INTRODUCTION

The Global financial crisis from 2005 to the present is considered by many economists to be the worst financial crisis since the Great Depression of the 1930s. It was triggered by a liquidity shortfall in the United States Banking system which resulted in the collapse of large financial institutions, the bailout of banks by national governments, and downturns in stock markets around the world. In many areas, the housing market has also suffered, resulting in numerous evictions, foreclosures and prolonged vacancies. It contributed to the failure of key businesses, declines in consumer wealth estimated in the trillions of U.S. dollars, substantial financial commitments incurred by governments, and a significant decline in economic activity. The global recession is a decline in a country's gross domestic product (GDP) growth for two or more consecutive quarters of a year. A recession normally takes place when consumers lose confidence in the growth of the economy and start spending less. This leads to a decreased demand for goods and services which in turn decreases in production, lay-offs and a sharp rise in unemployment. Risk aversion, deleveraging and frozen money markets and reduced investor interest adversely affects capital and financial flows, import-export and overall Gross Domestic Product of an economy. This is exactly what happened in US and as a result of contagion effect spread all over the world due to high integration in the global economy.

In India, the impact of the crisis has been less severe compared to other emerging market economies. The worst hit areas were, IT industries, financial sectors especially private banks, real estate owners, automobile industry, investment banking and other industries have confronted heavy loss due to the fall down of global economy. Federation of Indian chambers of Commerce and Industry (FICCI) found that with the inventories industries like garment, gems, textiles, chemicals and jewellery had cut production by 10 per cent to 50 per cent due to global recession. The extent of impact has been restricted due to several reasons such as- Indian financial sector particularly our banks have no direct exposure to assets and off-balance sheet activities have been limited. The credit derivatives market is still in an embryonic stage and India's growth process has been largely domestic driven and reliance on foreign savings has remained around 1.5 per cent in recent period. There is low export demand and capital flows have been dampened.
Indian economy has been witnessing a phenomenal growth since the last decade. The country is still holding its ground in the midst of the current global financial crisis. The world economy is beginning to recover from the one of the worst economic downturns in decades. The growth in real Gross Domestic Product (GDP) in India at factor cost stood at 6.7 per cent in 2008-09. Further, the World Bank had projected an 8 per cent growth for India in 2010. Industrial output as measured by the index of industrial production (IIP) clocked an annual growth rate of 6.8 per cent in July 2009, according to the Central Statistical Organisation. The growth in real Gross Domestic Product (GDP) in India at factor cost stood at 6.7 per cent in 2008-09. Further, the World Bank had projected an 8 per cent growth for India in 2010. Industrial output as measured by the index of industrial production (IIP) clocked an annual growth rate of 6.8 per cent in July 2009, according to the Central Statistical Organisation. The Foreign institutional investors’ inflows into the Indian equity markets have touched US$ 10 billion in the April to September period of 2009-10. Foreign direct investments (FDI) into India went up from US$ 25.1 billion in 2007 to US$ 46.5 billion in 2008, achieving an 85.1 per cent growth in FDI flows, the highest across countries, according to a recent study by the United Nations Conference on Trade & Development.

The study is related with the Financial Analysis of Recession on Major Service Industries based in Mumbai region. Mumbai region will include, Mumbai, Thane and Navi Mumbai based service industries. Mumbai formerly known as Bombay is the commercial capital of India. There are 5815 industries in Mumbai. Mumbai accounts for slightly more than 6% of India's economy contributing 10% of factory employment, 40% of income tax collections, 60% of customs duty collections, 20% of central excise tax collections, 40% of foreign trade and rupees 40,000 Crore (US $10 billion) in corporate taxes to the Indian economy. Headquarters of a number of Indian financial institutions such as the Bombay Stock Exchange, Reserve Bank of India, National Stock Exchange, the Mint, as well as numerous Indian companies such as the Tata Group, Essel Group, Vedanta Resources and Reliance Industries are located in Mumbai. Most of these offices are located in downtown South Mumbai which is the nerve centre of the Indian economy. Many foreign establishments have their branches in the South Bombay area. Mumbai is the world's 38th largest city by Gross Domestic Product. Mumbai was ranked among the fastest cities in India for business start up in 2009.