

THE DEPARTMENT OF ECONOMICS PRESENTS...

VOLUME 1, ISSUE 3 | YEAR 2022-23

ARTHMANTHAN

THE ECONOMICS MAGAZINE OF ATMA RAM SANATAN DHARMA COLLEGE

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1-2%

Committee on Climate Change suggests that reaching net-zero in the UK would cost up to 1-2% of GDP by the year 2050. That measures up to... *To read more, turn to page*

0.354

According to the Global Gender Gap Index Report 2020, India has scored 0.354 in economic participation and opportunity... *To read more, turn to page*

8.7%

The March quarter growth was 4.1%, lower than RBI's estimate of 6.1%. Even after all of this, India's GDP... *To read more, turn to page*

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From Principal's Desk



Prof. Gyantosh Kumar Jha
Principal, ARSD College

“Continuous effort – not strength or intelligence – is the key to unlocking our potential.” As a part of their ongoing journey, the Department of Economics has brought out the third edition of their department magazine Arthmanthan. I appreciate the perseverance of the entire team – faculty as well as students – who have worked hard to put this together.

In present times it is imperative for students to develop research aptitude. The Department magazine is an opportunity for them to hone their analytical and writing skills. This further encourages them to read extensively on the current topics which helps in evolving their understanding of current economic issues. It is commendable effort by the Department to help students explore their complete potential.

Best wishes to the Economics Department for all future endeavours.

Message from Teacher-in-Charge



Mr. Ranjan Swarnakar
Teacher - in - Charge,
Department of Economics

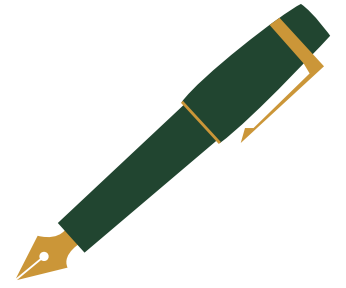
"If you can dream it, you can do it."
- Walt Disney

The dream started long back when I joined the College as a faculty member in 2003. In the very first year, my first batch of Honours students came up with a wall-magazine made on a large chart paper which was entirely designed and written by hand.

Over time our department has constantly and consistently improved to achieve various heights of success in the domains of both academic and co-curricular activities. But still, something was felt to be missing. Over these years our students were deprived of a proper platform to express, showcase, and share their imaginative, creative, and cognitive skills, achievements, etc in the form of a departmental publication.

In 2020, the much-awaited platform became a reality in the name of 'ARTHMANTHAN'. Thus, the dream journey started and there was no looking back. Today, I feel proud to present the third edition of the magazine. On this occasion, I extend my heartiest congratulations to the entire faculty and students of our department, with a special vote of thanks to our respected Principal Sir and the editorial board, whose tireless efforts have made this continuance possible.

Editorial Board



Dr. Dipak Prakash
Editor-in-Chief

Assistant Professor
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Dr. Pragya Atri
Editor

Assistant Professor
Department of Economics



Avi Prabhakar



Pratham Yadav



Siya Paliwal



Somya

Editors' Note

Economics is a diverse field where we get to learn every day, the theoretical as well as practical reasons behind various events in an economy. We worked on the Research Project which incorporates the effects of the onset and offset of lockdown on the street vendors and low-profit earning businesses, which enabled us to assess the possible phases the economy must have gone through on a macroeconomic level during the pandemic.

Under the admirable guidance and support of our Department's Professors and honorable Principal, Prof. Gyantosh Kumar Jha, we have formulated this document to take all the readers on a journey of immense knowledge but without diminishing marginal utility.



RESEARCH PROJECT

An Analysis Of The Impact Of
COVID-19 On Small Businesses
In College Locales

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An initiative taken by Ekonomiko- The Economics Society of ARSD College



Abstract

Business operations dependent on large footfalls of student driven traffic in concentrated urban locales represent a greater degree of vulnerability to disruptions in mobility indicators, both natural and induced, due to a disproportionate concentration of their clientele in a singular demographic niche, a case especially true for small and undiversified enterprises, and through the means of the following study, the aforementioned factoid of information is evaluated through qualitative analysis and anecdotal evidence, as a gauge of the impact of pandemic induced disruptions in the locales of Hudson Lane and Satya Niketan in Delhi and New Delhi, respectively, both constituting regions of density for student populations enrolled in the University of Delhi.

Objective

The study, through primary field interviews with sole proprietors and small business owners in these regions, evaluated the following goals:

1. Security of employment for both store owners (service provider) and their employee(s), if any;
2. Impact on profit margins and sales
3. Alternate sources of income during covid
4. Schemes to attract customers
5. Overall changes in status quo and survival of operations post-pandemic

RESEARCH METHODOLOGY

The inquiry for the collection of data from businesses as part of a primary field investigation was undertaken in the form of a combination of interviews and questionnaire.

The businesses were categorized into the following four subtypes on the basis of the type of goods/services provided, each interrogated to determine their individualistic experiences, reactions to consumer behavior and promotional initiatives in the face of severe lockdowns and demand deficits. They were:

- 1.Cafe/Eatery (Brick and mortar shop establishments, often with permanent staff)
- 2.PG (Paying Guest residential accommodation)
- 3.Transport (Inclusive of any and all forms of self-employing automotive means of transportation)
- 4.Vendor (Casually employed workers offering amenities such as food, beverages, etc, and street hawkers)



COMPONENTS OF THE QUESTIONNAIRE

1. When was the business established?
2. Pre covid profit margins
3. Margins after 1st wave and second wave
4. Margins post Feb 2022 (The restart of the academic year in person for DU students)
5. Did the business shift to an online medium? If yes, name the e-commercial intermediary.
6. Effect on the number of workers
7. Alternate sources of income during covid
8. Schemes to attract customers
9. Impact on sales

RESULTS

Given that the majority of the data sampled and collected from source is of anecdotal evidence, the derivation of results is highly qualitative in nature.

- We found that the majority of people (25%) found themselves completely unemployed for about 2 years until the lockdown restrictions were lifted with 23.8% shifting to online medium
- Most business in the sample size were established circa 2012 and 2018
- Profit margins of the businesses in the sample size were an average of 30%
- However margins fell down by 15-20 % after the first wave of covid owing to lockdown restrictions and public fear
- After the lockdown restrictions have been relaxed post feb 2022 many business have recovered their profit margins but not as much as their pre-pandemic levels

Most of the businesses had to lay off their workforce

- About 19 percent of the people in the sample size had no other source of income during the pandemic

CONCLUSION

Thus, the primary conclusions which may be obtained from the conduct of this research study are:

- 1.Firstly, pandemic disruptions caused sales to decline or stagnate, as demand for non-essential products supplied by enterprises under study became severely deficient, forcing either temporary shutdown of operations due to marginal revenues falling below fixed overhead expenses at efficient scales.
- 2.Secondly, the lack of governmental assistance in handouts either in cash or kind, or provision of coverage in the form of state security, unemployment benefits, etc. ensured that an overwhelming majority of respondents were dependent on dissavings through prior savings or borrowings.
- 3.Thirdly, the digitization of business was limited in scope, as only those enterprises which could shift to online aggregators for food delivery did, representing the barriers to entry and lack of viable online media for most respondents to establish their business in the virtual world.
- 4.And lastly, the return to profitability as stated by margin per unit sold post pandemic is representative of repressed demand being actualized in the absence of strict lockdown measures, with a few businesses reporting projected trends to a rate of profitability healthier than pre-pandemic levels.

