PREFACE

The effects of the subprime mortgage crisis are all over the news since 2007. The crisis which began in USA as a local issue has spread to world over and today it is reckoned as a Global Financial Crisis.

The stock markets world over have gone through steep volatilities and huge losses; investment banks, banks, insurance companies in USA went into existence crisis, followed by European Banks, which led to some of the European countries facing financial problems.

The crisis just did not stop with USA and Europe in the Globalized Economic Scenario. Countries like India, though did not find the pinch in the immediate time frame after 2007, but a year later in 2008, Indian Stock Market Indices have lost more than 60% of their peak indices sending shock waves as the Foreign Institutional Investors who all are common in several world markets, started pulling out their funds from India, which has led to Currency Depreciation, which in turn, has led to FOREX Reserves depreciation leading to Balance of Payments Problem. India’s Trade Deficit started shooting up, Fiscal Deficit though mostly domestic in nature but due to the rising inflation, degrowth in manufacturing, currency depreciation has made the Government Revenues sleek down, which in turn has made India to see huge Fiscal Deficits.

The problems are common to that of India with several economies world across, as the Trade, BOP, Interest Rates, Inflation, Financial Flows have become the
prime reason of concern compelling the world economies to work in tandem for quick remedial measures.

But how did we get there? And what effect does this have on the International Economy and Indian Economy? What are all the remedial measures to contain the problem? is the main theme of the current Research Work.

The entire study is divided into eight Chapters. Chapter – I deals with the Introduction, Timeline of Events. It also includes Review of Literature, Objectives, and Methodology for the Research Work. Chapter-II deals with the “Causes of Sub Prime Crisis”. Chapter-III presents the Impact of Sub Prime Crisis on World Economy. Chapter IV analyses the Impact of Sub Prime Crisis on Indian Economy, Chapter V deals with the Responses to Sub Prime Crisis. Chapter VI analyses the Sub Prime Crisis and Financial Regulation- International and Comparative Perspective. Chapter VII Provides Remedial Measures. The last Chapter VIII presents the Summary, Findings, Suggestions and Conclusion of the study.