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Global Financial Crisis And Contemporary India – Strategies For Development

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Abstract
After the COVID-19 pandemic, which shook the entire world by a steady decline in the economy of most of the countries including USA, followed by Russia-Ukraine war which soar the price of oil and fuels in the global markets, the global financial system is one with higher inflation and interest rates, as of now (IMF Report, 2023)[1]. This paper is an approach to point out the financial challenges the world is facing at the present along with remedies taken by the World Bank, International Monetary Fund (IMF), to overcome those economic hurdles. This paper tries to analyse the reports of the strategies put forth by the above mentioned organizations and compare with its own way of coming to a solid conclusion on this situation. This paper will attempt for prospective solutions to the current situation at hand which is compatible to the upcoming problems as well. The opinions of Model United Nation (MUN) will also allow for ventilating the course of action, and depict them covered in a soft layer of ethics.
Keywords: *World Bank, International Monetary Fund, inflation, global finance system, interest rates, MUN.*

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I. What Is Global Financial Environment? What Are The Risks Associated With It?

Introduction

The global financial system is the worldwide framework of legal agreements, institutions, and both formal and informal economic action+ that together facilitate international flows of financial capital+ for purposes of investment+ and trade financing+. Initiatives like the "**United Nations Sustainable Development Goal 10**+" are aimed at improving regulation and monitoring of global financial systems.

[1]Chapter 1 analyzes the recent turmoil in the banking sector and the challenges posed by the interaction between tighter monetary financial conditions and the buildup in vulnerabilities since the global financial crisis. The emergence of stress in financial markets complicates the task of central banks at a time when inflationary pressures are proving to be more persistent than anticipated. Smaller and riskier emerging markets continue to confront worsening debt sustainability trends.

Financial stability risks have increased rapidly as the resilience of the global financial system has faced a number of tests. Recent turmoil in the banking sector is a powerful reminder of the challenges posed by the interaction between tighter monetary and financial conditions and the buildup in vulnerabilities since the global financial crisis. The emergence of stress in financial markets complicates the task of central banks at a time when inflationary pressures are proving to be more persistent than anticipated. Large emerging markets have so far avoided adverse spillovers, but smaller and riskier economies continue to confront worsening debt sustainability trends.[2]

II. Global Financial Crisis And The Contemporary India

Contrary to popular belief, there were palpable signs of the Indian economy losing stream long before the outbreak of the global crisis. But there is little doubt that the global meltdown has seriously aggravated the problem and made the task of reversing the domestic downturn much more difficult. For an adequate appreciation of the country's ongoing economic slide, this paper considers the domestic as well as the external factors at work before and during the crisis.

There is a widespread perception that India along with other emerging market economies (EMEs)+ has been the victim of relentless globalization in general and the excesses of financial institutions in advanced countries in particular. The world economic crisis, let us recall, first resurfaced in the U.S. sub-prime mortgage

[1] *Refer: Global Financial Stability Report, published on April, 11,2023; see 'Chapter 1'*
[2] *Refer: Global Financial Stability Report, published on April, 11, 2023; see 'Description'*

market in August 2007, soon spread to markets for other securities in both the U.S. and elsewhere, and in the process caused, within a few months, a huge financial meltdown.

Glossary

Economic action – an agent is an actor (more specifically, a decision maker) in a model of some aspect of the economy. Typically, every agent makes decisions by solving a well-or-ill-defined optimization or choice problem.

Finance capital – (also simply known as capital or equity in finance, accounting and economics) is any economic resource measured in terms of money used by entrepreneurs and businesses to buy what they need to make their products or to provide their services to the sector of the economy upon which their operations is based, e.g., retail, corporate, investment banking, etc. In other words, finance capital is internal retained earnings generated by the entity or funds provided by lenders (and investors) to businesses in order to purchase real capital equipment or services for producing new goods and/or services.

Investment – It is traditionally defined as the "commitment of resources to achieve later benefits". If an investment involves money, then it can be defined as a "commitment of money to receive more money later". From a broader viewpoint, An investment can be defined as "to tailor the pattern of expenditure and receipt of resources to optimize the desirable patterns of these flows'.

Trade financing – It is a phrase used to describe different strategies that are employed to make international trade easier. It signifies financing for trade, and it concerns both domestic and international trade transactions.[3]

Sustainable Development Goal 10 – (also known as **Goal 10** or **Sdg 10**) is about reduced inequality and is one of the 17 Sustainable Development Goals established by the United Nations in 2015. The full title is: "Reduce inequality within and among countries".

Emerging market economies – a country that's transitioning from a low income, often pre-industrial economy toward a modern, industrial economy with a higher standard of living.[4]

[3] *Source: Wikipedia*
[4] *Source: Investopedia*