "special military operation" when he launched the Russian invasion of Ukraine in 2022. However, the Ukrainian government interpreted the speech as a declaration of war, and numerous international news outlets carried this information. The Ukrainian parliament has not formally declared war on Russia, despite calling it a "terrorist state" in reference to its military operations within the country. The invasion of Ukraine by Russia was illegal under international law, which includes the United Nations Charter. Both international criminal law and the domestic criminal codes of some nations, such as Russia and Ukraine, have designated the invasion as an act of aggression; nevertheless, there are procedural barriers to prosecution under these laws.

HOW THE WAR STARTED:

The Russo-Ukrainian War started when Russia started to attack Crimea in late February 2014. In the brief period following Yanukovych's overthrow, on February 22 and 23, Russian troops and special forces were stationed near the Crimean border. Russian military without any insignia started to take over Crimea on February 27. Russia has continuously denied having the military and has maintained that they are local "self-defence" units.

In addition to installing checkpoints to impose travel restrictions and split off the Crimean Peninsula from the rest of Ukraine, they took control of the parliament and government buildings in Crimea. Unmarked Russian special troops blockaded Ukrainian military bases, including the Southern Naval Base, and took control of airports and communications hubs in the days that followed. Russian cyberattacks brought down social networking, journalism, and government-related websites in Ukraine. Russian access to Ukrainian lawmakers' and officials' mobile phones was made possible via cyberattacks, which further hampered communication. The Russian parliament gave its approval for the use of force in Crimea on March 1.

A referendum on Crimea's status was declared, the Crimean government was overthrown, and the pro-Russian Aksyonov government was installed while Russian special forces invaded the country's parliament. According to the Russian-installed authorities, the referendum—which took place during Russian occupation—was held in Favor of joining Russia. Crimea was taken by it on March 18, 2014. After that, Ukrainian military bases in Crimea were taken over by Russian soldiers, who also took their personnel hostage. Ukraine ordered the withdrawal of its remaining troops on March 24; on March 30, all Ukrainian military had left the peninsula.

The Crimean Peninsula was proclaimed a temporarily occupied territory by Russia by the Ukrainian parliament on April 15. Following the takeover, the Russian government issued nuclear threats and militarized the peninsula. Putin declared that a task force of Russian soldiers will be set up in Crimea. NATO declared its belief in November that Russia was sending nuclear-armed weaponry into Crimea. Several NATO members started supplying the Ukrainian army with training after Crimea was annexed.

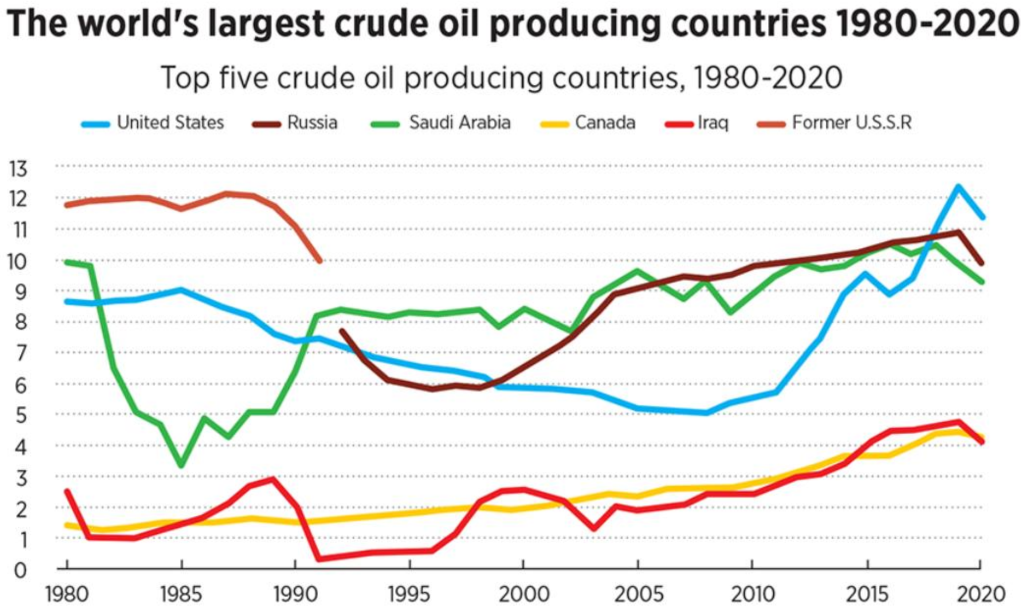
HOW IT AFFECTED STOCK MARKET:

DOW JONES AND S&P 500:

The Dow Jones and the S&P 500 collapsed by 35% in a month, and the financial markets experienced volatility similar to that of the 2008.

NIFTY 50 & SENSEX:

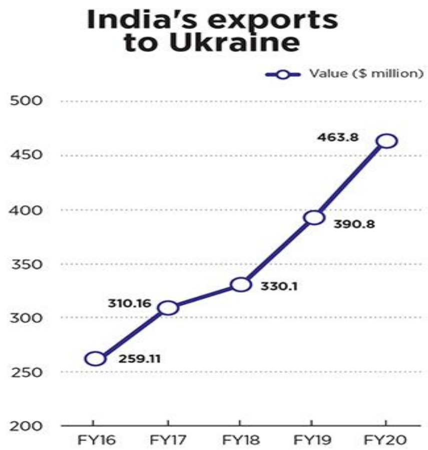
The blue-chip NSE Nifty 50 index had fallen by 1.36 per cent or 224.10 points to 16,273.95 and the S&P BSE Sensex had dropped by 1.36 per cent or 747.66 points to 54,355.02. Both the indexes were set for their fourth consecutive weekly loss. The global economy on Thursday moved into unchartered territory after Russian President Vladimir Putin announced a military operation, as Russian troops and tanks stormed into Ukraine, targeting military installations and airfields. The move to attack Ukraine resulted in oil prices breaching $100 per barrel and sent global stocks tumbling by between 2 percent and 3 percent across Asia. Russia is the world's second largest oil exporter in the world after Saudi Arabia, selling crude to European refineries. Commodity prices are also likely to witness a resurgence in prices due to supply uncertainties from Russia and Ukraine.



India, like most large economies of China, United States and Japan, imports its oil needs, estimated at around 85 percent of its demand. A surge in oil prices—which have jumped 45 percent in the past 10 weeks—hurts 'import' inflation. It will also escalate the resurgence of most commodity prices on fears of disruption in supplies or due to any economic sanctions imposed on Russia.

Indian students stranded in Ukraine:

While the impact on India's economy will be seen in the form of a rise in prices of oil, minerals and metals, the country will also be impacted in trade and education sectors with Ukraine.



According to data from UN Comtrade, India was the 15th largest export and second largest import market of pharmaceutical products for Ukraine. Ukraine imported $158.1 million of pharmaceuticals from India in 2020, which is followed by electricals and electronic equipment at $32.5 million and plastics at $20.7 million. India's Ranbaxy, Sun Pharma and Dr Reddy's Laboratories have representative offices in Ukraine.

8) DEMONETISATION (2016):

INTRODUCTION:

The Indian government declared on November 8, 2016, that all ₹500 and ₹1,000 Mahatma Gandhi Series banknotes would be demonetised. In addition, it declared that new ₹500 and ₹2,000 banknotes would be issued in replacement of the demonetised ones. The move, according to Prime Minister Narendra Modi, will decrease the shadow economy, boost cashless transactions, and decrease the use of illicit and counterfeit money to finance terrorism and other criminal activities. Long cash shortages that occurred in the weeks that followed the announcement of demonetization caused serious disruptions to the economy. Long lines of people had to wait in order to exchange their currencies, and the rush to do so was blamed for a number of deaths.

According to a 2018 report from the Reserve Bank of India ₹15.3 lakh crore (15.3 trillion rupees on the short scale) of the ₹15.41 lakh crore in demonetised bank notes, or approximately 99.3%, were deposited in banks, leading analysts to state that the effort had failed to remove black money from the economy. The BSE SENSEX and NIFTY 50 stock indices fell over 6% on the day after the announcement. The move reduced the country's industrial production and its GDP growth rate. It is estimated that 1.5 million jobs were lost. The move also saw a significant increase in digital and cashless transactions throughout the country. At first, a number of international experts and central bankers expressed support for the decision. The move sparked protests, legal action, and strikes against the government in many parts of India as well as criticism for being unfair and ill-planned. The move was also the subject of debates in both houses of Parliament.

Most people agree that demonetization was a poor decision and an ineffective way to combat black money. Furthermore, it was predicated on a misinterpretation of the definition of "black money."

CONTEXT:

In order to combat tax evasion using "black money" kept outside of the official economic system, the Indian government had already demonetised banknotes twice before, in 1946 and 1978. In an effort to combat black money and counterfeit currency, the Janata Party coalition government demonetised banknotes of ₹1,000, ₹5,000, and ₹10,000 in 1978. Recommending against demonetization in a 2012 report, the Central Board of Direct Taxes stated that "demonetization may not be a solution for tackling black money or shadow economy, which is largely held in the form of benami properties, bullion and jewellery." Black wealth holders retained only 6 percent or less of their wealth in cash, according to data from income tax investigations, indicating that focusing on this cash would not be an effective strategy.

DEMONETIZATION PROCEDURE:

Six to ten months prior to the demonetization of the ₹500 and ₹1,000 banknotes, the State Bank of India (SBI) released a paper that examined potential demonetization procedures and their outcomes. The Reserve Bank of India began prepping for new banknotes in May 2016 and confirmed the ₹2,000 banknote design in August of the same year. When media reports about the impending release of new banknotes surfaced in October, the printing of new currency got underway. The Hindi daily Dainik Jagran reported on October 27, 2016, citing RBI sources of the impending release of ₹2,000 banknotes in addition to the withdrawal of ₹500 and ₹1,000 banknotes. The Hindu Business Line published a piece about calls to remove banknotes in order to stop the hoarding of illicit money on October 21, 2016.

