



DEPARTMENT OF ECONOMICS  
AND  
PUBLIC POLICY

# ECODIGEST'23-24

**ECONOMICS DECLASSIFIED**



VOLUME 3

# INTRODUCTION TO THE DEPARTMENT

The Department of Economics and Public Policy of Mount Carmel College, Autonomous—one of the institution's oldest and most reputed—is comprised of a distinguished faculty with expertise in various branches and practices of economics. A meticulously curated curriculum and the commitment of its faculty to do their best set the department apart. With programs offered at the undergraduate, postgraduate, and doctoral levels, students at all stages of study stand to benefit from the enriching learning experience at Mount Carmel College.



The department has successfully equipped multiple generations of students with a strong foundation in subject matter, application, and research skills and provided an empowering platform for women to mold themselves into young professionals ready to take on the world as trailblazers in their respective areas of work or study, be it academia or industry.

Its tenured professors hold terminal degrees in economics and public policy, signifying their deep expertise in the field. Their diverse backgrounds encompass a wide range of economic theories and practical applications, ensuring students are exposed to a multitude of perspectives and cutting-edge knowledge. They contribute to the student body not only through their teaching but also through their research.

Students stand to benefit from the strong peer networks established by the department with various organizations and colleges in order to provide support and mentorship, as well as access to resources for professional development and growth in policy, economics and all other relevant fields.

# ALL ABOUT ARTHA

The Economics Association of Mount Carmel College, Artha, has garnered a name for itself as one of the college's most active and esteemed academic associations. Steeped in a rich tradition of academic excellence, Artha is unwavering in its commitment to nurturing a profound understanding of economics and policy among the student body.

Artha transcends the confines of conventional classroom instruction by curating a multifaceted program of events and activities. Renowned economists are invited to deliver guest lectures, while student-led forums and interactive workshops provide a platform for students to engage in in-depth exploration of economic concepts, theoretical frameworks, and their practical applications in the real world.

Recognizing the importance of collaboration, Artha fosters strategic partnerships with other departments within Mount Carmel College and external organizations. This collaborative spirit has yielded impactful events over the years, which featured prominent figures within the economic field. 'Ecodigest', its student-led publication hopes to develop and hone research skills and critical thinking in students.

The association furnishes students with the opportunity to establish a network with peers, engage in stimulating intellectual discourse, and gain access to exclusive resources. The association further boasts a robust alumni network that facilitates connections between past and present members, while offering invaluable career guidance, staying true to its commitment to empowering students.

# LETTER FROM THE EDITORIAL BOARD

"Any intelligent fool can make things bigger, more complex, and more violent. It takes a genius to retain, or recapture, simplicity." - E.F. Schumacher (economist and author)

Economics has long-held a reputation for being esoteric and beyond-reach. A lack of historical context and a fear of abstract concepts and jargon often does the job of putting people off from understanding the mechanism that turns the cogs of the economies of the world, which in turn superintends their individual financial well-being. This edition of the Ecodigest - 'Economics Declassified' aims to dispel this misconception and make Economics accessible.

It explores economics through the lens of changing technical knowledge, global ties and perceptions, honing in on its pursuit of making economics ubiquitous to all, thereby truly declassifying it.

Ecodigest 2024' traverses through the interplay and impact of global events and markets, intersectionality, sustainability, decision-making, and economic innovation. Staying true to its endeavour of simplification, it offers a comprehensive economic outlook and a lucid and concise insight into the current economic landscape.

This newsletter is the product of the collective effort of a cohort of persons to whom we convey our deepest gratitude. To our HOD Dr. Vijaya Priya ma'am, our VP's Dr. Lakshmi ma'am and Divya ma'am for giving us the opportunity to continue the legacy of Ecodigest. Also, the entire Department of Economics and Public Policy for the continued support and our Family of Artha, for continuously providing us with the comfortable and safe space to work unitedly.

It is with pleasure and pride that we present to you Ecodigest 2024 - 'Economics Declassified'.

Sincerely,

Jeevika Roy  
Editor-in-Chief

Prakalya V P  
Managing Editor



# ***CONTENTS***

1. Introduction to the Department
2. Introduction to the Association
3. Letter from the Editorial Board
4. Unveiling the Invisible Hand
5. Delving into Behaviourial Economics
6. Masters in Economics
7. Careers in Economics
8. World Economic Outlook Report
9. Articles
  - Current Affairs
  - Intersection of Economics and Sustainability
  - Market Analysis
  - Financial Revolution
10. Glimpses of ARTHA
11. Faculty Achievements
12. Students' Achievements
13. Paper Presentations
14. Meet the Team

# UNVEILING THE INVISIBLE HAND

*by Sanchana Upadhya, I BA Psychology, Economics*

“In spring 2015, the UK went to Polis to elect the new government. In the debates the preceded the election, one of the political parties included a promise to increase the spending on national health services by 2.5 billion euros a year and mentioned tat the funds would come from the tax levied on tobacco companies.”