DEPARTMENT ACTIVITIES

YEAR 2021-22



WEBINARS & WORKSHOPS

01.

Assesment of Individuals and E-filing of returns

by CA Shweta Pathak and Dr. S.B. Rathore
Students are the future tax payers of our nation and the main objective of the webinar was to enrich the knowledge of the students under this topic.



02.

Open Data: World Bank Data Base

by Ms. Sunita Malhotra
The session enlightened all the participants regarding the functioning of the World Bank, its provisions and policies and the types of data that is open to use for all.



03.

Live Session: Masters in Economics

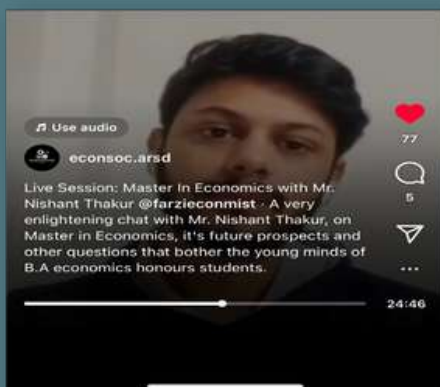
by Mr. Nishant Kumar
The session was insightful especially for students who are considering applying for masters in economics.



04.

Live Session: Path to Financial Independence

by Mr. Sushant Jain
The guest talked about how we as students can achieve financial independence.



"Economics is way too vast to be limited to just economists", keeping the same idea in our minds, Ekonomiko-The Economics Society of ARSD college organized its fun-filled and enriching annual fiesta, Arthonics on 29th October 2021.

ARTHONICS 2021

01.

WIZARDS OF WIT

The quiz consisted of three rounds- a preliminary round, a roasting round and a rapid fire round. The event was an immense success, an amazing opportunity to learn new things and compete in an otherwise monotonous online college life!

02.

ECOGNITION

The competition entailed the writing of an article on topics of economic importance and influence. The topics covered diverse issues ranging from the impact of covid to country-specific problems. It included some of the world's most significant issues.

03.

SPEAKER SESSION

A Guest Lecture on "Privatisation and it's future in India" on 29th October 2021 was organised on Google Meet. The guest lecture gathered an eminent speaker: Mr CP Chandrashekhar, Professor at JNU. The lecture was attended by 70+ students and 2 Faculty members of the Economics Department.



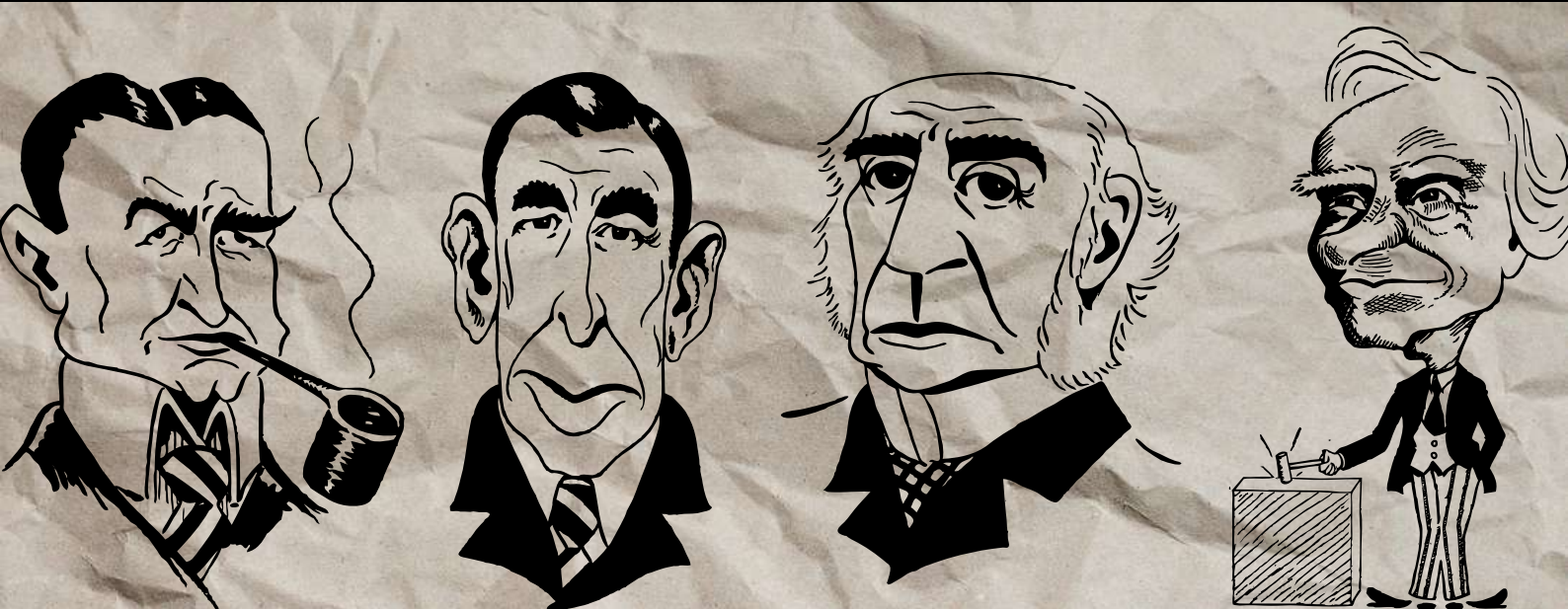
MOMENTUM

A knowledge igniting series



The Economics Society of Atma Ram Sanatan Dharma College organized a three- day long speaker session in January which was fulfilled with fun, thrill, and interaction. As it is rightly said by Albert Einstein, "Any fool can know. The point is to understand." The momentum series' core aim was to impart knowledge to students and attendees in such a way that they not only know but understand well enough to look around in their practical life.

The momentum series, as aforesaid was a three-day long program imparted by three renowned speakers. The first day of this session was taken by Dr. Subodh Mathur, a well-known Economist from MIT. He has shared his viewpoints on the topic 'India's path to prosperity 2022- 2047'. It helped all the attendees to understand what is India's economic agenda for the next 25 years. The second day of this session was taken by Dr. Monica Mathur. She shared her viewpoint on "Difference aspects of Health Economics." She introduced the concept of health economics, a completely different realm wherein she discussed factors, the rising demand, types of economic evaluation, and the supply chains. The third day of this session was taken by Sir Alex M. Thomas (Asst. Professor at School of Arts and Sciences, Azim Premji University, Bengaluru). He discussed the "COVID-19 and Economics Education" His session was filled with mathematical models for factual understanding of Covid-19 from the eyes of economist. He discussed the importance of economics education for the growth of world even in the adverse situation like one we experienced. At the end of every session there were ten minutes of question-answer and doubt solving which was utilized very well.