On November 8, 2016, at 5:30 PM, the Reserve Bank of India Board convened to discuss a letter pertaining to demonetization that had been received from the Ministry of Finance. "According to the government letter, the proposal was made for two main reasons: (1) While India's economy grew by barely 30% between 2011 and 2016, the quantity of 500- and 1,000-rupee bills increased by 76 and 108 percent, respectively; and (2) cash was usually used to facilitate "black money." The board was further told that the measure was also intended to encourage greater financial inclusion and to incentivize greater digitization of the economy. The board approved the proposal, but not before making a few trenchant comments. It noted that the measure may not have the desired effect on black money because most people do not hold undeclared wealth in cash. It further worried about the negative effects on growth that were likely to occur in the short run.

Possibly the most damning observation was that the primary fact on which the government had based its proposal—that the supply of 500- and 1,000-rupee bills had far outstripped the growth rate of the economy—was simply wrong. The board pointed out the embarrassing fact that the government had compared GDP growth in real terms with the growth of currency supply in nominal terms. In fact, nominal GDP growth had summed to over 80 percent between 2011 and 2016 and hence was in line with the growth of the currency bills to be demonetised."

On November 8, 2016, Prime Minister Modi called an evening meeting of the Union cabinet to discuss the plan. Modi made the announcement of the demonetisation shortly after the meeting at 20:15 IST during an unplanned national television speech. He announced the issuance of new ₹500 and ₹2,000 banknotes of the Mahatma Gandhi New Series in exchange for the demonetised banknotes and declared all ₹500 and ₹1,000 banknotes of the Mahatma Gandhi Series to be invalid as of midnight on the same day.

Rumours of information leaks:

In an interview following the announcement of demonetisation, a number of well-known businessmen 'allegedly' stated that they had been aware of rumours and tip-offs prior to the move, and that they had "knew what was coming" after seeing leaked photos of the new ₹2,000 notes. This knowledge allowed them to preserve their capital by converting it into smaller denominations. Bhawani Singh Rajawat, a BJP MLA from Rajasthan, jokingly asserted in a video that affluent businesses were told about the demonetization beforehand. Later on, he denied saying the things.

Exchange and withdrawal of cash:

The demonetised banknotes could be deposited with banks within fifty days, up till December 30, 2016, according to a directive issued by the Reserve Bank of India. All banks offered the option to exchange the banknotes for legal cash over the counter. From November 8 to November 13, the exchange limit was ₹4,000 per person; from November 14 to November 17, it was raised to ₹4,500; and from November 18 to November 25, it was lowered to ₹2,000.

On November 25, the government ended all banknote exchanges, regardless of earlier announcements that an increase in the amount of currency would occur after that date. International airports additionally let foreign visitors and departing travellers to exchange banknotes up to ₹5,000 in total. Up to December 2, 2016, demonetised banknotes may be accepted at fuel pumps, government hospitals, train and airline booking counters, state-recognized ration stores and dairies, and crematoriums.

From November 10 to November 13, there was a limit of ₹10,000 per day and ₹20,000 per week for each bank account on cash withdrawals. On November 14, 2016, this cap was raised to ₹24,000 per week. Later, restrictions on the amount of money that could be taken out of current accounts, cash credit accounts, and overdraft accounts were removed. On February 20, 2017, the RBI raised the maximum withdrawal amount from a savings bank account to ₹50,000 from the previous ₹24,000, and on March 13, 2017, it eliminated all withdrawal restrictions from savings bank accounts.

Additionally, there was a daily cap on ATM withdrawals that was set at ₹2,000 until November 14 and ₹2,500 till December 31. On January 1st, 2017, this cap was raised to ₹4,500 each day, then on January 16th, 2017, it was raised to ₹10,000. Families could withdraw up to ₹250,000 for wedding expenditures starting on November 17. A weekly withdrawal of ₹25,000 was allowed for farmers against agricultural loans.

Regulations and Laws:

The Specified Bank Notes (Cessation of Liabilities) Ordinance, 2016 was issued on 28 December 2016, ending the liability of the government for the demonetised banknotes. The ordinance also imposed fines on people found carrying out transactions with them after 8 November 2016, or holding more than ten of them after 30 December 2016. It provided for the exchange of the banknotes after 30 December for people who had been outside India between 9 November and 30 December. The Specified Bank Notes (Cessation of Liabilities) Act, 2017 was notified on 1 March 2017, replacing the ordinance.

Plans and results:

According to the government, the exercise's primary goal was to reduce "black money," which includes unreported income that was not subject to taxes, money obtained through corruption, the sale of illegal items, money obtained through unlawful operations including human trafficking, and counterfeit money. Further goals mentioned were cutting down on cash transactions, decreasing the amount of money available to extremist organizations like the Naxalite Maoists and terrorists, raising the tax base and number of taxpayers, and merging the official and informal sectors.

Relocating the goalposts:

The government's actions on the demonetization exercise have been characterized as "shifting the goalposts." The original stated objectives were to combat terrorism, black money, and corruption; however, when it became clear that nearly all of the cash was being exchanged, the objectives were broadened to include, among other things, neutralizing the money that terrorists, Maoists, and human traffickers were holding.

Black Money:

The government estimated that ₹5 trillion, or approximately 20%, of the demonetised banknotes would be permanently removed from circulation. However, according to a 2018 report from the RBI, 99.3% of the demonetised banknotes, or ₹15.3 trillion of the ₹15.41 trillion that had been demonetised, were deposited with the banking system. The banknotes that were not deposited were worth ₹107.2 billion. Commentators concluded that the government had failed in its aim of purging black money from the economy.

Counterfeit banknotes:

There was a rise in the quantity of fake ₹50 and ₹100 banknotes after demonetisation. There was a spike in the quantity of fake ₹500 and ₹1,000 (demonetized version) banknotes in 2016–17, followed by a drop in 2017–18. However, compared to the previous year, there was a rise in counterfeit ₹2,000 and ₹500 banknotes (new edition) in 2017–18. The quantity of counterfeit banknotes found has not changed noticeably. The quantity of counterfeit banknotes found between 2017 and 2018 was comparable to that of the period before to demonetisation. Furthermore, only 0.0035% of the ₹1,000 banknotes were discovered to be counterfeit following demonetisation.

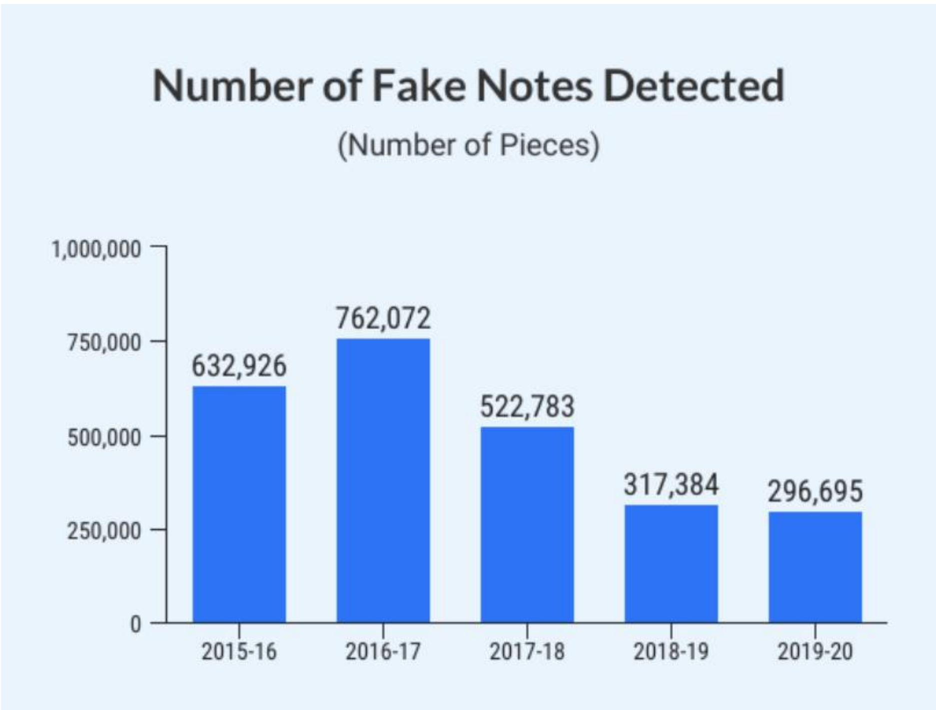
Number of counterfeit banknotes detected in banks (April – March)			
Denomination	**2015–16**	**2016–17**	**2017–18**
₹1	2	3	4
₹2 and ₹5	2	80	1
₹10	134	523	287
₹20	96	324	437
₹50	6,453	9,222	23,447
₹100	221,447	177,195	239,182
₹200	NA	NA	79
₹500 (old)	261,695	317,567	127,918
₹500 (new)	NA	199	9,892
₹1000	143,099	256,324	103,611
₹2000	NA	638	17,929
Total	632,926	762,027	522,783

Tax collection:

In comparison to the growth between 2015 and 2016, the number of income tax returns filed climbed from 43.3 million to 52.9 million between the fiscal years 2016 and 2017. However, this increase was not statistically significant. Tax compliance had improved, as seen by the rise in income tax returns filed; however, the vast majority of these came from the salaried and non-business class. The Income Disclosure Scheme of 2016 contributed to an increase in income tax receipts in the 2017 fiscal year.

There was just a slight gain in tax revenue after accounting for it. The growing tax base has resulted in an increase in the tax-to-GDP ratio. The number of new taxpayers or direct tax revenue has not increased much as a result of demonetisation, according to a review of the economic data. The indirect tax to GDP ratio showed no discernible change and continued on its trend path.

