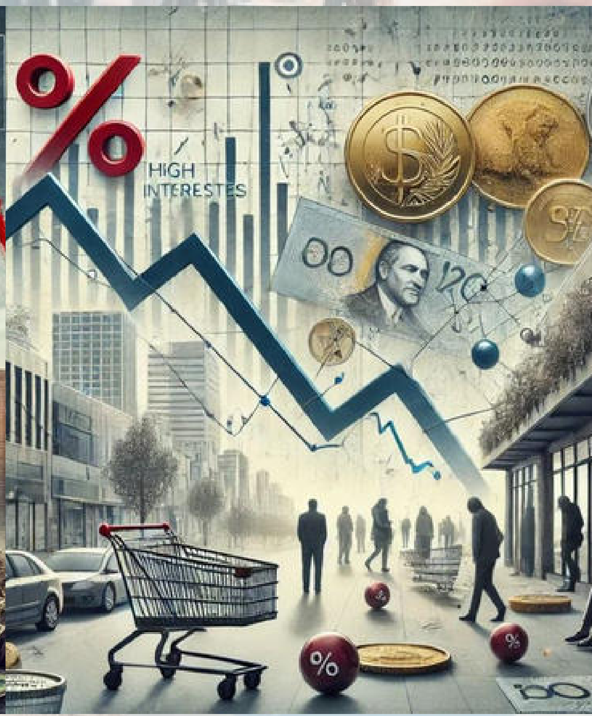
A magazine by BA Economics (H.)

MAY 25

HORIZON

MORE THAN JUST ECONOMICS

ECONOMIC TURNOIL



LESSONS FROM FINANCIAL CRISES ● LESSONS FROM FINANCIAL CRISES ● LESSONS FROM FINANCIAL CRISES ● LESSONS FROM FINANCIAL CRISES

LESSONS FROM FINANCIAL CRISES ● LESSONS FROM FINANCIAL CRISES ● LESSONS FROM FINANCIAL CRISES ● LESSONS FROM FINANCIAL CRISES


Sambungan dari hal 1
dian, berjalan kaki lebih dari
n menyusuri kawasan pe-
gan di ketinggian 3.000 meter
permukaan laut (mdpl).
ndam XVII/Cenderawasih
el M. Aidi menjelaskan,
eberapa alternatif ja
ampai Kampung
mika. Bisa naik
gan rute Timika-Sent
-Okbab. "Dilanjut jalan
kitar 12 jam dari Okbab
pung Pedam," imbuhnya
k helikopter dari Sen
pung Pedam deng
mpuh satu jam.
aja lebih mudah dengan
a. Namun, prajurit TNI
petugas medis yan
t Sabtu lalu harus me
nempuh rute
pertama adalah
Untuk mengecek k
yang diterima
nyiapkan helipad,"
Alhasil, mere
g sulit." Istilahnya,
busuk ditebar saja be-
k tumbuh," jelasnya.
Uniknya lagi, sering terjadi ke-
naikan harga tanpa pemicu kuat
dan alasan yang jelas. Contohnya
yang terjadi sekarang. Memang
NEW YORK, TUESDAY
eges: High T
little more than bribes designed to in-
fluence superior students to choose
one institution over another. Students
are asked to include this bribe in their
consideration of an institution's
strength rather than to make a choice
on the basis of academic or other fac-
tors indicating a good match between
the institution and the student.
These "scholarships" are defended
as rewards for academic achieve-
ment. The defenders often point out
that it is laudable that schools now

Table of CONTENTS

Dean’s Message

DR. PRAVEEN ARORA
Principal
IPU Affiliated Programs

At JIMS, we remain steadfast in our commitment to empowering our students to excel, lead, and make meaningful contributions to the world around them. We believe in nurturing personal growth anchored firmly in strong ethics and values, cultivating leadership qualities, and inspiring a sense of responsibility toward society and the nation.

Our approach focuses on encouraging students to step beyond their comfort zones, embrace innovation, and continuously enhance their analytical and critical thinking abilities. Through a blend of modernized learning practices and a strong emphasis on pragmatic application, we strive to prepare our students not just for academic success but for real-world challenges.

It is our mission to provide an education that is both dynamic and deeply rooted in integrity and service.

At JIMS, we foster an environment where corporate management, community engagement, and social responsibility are integrated into the very fabric of the educational journey. We believe that true leadership arises from a balanced development of business acumen and ethical responsibility. As we equip our students with the necessary skills across diverse management disciplines, we prepare them to become forward-thinking leaders of Gen Z and beyond..

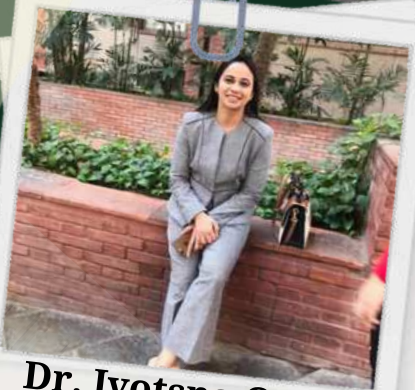
The Horizon magazine reflects this spirit of innovation, leadership, and service. It stands as a testament to our ongoing efforts to nurture a vibrant academic community and to support the aspirations of our students across a variety of domains. It is our pride to witness their growth and achievements, and we remain committed to guiding them toward even greater success.

Team's Message

It gives us immense pleasure to introduce our seventh economics magazine, "HORIZON". It's an honor to be a part of the economics department magazine team of JIMS, Rohini. As a team, we have tried to accomplish pristine work. The heterogeneity of the group has been an important element in the making of HORIZON and has helped us enhance the artistry of it. The team has been offered an opportunity to analyze the world economy better; to study past and current economic events around the globe. HORIZON mentions economics-related facts and figures in a very articulate manner and also, is very insightful for the people even remotely interested in economics. The aim of the magazine is to acquaint its readers with the importance of economics as a subject and call attention to the significance of a holistic development. The magazine is a platform for high-quality, research oriented articles and extracts in all fields of economics and has eventually made us understand economics from a superior facet. The entire process of making this magazine has rather been an enriching experience for all of us. We hope this edition of HORIZON will set the bar high and confound its readers. Hoping to receive your valuable feedback.

"Pleasure in the job puts perfection in the work"

EDITORIAL board



Dr. Jyotsna Oswal
Faculty Incharge

Rakshith Bhatia
Editor-in-Chief

Vaibhav Nautiyal
Editor-in-Chief

DESIGNERS

Kanak Garg
Team Head

Janisha Girdhar

Mahak Aggarwal

Angel Aggarwal

Anushka Bhandula

EDITORS CONTENT

Sargun Kaur
Team Head

Nishant Taneja

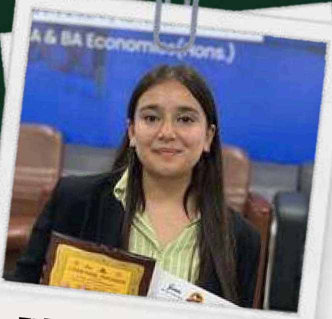
Vandini Thakur

Nikita Kapoor

Bharat Motwani
Team Head

Bani Pahuja

Samarth Gupta



Khushi Makhija

Angel Dutt

How the European Central Bank handle the Eurozone Crisis?

By- Sargun Kaur,

B.A. Eco (H), 2nd Year

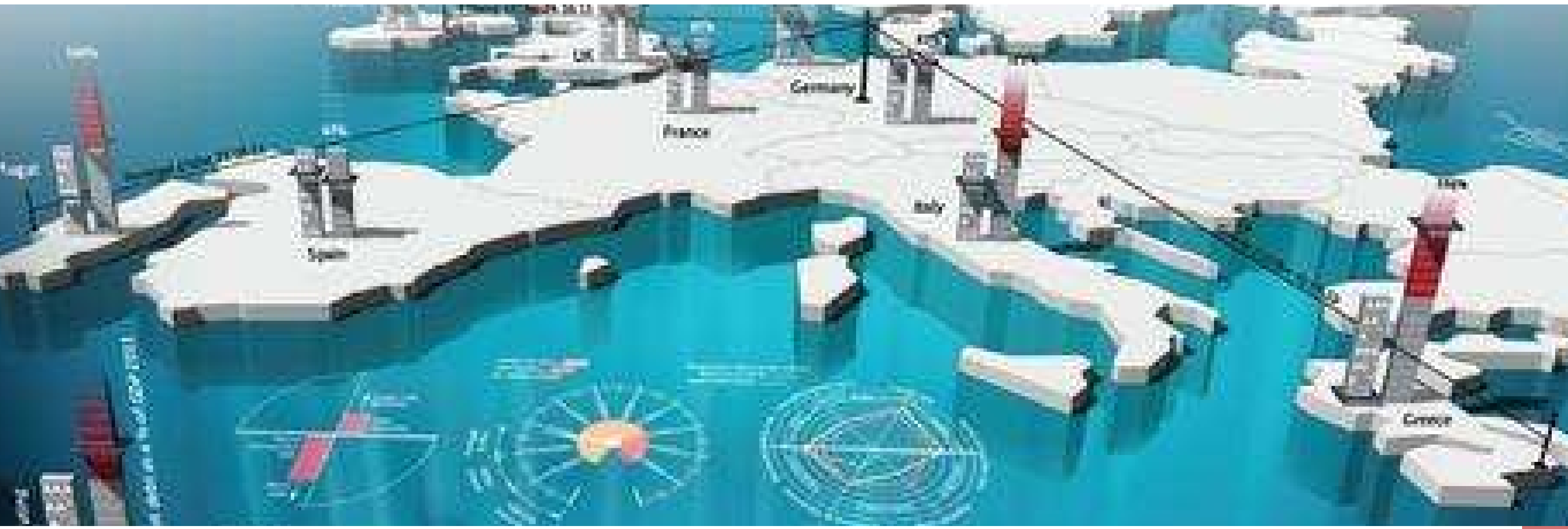
The Eurozone Crisis, which unfolded between 2009 and 2015, was one of the most serious challenges the European Union had faced since the creation of the Euro. Triggered by high government debts in several states—especially Greece—the crisis threatened the entire Eurozone. During this difficult period, the European Central Bank played a vital role in preventing the collapse of the euro and restoring confidence in European financial systems. The big question arises: "How did the crisis unfold?"

The crisis began when several Eurozone countries, such as Greece, Spain, Portugal, Ireland, and Italy, struggled with large budget deficits and growing debts. Investors lost trust in these countries and in their ability to repay their loans, which caused borrowing costs to rise sharply. As panic spread, banks across Europe faced liquidity shortages, and there was growing fear that the euro itself might not survive.

EUROPEAN CENTRAL BANK'S RESPONSE TO THE CRISIS:

The ECB, as the central bank for the euro, had to step in with strong measures to calm the situation down. One of the first things it did was provide massive loans to struggling banks to ensure they had enough money to continue operating. This helped prevent a complete financial meltdown. In 2012, the ECB took its most famous and decisive action. At that time, President Mario Draghi" declared that the ECB would do "whatever it takes" to save the euro. Following this statement, the ECB launched the Outright Monetary Transactions (OMT) program that allowed the bank to buy government bonds from countries in trouble.

This helped lower borrowing costs for countries like Spain and Italy, restoring investor confidence. Additionally, the ECB cut interest rates to record-low levels and launched other programs like quantitative easing, where it injected money into the economy by buying assets. These actions were designed to keep the financial system stable and encourage lending and investment.



CHALLENGES:

The ECB faced many challenges during the crisis. Firstly, it had to act quickly, even though some of its policies were controversial. Some countries, especially Germany, worried that helping indebted nations would reduce pressure on them to implement necessary reforms. There were also legal and political limits on how far the European Central Bank could go to support governments.