CARRIWARRIOR

The caricature making competition

We all know this pandemic period has suppressed our hidden flair in a lot of ways creative minds do not get an opportunity to outcast their skills. Given all this, Ekonomiko, The Economics Society of ARSD college organized CARRIWARRIOR: The caricature-making competition in an online mode.

The topic for the competition was any Economic issue/policy/suggestions explained through caricatures. The entries of the participants are received via google forms and we received around 70 registrations from almost all Delhi University colleges and even outside the fraternity. The participants were judged on their idea chosen, how well it is explained in the artwork, and the creativity alongside. It was a tough call as we received plenty of great ideas and the top three entries were selected



QUAESTUS 2022

Organised on the 4th and 5th March, 2022, the Economics Society's annual fest Quaestus '22, open to undergraduate students across the globe, was conducted successfully online.

A total of five events were framed and obtained after a period of rigorous deliberation and discussion, namely-

1. Memeficient- Get, Set, Market: The meme-making competition with a marketing twist.

2. Strategy 2π - A Man With A Plan: The policy formulation and analysis event.

3. Talking Titans- Wing it to Win it: The extemporaneous game focused on economic deliberation.

4. Barter Banter- Deal. Procure. Trade: The bartering and negotiation battle of wits.

5. Speaker session on "*The Indian Government, Its policies and the economic growth*"

GENDER BUDGETING: ASSESSING INDIA'S GENDER- SENSITIVE ECONOMIC PLANNING

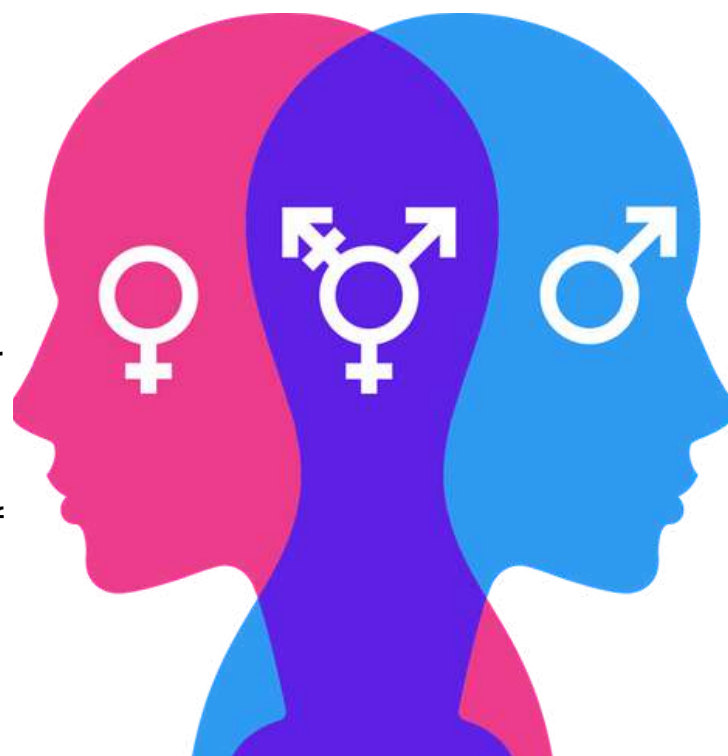
By Shrish Dhuria, 2nd year

Introduction

Governmental allocation of finances and budgetary planning can't be a successful incentive unless due attention is paid towards issues of gender biases and sex selective discrimination, and therefore, as primary constitutional adage of gender equality and normative economic sense of women empowerment dictates, it is imperative that analysis of such policies and espousing solutions for Indian women must be subject to extensive scrutiny.

According to the Global Gender Gap Index Report 2020, India has scored 0.354 in economic participation and opportunity, 0.962 in educational attainment, 0.944 in health and survival and 0.411 in political empowerment, with the highest attainable value being 1.

Thus, in regards to assessing budgeting in such a context, it may be undertaken in the scope of addressing health and nutrition, employment, political representation, fiscal independence, poverty, and education.



Policy Analysis:

A) HEALTH AND NUTRITION



Dispersion of resources under government programmes oriented towards improvements in human development in terms of

1. Mortality rates (IMR, MMR, etc.), total fertility rates and sex ratios, examples of which include Beti Bachao Beti Padhao (BBBP), Pradhan Mantri Matru Vandana Yojna, National Family Programme etc. and;

2. Nutrition, bodily survival and welfare as well as crèche facilities and

hand-outs such as Scheme for Adolescent Girls and The National Crèche Scheme; while successful in having clearly defined objectives and large financial corpus for their implementation, lack the following parameters: Last mile delivery and accountability of the conduct and execution of such programmes on a micro-level, especially in terms of the dispensation of nutrition, particularly due to overlapping schemes in their scopes, the difficulty of identification of beneficiaries in urban and semi-urban areas and the influence of local stakeholders inhibiting accessibility.

Societal barriers to entry for the penetration of gender sensitization and upliftment, with patriarchal norms affecting both intra-familial resource availability for adult and adolescent women and contraception, the latter undermining policy actions to ameliorate reproductive health and female foeticide, thereby causing such programmes to amount to wasteful expenditure.

B) ECONOMIC PARTICIPATION

The provision of grants via the Ministry of Finance and Commercial Affairs intended to ease unemployment among working-class women, and to increase fiscal upward mobility of underprivileged women, as seen in micro-credit financing, subsidies and entrepreneurship grants must acknowledge the following limitations:

1. Unavailability of non-market activities, i.e., unpaid domestic and reproductive labour, the former constituting a primary inhibitor for female participation in the labour force and thereby limiting their prospects of employment in skilled labour.

2. High incidence of disguised unemployment, especially in the rural agricultural and self-employed sector, as women are pushed into unskilled labour in family practices for sustainable income.

3. Consumptive nature of expenses under governmental grants either direct or indirect through cooperatives, agencies, etc. for micro-loans, preventing savings and thus increasing dependence on government cash infusions, instead of bootstrapping.

4. Lack of formal sources of debt and unsecured loans for entrepreneurial promotional programmes, limiting the feasibility and scale of micro and small enterprises, especially due to lack of collateral for women, who are historically prone to not share in inheritance of properties and assets.

C) POLITICAL REPRESENTATION

As India has an abysmal rate of female political representation and even lower electoral success which places it akin to Sub-Saharan African nations in the category, and given the dependency on informal welfare mechanisms via a political office in the Indian context, policy recommendations may be made to ameliorate their conditions

Recommendation



For health and nutrition:

- Social engagement of the local female-led healthcare associations, both informal and formal, with the bureaucratic welfare delivery mechanisms, as a means of establishing an open dialogue to provide relief, and the creation of a fund especially for the identification, cataloging and promotion of community-run hospitals to bridge gaps in national healthcare centres.
- Making provisions for providing elementary training in administering first aid and basic nursing training for women in backward regions with low healthcare coverage, and providing discriminative pricing in food security programmes geared towards female beneficiaries through subsidies



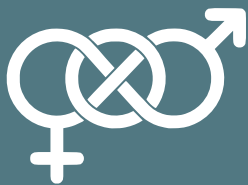
For economic participation

- Making provisions for providing elementary training in administering first aid and basic nursing training for women in backward regions with low healthcare coverage, and providing discriminative pricing in food security programmes geared towards female beneficiaries through subsidies
- Applying Women's Component Plans (WCPs) as applied by the Kerela government, i.e. reservation of 10% of total welfare budget to be exercised by Gram Sabhas, with an emphasis on fiscal decentralisation to empower sitting female representatives in grassroots democracy, and authorizing a self-help groups and cooperative societies' saving bank to encourage microsaving.
- Incorporating vocational and apprenticeship training courses along senior secondary education in government schools to grant an employable skill as a means of ensuring a semblance of fiscal autonomy to women, and reduce dependency on casual income from unskilled labour.