Municipal and local civic body taxes were able to be paid with the demonetised banknotes, which resulted in an increase in their revenue collections. For instance, during the first four days of demonetisation, the Greater Hyderabad Municipal Corporation reported collecting approximately ₹1.6 billion in cash payments of unpaid and advance taxes.



Lack of funds:

The scarcity of cash due to demonetisation led to chaos, and people faced difficulties in depositing or exchanging the demonetised banknotes due to long queues outside banks and ATMs across India. The ATMs were short of cash for months after demonetisation.

Police and tax authorities in India seized ₹6.1 billion in unaccounted cash during the demonetisation, including ₹1.1 billion in fresh banknotes. Media reports claimed that while the majority of people were experiencing a severe cash shortage, certain people managed to obtain new banknotes worth tens of millions of rupees; as a result, they said the demonetisation exercise was pointless.

Growth rate of the real GDP:

Due to demonetisation, international economists reduced their projections of India's real GDP growth rate for the 2016–17 fiscal year by 0.5–3%. With an expected GDP of US$2.25 trillion in 2016, a 1% decline in growth rate means that the Indian economy will miss out on US$22.5 billion (₹1.54 trillion). The firm predicted that, for the first time since June 2011, quarterly GDP growth rates would fall below 7% for a complete year at a time. The rate for Q4 of 2016–17 was 6.1%, compared to the 7.1% analyst expected. The rate decreased from 8% in 2015–16 to 7.1% in the fiscal year 2016–17. Economists blamed demonetisation for this decline.

The GDP growth rate for the first quarter of 2017–18 fell to 5.7% from 7.9% the previous year, which was the lowest since March 2014. This decline was ascribed to both the demonetization process and the inventory reductions made by businesses in anticipation of the upcoming Goods and Services Tax. The GDP grew by 8.2% in 2018–19 after beginning to recover from 2017–18. In November 2021, The Hindustan Times examined GDP trends in the years after demonetization and came to the conclusion that "the waters are now far too muddied to make any scientific assessment about demonetisation's impact" on GDP because of unanticipated GDP contraction amid the COVID-19 pandemic and strong base effects. Jobs were lost and salaries fell as a result of demonetization, especially in small businesses and the unorganized and informal sectors. Demonetisation has a severe effect on migrant workers.

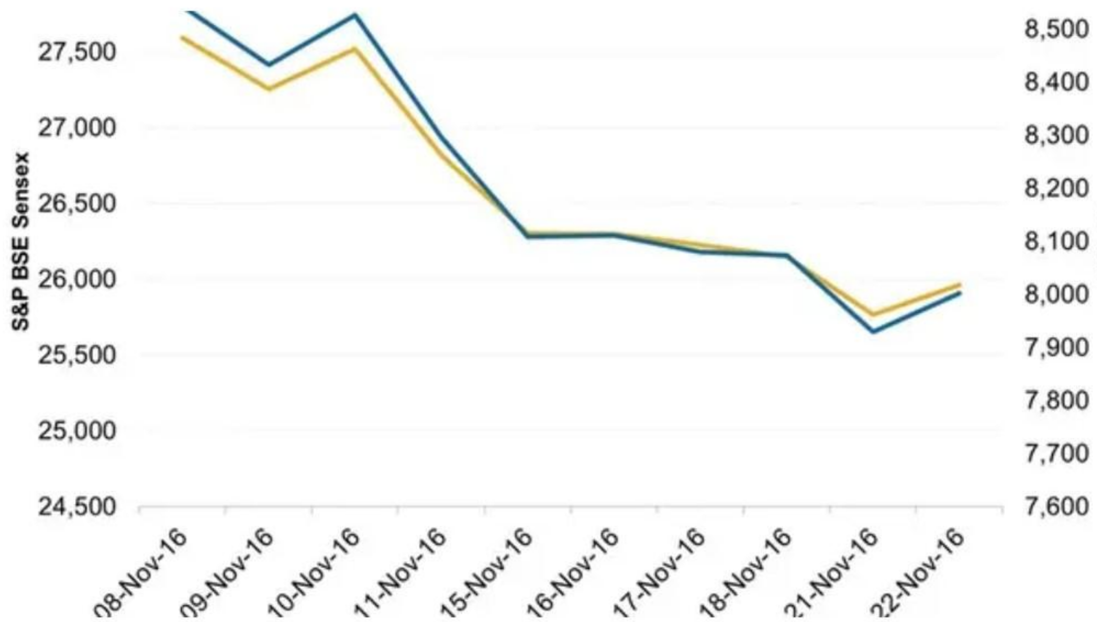
In January-April 2016, there were 401 million employed persons, 403 million from May-August 2016, and 406.5 million from September-December 2016, according to research issued by the Centre for Monitoring Indian Economy (CMIE). From January to April 2017, the number decreased to 405 million following the demonetization in November 2016. Thus, the number of employed persons fell by 1.5 million. Additionally, the CMIE reported that 406.7 million people were employed in 2016–17, but that number dropped to 406.2 million in 2017–18, a 0.1% decrease.

As a result, the employment rate dropped as a result of the employment stagnation. From 42.59% in 2016–17 to 41.45% in 2016–17, the employment rate decreased. Because of the declining employment rate, the unemployment rate also decreased, falling from 7.51% in 2016–17 to 4.66% in 2017–18. Between 2016 and 2017, the number of people in employment decreased to 426.1 million from 439.7 million. The impact was ascribed by CMIE to both the Goods and Services Tax and demonetisation that occurred in July 2017.

HOW IT AFFECTED STOCK MARKET:

NIFTY 50 & SENSEX:

In the week after the announcement, the combined impact of demonetisation and the US presidential election caused the stock market indices to fall to a level almost six months below previous highs. The day following the announcement of demonetisation, the NIFTY 50 fell by more than 541 points and the BSE SENSEX fell by about 1,689 points. The BSE SENSEX index has dropped by 565 points by the end of the intraday trading session on November 15, 2016, while the NIFTY 50 index had fallen below 8100 intraday.

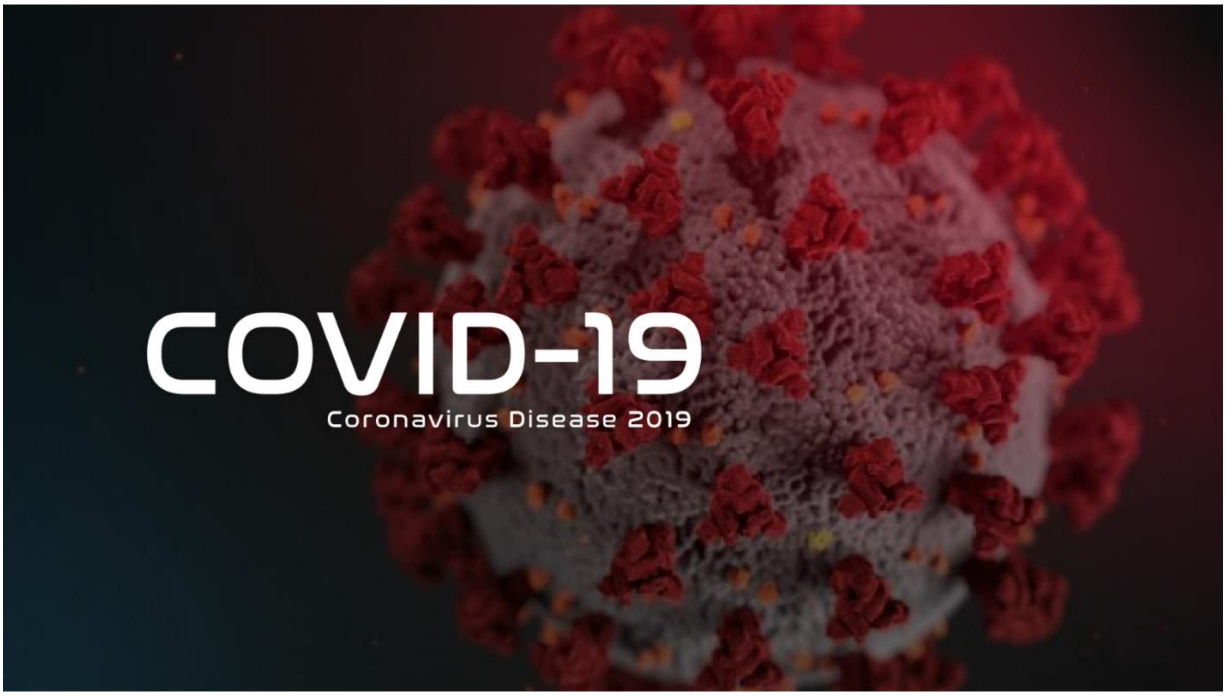


November and December of 2016 saw some minor stock market effects. Companies in the cement, cotton, and rubber sectors showed an increase in total trades after demonetisation, while companies in the automotive, clothing, food, paper, real estate, retail, steel, sugar, tea, and textiles sectors showed a decrease. This data study, which covered 54 companies across 13 sectors listed with the NSE, took place between July 2016 and February 2017. Stock market results were negatively impacted by demonetization, as shown by the NIFTY 50 and other NIFTY sectoral indexes.