Another challenge was balancing the needs of 19 different countries using the Euro, each with its economy and problems. What benefited one country might not have worked for another, making decision-making highly complex.

BENEFITS OF ECB's ACTIONS:

Despite the difficulties, the ECB's response had clear benefits. Its actions helped save the euro from collapse and restored trust in the European financial system. Borrowing costs for struggling countries fell, and the economy slowly began to recover. By acting as a strong and reliable institution, the ECB demonstrated that the Euro was backed by serious commitment and cooperation.

CONCLUSION:

The Eurozone crisis was a major test for the European Central Bank, and its response proved to be critical. Through bold and innovative policies, the ECB was able to stabilize the financial system, reduce panic, and protect the Euro.

While challenges remain, the crisis showed the importance of having a central bank ready to act decisively during times of trouble. Today, many agree that without the ECB's intervention, the euro might not have survived.

OIL PRICE CRASHES OF 2014 AND 2020: HOW VOLATILITY AFFECTS GLOBAL MARKETS

By- Vanshika Jain,
B.A. Eco (H), 3rd Year

Oil prices significantly influence the global economy with sudden fluctuations like the crashes in 2014 and 2020, causing disruptions and movements across industries, governments, politics , and financial markets worldwide, primarily due to the impact on cost of production and consumer spending different sectors, leading to economic uncertainties in the entire world .

Oil price fluctuations can affect economic growth and development through different channels. One such channel is the production cost channels, where fluctuations in oil prices influence and diversify the cost structure of a company , particularly those heavily reliant on energy inputs like oil secreting . This in turn, affects their output, pricing strategies of the companies , and profitability of various companies (Taghizadeh-Hesary and Yoshino, 2015).

Inflation and increase in prices over time is another critical channel, as oil price increases can lead to higher overall price levels, affecting purchasing power and money holdings and consumption patterns of the countries.

Additionally, oil price volatility and fluctuations can lead to uncertainty and affect investment decisions, with businesses potentially manipulating and delaying or canceling planned investments due to unpredictable future costs that may further affect total costs at which selling and buying will take place . Furthermore, oil price changes can impact government budgets, particularly in oil-exporting countries where oil revenues constitute a significant portion of public revenue that is used for the public and also repaying debt on borrowings. Fluctuations in these revenues can lead to fiscal as well political instability and affect public investment and spending as indirectly the purchasing power and money holdings are affected like (Idrisov, Kazakova and Polbin, 2015).

The distinction between oil-exporting and oil-importing countries is crucial in understanding the different impacts of oil price fluctuations and differences. In oil-exporting countries, higher oil prices typically boost economic growth by increasing export revenues and improving trade balances as more revenue is generated with higher levels of prices .

These revenues can be used to fund public spending and investment that helps in boosting economic growth and stability , further stimulating the economy towards development . Conversely, oil-importing countries often experience a negative impact from rising oil prices, as these increase import bills and can lead to trade deficits (Akinsola and Odhiambo, 2020; Deyshappriya, Rukshan, and Padmakanthi, 2023). The differential impact underscores the importance of considering the specific economic context of each country when analyzing the effects of oil price changes.
From a historical perspectives , studies have shown that fluctuations in oil prices between 1970-2023 were linked to significant disruptions in Algeria's GDP growth rate, highlighting the strong correlation and connection between the country's economic performance and growth that mainly reflects and global energy markets that may further fluctuate the decision and demand and supply context that is basically market forces . This historical sensitivity to oil price volatility continues to be relevant, as indicated by recent economic data and future projections.

The World Bank's Spring 2024 Algeria Economic Update reported a robust **4.1% GDP** growth in 2023, driven by strong performances across both hydrocarbon and non-hydrocarbon sectors, with record-high natural gas production mitigating the impact of declining crude oil production due to voluntary OPEC quota reductions (World Bank Group, 2024). However, despite this positive performance, Fitch Solutions has projected a slowdown in economic growth from **2.9%** in 2023 to **1.8%** in 2024, primarily due to anticipated reductions in hydrocarbon production resulting from OPEC+ quotas, aging oil fields, and insufficient investment in new capacity (Fitch Solutions, 2024). This contrast between recent growth and future projections underscores a key challenge for Algeria: while the country has demonstrated resilience and growth, particularly within its hydrocarbon sector, it remains highly vulnerable to external factors, particularly fluctuations in global oil prices. This ongoing vulnerability accentuates the urgent need for economic diversification and structural reforms to ensure sustainable growth amidst the volatility of global energy markets.

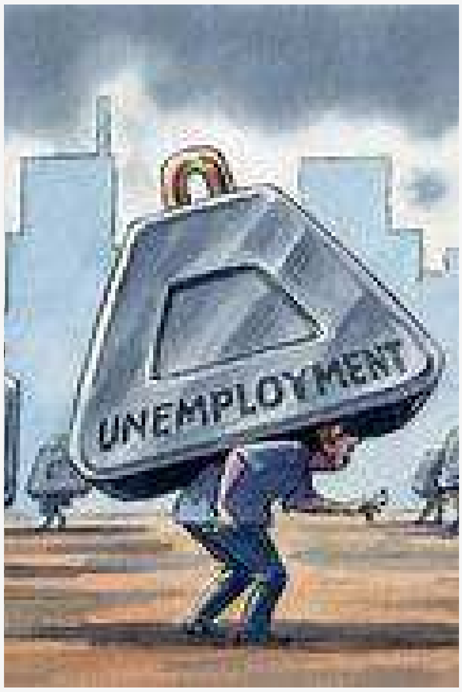
How Unemployment Spikes During Financial Crises

By- Anant Choudhary, B.A. Eco (H), 2nd Year

Unemployment is among the most severe consequences of a financial crisis. When economies experience downturns, businesses struggle to stay afloat, investments shrink, and job losses rise dramatically. The connection between financial instability and unemployment has been observed throughout history, with major economic crises leading to mass layoffs and prolonged economic hardship. Understanding why unemployment spikes during these periods can help in formulating policies to reduce its impact and support economic recovery.

One of the primary reasons for rising unemployment during a financial crisis is the closure of businesses. When companies face declining revenues and shrinking profit margins, they often resort to cost-cutting measures such as layoffs and hiring freezes. Small businesses, which are the backbone of many economies, are especially vulnerable due to limited financial reserves. Large corporations may also downsize operations, reducing their workforce to maintain profitability. As companies close or reduce staff, the job market becomes oversaturated with job seekers, making it increasingly difficult to find employment. A decline in investments further worsens the employment situation.

Financial crises erode investor confidence, leading to stock market volatility and reduced capital investment in businesses. When companies struggle to secure investments, expansion plans are halted, and new projects are postponed or canceled. This means fewer job opportunities, particularly for young professionals and fresh graduates entering the workforce. Moreover, companies that rely on external funding may face difficulties in maintaining their operations, resulting in additional job losses.



Another significant factor contributing to unemployment spikes is the banking crisis and credit crunch. Many financial crises originate from failures within the banking sector, where institutions collapse due to bad loans and risky investments. When banks become unstable, they impose strict lending policies, making it difficult for businesses and individuals to access loans. Without adequate credit, companies cannot finance daily operations or invest in growth, leading to more layoffs and business closures. A lack of market liquidity further hampers economic activity, triggering a domino effect that increases unemployment.

History has shown several instances where financial crises have led to sharp spikes in unemployment. The Great Depression of 1929, one of the most severe economic downturns in history, resulted in unemployment rates reaching 25% in the United States. Millions of people lost their jobs, and the global economy suffered for years. Similarly, the 2008 Global Financial Crisis, triggered by the collapse of the housing market and banking failures, led to massive layoffs worldwide. In the United States, unemployment doubled from **5%** in 2007 to **10%** in 2009, while countries like Spain and Greece saw rates exceeding **20%**. More recently, the COVID-19 pandemic in 2020 caused an economic crisis that led to record-breaking job losses. Lockdowns and widespread business closures drove U.S. unemployment to 14.8% within just a few months.

While financial crises are often unpredictable, governments and policymakers can take proactive steps to mitigate their impact on employment. Implementing stimulus packages, reducing interest rates, and offering financial support to struggling businesses can help maintain job stability. Investing in public infrastructure projects can create employment opportunities and stimulate economic activity. Additionally, providing reskilling and upskilling programs enables workers to transition into new industries, helping reduce long-term unemployment.

In conclusion, unemployment spikes during financial crises due to business failures, reduced investments, credit shortages, government austerity, and declining consumer demand. The consequences of job losses are far-reaching, affecting not just economies but also individuals and communities. While crises are unavoidable, effective policies and timely interventions can help reduce their impact and support a faster recovery. By understanding the relationship between financial instability and employment, societies can be better prepared to handle economic downturns and protect livelihoods.

The Role of Government Bailouts in Economic Crises

By- Ashish Sarkar,
B.A. Eco (H), 2nd Year

Economic crises frequently result in significant financial market disruptions, company failures, and increased joblessness. Government bailouts have been essential in keeping the Indian economy stable, boosting public trust, and averting a systemic collapse. Their influence in lessening the negative consequences of economic crises cannot be disregarded, despite ongoing debate about their implications.

Financial assistance given to faltering sectors, companies, or financial institutions in order to keep them from failing and having an impact on the whole economy is known as a government bailout. This assistance could take many different forms, such as loans, cash infusions, the acquisition of stock, or liability guarantees.

Maintaining liquidity, protecting jobs, and guaranteeing the continuous delivery of necessary services are the important goals.

During the Balance of Payments Crisis in 1991, India received one of its first and biggest bailouts. India requested a **$2.2 billion** bailout from the International Monetary Fund (IMF) due to its dangerously low foreign exchange reserves; in order to obtain the loan, it even pledged its gold holdings. This was not merely a financial move, it marked the start of India's economic liberalization, a shift that continues to shape policy today.Although India's banking sector was largely unaffected by the global financial crisis of 2008, the government and the Reserve Bank of India (RBI) nevertheless took preventative steps. To support important industries like infrastructure, small companies, and exports, stimulus packages worth **₹3 lakh crore** were introduced. In the midst of world unrest, their initiatives supported economic stability. One of the biggest bailout attempts in India's history was brought on by the COVID-19 pandemic in 2020. The Self-Reliant India Campaign, also known as the AtmanirbharBharat Abhiyan, was a **₹20 lakh crore** aid program, or **10%** of India's GDP. This package included direct cash transfers to disadvantaged groups, RBI liquidity support, and loan guarantees for micro, small, and medium-sized businesses (MSMEs). These actions were essential for maintaining demand and protecting jobs.