As most individuals from a citizen’s perspective might agree that an incentive like this is profitable and beneficial, how do you think an economist will act to such a claim?

An economist would want to know what the additional investment would be spent on. Regardless of the economist’s opinion on whether raising funds is “right” they would think of whether the amount raised through these measures will be sufficient, would it raise revenue? Would it result in the closure of some firms? what effect would this have on concerned companies? And so on. In short, economics lets you think out of the box into a more diverse and vast surface area of possibilities.

Economics, like most other fields of study, has its own language, its own processes and discovery. It talks about life in terms of the clutch hold of markets, efficiency, equilibrium, criticisms, microeconomic and macroeconomic qualities in our everyday lives. Economics is a social science that studies how individuals, businesses, governments, and societies allocate resources and make decisions about the production, distribution, and consumption of goods and services. You might wonder why economics plays such a significant role in each of our lives, here’s why:

- **Decision Making:** Economic principles can assist individuals in making rational decisions by considering costs and benefits. Whether it's personal financial decisions, career choices, or business strategies, an understanding of economics can guide decision-making processes.
- **Personal Finance:** Economics is closely related to personal finance. It helps individuals manage their finances by making informed decisions about spending, saving, investing, and budgeting. Concepts like inflation, interest rates, and risk are crucial in financial planning.
- **Understanding Markets:** Economics provides insights into how markets function. Whether it's a local market or the global economy, understanding supply and demand dynamics, price mechanisms, and market structures can be valuable for consumers, producers, and policymakers.



- **Policy Implications:** Economics plays a crucial role in shaping public policies. Governments use economic principles to design policies related to taxation, healthcare, education, and more. Understanding these policies can help individuals navigate and participate in societal structures.
- **Global Perspective:** In an interconnected world, understanding economic principles helps individuals comprehend global issues such as international trade, exchange rates, and economic development. This knowledge is vital for informed citizenship and participation in a globalized economy.
- **Critical Thinking:** Economics encourages critical thinking and analytical skills. It teaches individuals to question assumptions, validate the opportunity costs, evaluate evidence, and analyze data. These skills are valuable in various aspects of life, from problem-solving to effective communication.
- **Social and Environmental Issues:** Economics is relevant to addressing social and environmental challenges. Concepts like externalities, public goods, and sustainable development are essential for finding solutions to issues such as climate change, poverty, and inequality.
- **Career Opportunities:** Let's explore a career opportunity in financial analysis. Financial analysts use economic principles to assess the performance of investments and provide recommendations to businesses and individuals. They analyze economic and financial data to guide investment decisions, helping clients make informed choices about stocks, bonds, and other financial instruments.

A teenager interested in finance and investing could pursue a career as a financial analyst. By studying economics, they would gain the analytical skills needed to understand market trends, assess risk, and make investment predictions. This career path not only aligns with economic principles but also offers the opportunity to work in a dynamic and influential field within the finance industry. Financial analysts play a crucial role in shaping investment strategies and contributing to financial decision-making at both individual and organizational levels.

You won a free ticket to see a **Taylor Swift** concert (which has no resale value). **Billie Eilish** is performing on the same night and is your next-best alternative activity. Tickets to see Billie Eilish cost \$40. On any given day, you would be willing to pay up to \$50 to see Billie Eilish. Assume there are no other costs of seeing either performer.

**Based on this information, what is the opportunity cost of seeing Taylor Swift?**



As you've made it to this page and probably want to explore the fun side of economics, you would be surprised on how many economic pop culture references you can easily miss out on without nasal knowledge of fundamental economics. Here are some of them:

**WHY IRON BANK IS SINGLE BANK NOT ONLY IN BRAAVOS, BUT SEVEN KINGDOMS AT ALL?**

**AND WHY MIGHTY AND RICH LANNISTERS WHO HAD MOST GOLD IN WESTEROS DID NOT THINK TO CREATE THEIR OWN BANKS?**



- **The Hunger Games - Scarcity:**

In "The Hunger Games," The government takes all the decisions, not allowing the market forces to determine the prices and the supply. This causes shortages or surpluses, leading to slow growth of the economy. The scarcity of resources is evident as districts compete for limited supplies. This can be used to illustrate the economic concept of scarcity, where resources are limited, and choices must be made about how to allocate them.