For political representation

- Enacting the long-pending Women's Reservation Bill to authorize 33 percent reservation across scheduled and general seats for all seating legislative bodies in both state and union.
- Incorporating legal mandate under an amendment of the Representation of People Act, 1956 to ensure a similar proportion of party tickets reserved for women in contesting elections to incentivise parties to invest in tapping female leadership across ethnic and religious lines.
- Increasing reservation of women's seats in local self-governments in the decentralised model of governance to 50 per cent.



Conclusion

The process of auditing and evaluating India's gender-related issues is fraught with intersecting policy complexes, as for gender budgeting as a component of feminist economics to succeed in a traditionally patriarchal power structures, it must be obtained through the intersection of public sector deliberation and evaluation in coordination with stakeholders of social, economic and institutional brokers.

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Consumer Confidence Indexing: Implications in Future Projections of Business Cyclic Stability

By Shrish Dhu ria, 2nd year

As an indicator of general state of economic outlook and the position of the economy in the trade cycle, Consumer Confidence Index (CCI) acts as a metric of evaluation of private consumption expenditure trends in the household sector from gross domestic product and a subjective measure of purchasing intent in the short run for both essential and discretionary spending. Thus, CCI and its deviations are representative of future expectations of the economy from a broad demand-side consumer base.



As the CCI takes into account each family's assumptions about the capacity and intent to save given projected economic conditions, the status of unemployment and income level, and the sentiment bearing on the general economic situation, it bears extensive implications in the following manner:

A positive indicator above 100 on net responses on macroeconomic variables represents an improvement in household perception, and therefore induces a boom phase of production, with increases in large-ticket items purchases, with a higher propensity to consume, a decline to savings and thus an optimistic condition shall assist in stimulation of the economy. Inversely; A negative indicator below 100 represents a degradation in household outlook and a higher propensity to save, with depressive indicators of falling employment of factors of production and lower disposable income among consumers, as PFCE growth, a major constituent of total expenditure spent towards final consumption in the economy, stagnates and the general price level deflates, as a result of deficit demand.

Utility in predictions and accuracy:

Given consumer confidence's significance as a Leading indicator as per OECD designation, predictions under indexing act as a primary tool for monetary and fiscal policy due to the convergence of direction of the general economic conditions and sentiments observed for the near future, with a higher statistical correlation towards consumer sentiments being actualized into quantifiable behavior in the shorter time frame, assuming stable socio-political conditions.

Therefore, a pessimistic CCI shall incentivize wholesalers and manufacturers to deplete and lower inventories to reduce overhead expenses as a consequence of savings, and to delay undertaking investment in short and medium-term projects, as consumers prioritize consolidating income levels over discretionary consumption and minimize superfluous spending, and on the other hand, optimism in consumer confidence injects credit into the economy at high-interest rates for both investment and consumption, as consumers are willing to absorb higher prices and increase their proportionate spending per unit income increased, thus generating tax receipts gains for the government's budget surplus.



Conclusion:

Consumer confidence's projections for both current and projected sentiments over the general economic condition carry much significance in terms of determination and estimating future primacies for implementation of policy actions on both fiscal and monetary fronts, and thus have considerable impact on consumer demand for capital as consumer goods.



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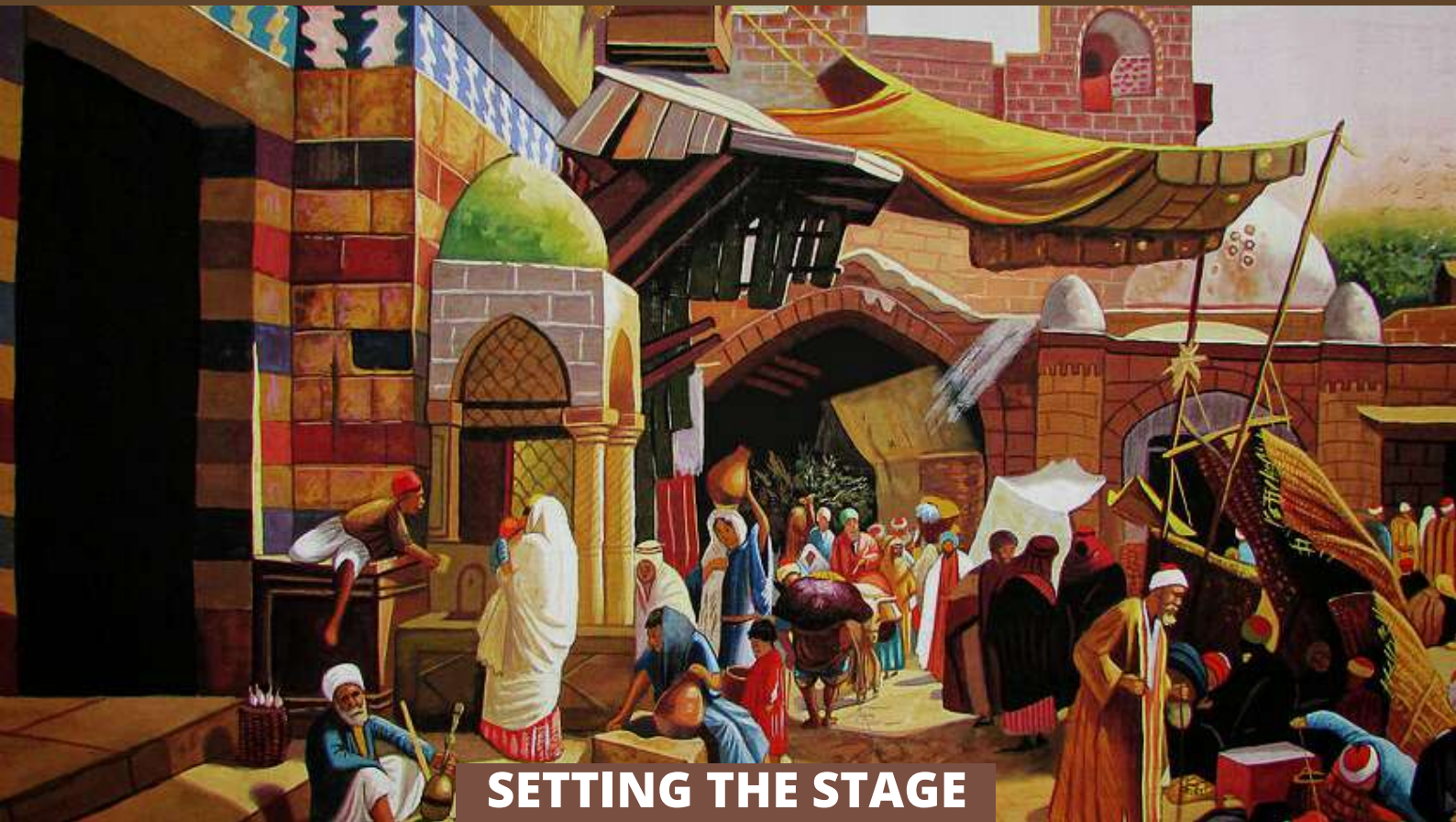
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THE WORLD IS NOT ENOUGH