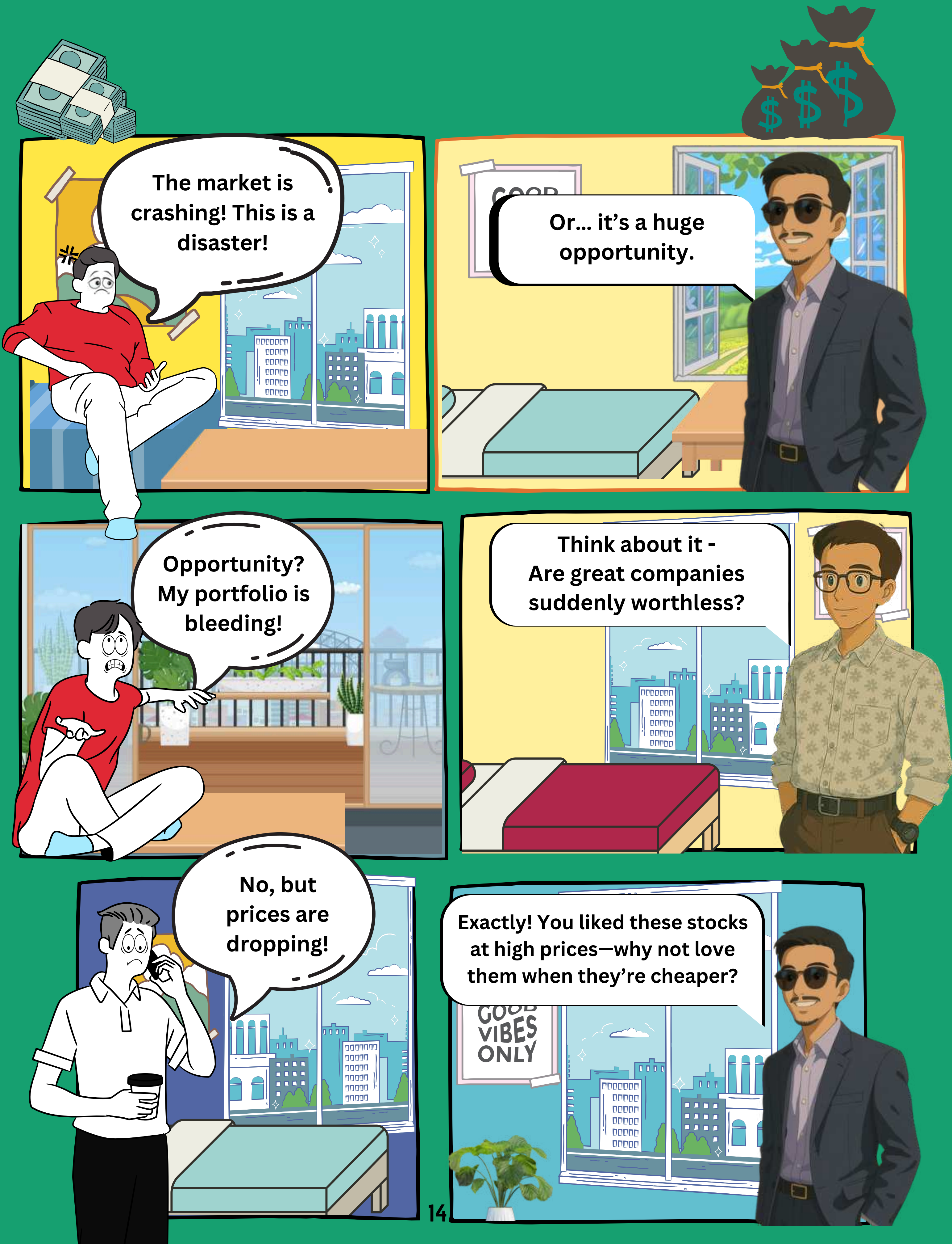
India's telecom industry was in danger of collapsing in 2021 as big players like Vodafone Idea were beset by debt. The administration unveiled a relief package that includes financial flow-improving policy changes and a suspension on spectrum payments. This rescue preserved vital connectivity services and guaranteed the existence of important telecom businesses. In India, government bailouts are criticized despite their advantages. Moral hazard is a serious issue; when companies expect government support, they could take unwarranted risks because they know they might be saved. This promotes careless decision-making and erodes market discipline. Furthermore, bailouts frequently entail large public spending, which raises fiscal deficits and long-term debt loads.

Bailouts may also give rise to charges of inequality and partiality. While small businesses and individual workers may find it difficult to obtain sufficient support, large organizations and financial institutions are frequently given preference in bailout plans. This exacerbates public discontent and gives the impression that the playing field is unfair.

The Indian government must forge accountable and transparent frameworks for executing bailouts in order to weigh their advantages and disadvantages. Bailout funds can be used responsibly if they come with conditions like long-term sustainability requirements, CEO salary caps, and pledges to maintain employment levels. Additionally, strengthening regulatory frameworks can lessen the need for bailouts and help avert future crises.

In conclusion, by assisting financially distressed enterprises and maintaining economic stability, government bailouts are crucial to managing India's economic problems. Despite their difficulties, they can be made as effective as possible and their negative effects reduced with careful planning and appropriate application. Government bailouts continue to be a crucial component of crisis management and recovery as India experiences erratic economic shocks.

CRASH OR OPPORTUNITY ?




But what if prices fall even more?
Nobody can time the bottom. That's why smart investors buy in stages.
So... I should buy when others panic?
Yep! Crashes are when the best investors make their moves.
Hmm... so you're saying this could be a discount sale?
GOOD VIBES ONLY
Exactly! The stock market is the only place where people panic when things go on sale.

STOCK MARKET CRASHES: PATTERNS AND PREDICTABILITY

By- Bani Pahuja,

B.A. Eco (H), 2nd Year

Throughout financial history, stock market crashes have recurred due to a combination of economic, psychological, and systemic factors. These events are not entirely random, they tend to follow identifiable patterns that experts analyze to anticipate potential downturns. Understanding these patterns can help investors navigate the volatility of financial markets more effectively.

Causes of Stock Market Crashes

Speculative Bubbles are a common precursor to market crashes. These occur when asset prices rise far beyond their intrinsic value, driven by investor optimism, herd behavior, and fear of missing out. As prices soar, more investors buy in, pushing valuations even higher until negative news, economic downturns, or interest rate hikes trigger a wave of panic selling. This pattern was evident during the dot-com bubble (2000) and the housing market collapse (2008).

Using leverage to invest in an increasing market enhances returns but employing the strategy intensifies losses when markets decline. A market correction requires leveraged investors to sell their assets to pay off debts which speeds up the price reduction phase of the market decline. Efficient capital met almost untenable quantities through margin trading as the principal driver during the 1929 Wall Street crash which triggered the prolonged Great Depression.

External Shocks and Crises such as geopolitical conflicts along with recessions and financial mismanagement and additional global events abruptly destabilize markets. In the beginning of 2020 COVID-19 led to global markets falling because investors anticipated business closures coupled with economic slowdowns.

Prevention Measures for Future Crises

- **Strengthening Economic Policies:**

Counter-Cyclical Fiscal Policy: Governments should increase spending during downturns and save during booms to maintain economic stability.

Diversified Economies: Reduce reliance on a single sector (e.g., oil, tourism) by encouraging multiple industries.

Investment in Infrastructure: Long-term projects create jobs and boost economic resilience.

- **Strengthening Financial Systems:**

Stricter Banking Regulations: Prevent risky lending and ensure banks maintain capital reserves (e.g., Basel III rules).

Monitoring Asset Bubbles: Regulate speculative investments to prevent housing/stock market crashes.

Debt Management: Countries and businesses should avoid excessive debt to remain resilient in crises.

- **Strengthening Employment & Social Safety Nets:**
1. Unemployment Insurance & Stimulus Programs: Ensure quick response funds for laid-off workers.
2. Skill Development Programs: Help workers transition to new industries if job sectors decline.
3. Universal Healthcare & Benefits: Reduce financial strain on families during crises.

- **Crisis Preparedness & Early Warning Systems**
1. Real-Time Economic Monitoring: Use AI and big data to detect early signs of recession (declining GDP, unemployment spikes).
2. Government & Central Bank Coordination: Ensure rapid intervention through monetary (interest rate cuts) and fiscal policies (stimulus packages).
3. Emergency Funds & Reserves: Governments and businesses should maintain financial buffers for economic shocks.

- **Global Coordination & Trade Stability**
1. Diversified Supply Chains: Avoid dependence on single-country suppliers (e.g., China during COVID-19).
2. Stronger International Cooperation: Global financial institutions (IMF, World Bank) should provide rapid assistance to struggling nations.
3. Fair Trade Policies: Avoid protectionism that can trigger economic downturns (e.g., tariffs, trade wars).

Conclusion

The COVID-19 economic recession of 2020 was the most severe downturn since the Great Depression of 1929. Its impact was felt across all sectors. Governments worldwide responded to this with unmatched fiscal measures, central bank interventions, and public health efforts to control the virus's spread.

While some countries began to recover as public health conditions improved, the recession continued to expose vulnerabilities in global economies, particularly in supply chains and labor markets. The economic fallout highlighted the most fragile sectors, which required the most support and endured the worst consequences.

In conclusion, the 2020 recession was not only a result of the health crisis but also a testament to how interconnected the world economy has become and how vulnerable the global economy has become to face unforeseen global challenges. Recovery is likely to be long and uneven, with potential for structural changes in the global economy.

The Eurozone Debt Crisis (2009–2012)

Lessons from Greece, Spain, and Italy

By- Dhruv Gupta, B.A. Eco (H), 2nd Year

Since the introduction of the euro, the Eurozone debt crisis (2009–2012) has stood out as one of the European Union's most serious economic challenges. Triggered by the global financial crisis of 2008, the crisis exposed deep-rooted flaws in the Eurozone's economic and financial frameworks. Countries like Greece, Spain, and Italy became epicenters of the turmoil, struggling with high public debt, fragile banking systems, and sluggish economic growth. Their experiences highlighted key lessons about the functioning of monetary unions, the importance of fiscal discipline, the need for structural reforms, and effective crisis management strategies.

Greece: The Epicenter of the Crisis:
When Greece's government took office in 2009, it revealed a budget deficit of 15.4% of GDP—shattering investor confidence and triggering a sharp rise in borrowing costs. In 2010, Greece narrowly avoided bankruptcy with a €110 billion bailout from the IMF and EU, though additional support was required before 2014.

Years of financial misreporting had concealed the country's true economic state, further eroding investor trust. The crisis exposed critical flaws in the Eurozone's structure, particularly its lack of centralized fiscal oversight and clear mechanisms for sovereign debt restructuring. As a result, Greece was subjected to strict bailout conditions involving deep budget cuts, tax hikes, and pension reforms. These austerity measures prolonged economic stagnation and sparked widespread social unrest, making Greece a key example of the severe societal consequences of austerity-driven recovery policies.

Spain: The Housing Bubble and Banking Collapse:
Spain entered the crisis without high public debt, but faced severe banking sector issues after the 2008 housing bubble burst. Cheap credit combined with market speculation caused the real estate boom to collapse so that banks now hold enormous amounts of non-performing loans. Preventing financial collapse led the state government to step in which in turn produced dramatic increases in public debt.

Spain's economic breakdown revealed the strong connection that exists between financial institutions and government borrowing obligations. During bank rescues performed by the government investors lost trust in the system and borrowing rates increased rapidly. Spain secured a €100 billion bailout from the European Stability Mechanism (ESM) in 2012 to recapitalize its banking sector.

The European Banking Union was established in 2014 after financial experts learned the importance of strengthening banking regulations through the recent banking crisis. The reform provided central oversight for financial institutions to reduce future banking instability in the Eurozone financial system.

Italy: The Burden of High Public Debt:

The excessive public debt in Italy resulted in its financial crisis instead of imprudent government expenditure. Italy was at high risk from market speculation due to its debt-to-GDP ratio of approximately 120%. Although Italian budget deficits remained small the market's debt sustainability fears caused interest rates to increase until the country faced potential financial ruin.

The Italian crisis demonstrated how difficult it is to push through directional changes within a political environment fragmented by different groups. The EU demanded governmental reforms in order to enhance productivity rates while boosting competitiveness which frequently encountered delays due to political immobility. The economic emergency revealed problems with the European Central Bank (ECB) that existed prior to the crisis.Financial market turmoil eased after ECB President Mario Draghi stated his 2012 pledge to "do whatever it takes" to preserve the euro.

However, the Eurozone debt crisis became a crucial moment for the European Union by showing major issues within its economic structures which required substantial institutional change. Greece alongside Spain and Italy present cautionary examples of the negative effects of poor financial management together with inadequate oversight regulations and restraining political systems. The global economic uncertainties keep the crisis lessons vital for policymakers who want to develop a stronger integrated Eurozone.