OTHER SECTORS OF INDIA:

Sector	Impact
Auto	Marginally negative
Banks and NBFCs	Neutral
Steel	Marginally negative
Retailing	Mostly positive
Consumer durables	Neutral
Cement	Negative
Jewellery retail	Highly negative
Real estate	Highly negative

9) COVID-19 (2020):

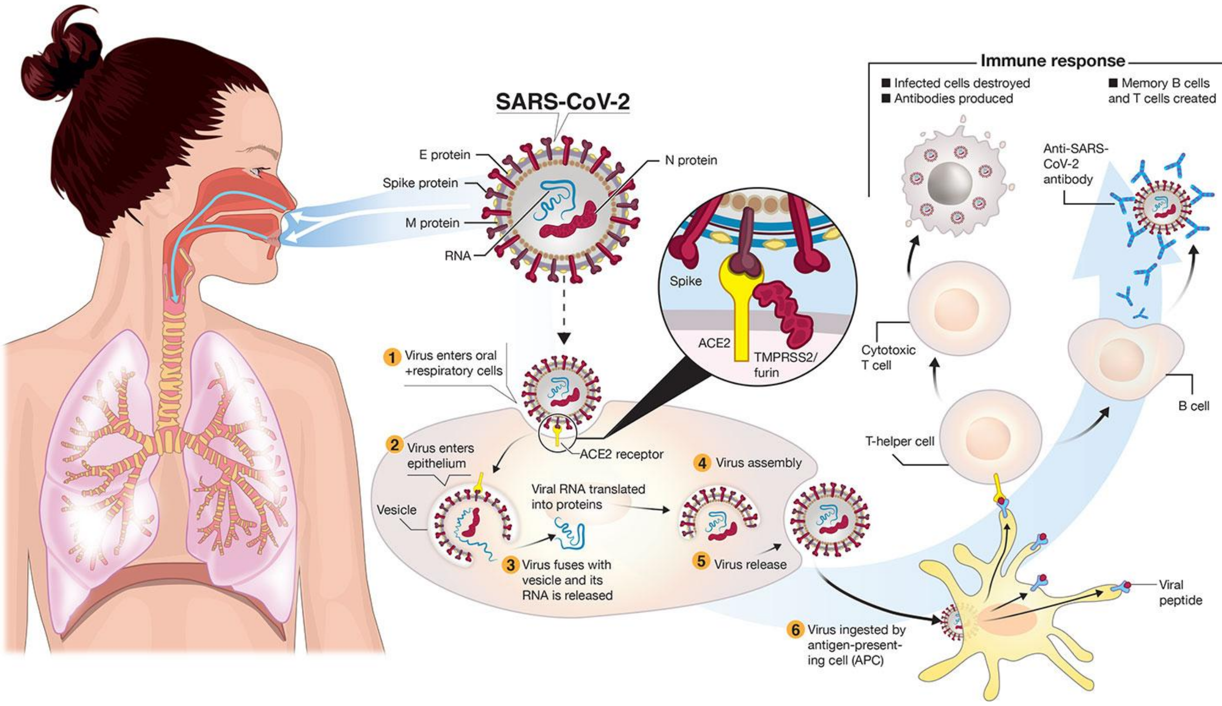


The 2019 coronavirus disease (COVID-19) is a communicable illness brought on by the SARS-CoV-2 virus. December 2019 saw the identification of the first case in history in Wuhan, China. Rapid global spread of the illness led to the COVID-19 pandemic.

INTRODUCTION:

While COVID-19 symptoms might vary, they frequently include fever, coughing, headaches, exhaustion, difficulty breathing, loss of taste and smell, and loss of scent. One to fourteen days following viral exposure is when symptoms can start to appear. Among those infected, at least one-third do not show any symptoms at all. The majority of individuals who experience symptoms that are significant enough to be categorized as patients (81%) experience mild to moderate symptoms, up to mild pneumonia; 14% experience severe symptoms, such as dyspnoea, hypoxia, or more than 50% lung involvement on imaging; and 5% experience critical symptoms, such as respiratory failure, shock, or multiorgan dysfunction.

Organ damage has been reported, and some persons endure a variety of side symptoms (long COVID) months or years after infection. Studies spanning several years are being conducted to learn more about the disease's long-term impact. When infectious particles are inhaled or come into contact with the eyes, nose, or mouth, COVID-19 can spread. Although the risk is greatest when people are close to one another, the virus can spread over greater distances, especially indoors, when tiny airborne particles are suspended in the atmosphere. Additionally, touching one's lips, nose, or eyes after coming into contact with infected surfaces or items might spread the virus. Even in the absence of symptoms, people can still spread the virus and remain contagious for up to 20 days.

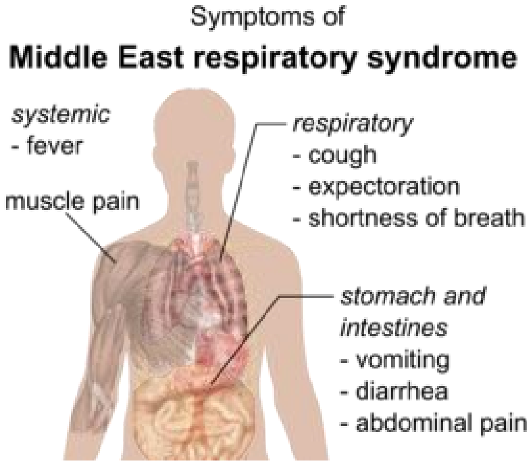


Reverse transcription loop-mediated isothermal amplification (RT-LAMP) from a nasopharyngeal swab, transcription-mediated amplification, and real-time reverse transcription polymerase chain reaction (RT-PCR) are testing procedures for COVID-19 that identify the virus's nucleic acid.

Numerous nations have approved and begun to distribute COVID-19 vaccines, sparking widespread immunization campaigns. Physical or social isolation, isolation, ventilation of indoor areas, wearing face masks or coverings in public, covering coughs and sneezes, hand cleaning, and avoiding touching unwashed hands to the face are further preventive methods. Although medications that block the virus are being developed, symptomatic therapy is still the mainstay of care. Symptoms are treated with supportive care, isolation, and experimental methods in management.

Signs and Symptoms:

Referred to as Saudi Arabia's SARS-like virus, early reports likened the virus to severe acute respiratory syndrome (SARS). The first patient experienced fever, coughing, expectoration, and dyspnoea in June of 2012. In a study of 47 laboratory-confirmed cases in Saudi Arabia, the most frequently reported presenting symptoms were fever (98%), cough (83%), dyspnoea (72%), and myalgia (32%). Additionally, 26% of participants reported having diarrhea, 21% reported vomiting, and 17% had abdominal pain as common gastrointestinal symptoms. In 72% of cases, mechanical ventilation was needed. Additionally, there were 3.3 men for every woman. The estimated incubation period for one investigation of a hospital-based MERS outbreak was 5.5 days (95% confidence interval 1.9 to 14.7 days).

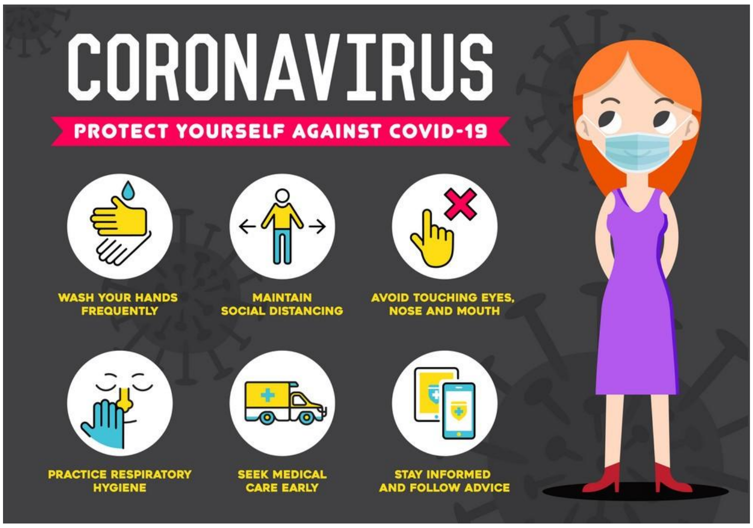


Acute respiratory distress syndrome (ARDS) can result from severe pneumonia caused by MERS, or from the disease having no symptoms at all. Additionally documented conditions include pericarditis, kidney failure, and disseminated intravascular coagulation (DIC).

Prevention:

Although the mechanism of MERS-CoV transmission is currently unknown, the WHO currently advises that all those who come into contact with MERS suspects should take the following measures in addition to the usual ones, based on experience with other coronaviruses like SARS:

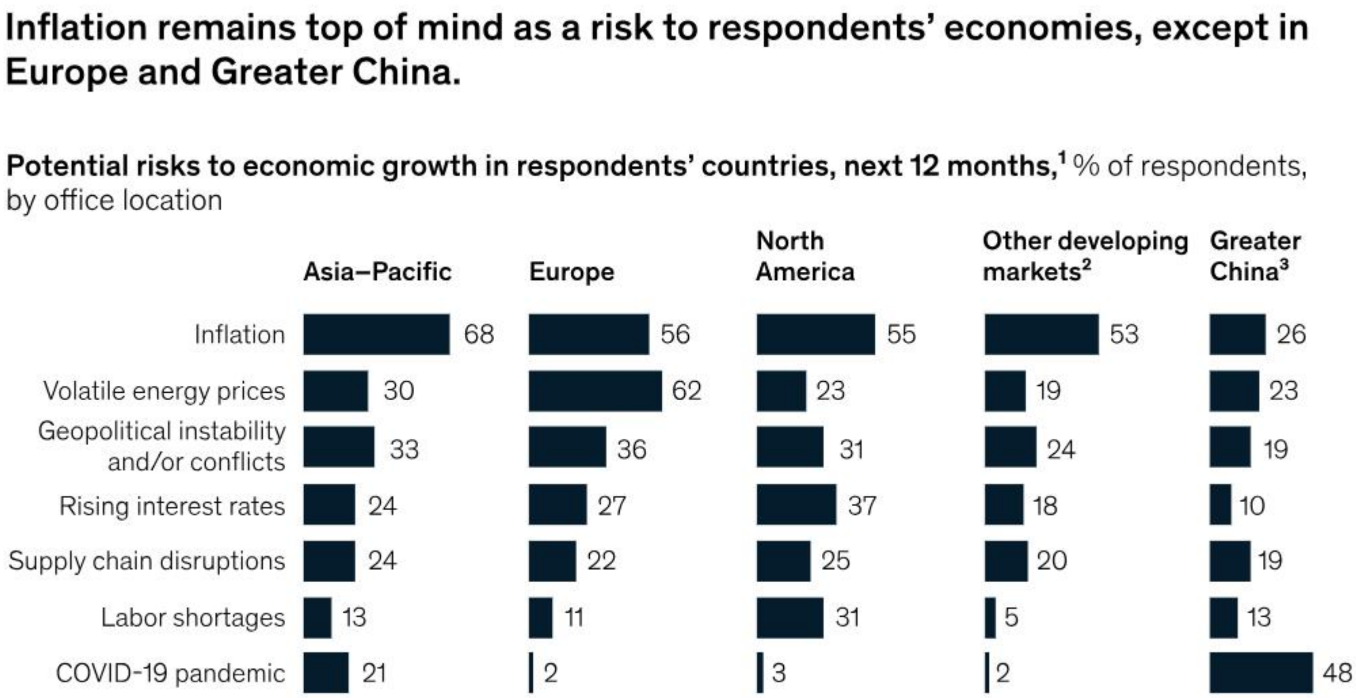
- Wear a medical mask.
- Wear eye protection (i.e. goggles or a face shield).
- Wear a clean, non-sterile, long-sleeved gown; and gloves (some procedures may require sterile gloves).
- Perform hand hygiene before and after contact with the person and his or her surroundings and immediately after removal of personal protective equipment (PPE).