- **The Social Network (2010) - Entrepreneurship:**

tells the story of the founding of Facebook. This can be used to discuss entrepreneurship, innovation, and the economic principles behind creating and growing a successful business.

- **Breaking Bad - Supply and Demand:**

The TV series "Breaking Bad" provides a storyline that involves the illicit drug trade. Discussions around the supply and demand dynamics in the drug market can be used to explain economic principles related to market forces, pricing, and competition.

- **The Office (U.S.)- Labor Market:**

can be used to discuss labor markets, job markets, and the various factors that influence employment, wages, and job satisfaction.

- **Game of Thrones - Economic Systems:**

"Game of Thrones" provides a fictional world with different economic systems in various regions. This can be used to discuss economic systems such as feudalism, capitalism, and socialism, and their impact on societies.

In conclusion, economics provides a framework for understanding and analyzing various aspects of life, enabling individuals to make more informed decisions and contribute to the well-being of themselves and society. Economics is the foundation of understanding how the world revolves and how it actively plays a part in the decision making and tradeoffs of every individual's life. Economics as a subject contributes to these aspects of pragmatism and helps one sustain as well as dwell in the environment rationally and harmonically. The next time one arises with a discord of "why economics", dwell on these insights.

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# DELVING INTO BEHAVIOURAL ECONOMICS

*D Samera Reddy, I BA Economics Honours*

Behavioural Economics happens to be my favourite type of economics as it serves as a reminder to me that everything happening around us, every action and every reaction, small and big is a part of economics.

It helps me make sense of the world.

Behavioural Economics approach psychology and economics to explore and understand why people make irrational decisions and how their behaviour does not follow the predictions of economic models. Its principles have substantial consequences for how we live our lives. When it comes to our behaviour, our decisions can be swayed by things as large as the political system in our country, or as small as the number of products we have to choose between. In short, behavioural economics predicts illogical human behaviour and that is what makes it my favourite type of economics. It shows how a customer's purchasing choices are influenced by factors that are seemingly unrelated to the product itself. These factors can be psychological, cognitive, emotional, cultural or social. It aids marketing strategies by understanding how consumer decisions can be influenced. As a result, making small changes to the product, the branding or the choices that companies offer can massively influence consumer behaviour.

Let's look at a few instances that prove this point.



The way information is presented can significantly influence decision-making. When a medical procedure is presented as having a 90% success rate, people would be confident to try it, but if we say that the same procedure has a 10% failure rate, they would have second thoughts on trying it, even though the information is equivalent. Although this may seem obvious to some it is also an economic concept - Framing effect.

We can start off by looking at the Nudge theory which is used by most of the firms in the market. Companies nudge us to make decisions. "Do You Want Fries with That?" Probably one of the most well known selling phrases in the western world and of course synonymous with McDonalds. A simple six letter word "nudge" that brings McDonalds over \$250 million a year.



Moving ahead , in an experiment participants were given a choice between receiving ₹500 or taking a 50% chance of winning ₹1000. Most participants chose the certain ₹500, even though the expected value of the gamble was higher. People tend to prefer avoiding losses over acquiring equivalent gains. This is nothing but a simple concept known as Loss - Aversion.

Anchoring is used widely in sales. Sellers often set a price much higher than they expect to get. So, when they come down a bit, the buyer is more likely to go for it, even if it's still overpriced. At discount clothing stores, I think I'm getting "such a deal!" if the tag shows the suggested retail price as much higher than what I'm paying, even though that original price could very well be arbitrary.

Say you are having dinner with your friends at a restaurant you go to often. Looking at the menu, you feel tempted to try a new dish. However, you are really hungry, and you don't want to risk choosing something you don't like. Because of status quo bias, you want to be on the safe side.

Economics is literally everywhere and to validate this , imagine that tonight you're going to a dinner, it's an expensive dinner of ₹2500, you can pay with cash or credit card. Which of those feels worse? Most people say that paying cash feels worse, but why? It turns out that it's because of something called "the pain of paying." That could be one of the reasons why digital payments have become so successful globally. Even the seemingly insignificant decision of whether you will pay using cash or card is governed by Behavioural Economics.

"Most of our everyday actions, even the seemingly irrational ones, are rooted in economic logic. "- Economics of Small Things

I would like to conclude by asking you - "What is your favourite type of economics?"