THE ROLE OF CENTRAL BANKS IN ECONOMIC CRISIS

By- Mahika Kapoor,
B.A. Eco (H), 2nd Year

During times of economic turmoil, a country's financial system can feel as though it's teetering on the edge. History shows that in these critical moments, central banks play a crucial role in stabilizing economies and steering them through rough patches. From the Great Depression in the **1930s to 2008 Global Financial Crisis**, the actions of central banks during these times offer valuable lessons in how they can help to mitigate the impact of financial disasters.

Central banks are the heart of a nation's financial infrastructure, overseeing monetary policy, regulating financial institutions, and ensuring the stability of the economy. When a crisis hits, their role becomes even more vital. One of the main functions of central banks during such times is to provide liquidity to struggling financial institutions. By injecting funds into the system, they enable banks to keep functioning, provide loans to businesses, and support individuals, thereby averting a credit crisis. A clear example of central banks taking action during a crisis is their response to the 2008 Global Financial Crisis. As banks neared collapse due to risky mortgage-backed securities and excessive speculation, the Federal Reserve and the European Central Bank quickly intervened with bold monetary measures. The Fed cut interest rates to near zero and rolled out a policy of **quantitative easing (QE)** by buying large amounts of government bonds and other securities. This move flooded the economy with cash, stabilizing the financial system and laying the groundwork for recovery.

One of the biggest lessons learned from past crises is the importance of acting early. Failing to address early warning signs can make things much worse when a crisis occurs. Leading up to the 2008 crisis, central banks were criticized for not taking stronger action to curb the housing bubble and the riskier behavior of financial institutions. A lack of oversight and delayed responses allowed the problem to grow unchecked, leading to severe consequences. The Global Financial Crisis emphasized the need for more proactive monitoring of financial markets and addressing systemic risks before they spiral out of control. Since then, central banks and regulators have shifted their focus toward macroprudential policies, which assess broader risks that could destabilize the entire financial system. These measures include tougher capital requirements for banks and conducting stress tests to ensure that financial institutions can handle potential economic shocks.

Beyond managing the immediate effects of a crisis, central banks also play a vital role in helping the economy recover. After the 2008 crisis, central banks worked to stimulate growth by keeping interest rates low and ensuring plenty of liquidity in the market. This helped encourage investment, creating jobs and uplifting consumer confidence. However, the recovery was slow, and central banks faced criticism for maintaining low rates for too long, possibly fueling asset bubbles in the process. Another important lesson is the need for balance. While central banks are essential in times of crisis, too much intervention by central banks can lead to repercussions such as market distortions or growing income inequality. It's a delicate balance between providing enough support to fuel recovery and avoiding long-term distortions in the economy.

In retrospect, central banks play a critical role in managing financial crises. They are not only lenders of last resort but also key to stabilizing the economies and facilitating long-term recovery. While their actions are often subject to debate, the lessons from previous financial crises clearly show that quick and decisive action from central banks is essential. Moving forward, it will be crucial for central banks to not only respond effectively during times of turmoil but also to take proactive steps to identify and mitigate potential risks before they evolve into full-blown economic crises.

THE COVID-19 ECONOMIC RECESSION 2020

By- Bharat Motwani,
B.A. Eco (H), 2nd Year

The title indicates that this article will address the COVID-19 outbreak and the ensuing recession in 2020, which turned out to be the worst global downturn since the Great Depression of 1929. The pandemic triggered an economic shock as governments worldwide implemented lockdowns, travel restrictions, and business closures all over the world. This led to a decline in global GDP, widespread job losses, and disruptions in trade and supply chains.

IMPACT
The year 2020 was extremely challenging; it not only caused a global health crisis but also started an economic recession affecting businesses, employment, and financial markets. Some key effects:

1. GLOBAL ECONOMIC CONTRACTION
Countries experienced negative GDP growth, and the world economy shrank by approximately 3.1% in 2020. Advanced economies like the U.S., U.K., and Eurozone saw sharp declines.

2. UNEMPLOYMENT SURGE
Millions of people lost their jobs, and businesses shut down due to lockdowns. In April 2020, the U.S. unemployment rate surged by 10.3 percentage points to reach 14.7%, the highest monthly increase in recorded history.

3. RISING GOVERNMENT DEBT
Governments around the world borrowed heavily during the pandemic, resulting in record-high levels of public debt. Most governments introduced relief packages to support vulnerable populations.

4. REAL ESTATE & HOUSING MARKET BOOM
Low interest rates and high demand caused housing prices to skyrocket in many countries.Investors took advantage of low interest rates, purchasing homes for rental income or resale.

Prevention Measures for Future Crises

1. STRENGTHENING ECONOMIC POLICIES:

Counter-Cyclical Fiscal Policy: Governments should increase spending during downturns and save during booms to maintain economic stability.
Diversified Economies: Reduce reliance on a single sector (e.g., oil, tourism) by encouraging multiple industries.
Investment in Infrastructure: Long-term projects create jobs and boost economic resilience.

2. STRENGTHENING FINANCIAL SYSTEMS

Stricter Banking Regulations: Prevent risky lending and ensure banks maintain capital reserves (e.g., Basel III rules).
Monitoring Asset Bubbles: Regulate speculative investments to prevent housing/stock market crashes.
Debt Management: Countries and businesses should avoid excessive debt to remain resilient in crises.

3. STRENGTHENING EMPLOYMENT & SOCIAL SAFETY NETS

Unemployment Insurance & Stimulus Programs: Ensure quick response funds for laid-off workers.

Skill Development Programs: Help workers transition to new industries if job sectors decline.

Universal Healthcare & Benefits: Reduce financial strain on families during crises.

4. CRISIS PREPAREDNESS & EARLY WARNING SYSTEMS

Real-Time Economic Monitoring: Use AI and big data to detect early signs of recession (declining GDP, unemployment spikes).

Government & Central Bank Coordination: Ensure rapid intervention through monetary (interest rate cuts) and fiscal policies (stimulus packages).

Emergency Funds & Reserves: Governments and businesses should maintain financial buffers for economic shocks.

5. GLOBAL COORDINATION & TRADE STABILITY

Diversified Supply Chains: Avoid dependence on single-country suppliers (e.g., China during COVID-19).

Stronger International Cooperation: Global financial institutions (IMF, World Bank) should provide rapid assistance to struggling nations.

Fair Trade Policies: Avoid protectionism that can trigger economic downturns (e.g., tariffs, trade wars).

Conclusion

The COVID-19 economic recession of 2020 was the most severe downturn since the Great Depression of 1929. Its impact was felt across all sectors. Governments worldwide responded to this with unmatched fiscal measures, central bank interventions, and public health efforts to control the virus's spread.

While some countries began to recover as public health conditions improved, the recession continued to expose vulnerabilities in global economies, particularly in supply chains and labor markets. The economic fallout highlighted the most fragile sectors, which required the most support and endured the worst consequences.

In conclusion, the 2020 recession was not only a result of the health crisis but also a testament to how interconnected the world economy has become and how vulnerable the global economy has become to face unforeseen global challenges. Recovery is likely to be long and uneven, with potential for structural changes in the global economy.

Myth Busters

THE FEDERAL RESERVE CONTROLS EVERYTHING

A popular belief is that the U.S. Federal Reserve (or other central banks) intentionally causes booms and busts to benefit the wealthy.

Reality: Central banks play a major role in monetary policy, but their goal is economic stability. However, their actions (like low interest rates) sometimes fuel risky investments.

GOLD & CRYPTO: THE "SAFE HAVEN" MYTH AND BITCOIN ARE THE ULTIMATE CRISIS

Many claim that gold and Bitcoin are the ultimate crisis-proof assets.

Reality: While gold and crypto can hold value, both have had major crashes. Gold dropped nearly 40% after the 2008 crisis, and Bitcoin remains highly volatile.

THE 2008 CRISIS WAS A DISTRACTION FOR SOMETHING BIGGER

Some believe the 2008 financial crisis was used to cover up other events, like increased government surveillance or military actions.

Reality: Governments did pass new laws (like the Dodd-Frank Act) during the crisis, but no solid proof exists that the crash was orchestrated to divert attention.

THE "PLANNED' CRASHES THEORY FOR THE SAME

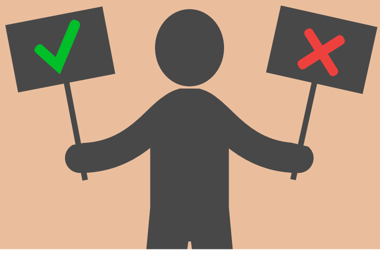
Some believe financial crises are engineered by elite bankers or secret societies (like the illuminati or Rothschild) to gain more control over the economy.

Reality: While powerful financial institutions influence markets, the complexity of global economies makes it nearly impossible to plan a controlled crash.

THE GREAT RESET THEORY

A modern conspiracy suggests that global elites (like the World Economic Forum) want to use crises to reshape the world economy under a "New World Order."

Reality: The WEF does promote economic reforms, but there's no confirmed plan for a single global government or controlled economic collapse.



THE STOCK MARKET IS "RIGGED"

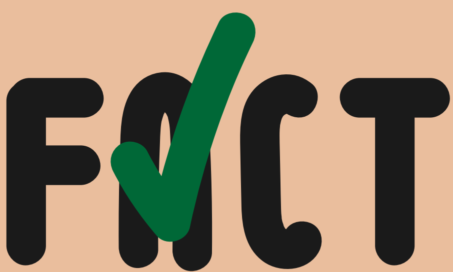
Conspiracy theorists argue that a small group of elites manipulate the stock market for their own gain.

Reality: While high-frequency trading, hedge funds, and insider trading do influence markets, they don't control every crash or rally. Markets react to real-world events, investor psychology, and economic trends.

THE US DOLLAR WILL COLLAPSE SOON

Some claim that the US dollar is on the brink of collapse and will be replaced by a global currency or a gold-backed system.

Reality: While de-dollarization is being discussed (e.g., BRICS countries using alternative currencies), the US dollar remains the world's dominant reserve currency due to global trust and trade reliance.



THE DEBT IS "FAKE" THEORY

Some believe that government debt is an illusion and that countries can print infinite money without consequences.

Reality: While central banks can create money, excessive debt leads to inflation, currency devaluation, and economic collapse (e.g., Venezuela, Zimbabwe).

BANKS HOLD MORE POWER THAN THE GOVERNMENTS

A common belief is that big banks dictate global policies , influencing governments to create laws that favor financial institutions.

Reality: Banks have significant lobbying power, but governments still regulate them. The 2008 financial crisis led to stricter rules like Dodd-Frank and Basel III, though banks still find loopholes.

THE HOUSING MARKET IS A BUBBLE (AGAIN)

Ever since the 2008 crash, people have been predicting that the housing market is always in a bubble and will crash at any moment.

Reality: While some markets overheat, housing markets differ by country and economic conditions. Unlike 2008, today's lending rules are stricter, making a repeat crash less likely (but not impossible)

Government Bailouts post 2008

Too big to fail or too risky to save

By- Drishty Adlakha, B.A. Eco (H), 3rd Year

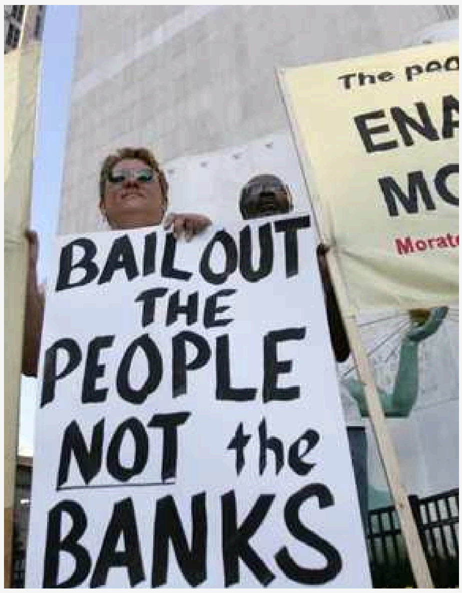
During the 2008 financial crisis, massive financial institutions worldwide received government bailouts, as their failure threatened to destabilize the global economy. The phrase describes huge companies that maintain vital economic stability so much that their collapse necessitates government intervention to stop widespread damage to financial systems. Such financial market stabilization measures ignited multiple debates regarding how public bailouts shape both moral hazards and complex fairness questions while extending their economic consequences across time.