Although the duration of infectivity is unknown, current guidelines suggest isolating patients for 24 hours following symptom remission. The virus in the SARS outbreak was not cultured from individuals once their symptoms subsided.

<u>**HOW IT AFFECTED:**</u>

In September, respondents in most regions cite inflation as the main risk to growth in their home economies for the second quarter, according to the latest McKinsey Global Survey on economic conditions. In all locations but Europe and Greater China, inflation is the most-cited threat to respondents' economies over the next 12 months. In Europe, volatile energy prices and inflation are the growth risks cited most often, with geopolitical instability or conflicts a more distant third. In Greater China, the COVID-19 pandemic remains the most reported risk, cited by nearly half of respondents for the second quarter in a row.



COVID-19 The global economy was severely harmed by the COVID-19 pandemic. The global gross domestic product (GDP) decreased by 3.4 percent in 2020. In 2020, the global GDP was estimated to be worth 84.9 trillion dollars. This means that a just 3.4 percent decline in economic growth translates into an economic output loss of almost two trillion dollars. But after the first shock, the world economy bounced back swiftly, and in 2021 it was growing at a positive rate once more. It reached 96.3 trillion dollars that year, and growth is anticipated in the upcoming years, despite the possibility that the global economy may be hampered by Russia's conflict in Ukraine, which has been going on since February 2022. However, the world GDP increased by more than three percent in 2022. Global stock markets also suffered dramatic falls after the coronavirus outbreak, although they were able to recover from the losses quite quickly. The Dow Jones reported its largest-ever single day loss of almost 3,000 points on March 16, 2020 – beating its previous record of 2,300 points that was set only four days earlier.

Affected industries:

Different sectors and industries were affected differently by the COVID-19 epidemic. The travel and tourist sector were particularly badly impacted when nations all over the world enacted travel bans and locked their borders. The number of flights operating globally fell precipitously as a result of the travel restrictions. However, as more people opted to purchase non-essential items online or were compelled to do so because stores had to close during the epidemic, the online economy flourished. For example, in 2020 and 2021, Amazon's net sales revenue set new records, and this trend persisted in 2022.

Comparing countries and regions, China's economy was less impacted than that of the UK:

Although the epidemic affected the whole world economy, several nations and areas were more severely struck than others. In the third quarter of 2020, for example, China's GDP grew at a positive rate of almost five percent, while the UK's fell by nearly eight percent. By the same quarter the following year, though, it had increased by about 7% once more. The GDP change in Asia ranged from minus 7.7 percent in South Asia to 0.2 percent in East Asia.

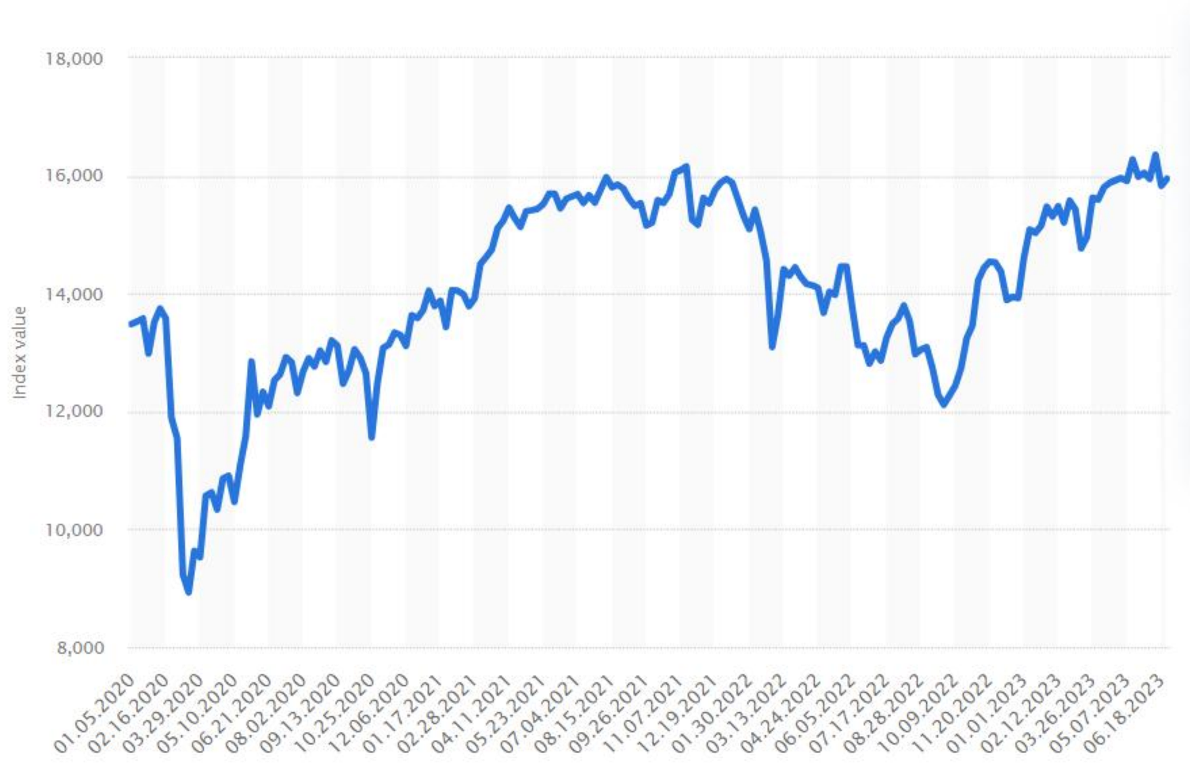
The causes of this are numerous and intricate, but because East Asian nations responded to the pandemic quickly in its early phases, they were able to quickly loosen restrictions when the population started to decline. But China decided to stick with its zero-COVID policy until 2023, which meant that when the world economy recovered, the Chinese economy was unable to completely reopen. China's GDP fell by about two percent in the last quarter of 2022 compared to the same period in 2021.

Several governments responded to the economic downturn by enacting stimulus plans to boost their countries' economy and help the unemployed. The global GDP has increased since its initial decline in 2020, and by 2026, the GDPs of the G20 countries are expected to rise as well, demonstrating the beneficial effects of the stimulus packages and the relaxation of limitations.

Weekly development of the DAX Index from January 2020 to June 2023:

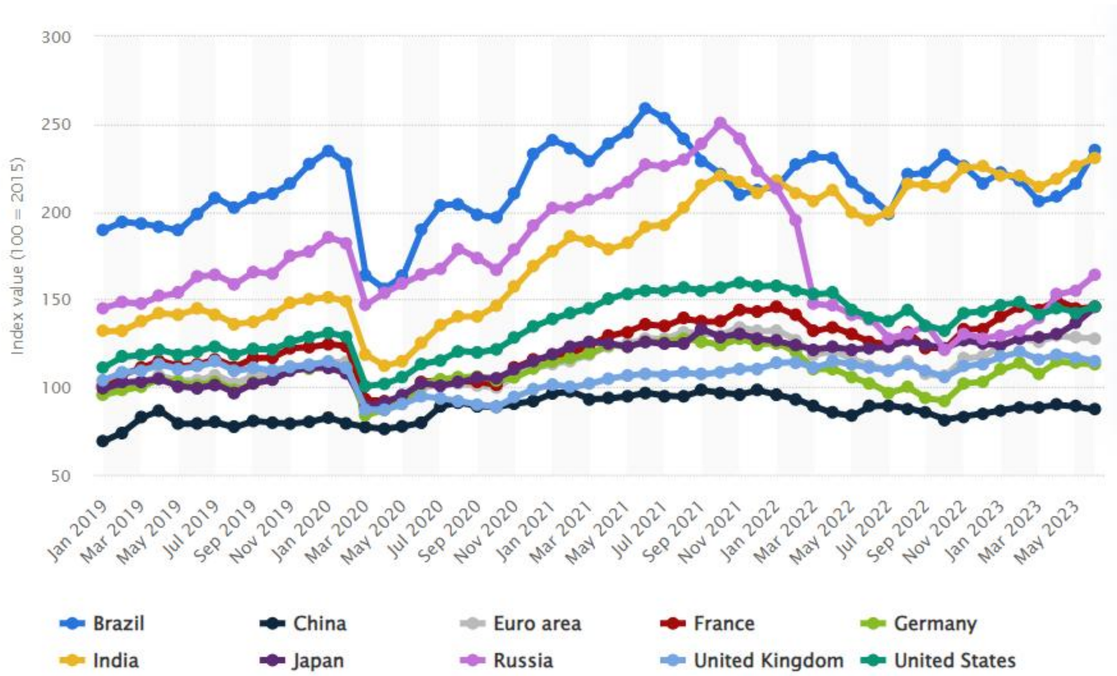
The weekly value of the DAX index amounted to 15,949 as of June 25, 2023. This is well above the value of 13,681.19 points recorded in the middle of February 2020, prior to the global coronavirus (COVID-19) pandemic.