- A BRIEF COMMENTARY ON

THE ORIGINS OF WORLD TRADE, MAN'S EXPLOITS AND THE FUTURE

Akshit Ramanathan, 2nd year



SETTING THE STAGE

From time immemorial, survival of the self and the tribe, at any cost, has been the foremost pursuit of mankind and trade has been variously used to achieve this. One of man's first acts of trade was to obtain rare metals and raw materials to build his tribe's arsenal. This arsenal was to serve several purposes; one of the most important being, attacking neighbouring tribes to obtain their harvest, cattle and lands to sustain personal needs. Similar were the pursuits of the tribes that were on the defensive. Between the attackers and the attacked were the suppliers of rare metals who saw an opportunity for profiteering and traded with both parties for gains.

To date, man's fundamental wants of rare or essential resources, claims to territory, profits and survival leads him to behave in this archaic manner. The only difference being, he now operates in a world of trade organisations, advanced technologies and tariffs. The entities he commands and their ventures are confirmed or refuted by statutes laid down by the WTO and the international collective. For mankind, 'The World Is Not Enough (sic.)' and it blatantly operates to satiate the fundamental hierarchy of needs.

ANCIENT

Just as the modern Western civilization was inspired by the culture and institutions in ancient Greece, it also developed an obsession of controlling vital sea routes and strategic maritime choke points from them. The sea being the predominant mode of trade over long distances, has also been the object of dominance and power projection.

In the early first millennium BC, the average Greek farmer was dependent on imports of grain due to the poor topography and geographical configuration of his land. The only producible commodities, wine and olive oil, were traded in exchange for grains from abroad. As the ambitious Greek states prospered and developed as democracies, their demands grew more varied and exotic. The local supply of grain could not meet the growing population's demand. This led the Greeks to make their way to the Black Sea and the Pontus (Southern Ukraine), where the lands provided grains, cattle, and the local populace welcomed Greek goods.

The Hellespont (Dardanelles) and the Bosphorus are two important straits that hold entry to the Black Sea. Their banks were occupied by rivals of the Athenians time and again to control trade and starve Athens. Through frequent campaigns, Athens

MEDIEVAL

An important turning point in the history of international trade was the advent of Islam, the religion of trade. Islam spread with the aim of unifying the 'Desert People' and established the middle east as a point of tax and revenue collection rather than a land of raiders and dacoits, in the context of the East-West trade.

The growing influence of Islam, whose rules dictated honest trade practices, saw Muslims dominate world trade and occupy strategic locations. The most significant of their conquests was the capture of Jerusalem and the dominance of the East-Mediterranean. This gave them superior control of trade between the East and the West.

The Christendom was shaken by the capture of the Holy Land and began the Crusades. The Fourth Crusade ended on a note of deceit and betrayal, wherein Frankish troops in their galleys believed their purpose was to liberate the Holy Land, whereas, in actuality, they were headed for Egypt (the weakest point of the Muslim Empire), which was thought to be a better capture by their Commanders. Back home, their religious masters sought Egypt as an important trading partner and leaked to the troops their true destination.

Thus, the attack on Egypt never bore fruit.

The benefits of establishing trade with rival parties far outweighed the perceived advantages of a military campaign. This phase of history showed religion dominate trade with military might being second to it. Religion was used as driver of trade and rival beliefs exchanged goods, exposing the two-faced nature of man in the pursuit of material and necessary commodities.

MODERN

Though there are numerous and important phases in the history of international trade, the few that convey the true nature of man's dealings have been dwelt upon for convenience, considering the limited scope of this article.

No other "tribe" as the British were more accomplished in achieving world dominance in trade. An island nation with a small population was able to capture the international market by aggressive campaigning and the support of a sound navy. They landed on foreign shores and obtained territories and resources through deceitful foreign policy and literal hostile takeovers.

The nature of their conquests and control on the world's key resources was plain- to fulfil the needs and demands of their home population and provide resources to expand their military and naval might. Foreign soils were exploited with complete disregard for their topography, environment and requirements of the indigenous people. Glaring examples of such misconduct were India, Africa and South-East Asia amongst the territories under their control.

Raw materials and resources were often sourced from colonies to feed the industries back home. The finished products were then sold to the markets and sent overseas to colonies which were a source of vital revenue that financed all their ventures.

The British example only proves man's greed for resources and the unscrupulous means employed for obtaining them. He has often scammed his way through to rare resources to satiate his needs way beyond the fundamental necessities.

IN PERSPECTIVE

The one important entity missing in the context of world trade (in the contents of this article) is India.

India never needed to attack other states or capture other territories due to the abundance of resources and an advanced credit and exchange system that allowed all comforts and amenities to exist here. The goods that were not available locally were obtained through imports and exchanges via Indian port cities that lay on important sea lanes that commanded the Indian Ocean. In the Indian context, there were abundant resources to sustain life, culture, and advanced institutions which drew the world's attention and greed toward us. However, it was the inability of the individual states within to develop a pragmatic maritime outlook that prevented them from bolstering their defenses against inimical entities. No doubt, there are lessons to be learned which have relevance even today.

“Earth provides enough to satisfy every man's needs but not every man's greed”. However, in the free world, where it is only a thin line separating necessity from greed, the world, with its abundance, is not enough and man is willing to stake his life for it. All the modern wars have been about control of resources (which translates to territory), and so will they continue to be in future.

Man is now looking to new frontiers, even from celestial entities, to “quench” his insatiable thirst for resources, while competing with his earthly rivals. Even here, there are third parties looking to profiteer and trade for gains.

Man has come a full circle in world trade and seems steadfast in repeating history for the new “seas” he wishes to dominate.