Systemic risk prevention becomes vital because large financial institutions maintain deep economic connections throughout the global market. A collapse within major banks can trigger a chain reaction of failures, including bank runs and economic downturns, as lending grinds to a halt across the system. Protecting critical institutions from failure represents the primary function of bailouts because it defends against total economic breakdown.

Major bank failures would destroy the economic stability of Main Street residents who would experience mass layoffs, together with diminished credit availability and reduced retirement funds.

Financial bailouts operated beyond bank rescues by concentrating on maintaining the stability of the financial system to secure employment positions along with retirees' pensions and residents' monetary savings.

The bailout approach served as emergency aid during critical periods to establish financial reform systems that would protect economies from subsequent recessions. The aim of implementing regulatory changes was to establish better accountability through reforms and build long-term financial stability.



Bailout programs generate an unwanted situation where financial organizations feel free to pursue risky ventures because they believe taxpayers will cover their losses. Such intervention encourages financial recklessness and sets the expectation that public funds will always bail out future crises. Bailout programs distribute financial aid toward large corporate entities, together with wealthy investors, while placing excessive financial responsibility on regular citizens who must pay for these rescue operations. The public expresses strong dissatisfaction that governments use taxpayer money to rescue financial institutions that triggered the economic crisis.

The rescue of inadequate institutions hinders the normal **"creative destruction"** elimination process of obsolete businesses to make space for better competitive firms. The persistent implementation of bailouts creates a system where major financial firms extend their influence while competitive danger rises alongside systemic risk levels. Bailouts allow these corporations to grow even larger, increasing the likelihood and scale of future government interventions.

The economic discourse about **post-2008** government financial bailouts focuses on an essential conflict between stopping broad economic failure and the potential harms stemming from both ethical and economic discrepancies and justice-oriented issues.

Financial reforms attempted to address these risks, yet the unresolved tension between system protection and moral hazard exists because "too big to fail" entities persist, and governmental financial rescue policies continue.

The development of structural reforms requiring policymakers to maintain stability and accountability involves measures that decrease systemic risk and support financial competition and responsibility. The government must dissolve large institutional structures while improving shadow banking monitoring and developing a framework for company closures, which should not depend on government bailouts.

The government needs to solve the origins of financial instability by controlling excessive risk-taking and economic inequality to cultivate a stable and equal financial system. The aftermath of the 2008 financial crisis should inspire broad reforms that go beyond institutional governance toward a more sustainable economic framework.

Certain situations justify bailouts, yet this practice must never transform into a fundamental expectation. Building a resilient financial system requires implementing measures to protect institutions from failing, yet eliminating the notion of any entity being too big for the system to consider failure. The financial system will emerge as an instrument for public welfare once we liberate ourselves from the continuous events of crisis and bailout.

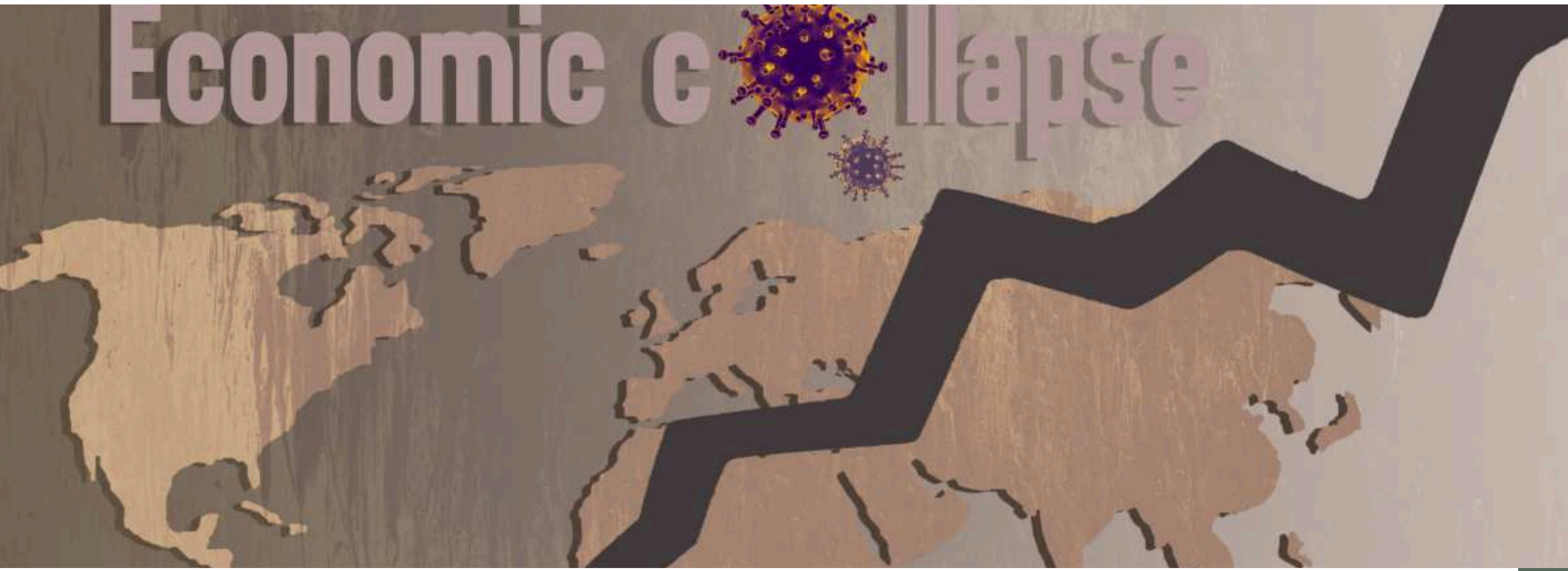
The 2008 Global Financial Collapse

By- Apoorv Wadhwa,
B.A. Eco (H), 2nd Year

In 2008, a massive global financial crisis erupted, impacting economies across the globe. The crisis originated in the United States. It was triggered by the collapse of Lehman Brothers and the bursting of the housing market bubble. Its impact rippled through every sector of the global economy and society. Now, let's have a quick glance at the root cause of this crisis.

The 2008 crisis was driven by a combination of underlying factors. The core problems were overreliance on debt, the explosion of intricate financial instruments, and risky financial practices. One of its main reasons was the housing bubble. In the U.S. housing market, a sharp rise in home prices was fuelled by easy access to credit. Lowered interest rates driven by the U.S. Federal Reserve's monetary actions following the 2001 recession, encouraged borrowers to borrow more, which led to an increase in mortgage lending. Monetary institutions began offering high-risk subprime house loans to borrowers with weak credit histories. Speculative real estate practices pushed up housing prices, which led to what economists refer to as a "housing bubble." One of the most tragic moments of the crisis was the bankruptcy of **Lehman Brothers**, a major investment bank. Lehman's collapse in September 2008 sent fluctuations through financial markets, leading to a complete collapse of trust in the global banking system. The inability to control the aftermath led to a widespread credit freeze, where banks became hesitant to lend to each other, afraid of more losses.

The financial crisis created a deep wound on the global markets. Global stock markets plunged, wiping out trillions of dollars in value. Governments and central banks rushed to mitigate the damage. Many giant economies experienced a great contraction in their economies. The financial crisis pushed the world into one of the worst recessions since the **Great Depression of the 1930s.**



In response to the downturn, governments launched massive bailout programs for financial institutions on the brink of collapse. The U.S. government established the $700 billion **Troubled Asset Relief Program (TARP)** in 2008, allowing the Treasury to purchase depressed assets from banks and stabilize the financial system. The U.S. passed the **American Recovery and Reinvestment Act of 2009,** a $787 billion package primarily aimed at providing immediate relief to the economy and creating jobs. Amid the global crisis, international cooperation was crucial. The **Group of Twenty (G20)**, a forum for governments and central banks, came together to align their responses to the crisis.

The Global Financial Crisis of 2008 left deep cuts on the global economy. While recovery took several years. The crisis significantly reshaped the global financial landscape. The Dodd-Frank Wall Street Reform and Consumer Protection Act, signed into law in 2010, aimed to reduce risks in the financial system. To finance bailout programs and boost economic recovery, several governments accumulated considerable debt. This resulted in higher public debt levels across many nations, triggering political and economic debates in the years that followed.

Today, the global economy has largely recovered. However, the crisis taught governments valuable lessons to shape financial policies, underscoring the need for stronger regulations and coordinated global oversight.

DEMONETIZATION IN INDIA (2016): ECONOMIC SHOCK OR POLICY FAILURE

By- Sayyam Mehta,
B.A. Eco (H), 2nd Year

Demonetization was used as a strategy for a cash-based transition based on transparency and to combat crime and corruption, including tax evasion and counterfeiting. In 2016, the Indian government decided to demonetize the 500- and 1000- rupee notes, the two largest denominations in its monetary system; they represented 86% of the circulating currency in the country.The government's objective—and the rationale behind the abrupt decision—was to target India's thriving underground economy on multiple fronts: eliminating counterfeit currency, curbing tax evasion (with only 1% of the population paying taxes), dismantling black money networks linked to money laundering and terrorism, and promoting a transition toward a cashless economy, and introduce a cashless economy.

'Reserve Bank of India in its Macroeconomic Impact of Demonetization'

A Preliminary Assessment Report' March, 2017, the impact of demonization campaigns on various segments of the economy and GDP growth. The report states that agriculture also suffered due to lack of funds for seed and fertilizer purchase, the prime inputs as well as difficulties in paying laborers, most of whom are paid in cash. However, GDP growth slowed down to 5.7 per cent.

Effect on different sectors:

Widening the Tax Base- Demonetization has had a major positive effect on the tax base and added 9.1 million new tax payers during the year 2016-17 and 12.8 million during 2017-18. This rise is heavily due to demonetization and the drive for enforcement and Operation Clean Money initiated by the Income Tax Department after demonetization. According to CBDT figures from 2018, aggregate returns (paper and electronic) filed in FY 2016–17 were 17.3% higher than those in FY 2015–16.The issuance of Permanent Account Numbers (PAN) also increased from 100,000 to 200,000 per day during this period, reaching the number in the PAN directory to 300 million.

Direct Tax Collections- The growth trend in income tax return filings continued, with over one crore new filers added by February of that year. The year of demonetization, 2016-17, witnessed a 29% increase in new income tax filers, speeding up a trend since 2015-16. The rise in revenues and returns is observed to have pushed individuals and enterprises towards adopting transparent channels.

Decrease in Currency in Circulation- Before demonetization, currency in circulation was Rs 18.4 lakh crore, approximately 12 per cent of the GDP, and was too high and not sustainable. Nevertheless, even post-demonetization, the currency in circulation has decreased significantly to Rs 15.32 lakh crore, down by more than Rs 3 lakh crore prior to pre-demonetization and translates to around 9 per cent of GDP and seems to be a more manageable level.