# MASTERS IN ECONOMICS

*Diya Mehta, I Bsc Economics and Statistics*

A master's in economics is a postgraduate degree dedicated to the study of economic theory and its applications. The study of economics is broad and far-reaching. This complex subject delves into every detail of local and national resource allocation, from personal financial decision-making to the federal government's budget.

Masters in Economics degree provides the advanced knowledge and skills necessary for various economic careers in the financial and business sector. It can sharpen your analytical abilities and teach you to make predictions based on economic and statistical models.

A master's in economics explores advanced topics related to the core principles of economics, including microeconomics, macroeconomics, math and statistics. Most master's programs also offer specialized fields of study, such as applied and financial economics. The coursework for these programs helps prepare students for careers with organizations like think tanks, governments and financial institutions.

Each school/institution has its own admissions requirements, but generally, admission to an economics master's program requires a bachelor's degree in economics or a related field. Many programs also have a minimum GPA requirement.

Let's delve deep into this topic :

## ELIGIBILITY

Most of the institutions abroad and in India, requires a bachelor's degree in economics and a good background in mathematics or statistics or both. Institutions in India generally conduct tests for admission and institutions abroad take the scores of tests like gmat/gre.

## REQUIREMENTS

Before pursuing a Master's in Economics, it's beneficial to have a solid foundation in certain skills and knowledge areas. Here are some key skills and knowledge you should consider acquiring:

### 1. Quantitative Skills:

- Strong mathematical background: A good understanding of calculus, linear algebra, and statistics is crucial for advanced economic analysis.

- Data analysis: Familiarity with statistical software (such as R, Python, or Stata) for data manipulation and econometric analysis.

### 2. Microeconomic and Macroeconomic Theory:

- A solid understanding of fundamental economic principles, theories, and models at both micro and macro levels.

### 3. Research and Writing Skills:

- Ability to conduct research: Familiarity with research methods, literature reviews, and the ability to critically analyze and synthesize information.

- Strong writing skills: The ability to communicate complex economic concepts clearly and effectively.

### 4. Econometrics:

- Knowledge of econometric techniques and statistical methods used in economic research.

- Practical experience in applying econometric tools to real-world data.

## 5. Programming Skills:

- Basic programming skills: Familiarity with programming languages such as Python or R can be useful for handling and analyzing data.

## 6. Knowledge of Economic Policy and Institutions:

- Understanding of economic policy issues and institutions at both national and international levels. - Awareness of current economic events and trends.

## 7. Critical Thinking and Analytical Skills:

- Ability to think critically and analytically, especially when evaluating economic problems and proposing solutions.

## 8. Communication and Presentation Skills:

- Effective communication skills for presenting economic concepts and research findings both in writing and orally.

## 9. International Economics:

- Knowledge of international trade, finance, and economic development issues, as they often play a significant role in the global economy.

## 10. Networking and Professional Development:

- Building a network within the economics community can be beneficial. Attend conferences, workshops, and seminars to connect with professionals and researchers.

## 11. Preparation for Graduate Studies:

- Understand the structure of graduate programs, including coursework requirements, comprehensive exams, and thesis/dissertation expectations.

## 12. Self-Motivation and Time Management

- Courses under economics can be demanding, so developing strong self-motivation and time management skills is essential for success.

It's important to note that the specific requirements may vary depending on the Master's program and the university. Before applying, thoroughly research the program you're interested in and tailor your preparation accordingly. Additionally, reaching out to current students or alumni of the program can provide valuable insights.

## JOB PROSPECTS

Jobs in economics include Economist, policy analyst, financial analyst, data analyst, credit analyst, banking, economic researcher, consultant etc.

## TOP INSTITUTIONS PROVIDING COURSES ON ECONOMICS

### INDIA

1. INDIAN STATISTICAL INSTITUTION (ISI) :  
~ Provides MSQE (Master of science in quantitative economics) .

~ Total no. of seats 45 (Delhi campus-27, Kolkata campus- 18)