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Originally Published <https://chanakyaforum.com/the-world-is-not-enough/>

CARICATURES

Comical way to your economic thoughts



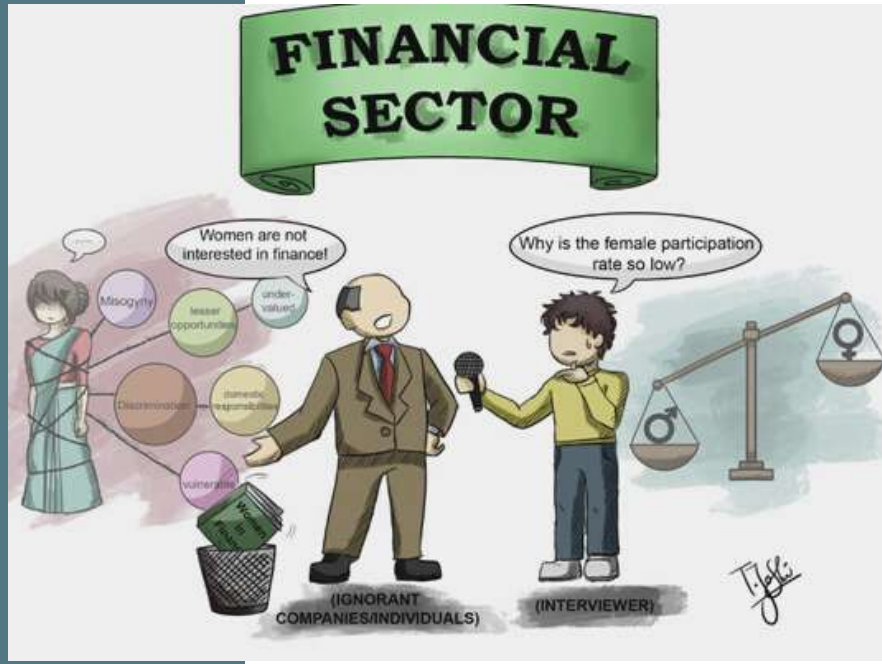
Pratham Yadav
B.A.(H) Economics
III Year



RADHIKA SANGAL
B.A.(H) Economics
II Year



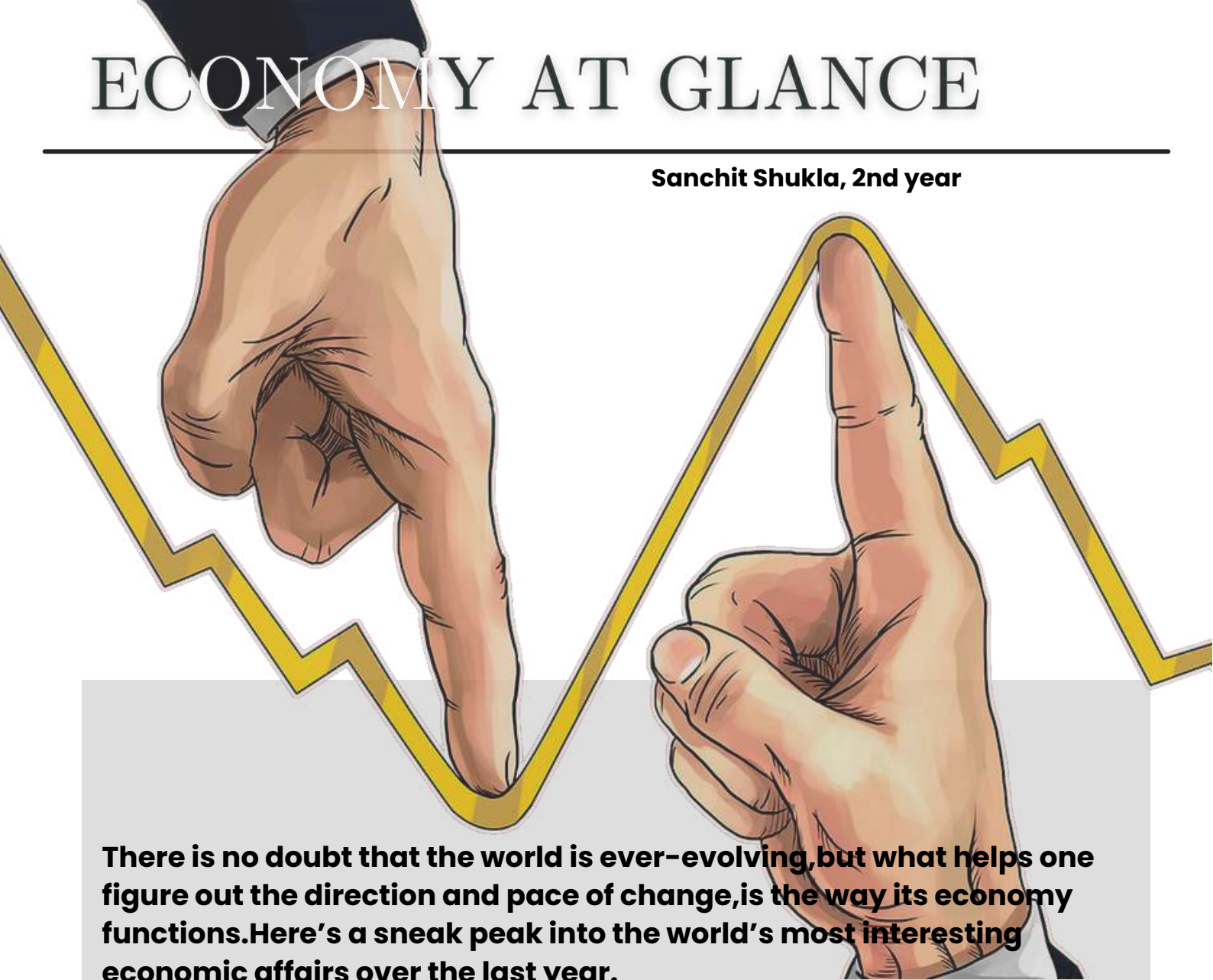
KAJOL
B.A.(H) ECONOMICS
II YEAR



TEJASVI JOSHI
B.A.(H) ECONOMICS
III YEAR

ECONOMY AT GLANCE

Sanchit Shukla, 2nd year

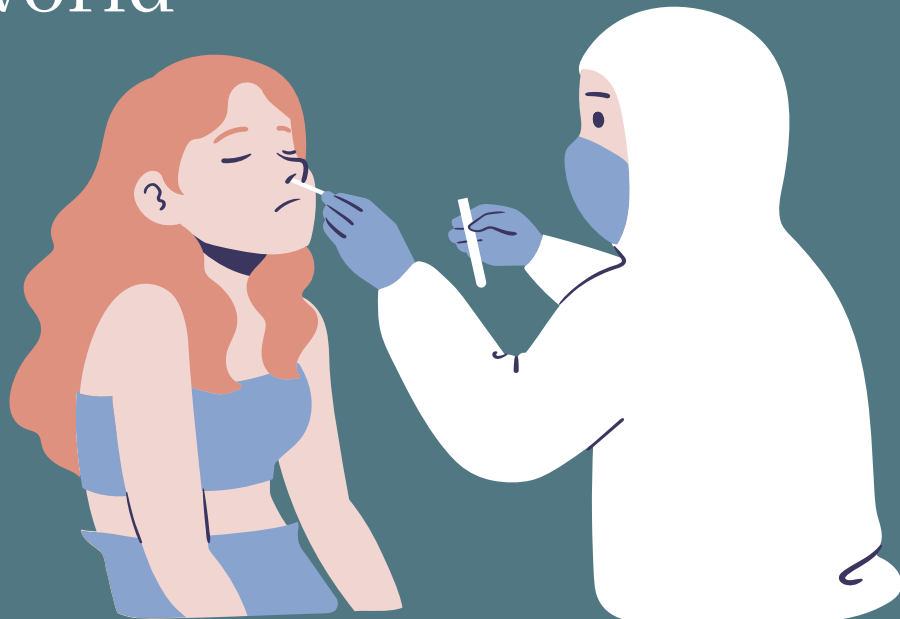


There is no doubt that the world is ever-evolving, but what helps one figure out the direction and pace of change, is the way its economy functions. Here's a sneak peak into the world's most interesting economic affairs over the last year.