GDP growth- On the flip side, demonetization brought an enormous negative effect on employment and GDP growth in 2016-2018. The economy, which was in recovery mode after the elections and growing at around 8% in fourth quarter of 2015–16, gradually fell to 5.7 per cent in second quarter of 2017-18, which had a significant effect on fiscal deficit and government expenditure for social schemes.

In conclusion , this will enable India to build a tax compliant and transparent society. But it was achieved at enormous social and economic price and inflicted a lot of hardship to the ordinary people's lives. Several individuals reportedly lost their lives while waiting in long queues outside banks to exchange currency.It is widely believed that although demonetization was a well-intentioned move, it could have been implemented with better planning and preparation.

How Inflation and Recession Are Connected to Financial Crises

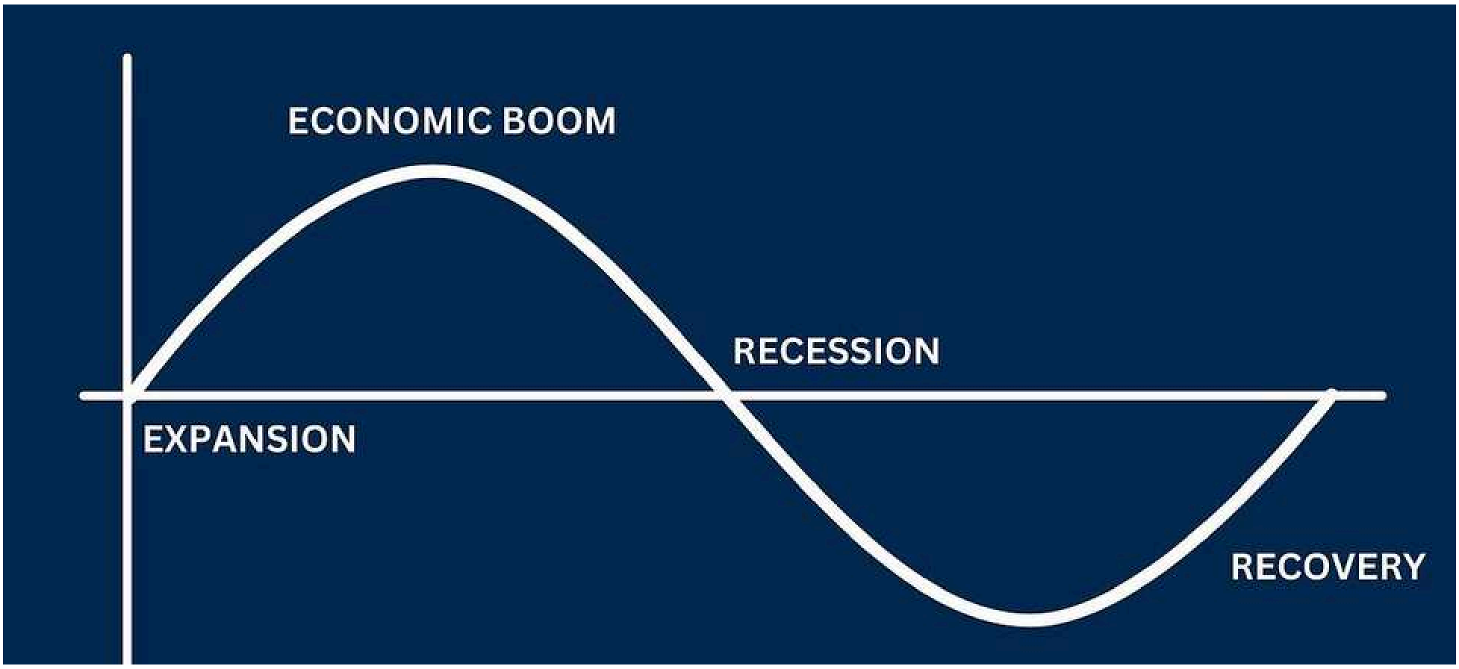
By- Bani Pahuja, B.A. Eco (H), 2nd Year

The complex interplay between inflation, recession, and financial crises forms a self-reinforcing cycle where one phenomenon often triggers or amplifies the others. Inflation can erode purchasing power and consumer confidence, leading to reduced spending and investment, contributing to recession. In turn, recessions can strain financial systems, increasing the likelihood of a financial crisis. Once a crisis unfolds, it often leads to policy responses that may unintentionally stoke inflation or deepen recessionary pressures, perpetuating economic instability.

The general prices of goods and services rise at inflation levels which diminishes buying power for purchasers. Inflation is typically measured using the Consumer Price Index (CPI) or the Producer Price Index (PPI). Whereas, a recession represents an extensive reduction in economic performance that continues longer than three months. A recession is characterized by negative GDP growth, rising unemployment, and decreased consumer spending.

Inflation and recession are interconnected through various economic factors. For instance, during the 1970s, the United States faced soaring inflation rates reaching **13%** while unemployment also increased, a scenario referred to as stagflation.

This situation highlights how unfavorable economic conditions arise when inflation rises alongside stagnant growth. To counter inflation, central banks typically raise interest rates, a move that can lead to reduced borrowing and lower investment spending, potentially resulting in an economic slowdown. For instance, when the Federal Reserve increases interest rates from **2% to 5%**, it raises the cost of mortgages and business loans, which often leads to a deceleration in economic activity. Moreover, higher inflation erodes consumers' purchasing power, prompting a decline in demand for goods and services, which can ultimately contribute to an economic recession.



When inflation reaches around 10%, households are likely to reduce spending on non-essential items, leading to lower revenues for businesses.

A financial crisis occurs when there is a rapid and significant disruption in the financial markets caused by excessive risk-taking, asset bubbles, and failures within the banking sector. Such crises are often instigated by extreme inflation or drawn-out periods of recession. The effects of hyperinflation can devastate savings, leading to instability within financial institutions and triggering an outflow of capital. For instance, Zimbabwe experienced hyperinflation in the late 2000s, with its inflation rates soaring to an astronomical 89.7 sextillion percent. During a recession, widespread loan defaults can lead to bankruptcies and the collapse of banks. The Global Financial Crisis of 2008 was initiated by a downturn in the housing market, which resulted in a wave of mortgage defaults.

In the end, inflation and recession often interact in ways that contribute to the emergence of financial crises, reinforcing one another's effects. Financial crises become more likely when inflation and recession work together to strengthen the impacts of each other. For the prevention of these destructive effects policymakers need to find precise policies that simultaneously control inflation while supporting economic development. People and businesses use knowledge about these links to protect their finances during periods of economic decline.

HOW PANDEMICS DISRUPTED SUPPLY CHAINS AND GLOBAL TRADE

By- Angel Dutt,
B.A. Eco (H), 1st Year

Financial crises are inevitable; one wrong move could lead to a significant blunder and contribute to their emergence. One of the main causes is the global pandemic. As a pandemic strikes, supply chains are affected, and international trade falls into disarray, causing major discomfort for businesses. Thesedisruptions hinder cross-border movement and further strain supply chains. COVID-19 disrupted the functioning of global supply chains, prompting many businesses (and countries) to revaluate their sourcing strategies.

Given that much of the world is interconnected through final and intermediate goods, these supply chain disruptions worsen the global recovery situation. Supply chains resemble tightly knit threads; they are networks that intertwine with one another. Originally, they were short, but as the economy expanded, they became more complex. This complexity contributed significantly to the scale of disruption during the pandemic.In 2020, global trade contracted by approximately **7–8%**, with a sharp decline in services due to travel restrictions, marking one of the steepest declines since the 2008 financial crisis. This fall was the result of reduced consumer demand and interruptions in production and planning. Factory closures, port obstructions, and labour shortages led to great delays and high costs, particularly in industries reliant on raw materials such as electronics, automotive, and pharmaceuticals. India experienced major economic setbacks, with exports falling by **36.65%** and imports declining by **47.36%** due to cargo disruptions.

Since most key industries such as textiles, pharmaceuticals, and automotive relied on imports of raw materials from China, they had to confront various slowdowns and structural shifts. The pandemic caused supply chain disruptions, labour shortages, and transport restrictions. These factors collectively led to a **46%** drop in fuel consumption in April due to reduced industrial activity. The pandemic deeply affected individuals, causing widespread layoffs and shortages of essential goods. The pandemic led to severe shortages of essential goods, including medical supplies, electronics, and food. Shipping delays and trade restrictions caused price surges, making necessities more expensive, especially for vulnerable groups. Inflation skyrocketed as freight costs surged, increasing the cost of living worldwide.

The COVID-19 pandemic sped up e-commerce growth while bringing out major weaknesses in global supply chains. Online shopping surged by **27.6%** in 2020, overwhelming supply chains and leading to inventory shortages, shipping delays, and increased costs. Warehouses, manufacturers, and analysts were overwhelmed by the sudden demand, leading to product unavailability and long delivery times.

The global disruption brought out the need for governments and surviving companies to adopt resilient, technology-driven strategies. Diversifying supply chains is pivotal to avoid overdependence on one country for raw materials. Companies should implement this strategy to ensure that they can continue operations and survive with raw materials sourced from various places.

Moving factories closer to consumers and building more local warehouses can help maintain smooth goods movement. Improving transportation and logistics is also essential. Utilizing various shipping methods (air, sea, rail, and road) can prevent major delays. Investing in better ports and storage facilities will make trade more efficient.

Technology can play a game-changing role, as AI and automation can help predict demand and track shipments to expedite the process. All businesses should stock extra inventory to plan for possible disruptions, reducing reliance on last-minute supplies. Additionally, the government can reduce trade restrictions to ensure easy movement and access to essential commodities.

In conclusion, by adopting advanced technology, making enhanced analysis, and implementing various smart policies, we can help make these supply chains more reliable and prepared for what comes our way, and enhance the efficiency of trade and business operations.

QnA Round

ft. Faculty

Q. What is the biggest mistake people make during financial downturns?

A. The biggest mistake people make during financial downturns is panicking—selling investments at losses, hoarding cash irrationally, and abandoning long-term plans instead of staying disciplined and adjusting thoughtfully to new realities.

~ Dr. Praveen Arora

Q. If a student wants to invest, how should they prepare for market volatility?

A. To handle market volatility, a student should start by building a solid emergency fund and only invest money they won't immediately need. They should diversify across different assets, stay informed about economic trends, focus on long-term goals, and develop emotional resilience to avoid panic during inevitable market ups and downs.

~ Dr. Jyotsna Oswal

Q. What role does media play in fueling panic during market crashes?

A. Media can make people more scared during market crashes by showing bad news over and over. This fear can cause more people to sell their investments quickly, making the crash even worse.

~ Dr. Parminder Kaur Bajaj

Q. How do financial crises shape the way we teach economics today?

A. The 2008 crisis reshaped economics education, emphasizing real-world relevance, behavioral insights, and macro-financial linkages. Teaching now values pluralism, empirical analysis, and critical thinking, preparing students to understand uncertainty, market psychology, and policy responses in an interconnected global economy.

~ Ms. Tanshi Ghai

Q. How important is financial literacy in preventing personal losses during downturns?

A. Financial literacy is crucial in downturns, helping individuals make informed decisions, manage debt wisely, and avoid panic-driven actions. It empowers better budgeting, investment, and risk management, ultimately reducing personal losses and enhancing financial resilience during economic hardships.

~ Dr. Sachin Sabharwal

Q. Are we currently in a financial bubble? How can one recognize a bubble?

A. Yes, we may be in a financial bubble due to high asset prices and excessive speculation. To overcome this, we need stronger regulations, responsible investing, increased transparency, and public awareness. Encouraging sustainable growth and avoiding risky financial practices can help prevent a crash and ensure long-term economic stability.

~ Dr. Shivani Wadhwa

Q. What is one common myth about financial crises that you'd like to debunk?

Myth: Once a crisis ends, the economy quickly goes back to normal.