2. DELHI SCHOOL OF ECONOMICS (DSE):

~ Masters of Arts in Economics

~ Total no. of seats 240

3. INDIRA GANDHI INSTITUTE OF DEVELOPMENT RESEARCH (IGIDR):

~ Masters of Science in Economics ~ Total No. of seats 40

4. JAWAHARLAL NEHRU UNIVERSITY (JNU):

~ Masters in Economics

~ Total no. of seats 96

5. ASHOKA UNIVERSITY:

~ Masters in Economics

~ Total no. of seats 30-40

6. INDIAN INSTITUTE OF TECHNOLOGY, DELHI ( IIT D):

~ Masters of Science in Economics ~ Total no. of seats 25

~ test score - JAM

## 7. MADRAS SCHOOL OF ECONOMICS (MSE):

~5 courses ( MSc in General Economics, MSc in Financial Economics, MSc in Applied Quantitative Finance , MSc in Actuarial Economics, MSc in Environmental Economics )

~Total no. of seats 165 (33 seats in each course)

~ test score - CUCET

### **ABROAD:**

#### 1. HARVARD UNIVERSITY - USA:

~Test Scores: GRE General Test (typically require

~Program: Master of Arts (MA) in Economics

#### 2. MASSACHUSETTS INSTITUTE OF TECHNOLOGY (MIT) - USA:

~Test Scores: GRE General Test (usually required)

~Program: Master of Science in Economics (MSE)

#### 3. STANFORD UNIVERSITY - USA:

~Test Scores: GRE General Test (commonly required)

~Program: Master of Arts (MA) in Economics

#### 4. UNIVERSITY OF CHICAGO - USA

~Test Scores: GRE General Test (typically required)

~Program: Master of Arts (MA) in Economics

#### 5. LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE (LSE) - UK:

~Test Scores: GRE or GMAT may be required

~Program: Master's in Economics (MSc Economics)

#### 6. UNIVERSITY OF OXFORD - UK:

~Test Scores: GRE or GMAT may be required

~Program: MSc in Economics for Development

#### 7. UNIVERSITY OF CAMBRIDGE - UK:

~Test Scores: GRE or GMAT may be required

~Program: MPhil in Economic Research

#### 8. UNIVERSITY OF CALIFORNIA, BERKELEY - USA:

~Test Scores: GRE General Test (typically required)

~Program: Master of Arts (MA) in Economics

#### 9. PRINCETON UNIVERSITY - USA:

~Test Scores: GRE General Test (usually required)

~Program: Master in Finance (MFin) - with an option to focus on Economic Policy

#### 10. YALE UNIVERSITY - USA:

~Test Scores: GRE General Test (commonly required)

~Program: Master of Arts (MA) in Economics



# CAREERS IN ECONOMICS

*Arkopriya Dutta, II Bsc Economics & Statistics*

“A profession in economics provides access to a dynamic and intellectually engaging area that is crucial in determining the socioeconomic landscape of the world. The policies, plans, and choices that impact everything from corporate operations to government budgets are created by economists. Studying economics is a fitting choice if your aim is to contribute to positive societal, governmental, and business decisions to make the world a better place. Career in economics paves the way for numerous opportunities spanning various industries.

- **Career Prospects and Industry Sectors:** The realm of economics unfolds myriad opportunities in diverse sectors. Government agencies, notably central banks and ministries of finance, regularly seek economists to craft and refine economic policies. In the private sector, economists stand as invaluable assets for financial institutions, consulting firms, and multinational corporations, actively shaping strategic decisions with their insights. Beyond the corporate sphere, non-profit organizations and research institutions offer platforms where economists can leverage data-driven insights to contribute meaningfully to societal welfare.
- **Finance and Economics:** Decision-making, markets, and finance are all interwoven in economics. Economists are hired by financial institutions to oversee fiscal policy, lead strategic decisions, and assess market trends. The significance of economists in influencing financial environments and guaranteeing the stability of economic systems is shown by this relationship.



- **Strong Academic Foundation:** Career in economics demands a strong academic background. Economics includes macroeconomics, which studies more general economic patterns and policies, and microeconomics, which concentrates on particular markets and decision-making. For economists working with complicated data and models to comprehend economic events, proficiency in mathematics, statistics, and analytical thinking is essential.

## POTENTIAL CAREERS

### Business Sector:

1. Management Consultant
2. Strategy Analyst
3. Property Economist
4. Economic Analyst
5. Policy Analyst
6. International Relations
7. Demand Planner

### Financial Sector:

1. Finance/Banking/Monetary Policy
2. Financial Services Consultant
3. Risk Analyst
4. Market Analyst
5. Global Economy Analyst
6. Investment Banker

### Social Sector:

1. Policy Adviser
2. Agricultural Economist
3. Health Economist
4. Water/Resources/Energy
5. Urban Planner
6. Public Policy Consultant
7. Development

### Education Sector:

1. High School Economics Teacher
2. University Researcher/Academic

Career in economics provides entry to a vibrant and influential career path. Economics is a varied discipline because of its wide range of applications, which includes money, societal contributions, micro and macro dimensions, and a variety of specialties. In the midst of societal impact, strategic insight, and rigorous analysis, economists discover themselves. The relevance of economists in guiding constructive change is demonstrated by their capacity to influence policy, promote economic development, and tackle urgent issues. A profession in economics becomes apparent as people make their way through the complexity of the economic environment as a means of knowledge, creativity, and having a good influence on society.