All global stock markets were hit by the growing panic about the coronavirus pandemic, which accounts for this drop. The DAX (Deutscher Aktienindex) is the most important German stock index, showing the value trends of the 30 largest and most liquid companies listed on the Frankfurt stock exchange. The DAX index was introduced on July 1, 1988 and is a continuation of the Börsen-Zeitung Index, established in 1959.



Share price index in major developed and emerging economies from January 2019 to June 2023:

Brazilian and Indian share prices became the highest performing of the major developed and emerging economies as of June 2023, with index values of 235.25 and 230.91 respectively in that month. Conversely, the lowest-performing were China and the Germany, both with index values of 86.98 and 113.04 respectively at this time. The index value is calculated with 2015 values as the baseline (i.e. 2015 = 100).



Weekly development Dow Jones Industrial Average Index 2020-2023:

The Dow Jones Industrial Average (DJIA) index dropped around 8,000 points in the four weeks from February 12 to March 11, 2020, but has since recovered to 33,347.43 points as of July 12, 2023. In February 2020 – just prior to the global coronavirus (COVID-19) pandemic, the DJIA index stood at a little over 29,000 points.

U.S. markets suffer as virus spreads:

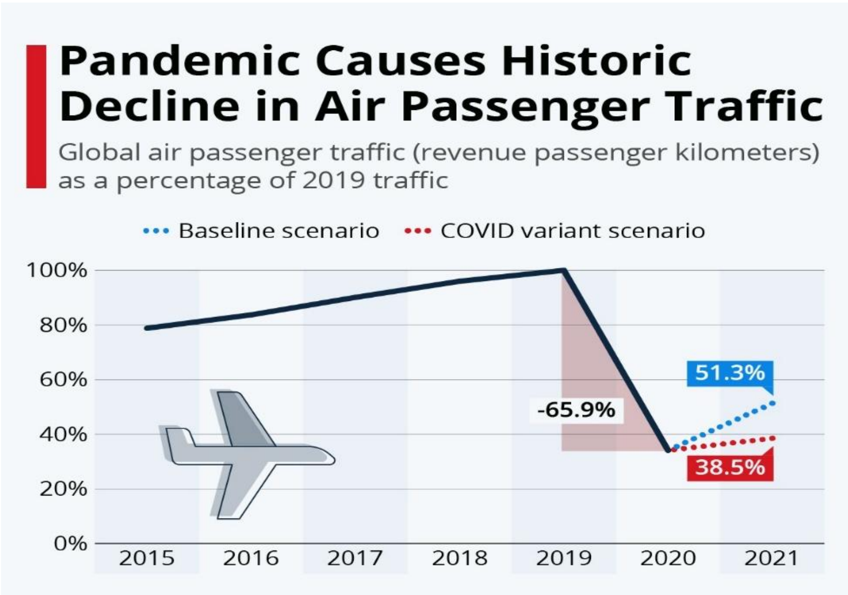
The COVID-19 pandemic triggered a turbulent period for stock markets – the S&P 500 and Nasdaq Composite also recorded dramatic drops. At the start of February, some analysts remained optimistic that the outbreak would ease. However, the increased spread of the virus started to hit investor confidence, prompting a record plunge in the stock markets. The Dow dropped by more than 3,500 points in the week from February 21 to February 28, which was a fall of 12.4 percent – its worst percentage loss in a week since October 2008.

Stock markets offer valuable economic insights:

The Dow Jones Industrial Average is a stock market index that monitors the share prices of the 30 largest companies in the United States. By studying the performance of the listed companies, analysts can gauge the strength of the domestic economy. If investors are confident in a company's future, they will buy its stocks. The uncertainty of the coronavirus sparked fears of an economic crisis, and many traders decided that investment during the pandemic was too risky.

Aviation industry before the COVID-19 pandemic:

Before the coronavirus outbreak hit the globe, the aviation industry was improving at a steady pace across countries. For instance, the projected annual growth of revenue ton-miles (RTM) for international flights by U.S. commercial air carriers was at roughly four percent for the period between 2020 and 2040. Prior to the coronavirus outbreak, the forecasted aircraft maintenance, repair and overhaul (MRO) market size in North America was over 22 billion U.S. dollars in 2020. After the adjustments with respect to radical changes driven by coronavirus shock, the North American MRO market is now estimated to generate roughly 12 billion U.S. dollars during the same period. Besides, it was estimated that between 2019 and 2038 over 260,000 technicians in the aviation industry will be demanded in the Asia Pacific region only.



Aviation market after COVID-19 shock:

Coronavirus pandemic hit the passenger aviation much worse than cargo aviation because of lockdowns and bans restricting international travel across the globe. As a result of persisting COVID-19 shocks, passenger aviation is expected to lose roughly 370 billion U.S. dollars in 2020. Even though some countries started to recover as the coronavirus spread is being contained, the desired level of recovery may take at least several quarters or years. The change of airlines' capacity will most likely remain at least ten percent below the 2019 levels. The longer recovery periods are attributed to several factors including the COVID-19 economic recession, confidence of people to travel, and stringent travel restrictions. Therefore, some institutions forecast the aviation industry to recover at a much slower pace than what was expected.

Impact of key industries:

The loss incurred by enforcing a lockdown in the country was estimated at 26 billion U.S. dollars and a significant decline in GDP growth is also expected in the June quarter of 2020. With the imposition of restrictions on transportation worldwide, the trade sector also took a hit. Exports and imports saw a drastic decline in the country especially in the case of essential commodities such as petroleum, food crops, and coal, among others.

Effect on business in India:

The growth rate of the automotive business in India was expected to be the most adversely affected followed by the power supply and IT sectors. Furthermore, many startups, small and medium enterprises in India expected to face issues of supply disruption and a decrease in demand. The effects of aid from the Narendra Modi-led government arguably did little to help in the face of a faltering economy.

Cost of the Pandemic:

As a result of the various lockdowns enforced since the onset of the coronavirus pandemic in 2020, the Indian economy has been reeling from a multibillion dollar setback. The GDP contribution as well as the employment rate among most major sectors, especially services and trade, had taken a hit. The agriculture sector was an exception, having experienced positive changes on both these fronts.

CHAPTER - II

RESEARCH METHODOLOGY:

INTRODUCTION:

Research methodology is the specific procedures or techniques used to identify, select, process, and analyse information about a topic. In a research paper, the methodology section allows the reader to critically evaluate a study's purpose of making business decisions. The methodology may include publication research, surveys and other research techniques and could both present and historical information.

TITLE OF STUDY:

A study on **"CRISIS AFFECTING STOCK MARKET – WITH CASE STUDY".**

OBJECTIVE OF STUDY:

- To understand the concepts of participants in stock market, literacy rate of financial aspects, inclusion and digital inclusion.
- To identify the factors affecting SMP (Stock Market Participants).
- To Assess the role of financial literacy, social and digital inclusion in stock market participant.
- To identify the research gap pertaining to SMP (Stock Market Participants).

SCOPE OF STUDY:

This is an attempt to have a micro level imperial analysis on how the market is affected. Accessing various targeting strategies and analysis to determine which segments offer the greatest potential for profitability and growth.

Analysing how the price actions goes after any crisis or any bad results of any of the large market capitalization company.

Every effort has been made to conclude relevantly and suggest for the best performance in the most adoptable way, keeping in view the market and production levels.

SIGNIFICANCE OF STUDY:

It provides insight how to divide the market into distinct groups based on consumer characteristics, behaviours and preferences.

Managers: The outcome of the study will be benefits to managers in organization on what strategy to employ regarding any particular sector or company and on that basis how they will take decisions in their respective company.

Creditors: This study helps the creditors and other stake holders to know the short-term liquidity position of the company and help the creditor in taking best decisions while investing in any company.

Investors: This study would assist both local and international investors to have better understanding of how stock market performs after any crisis globally. It would also assist the investors in making investment decision by comparing the returns on their investments and shareholders fund with the firm in the same group before investing their money (thus choosing the firm with higher return and lower cost). It helps the prospective investor to make their analysis in relation to default risk with reference to their investment.

Researchers: It assists future researchers who will like to carry out further studies on this area will find this study very relevant because it will serve as a data for further studies.

RESEARCH DESIGN:

SOURCE OF DATA:

PRIMARY DATA:

Primary data refers to original information collected directly from the source for the purpose of analysis or research in the context of the stock market. In the stock market, primary data can include real-time market prices, trading volumes, company financial statements, news releases, and other relevant information obtained directly from stock exchanges, regulatory authorities, company filings, or industry reports. It is considered firsthand data that provides direct insights into specific stocks, market trends, and financial performance, making it valuable for investment analysis and decision-making.

The data is collected from the chart patterns available on trading view (a site/app which helps us to analyse the chart of any security). The data is also collected from questionnaire as well as from observation of the respondents.

SECONDARY DATA:

Secondary data refers to existing information that has been collected by someone else or generated for a different purpose but can be used for analysis or research in the context of the stock market. In the stock market, secondary data includes historical stock prices, market indices, company reports, analyst recommendations, economic indicators, and industry statistics. This data is typically gathered from sources such as financial databases, government reports, market research firms, and published academic studies. While secondary data may not be as specific or up-to-date as primary data, it still provides valuable insights and context for understanding market trends, historical performance, and investment strategies.

