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Ping An's Overseas Expansion: Financial Uncertainties and Risk Management

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Backdrop of crisis?

Working of Banks;

Banks borrow short and lend long

This creates inherent fragility

No problem in normal times, i.e. when people have confidence. However, problem arises when confidence disappears.

Confidence disappears when one or more banks experience solvency problem (e.g. bad loans)

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Genesis & Development of Crisis:

*Efficient markets paradigm was very influential
It was captured by bankers to lobby for deregulation*

Consequently, Bankers achieved their objective

*Banks were progressively deregulated in
US and in Europe*

*Culmination was the repeal of the Glass-Steagall act
in 1999 (Clinton-Rubin)*

Varied Dimension of Crisis:

Global spread of the crisis

Financial Globalization

*Decline in the credibility of International Financial
Institutions*

*State Capitalism and
Protectionism*

Credit Crunch

*Crisis of Confidence and Credibility in the Financial
Market*

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Impact of crisis on India

Offshoot of Globalized Economy

Aspects of Financial Turmoil in India

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*India's crisis Responses
& challenges*

State of Economy in Crisis Time

RBI's Crisis Response

Government's Crisis Response

Risks and Challenges

Conclusion & Options Ahead

Diversifying Exports

Boosting Domestic Consumption

Enhancing Public Spending

Generating Employment

Provisioning Credit to Productive Sectors

Need for Structural Reforms

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