Truth: Recovery is often slow and uneven. It can take years for job markets, wages, and investor confidence to fully recover especially for low-income or vulnerable groups.

~ Ms. Megha Sharma

Q. What is the biggest lesson investors should learn from past financial crises?

A. During periods of uncertainty, many investors fall into patterns of panic selling, herd behavior, or ignoring long-term fundamentals. These emotional responses—driven by fear rather than rational analysis—can lead to massive selloffs, sharp market declines, and systemic volatility.

~ Ms. Vaishali Jain

Q. Is there a 'safe' investment during a recession, or does every asset carry risk?

A. Investing during a recession may not be ideal for short-term gains, but it can certainly be beneficial for long-term growth and investment.

~ Mr. Sunny Seth

Q. What advice do you have for young people who are worried about future economic downturns?

A. In today's unpredictable landscape, I believe it's essential to give young people flexible thinking abilities, encourage lifelong learning, and teach them financial literacy so they can succeed in any circumstance. Even during difficult times, some industries have proven resilient, providing hope and guidance. These include the healthcare, technology, and creative sectors. We can empower the upcoming generation to confront economic uncertainty with confidence and purpose by promoting a growth-oriented and adaptable mindset.

~ Dr. Bharti Rana

THE FUTURE OF ECONOMIC STABILITY: CAN WE PREVENT THE NEXT CRISIS?

By- Bhumika Khanna,
B.A. Eco (H), 3rd Year

Economic stability is key to the growth and welfare of nations. However, economies are vulnerable to crises, which can cause long-lasting harm to countries and their citizens. Events like the 2008 global financial crisis, the 1997 Asian financial crisis, and the lived consequences of the COVID-19 pandemic show how quickly economic stability can turn into instability. This, in turn, raises the crucial question: can the next economic crisis be averted?

Understanding Economic Crisis

An economic crisis occurs when there is a sudden and severe decline in economic activity. This results in extremely high unemployment rates, financial losses, and severe disruption of the financial system. Types of economic crises such as the 2008 economic crisis, primarily caused by risky lending
practices in the housing mortgage sector, and the 1997 Asian financial crisis, when several Southeast Asian countries experienced massive currency devaluations, causing widespread economic turmoil.

Key Factors Affecting Future Economic Stability

- Globalization and Interconnectedness: Countries are interconnected through trade and finance, which means that if one country suffers economically, other nations might be affected. Such was the case during the COVID-19 pandemic when global supply chains became disrupted and resulted in shortages and inflation in many countries.
- Technological Risks: Technology is a pillar of the modern economy, but it does open up new risks. Cyberattacks on companies or governments can lead to shock waves across economic activities. One example is the WannaCry ransomware attack of 2017, which affected several thousand organizations across the globe, spanning hospitals to businesses.
- High Debt Levels: Countries and enterprises with high debt are more susceptible to economic crises. For instance, the series of unsustainable debts triggered Greece's economic crisis in 2009. It culminated in a deep recession, which further widened unemployment in Greece, demonstrating that undue debt is dangerous.

Can We Prevent the Next Crisis?

- Better Financial Regulation:

After the 2008 financial crisis, many countries established stricter financial regulations to prevent banks from engaging in risky practices. For example, the Dodd-Frank Act made it much more difficult for banks in the U.S. to excessively gamble, thereby helping to insulate the economy from future financial shocks.

- Managing Debt:

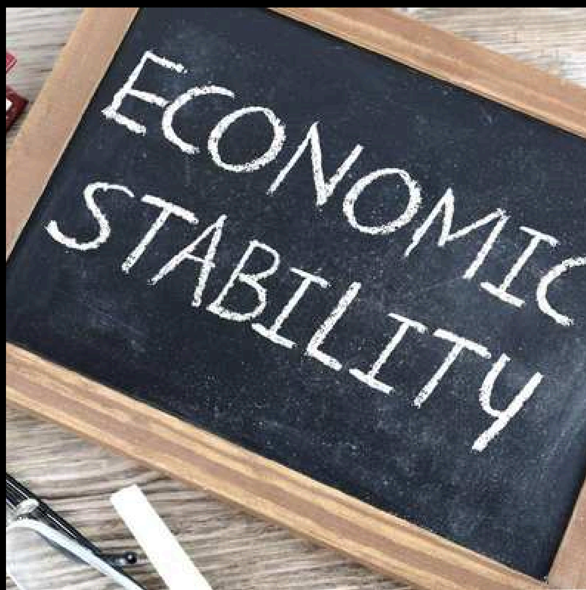
Governments should manage their debt prudently to avoid collapse. Clear guidelines on borrowing and spending to avoid situations like Argentina's 2001 debt default, when the country defaulted on its debt, leading to a severe economic collapse.

- Global Cooperation:

Global cooperation is essential to confront economic challenges. The Paris Agreement on climate change is an example of countries coming together to address common problems. Coordinated efforts at the international level would better serve to avert the crisis.

Conclusion

The challenge of preventing the next global economic crisis is daunting but not entirely impossible. Such improvements could include stronger financial regulations, better debt management, and global coordination. While one might not find it possible to predict all the economic shocks, learning from the recent crises, such as the 2008 financial meltdown and the COVID-19 pandemic, is extremely valuable. With committed planning and global cooperation, future generations stand a better chance of being shielded from the worst effects of economic instability.



Cryptocurrency crashes: Risk in the digital economy.

By- Nishant Taneja,
B.A. Eco (H), 2nd Year

Cryptocurrency crashes pose a significant risk to the digital economy. The recent downturn in the cryptocurrency market has significantly eroded investor confidence and reduced investment flows. This has triggered a sharp drop in cryptocurrency values, particularly for major coins like Bitcoin and Ethereum. The cryptocurrency market is known for its volatility, and crashes are not uncommon. However, the current crash stands out because of the rising mainstream adoption and growing participation of institutional investors.

This has led to a greater interconnectedness between the cryptocurrency market and traditional financial markets.

One of the primary risks associated with cryptocurrency crashes is the potential for financial contagion. As cryptocurrencies decline in value, investors may be forced to liquidate their holdings, leading to a cascade of sell orders that can exacerbate the decline. This may result in widespread consequences, such as exchange collapses and significant investor losses. Another risk associated with cryptocurrency crashes is the potential for regulatory backlash. As governments and regulatory bodies become increasingly concerned about the risks associated with cryptocurrencies, they may impose stricter regulations or even ban cryptocurrencies outright. This could lead to a decline in investor confidence and a decrease in investment flows.

The crash of cryptocurrencies can have a significant impact on the digital economy, both directly and indirectly. Here's a breakdown of the potential consequences:

Direct Impacts:

Reduced Investment: A crash can erode investor confidence, leading to a decrease in funding for crypto-related projects, startups, and businesses. This can stifle innovation and hinder the growth of the digital economy.

Decreased Liquidity: A crash can lead to a liquidity crunch in the crypto market, making it difficult for businesses to access capital and hindering their operations. This can impact their ability to expand, hire, and contribute to the overall growth of the digital economy.

Loss of Jobs: A crash can result in job losses in the crypto industry, as companies are forced to downsize or shut down due to reduced investment and liquidity. This can have a ripple effect on the broader digital economy, as these skilled individuals may leave the sector.

Indirect Impacts:

Slower Adoption of Blockchain Technology: A crash can create a negative perception of blockchain technology, making businesses hesitant to adopt it for their operations. This can hinder the development of new applications and services built on blockchain, slowing down the digital transformation process.

Decreased Trust in Digital Finance: A crash can erode public trust in digital currencies and the underlying technology. This can make it difficult for digital financial services to gain traction and hinder the growth of the digital economy.

Regulatory Backlash: A crash can trigger a regulatory backlash, as governments may seek to impose stricter regulations on the crypto industry to protect investors and maintain financial stability. This can stifle innovation and make it more difficult for the digital economy to flourish.

It is important to remember that the impact of a cryptocurrency crash on the digital economy will depend on various factors, including the severity of the crash, the size and scope of the affected cryptocurrencies, and the overall health of the digital economy. However, the potential consequences are significant and highlight the need for responsible development and regulation of the crypto industry to ensure its long-term sustainability and contribution to the digital economy.

HOW BUSINESSES CAN SURVIVE ECONOMIC DOWNTURNS

By- Bani Pahuja,
B.A. Eco (H), 2nd Year

Economic downturns are inevitable. Economic downturns driven by market fluctuations, inflation, and global crises test the resilience of enterprises across all industries. Some organizations experience difficulties sustaining operations, but adaptable companies discover innovation strategies that lead them to become more robust. The key factors that determine between business success and failure during economic downturns are planning combined with swift responses and purposeful choices. Organizations that wish to survive economic challenges must implement these specific strategic methods to succeed.

During economic downturns a business depends primarily on its financial strength to stay afloat. Even the most successful organizations can face bankruptcy without strong financial management, regardless of their past performance. All expenses should be carefully reviewed to eliminate those that offer no return on investment. Companies should direct their investments either toward money-making initiatives or operational improvements. Companies should enhance their cash flow operations through strict receivables collection practices and supplier payment term negotiations to improve their financial status.

A business can enhance its cash flow by giving its customers both payment discounts and strategic payment plan alternatives.When economic times turn sour, customers reduce their budget expenditures. Keeping current clients is typically less expensive than the process of gaining new clients. Businesses should provide additional value rather than deal exclusively with price reduction by developing packages or loyalty frameworks or enhanced service features. Communicate any pricing changes, service updates, or product availability issues to customers. Honest communication fosters long-term relationships.

Businesses that adapt to shifting market conditions are more likely to survive economic downturns. An organization should welcome digital transformation through technology investments to achieve operational excellence and cost reduction. The use of automated technologies together with AI analytics and e-commerce growth provides new business prospects. Companies should embrace flexible models with adaptable sales networks by offering subscription services through online platforms alongside forming business alliances to stay adaptable.

Any business depends heavily on its workforce as the central support structure. Employee motivation levels directly influence workplace productivity, and managers should focus on maintaining high employee motivation throughout difficult situations. Employees need transparent leadership to feel secure. Reliable information transmission through deliberate leadership messaging with staff interaction sessions creates trust between workers.

Companies who invest in employee training create departments capable of advancing their workforce skills so workers can adapt to changing business needs. The implementation of flexible work arrangements as remote or hybrid systems reduces organizational expenses without compromising employee contentment levels.

Short-term survival strategies restrict businesses from capitalizing on enduring business opportunities. The development of solid industry connections through partnerships between suppliers along competitors provides organizations with combined resources and strategic benefits.

Investing resources toward brand promotion and marketing helps businesses emerge faster from economic slowdowns. Continued branding along with purposeful marketing helps maintain business viability.

Business survival during an economic downturn requires financial cost reductions but depends primarily on organizational agility together with strategic planning approaches. Organizations that concentrate on maintaining financial wellness alongside focused customer retention as well as innovation development and employee commitment with strategic long-term planning will succeed throughout economic rebounds. Companies that implement proactive and preventive measures are more likely to withstand crises and emerge stronger from economic downturns.

The Chinese Stock Market Crash (2015)

Causes and Global Impact

By- Khushi Makhija, B.A. Eco (H), 1st Year

The inventory marketplace is full of folks that know the fee in its entirety, however the cost of nothing." — Philip Fisher. In the summer of 2015, the Chinese stock marketplace witnessed a sudden and dramatic fall that created chaos within the economic markets of the arena. Starting in June 2015, the Shanghai Composite Index, which had witnessed dramatic rises in the last several years, fell by almost 30% in early July. It became one of the largest inventory marketplace drops in Chinese history. The drop no longer just impacted China; it had implications on global markets. There have been numerous causes in the back of the 2015 Chinese inventory market crash. One of the primary causes was a stock market that had become overheated due to speculative financing.