In the U.S. and around the world, inflation is high and getting higher:

- According to the latest reports from the Bureau of Labor Statistics, the annual inflation rate in the US in May was 8.6%, its highest level since 1981.
- Facing the highest inflation in over 40 years, the US Federal Reserve has raised the target range for the federal funds rate by 75 basis points to 1.50-1.75%.
- A further rise of 50 or 75 basis points is expected by the end of July, bringing the total increase for this year to 2.00-2.25 percentage points – something that seemed unthinkable just a few months ago.

Impact of the war and pandemic on the world



Global growth is expected to slump from 5.7 percent in 2021 to 2.9 percent in 2022— significantly lower than 4.1 percent that was anticipated in January. It is expected to hover around that pace over 2023–24, as the war in Ukraine disrupts activity, investment, and trade in the near term, pent-up demand fades, and fiscal and monetary policy accommodation is withdrawn. As a result of the damage from the pandemic and the war, the level of per capita income in developing economies this year will be nearly 5 percent below its pre-pandemic trend.

The European Union economy – most directly hit by disruptions in the energy supply from the Russian Federation – is now expected to grow by 2.7 per cent in 2022, down from 3.9 percent expected in January. The United States economy is expected to grow by 2.6 per cent, while China is expected to grow by 4.5 per cent in 2022. The developing countries, as a group, are projected to grow by 4.1 per cent in 2022, down from 6.7 per cent in 2021.

The war in Ukraine has triggered a costly humanitarian crisis that demands a peaceful resolution. At the same time, economic damage from the conflict will contribute to a significant slowdown in global growth in 2022 and add to inflation. Fuel and food prices have increased rapidly, hitting vulnerable populations in low-income countries hardest.



SCHEME FOR TAXATION OF VIRTUAL DIGITAL ASSETS:

- Specific tax regime for virtual digital assets introduced.
- Any income from the transfer of any virtual digital asset is to be taxed at the rate of 30 percent.
- RBI to issue digital rupee starting from 2022-23.
- Food inflation averages at a low of 2.9% in 2021-2022(April-December).
- Foreign exchange reserves stood at US\$ 634 billion as on 31st December 2021 equivalent to over 13 months of imports and higher than the country's external debt.
- Gross GST collection in April 2022 is all-time high, Rs 25,000 crore more than the next highest collection of Rs. 1,42,095 crore, just last month.
- Unemployment rate in urban India in the January-March quarter of 2021-22 fell for the third consecutive quarter to 8.2% from 8.7% % in the October-December quarter, 9.8% in the July-September quarter, and 12.6% in the April-June quarter after the ebbing of the second wave of the pandemic.
- India's Retail Inflation has surged a record high to 7.79%in April, highest in 8 years.
- The Indian Rupee hit an all time low against the US dollar at Rs.77.63, according to experts the decline was due to a slump in the foreign markets.
- Even after all of this as per World Bank, ADB & IMF projections, India to remain the fastest growing major economy in the world during 2021-24.
- Macroeconomic stability indicators suggest Indian economy well placed to take on challenges of 2022-23.

References

<https://www.worldbank.org/en/news/press-release/2023/01/10/global-economic-prospects>

[https://www.imf.org/en/Publications/WEO/Issues/2022/04/19/world-economic-outlook-april-](https://www.imf.org/en/Publications/WEO/Issues/2022/04/19/world-economic-outlook-april-2022#:~:text=The%20war%20in%20Ukraine%20has,2022%20and%20add%20to%20inflation)

[2022#:~:text=The%20war%20in%20Ukraine%20has,2022%20and%20add%20to%20inflation](https://www.imf.org/en/Publications/WEO/Issues/2022/04/19/world-economic-outlook-april-2022#:~:text=The%20war%20in%20Ukraine%20has,2022%20and%20add%20to%20inflation)

Budget At A Glance

Deficit/Expenditure

1. Proposes fiscal deficit of 4.5% of GDP by 2025/26
2. Projects fiscal deficit of 6.4% of GDP in 2022/23
3. Revised fiscal deficit for 2021/22 at 6.9% of GDP
4. Total expenditure in 2022/23 seen at 39.45 trillion rupees
5. States will be allowed 4% fiscal deficit to GDP in FY23
6. 50 year interest free loans over and above normal borrowing allocated to states
7. Scheme for financial assistance to states for capital investment outlay to be 1 trillion rupees in 2022/23

Taxation

1. Import duty on certain chemicals are being reduced
2. Customs duty exemption on steel scrap to be extended for another year for small- and medium-sized businesses
3. Customs duty on stainless steel, flat products, high steel bars to be revoked
4. Unblended fuel to get additional duty of 2 rupees per litre from October 2022



Finance

1. Emergency credit line guarantee scheme for small and medium sized businesses to be extended to March 2023
2. Energy transition and climate action will be a major government priority
3. Public issue of Life Insurance Corporation expected shortly
4. Initiatives from last year's budget have been provided adequate allocations in this budget
5. Special Economic Zones Act to be replaced with new legislation
6. To amend bankruptcy code to speed up resolution process
7. Aims to lower winding up of companies to 6 months from 2 years currently
8. Long term capital gain surcharge to be capped at 15%



Digital Currency

1. To launch digital rupee using blockchain technology starting 2022/23
2. To launch scheme for taxation of virtual digital assets
3. Losses from sale of virtual digital assets cannot be offset against other income
4. Income from virtual digital assets to be taxed at 30%

Defence

Govt committed to reducing defence imports



Infrastructure

1. 5G spectrum auctions to be conducted in 2022
2. Scheme for design-led manufacturing for 5G will be part of production-linked scheme
3. To award contracts to lay optical fibre in rural areas, completion in 2025
4. 480 billion rupees set aside for affordable housing in 2022/23
5. To allocate additional 195 billion rupees for production-linked incentives towards solar equipment manufacturing

Agriculture

1. Domestic scheme introduced to reduce dependence on oilseed imports
2. Fund with blended capital raised under co-investment model to finance agriculture startups
3. Railways to develop infrastructure for small farmers in 2022/23

Transport

1. 400 energy efficient trains to be manufactured over next three years
2. National highways network to be expanded by 25,000km in 2022/23
3. Highways expansion to cost 200 billion rupees in 2022/23
4. India to bring out battery swapping policy

Reference

https://prsindia.org/files/policy/policy_annual_policy_review/Monthly%20Policy%20Review/2022-02-01/MPR%20February%202022%20.pdf





SOLVE THE COOLEST
YET NERVE
WRACKING TRIVIA

What is the basis for your assumption that you "know it all" in economics? Turn to the next page to find out.

Q1) WHICH COUNTRY HAD FIRST EVER PRINTED PAPER MONEY ?

- a) India
- b) China
- c) USA
- d) France

Q2) RUBBLE IS THE CURRENCY OF

- a) Japan
- b) Thailand
- c) Mexico
- d) Russia

Q3) WHICH WAS THE FIRST COUNTRY TO IMPLEMENT GST?