The data is collected from the below sources:

- Official Website of BSE
- Official Website of NSE
- Journal/Article

SAMPLE DESIGN:

It is the framework that serves as the basis for the selection of a survey sample. The sample for the study is collected from Mumbai region.

SAMPLE SIZE:

The sample size selected for the study is 91 respondents through random sampling method.

AREA OF STUDY:

The respondents are from Mumbai city majority of data is collected with consumers.

TOOLS FOR DATA ANALYSIS:

- MS. EXCEL
- MS. WORD

LIMITATIONS OF STUDY:

The Sample size used for the study is small. So, the results cannot be taken as universal.

Consumer’s Perception changes with the advancement in the technology.

People who are above the age groups of 50 are not well educated to know the various aspects of stock market.

CHAPTER – III

REVIEW OF LITERATURE:

1. "The Oil Crisis, the Energy Sector, and the Stock Market" by R. Davis and R. Kotchoni (2013). This study analyses the impact of the OPEC oil crises on the US stock market, focusing on the energy sector. The authors find that oil price shocks had significant negative effects on the energy and manufacturing sectors, but no effects on service industries. They conclude that investors reacted to the oil price hikes by differentiating among sectors.

2. "Black Monday and the Future of Financial Markets" by Robert J. Shiller (1990): This book provides a comprehensive analysis of the events leading up to Black Monday and the subsequent market reactions. Shiller examines the causes of the crash, including speculative trading practices and investor psychology. He also discusses the implications of Black Monday for the future of financial markets and the need for financial market regulation.

3. "The 1991 Indian Economic Crisis: Reforms and Response" by K. Basu (2012): This research paper analyses the economic crisis India faced in 1991 and the subsequent economic reforms undertaken by the government. It discusses the factors that led to the crisis, such as fiscal deficits and balance of payments problems, and evaluates the policy responses that helped stabilize the economy and pave the way for long-term growth.

4. "The Scam: Who Won, Who Lost, Who Got Away" by Debashis Basu and Sucheta Dalal (1993): This book provides a detailed account of the Harshad Mehta scam and the subsequent investigations. The authors, who were journalists associated with exposing the scam, delve into the intricate details of Mehta's modus operandi and the loopholes in the Indian financial system that allowed such manipulation to occur.

5. "Irrational Exuberance" by Robert J. Shiller (2000): This book by Nobel laureate Robert Shiller provides an in-depth analysis of the dot-com bubble and explores the psychological and economic factors that contributed to the speculative bubble. Shiller examines the exuberant investor behaviour, irrational valuations of tech stocks, and the eventual bursting of the bubble.

6. "Too Big to Fail: The Inside Story of How Wall Street and Washington Fought to Save the Financial System from Crisis—and Themselves" by Andrew Ross Sorkin (2009): This book provides an in-depth account of the events leading up to the collapse of Lehman Brothers and the subsequent government efforts to stabilize the financial system. Sorkin offers insights into the decision-making processes at various institutions and provides a behind-the-scenes look at the crisis.

7. "Putin's Wars: The Rise of Russia's New Imperialism" by Marcel H. Van Herpen (2014): In this book, Marcel H. Van Herpen analyses the aggressive foreign policies of Vladimir Putin and their impact on the conflict in Ukraine. He examines the historical and ideological roots of Putin's expansionist policies, as well as the military, economic, and diplomatic strategies he has employed to achieve his objectives.

8. "Demonetisation and Black Money" by Arun Kumar (2018): This book offers a comprehensive analysis of the demonetization policy in India and its impact on black money, corruption, and the Indian economy. The author, Arun Kumar, examines the various aspects of demonetization, including its objectives, implementation, and consequences.

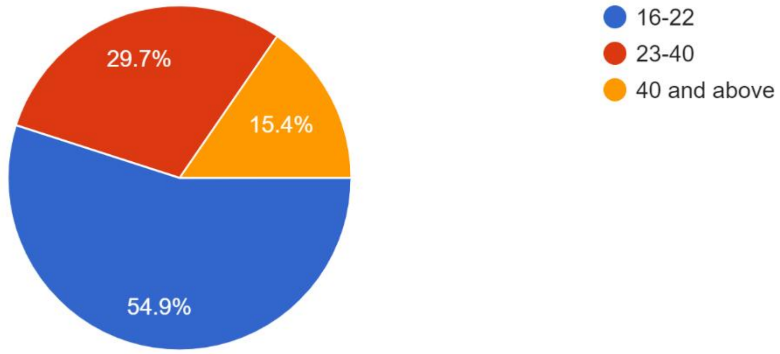
9. "The COVID-19 Catastrophe: What's Gone Wrong and How to Stop It Happening Again" by Richard Horton (2020): This book examines the global response to the pandemic and highlights the failures and challenges faced. Richard Horton, the editor-in-chief of The Lancet, provides insights into the global health crisis and suggests ways to prevent such catastrophes in the future.

CHAPTER - IV

DATA ANALYSIS:

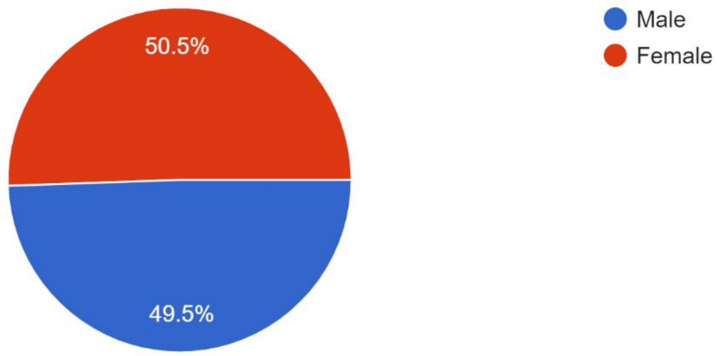
Age

91 responses



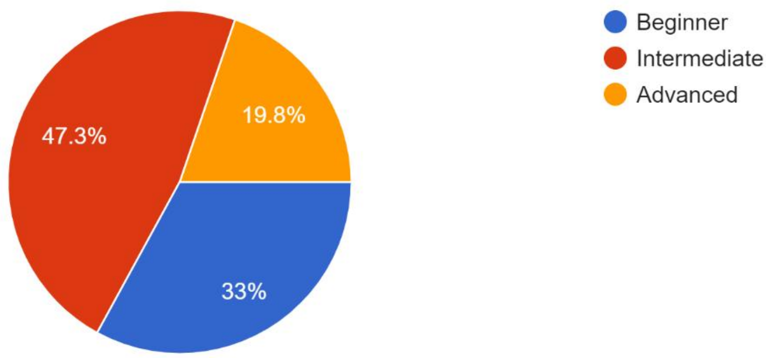
Gender

91 responses

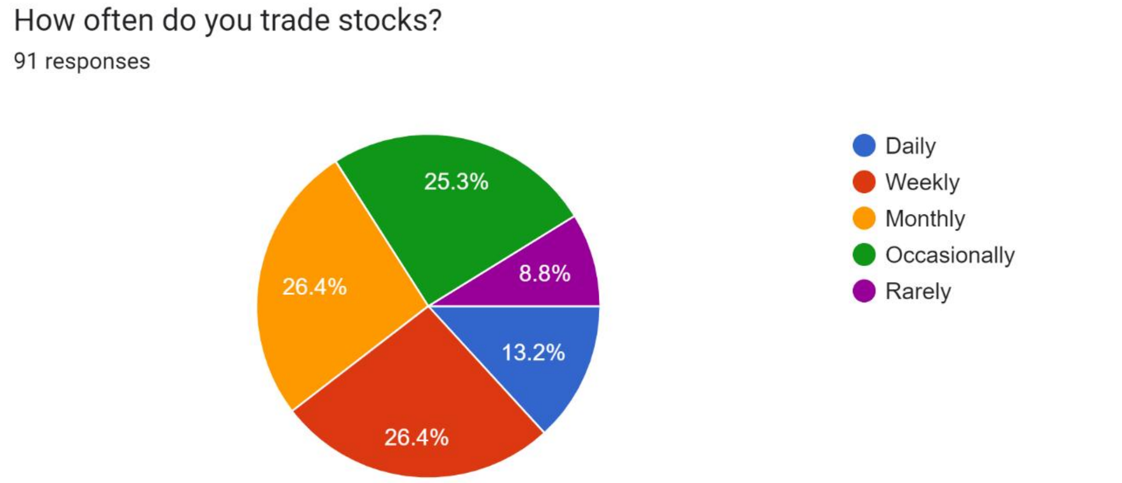


What is your level of experience in trading stocks?

91 responses



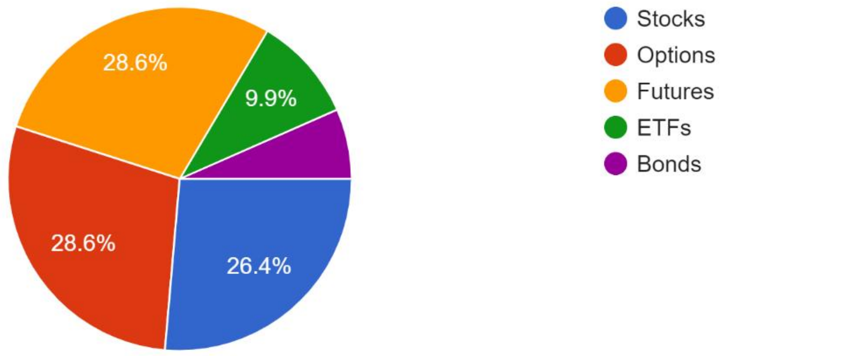
The distribution indicates that a significant portion of respondents (33%) are beginners, likely attracted by increased accessibility to trading and growing interest in the market. The majority (47.3%) are intermediate traders who have progressed from beginners and actively engage in trading, while a smaller segment (19.8%) comprises advanced traders with extensive experience, likely accumulated over many years or through professional backgrounds.



