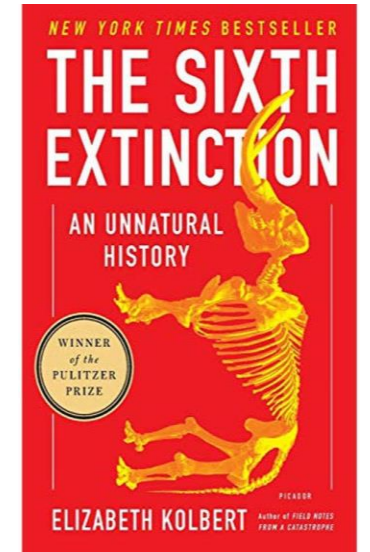
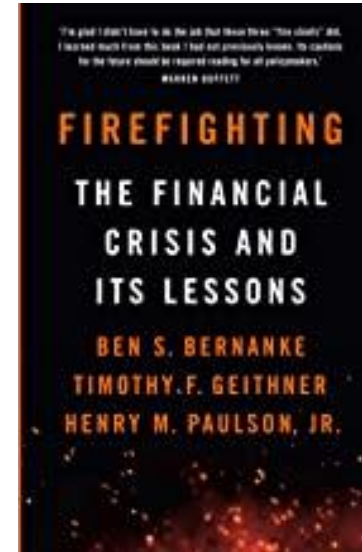
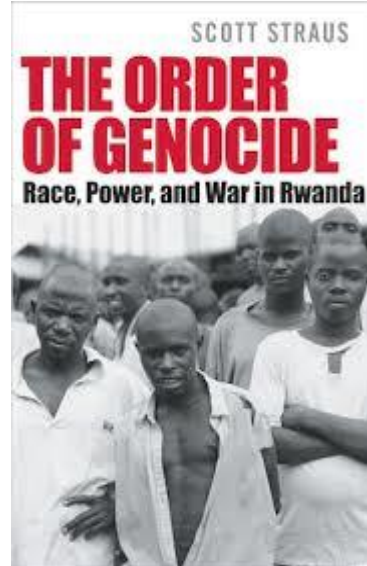
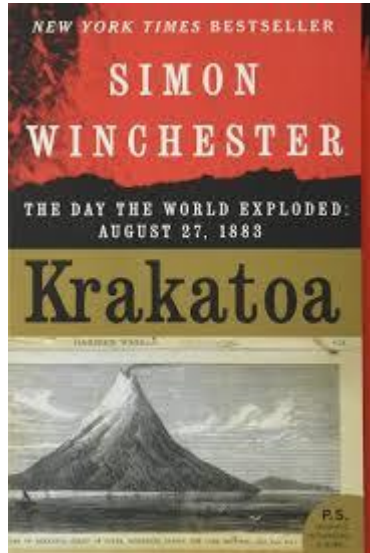
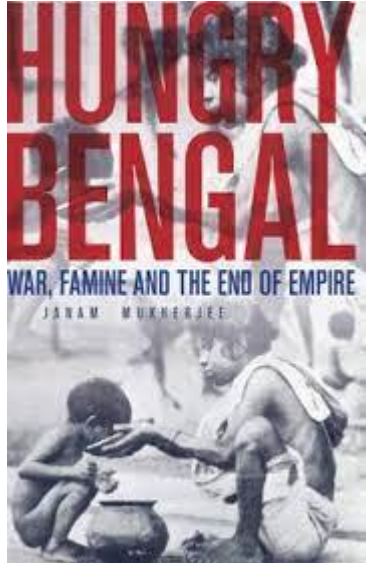


Covid-19, Quantitative Easing, and Banking Crisis

MCRHRD
31st March, 2023

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SoM, Mahindra University

WHAT IS A CRISIS?



WHAT IS A CRISIS?

Crises can be of different types, magnitude and duration

- Economic crisis
- Political Crisis
- Environmental Disasters

Crises (unfortunately) are a part of human history

They have shaped

- International relations
- Culture
- Economic and political systems - Institutions
- Demographic patterns

ARE ALL CRISES THE SAME?

- Rise of Taliban vs. Civil strife in Congo
- Fukushima Disaster vs. Cyclone Amphan
- Greece crisis vs. Sri Lankan crisis
- Climate crisis vs Russia-Ukraine war

WHO ARE THE MAIN ACTORS IN A CRISIS?

Different for different types of crises

Usually, institutions have a particularly important role to play

WHAT KIND OF CRISIS IS COVID-19?

COVID-19 CRISIS AS AN ECONOMIC CRISIS

Who are the main actors?

Fiscal authority – national and state governments

Monetary authority – Central Banks

ROLE OF CENTRAL BANKS

Conventional monetary policy

Unconventional monetary policy – QE

Can QE a viable solution for COVID induced economic crisis?

QUANTITATIVE EASING AND CRISIS

What is QE?

Is QE same as zero interest rate?

Assets and Liabilities of the Federal Reserve, as of December 2021

Billions of Dollars

Assets		Liabilities and Capital	
Treasury Securities	5,652	Bank Reserves	4,040
Mortgage-Backed Securities	2,615	Currency in Circulation	2,237
Loans	35	Treasury General Account	284
Central Bank Liquidity Swaps	3	Reverse Repurchase Agreements	1,921
Assets purchased by Special Purpose Vehicles	40	Other	325
Repurchase Agreements	0		
Other	461		
Total	8,807	Total	8,807

Data source: Board of Governors of the Federal Reserve System. See www.cbo.gov/publication/57519#data.

FED VS. RBI?

Would there be differences in the way that different CBs react to crisis?

PMC vs. SVB