- a) India
- b) Germany
- c) USA
- d) France

Q4) NAFTA ENCOURAGED FREE TRADE BETWEEN THE UNITED STATES AND WHICH OTHER TWO COUNTRIES?

- a) India
- b) China
- c) USA
- d) France

Q5) WHICH OF THE FOLLOWING CAN BE CLASSIFIED AS A PIGOUVIAN TAX?

- a) Capital Gains Tax
- b) Corporate Tax
- c) Income Tax
- d) Carbon Tax

Q6) WHICH IS THE WORLD'S FIRST STOCK EXCHANGE

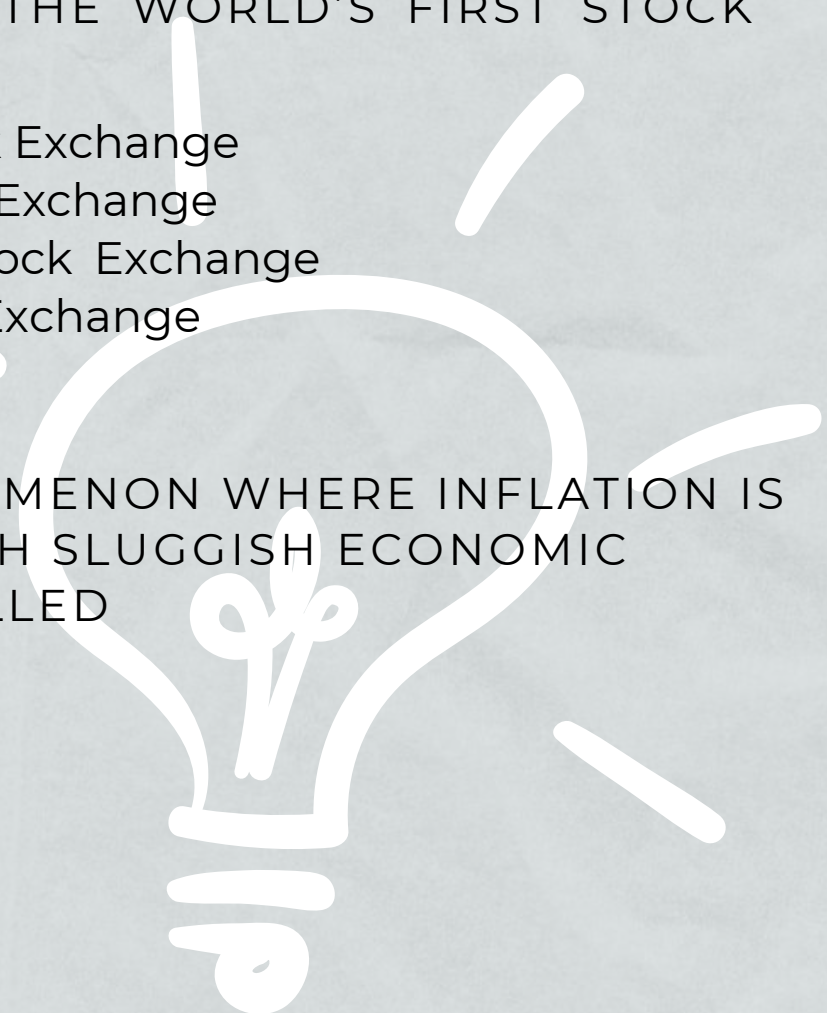
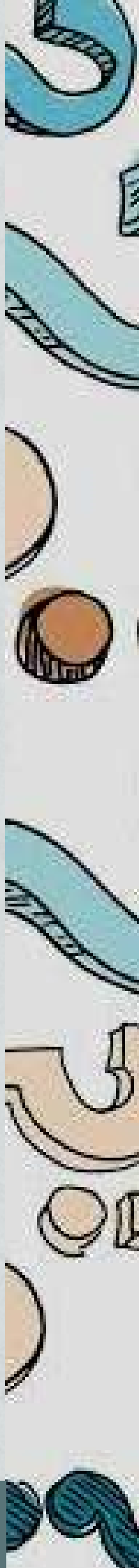
- a) New York Stock Exchange
- b) Bombay Stock Exchange
- c) Amsterdam Stock Exchange
- d) London Stock Exchange

Q7) THE PHENOMENON WHERE INFLATION IS COMBINED WITH SLUGGISH ECONOMIC GROWTH IS CALLED

- a) Recession
- b) Stagflation
- c) Stagnation
- d) Corn Economy

Q8) X IS THE ONLY PERSON TO WIN BOTH NOBEL PRIZE IN ECONOMICS AND ABEL PRIZE IN MATHEMATICS. IDENTIFY X

- a) John Nash
- b) Milton Friedman
- c) John Maynard Keynes
- d) Alfred Marshall



Q9) WHO IS THE PRESIDENT OF THE WORLD BANK?

- a) Gita Gopinath
- b) David Malpass
- c) Eugene Meyer
- d) John Snow

Q10) WHERE IS THE HEADQUARTERS OF THE INTERNATIONAL MONETARY FUND LOCATED?

- a) Newyork
- b) London
- c) Geneva
- d) Washington

Q11) WHICH IS THE WORLD'S MOST STRONGEST CURRENCY?

- a) Kuwaiti Dinar
- b) British Pound
- c) United States Dollar
- d) Euro

Q12) WHICH OF THE FOLLOWING ORGANIZATIONS IS NOT A PART OF THE WORLD BANK GROUP?

- a) International Bank of Reconstruction & Development
- b) International Development Association
- c) International Labour Organisation
- d) Multilateral Investment Guarantee Agency

Q13) COLLE VIXEN KELAPILE, THE CURRENT PRESIDENT OF THE UN ECONOMIC AND SOCIAL COUNCIL (ECOSOC) IS A PERMANENT REPRESENTATIVE TO WHICH COUNTRY?

- a) Kenya
- b) Botswana
- c) Thailand
- d) China

Q14) X IS REGARDED AS THE FATHER OF BEHAVIORAL ECONOMICS AND RECEIVED A NOBEL PRIZE IN 2017. X DEVELOPED Y THEORY WHICH USES ENCOURAGEMENT OR SUGGESTIONS TO CHANGE PEOPLE'S BEHAVIOR WHILE STILL GIVING THEM FREEDOM OF CHOICE. IDENTIFY X AND Y

- a) X: Amartya Sen, Y: Capability
- b) X: Richard Thaler, Y: Nudge
- c) X: Esther Duflo, Y: Motivation
- d) X: Paul Krugman, Y: Trade

Q15) AS OF 2020, WHICH COUNTRY HAS THE HIGHEST GDP PER CAPITA AT APPROXIMATELY 170K \$

- a) Qatar
- b) China
- c) Monaco
- d) Switzerland

Q16) WHO IS THE FIRST WOMAN TO HEAD BOTH THE U.S. TREASURY DEPARTMENT AND THE FEDERAL RESERVE?

- a) Esther Duflo
- b) Claudia Goldin
- c) Janet Yellen
- d) Mariana Mazzucato

