INTRODUCTION

The recession occurred due to the shortfall of liquidity in banking system of United States. This actually led to the fall of major financial institutions including the banks run by the respective national government and stock markets in the world. The Real Estate business all over the world was affected tremendously. This gave rise in evictions of buildings, legal proceedings for the default of loan and extended the duration of vacant space. The recession brought failure to many leading businesses in the world. It brought decline in wealth of the customers which was estimated to be 100000000000 s of American dollars, and also declined the economy of the respective countries around the world. The global recession is defined as a decline in the development of consumption of both public and private, investitures, expenditures of the government and net exports of the country as more than II successive fourths of a year.

Risk aversion, deleveraging, money markets were frozen and decrease in investor interest severely affected the flow of finance and capital in and out of the nations around the globe and the Gross Domestic Product of the economy around the world. Due to the high integration of the economy around the globe, the recession spread towards the financial sectors of United States and to other countries whose economies before recession were healthy. The economic slowdown around the globe has feigned most of the nations in the world including the mighty companies of American, European and Japanese. The Indian companies have majority of their outsourcing deals from the United States and over the years we are exporting goods to United States. Due to the recession in United States, the exports of India for January two thousand nine had declined by twenty two per cent. There has been decline in the hiring or recruitment of people which has caused a great concern for Indians especially for those who are fresher without any hands on experience. Most of the big companies had dismissed their employees from the service due to economic reasons and most of the employees had to face cut in their promotions, compensation and perquisites. The companies from private and government sectors are lacking confidence to take up new projects and they want to work only with the existing projects. The worst hit areas were Financial sectors especially Private Banks, Real estate owners, Automobile industries, Investment banking and Hospitality industries.

The global recession had forced many manufacturing industries to reduce their production from fifty per cent to ten per cent. The most affected manufacturing industries were the textile, garment and handicraft industry. The tourist inflow to India was declined.
The real estate faced tough liquidity situations making the developers very hard to raise finances. The investors spend less fearing that the stock values will fall. The investor’s instinct caused the stock markets to fall on negative sentiment. The buoyancy of any country lies in the functioning of their respective stock markets. The Indian stock exchange Sensex was crashed by nearly thirteen per cent within two trading sessions in January, two thousand eight. Due to the uncertainties in future, most of the people those who have capacity i.e. enough money to buy property are postponing the deal or buying of property. The negative effect of deflation is it gives rise to unemployment. The world economy is trying to regain its position from the financial crisis that affected the financial system of the world. .The Gross Domestic Product of India grew at seven per cent in two thousand eight - two thousand nine. The World Bank in two thousand ten projected an eight per cent growth in India’s Gross domestic product. There was increase in the growth rate of industrial output by approximately seven percent per cent in July two thousand nine as per the index of industrial production (IIP). The inflows from foreign institutional investors to the equity markets of India had touched to dollar ten billion in the period of April to September of 2009-10. There was an eighty five per cent growth in Foreign Direct Investment flow which was the highest across the countries.

The study is related with the Financial Analysis of Recession on Major Service Industries situated in the region of Mumbai which comprises the service industries from Mumbai, Thane and Navi Mumbai. Mumbai was earlier known as Bombay which is the commercial capital of India. There are five thousand eight hundred and fifteen industries in Mumbai. It contributes more than six percent of India’s economy in the form of collections from income tax which is to be forty percent , sixty percent from collections of customs duty, twenty percent from collections of central excise, forty percent from collections of foreign trade and rupees forty thousand crores i.e. dollar ten billion from collections of corporate taxes. Mumbai is the headquarters to many Indian financial institutions such as leading Stock exchanges, the regulatory body for the bank, monitoring currency, reserves, credit and maintenance of monetary stability of the our country, the age old production house of gold ingots and it accommodates many Indian companies like Tata Group, Reliance Industries, Essel Group and Vedanta resources. Most of the companies both Indian and foreign have their establishments located in the southern Mumbai which is centre of the Indian Economy. Mumbai is said to be the thirty eighth largest city in the world as per the Gross Domestic
In two thousand nine, it was ranked as the fastest city among the list of fastest cities in starting up of business.

**SCOPE OF THE STUDY**

The scope of the study is that there are various factors like Gross Domestic Product, Inflation, recession, stock prices, inflow of Foreign Direct Investment, exports and imports which has influenced the economic system of India. With this study, the research scholar needs to explore if the effect of recession around the world has impacted the economic system of India badly or step by step declined with innovative reforms of Government. Here the researcher is also trying to understand to what magnitude the affected business enterprises were making policies and execution of these policies during the recession period in order to cope up with the situation. The usefulness of the work is to understand the degree at which the service companies are developing subsequently to the recession around the world towards the exports, deposits, advances, customers and at what extent does the service industries are imparting towards Gross Domestic Product, decline in rates of inflation and in rising of stock markets of Indian economy.

**LIMITATIONS OF THE STUDY**

1. Among the Indian service industries, the Automobile industries, Banking and Financial institutions, Hospitality Industries, and Real estate companies are considered for the study.
2. The period for collection of data is taken from 2005-2011.
3. The region is restricted to Navi- Mumbai, Thane and Mumbai only.
4. The Impact of Global Recession in India being a wide concept, all the sectors of the economy could not be covered.
5. Most of the respondents from few of the Banking and Financial institutions and Real Estate did not want to disclose their financial highlights as a matter of Confidentiality.
6. The respondents from few of automobile industries, Hospitality industries were not willing to answer the research questions due to their own constraints.