The responses show that a significant portion of traders (26.4%) engage in weekly trading, possibly aligning with their preference for swing trading strategies. Another (26.4%) trade monthly, indicating a more cautious approach or long-term investment focus. The (13.2%) who trade daily may employ day trading strategies, seeking short-term profits. Additionally, (25.3%) trade occasionally, reflecting a flexible approach, while (8.8%) trade rarely, suggesting a more passive or infrequent engagement with the market.

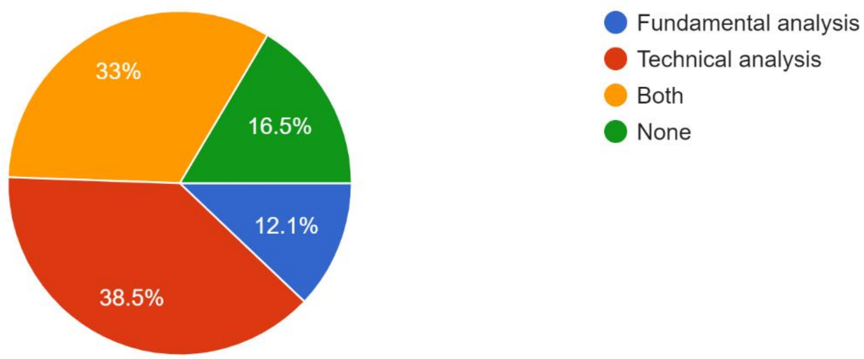
The majority of respondents (40.7%) trade stocks for income generation, indicating a primary focus on generating regular profits from their investments. (16.5%) trade for capital growth, aiming to increase the value of their investments over time. (24.2%) trade for speculation, seeking short-term gains based on market fluctuations. (17.6%) trade for diversification, aiming to spread their investment risk across various assets. Only a small percentage (1%) have other reasons for trading stocks, which could vary widely depending on individual circumstances.

What types of securities do you typically trade?
91 responses



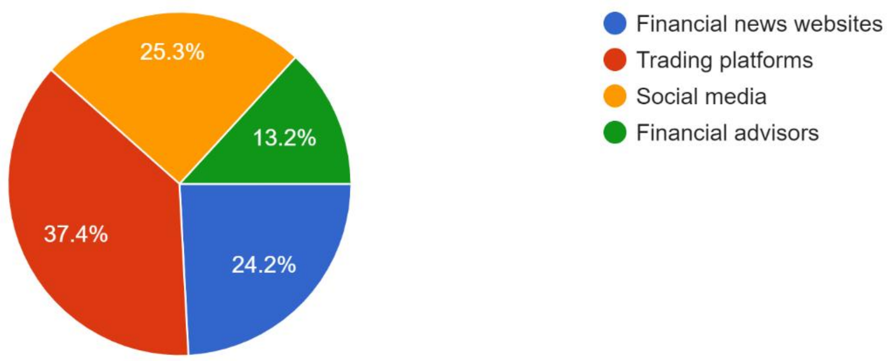
In the context of trading, the distribution of preferred securities is as follows: 28.6% of respondents trade options, 26.4% trade stocks, 28.6% trade futures, 9.9% trade ETFs, and 6.6% trade bonds. This indicates a diverse portfolio mix among the participants, with a significant portion engaged in trading options and futures, followed closely by stocks. ETFs and bonds are less frequently traded, suggesting a preference for higher-risk securities or shorter-term investments among the respondents.

How do you conduct research before making a trade?
91 responses



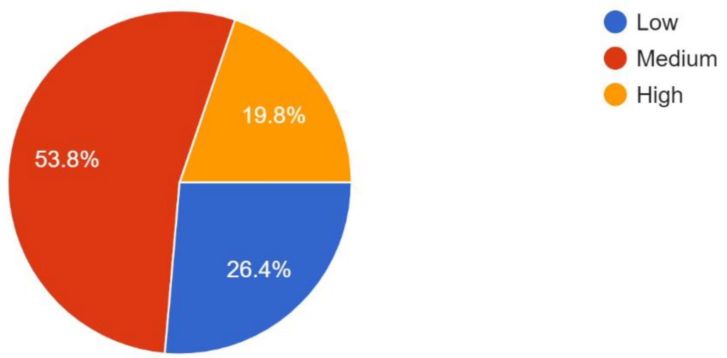
Respondents utilize various research methods before trading: 38.5% rely on fundamental analysis, emphasizing factors like financial statements and economic indicators. 12.1% use technical analysis, focusing on price patterns and market trends. 33% employ both methods, combining fundamental and technical analysis for a comprehensive approach. Lastly, 16.5% do not conduct any research before trading.

What source do you rely on for stock market information?
91 responses



Respondents rely on diverse sources for stock market information: 37.4% prefer trading platforms, accessing real-time data and analysis tools. 25.3% turn to social media for insights and discussions. 24.2% trust financial news websites for up-to-date market news and analysis. Only 13.2% consult financial advisors for guidance and recommendations.

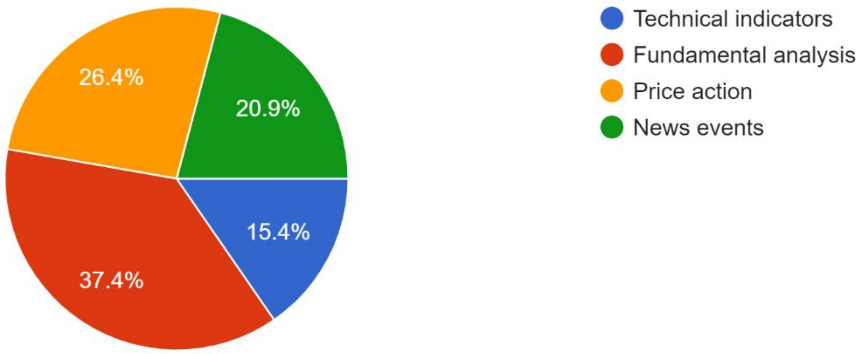
What is your risk tolerance when trading stocks?
91 responses



The majority of respondents (53.8%) exhibit a medium risk tolerance, suggesting a balanced approach between risk and reward. Meanwhile, (26.4%) have a low risk tolerance, preferring safer investment options. Conversely, (19.8%) possess a high-risk tolerance, indicating a willingness to take on greater risk for potentially higher returns.

How do you determine your entry and exit points for trades?

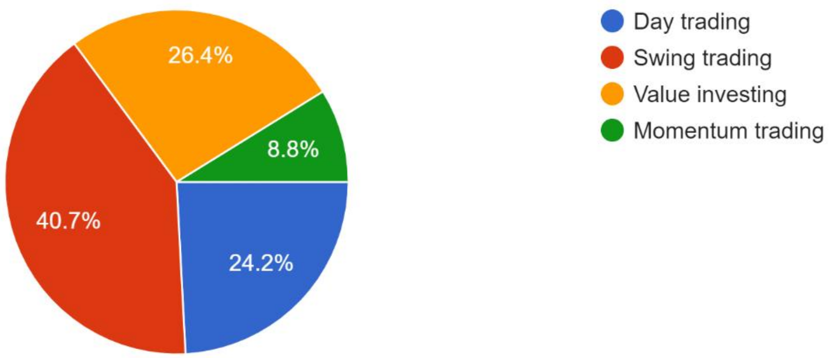
91 responses



Traders use various methods to determine entry and exit points for trades. While 37.4% rely on fundamental analysis, 26.4% prefer price action, 20.9% consider news events, and 15.4% use technical indicators. Each approach offers insights into market movements and helps traders make informed decisions.

What strategies do you employ in your trading?

91 responses



Swing Trading (40.7%): Traders using this strategy aim to capture short- to medium-term price movements, typically holding positions for several days to weeks. They capitalize on market swings, seeking to profit from both upward and downward price trends.

Value Investing (26.4%): Value investors focus on identifying undervalued stocks trading below their intrinsic value. They look for companies with strong fundamentals and solid financials, aiming to invest for the long term and benefit from eventual price appreciation.

Day Trading (24.2%): Day traders execute multiple trades within a single trading day, aiming to profit from intraday price movements. They closely monitor market volatility and use technical analysis to identify short-term trading opportunities, typically closing all positions by the end of the day.

Momentum Trading (8.8%): Momentum traders seek to capitalize on the continuation of existing price trends, buying securities that have shown strong upward momentum and selling those experiencing downward momentum. They rely on technical indicators and market psychology to identify potential breakout or breakdown points for entry and exit.

CHAPTER - V

CONCLUSION:

Studying past crisis of the stock market is crucial for several reasons, including:

1. Learn from mistakes: We can learn from the mistakes of the past and use that knowledge to avoid making similar mistakes in the future. By studying past market crises, we can identify and understand the factors that led to those crises and work to prevent similar circumstances from occurring again.

2. Understand market behaviour: Past crises can help us better understand how the stock market behaves under different conditions. This knowledge can be used to make more informed investment decisions and develop more effective risk management strategies.

3. Predict future trends: We can use the lessons learned from past crises to identify potential risks and trends that may emerge in the future. This information can be valuable in making investment decisions and developing strategies to manage risk.

4. Improve regulatory oversight: Studying past market crises can help regulators identify and implement changes to prevent similar crises from happening again. This can lead to more effective oversight, greater market stability, and increased investor confidence.

5. Enhance academic research: The study of past market crises fuels academic research and innovation in finance. Scholars and researchers examine past events to develop new models, theories, and investment strategies that can help investors better navigate future crises.

6. Spreading awareness: By studying past crises we do get to know about how the stock moves after any crises. It helps us in providing proper knowledge amongst the investors as well as in the general people about how does price action actually works.

In conclusion, studying past crisis of the stock market provides valuable insights into market behaviour, helps us learn from past mistakes, and informs decision-making for investors, regulators, and academic researchers.

CHAPTER - VI

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