Before the crash, the Chinese language inventory market was developing exponentially, with the Shanghai Composite Index more than doubling in fee over the period between mid-2014 and mid-2015. This changed into being supported by available credit scores, reliable encouragement of margin buying, and a growing pool of retail traders within the marketplace, many of whom were inexperienced investors. The explosive boom was driven by cheap credit and margin trading supported by the government and greater retail investors pouring into the market, with a lot of them being green. The financial institution of China (PBOC) cut hobby rates and initiated policies that might decorate liquidity, thus allowing for the increase of an unexpectedly increasing stock marketplace bubble.

Government rules initiated to make certain market stability and keep away from important corrections also allowed buyers to view the stock market as a secure haven for investment. However, as the market began to slow in June 2015, conditions quickly deteriorated. Panic had already gripped traders as the percentage costs launched into their plunge, and apprehension of more losses triggered a standard promote-off. To counter this, the government intervened to stabilize the market by postponing trading, enforcing proportion selling limits, and soliciting for kingdom-owned organisations to repurchase stocks.

The crash also brought on issues regarding the monetary health of China, which had been a key driver of global growth for more than a decade. Economists feared that a slowdown in China might harm global change, as China is a full-size importer of commodities. Oil costs, for instance, dropped sharply as Chinese language demand slowed, leading to a worldwide commodity slump. Economists feared a slowing of the Chinese language economy would negatively affect international trade, in light of China's reputation as a big importer of commodities. The U.S. Dow Jones Industrial Average, in addition to different European and Asian markets, saw huge losses in price, and buyers moved their money into secure havens like gold and government bonds.

Investor self assurance, however, plummeted further, and the market saved falling. The Chinese language inventory marketplace crash had wider implications for global financial markets. Being the sector's second-biggest economic system, the Chinese language monetary machine is closely interwoven with different fundamental economies. The crash, coupled with signals of the slowdown in China's financial system, caused a wave of alarm in global markets. However, once the market showed signs of a slowdown in June 2015, things went unexpectedly downhill. Investor panic set in as share prices started to fall, and fear of losing cash resulted in a popular sell-off. After the crash, stock markets internationally saw steep falls.

Article Writers


Vanshika Jain
Best Article


Khushi Makhija
IInd Best Article


Mahika Kapoor
IIIrd Best Article


Bani Pahuja


Sayyam Mehta


Bharat Motwani


Nishant Taneja


Dhruv Gupta


Drishty Adlakha


Ashish Sarkar


Bhumika Khanna


Sargun Kaur

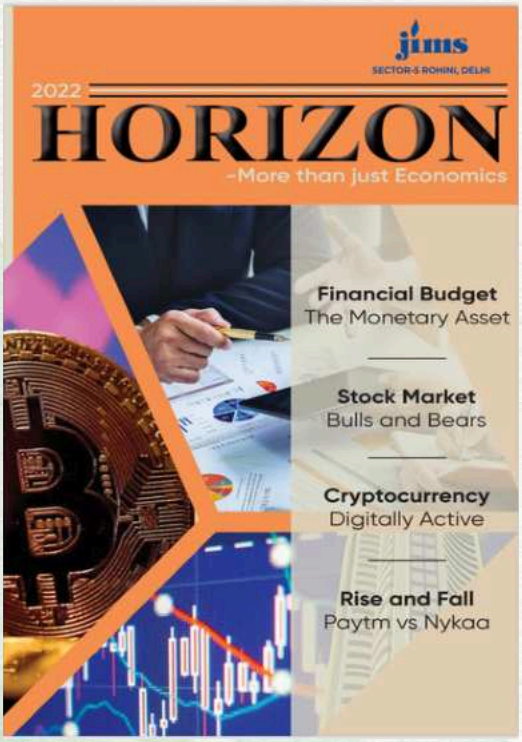

Anant Chaudhary


Angel Dutt

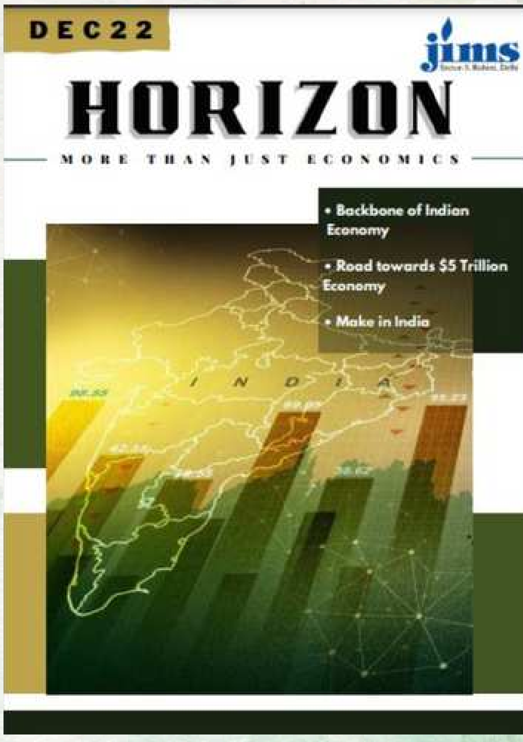

Apoorv Wadhwa

GLIMPSE

Previous Issue's



HORIZON 1.0

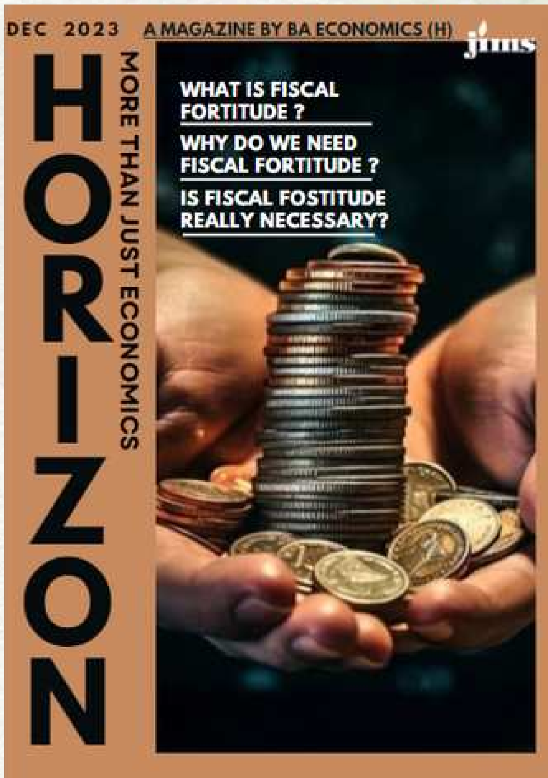


HORIZON 2.0

GLIMPSE

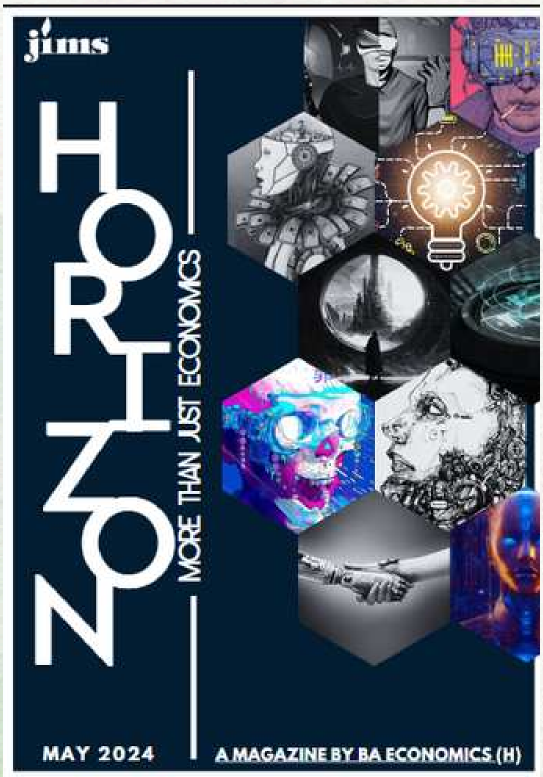
Previous Issue's

HORIZON 3.0

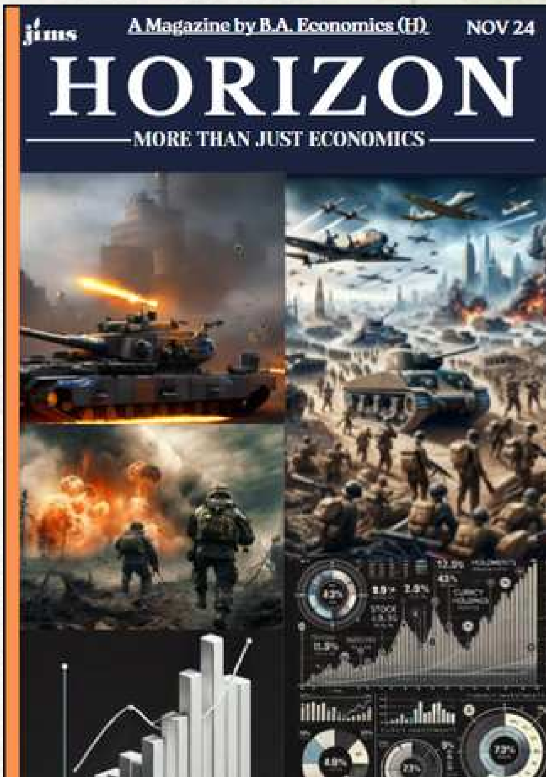


HORIZON 4.0

GLIMPSE
Previous Issue's



HORIZON 5.0



HORIZON 6.0

ABOUT JIMS

HORIZON

Jagan Institute of Management Studies (JIMS) imparts professional education at post graduate and graduate levels in the fields of Management and Information Technology. JIMS is top PGDM / MBA colleges in Delhi. The Institute has been working for the attainment of a mission: to develop highly skilled and professional human resource for industry and business for the past 31 years. Established in 1993, it has now acquired a commendable position as one of the premier institutes of the country. Our PGDM, PGDM (IB), & PGDM (RM) Programmes are approved by the All India Council for Technical Education. PGDM, PGDM (IB) & PGDM (RM) Programmes are accredited from National Board of Accreditation (NBA) for excellence in quality education and have also been granted equivalence to MBA degree by Association of Indian Universities (AIU).

The institute has earned appreciations and accreditations from various Govt. Bodies, industry associations and leading newspapers and channels. These include NBA, AIU, National Institutional Ranking Framework (NIRF), FICCI, ASSOCHAM, Times of India, Competition Success Review, Business Standard, Business Today, etc.

JIMS Rohini Delhi, is best B-School in New Delhi has now moved beyond National Recognitions and has got South Asian Quality Standards (SAQS) accreditation for quality assurance standards. This gives an advantage for increasing international visibility among the South Asian Countries.

Apart from a leading teaching institution, JIMS is well recognised for its empirical and topical research work which benefits the industry JIMS Conducts an AICTE approved fellowship program in management named Fellow Program in Management (FPM).

In the first ever NIRF ranking (2016) of teaching plus research management institutes, JIMS Rohini, was placed on 43rd spot in a list of top 50 on all India basis. Since then, JIMS Rohini, continues to remain in the list of Top 100 NIRF Rank B-school since last 9 years which is a reflection of the continuous efforts in maintaining quality benchmark in the area of management education.

Apart from providing gainful and decent placements, JIMS Rohini also encourages the spirit of entrepreneurship and acts as nurturing ground for aspiring entrepreneurs and young start-ups.

JIMS thus proves to be an ideal place for those wishing to engage in academic pursuits and seek intellectual fulfillment.