To summarize, economics is a critical social science having far-reaching implications for understanding and shaping numerous areas of our environment. The discipline's influence goes beyond its traditional limits, infiltrating the natural sciences and contributing to research into natural selection and ecology. Economics, as both a theoretical and applied science, is critical in understanding society's complicated relationships.

By investigating the relationships between government, business, and individuals, economics becomes an instrument for bringing about beneficial change within economies. Its usefulness extends beyond economic concerns; economic principles give important insights into a wide range of human activities. Economics provides a complete lens through which to comprehend and manage complex difficulties, including shaping government fiscal and monetary policies, influencing company strategies, legal frameworks, property rights, poverty alleviation, health interventions, and environmental sustainability. In essence, economics is a light of insight, revealing the complex forces that define our linked global society and providing a road map for successful involvement and issue solutions.

# WORLD ECONOMIC OUTLOOK REPORT

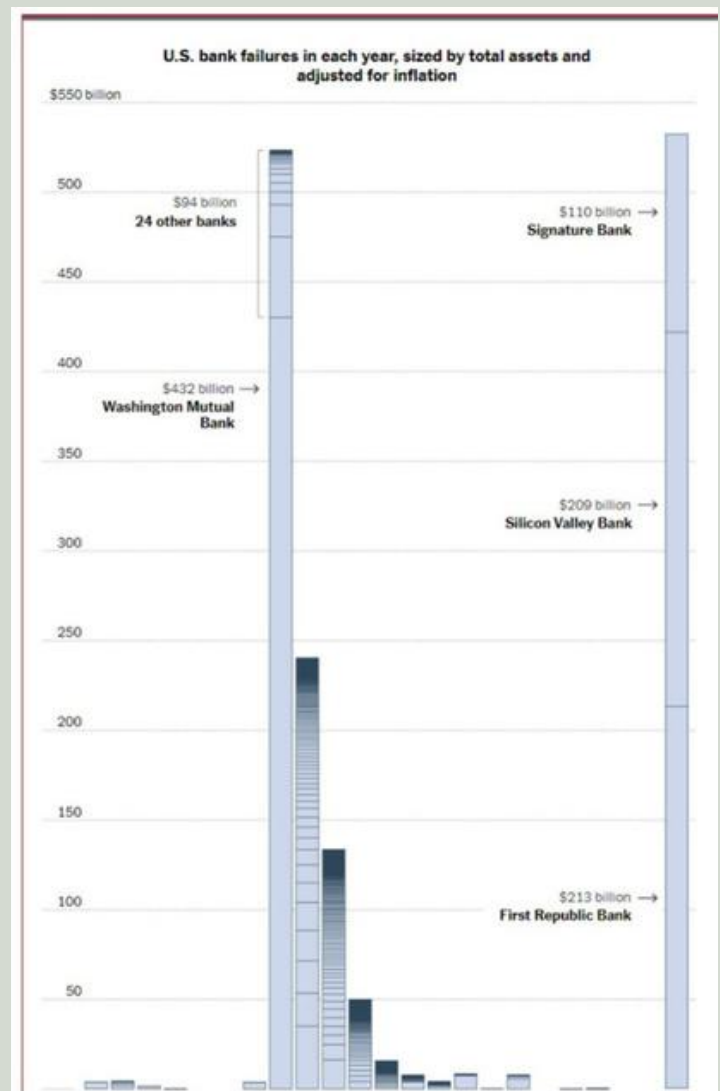
*Lavanya Rao Jha, II BA Political Science & Economics*

2023 will be remembered for the perseverance and resilience shown by the humans worldwide despite the complex challenges faced by the global economy. The aftermath of the COVID-19 pandemic, Russia's invasion of Ukraine, and conflicts in the Middle East, to name a few resulted in a global energy crisis, rising geopolitical tensions, and increasing inflation and costs. Growth slowed from 3.5% in 2022 to 3.0% in 2023 and will further slow down to 2.9% in 2024. As the Central banks and governments grapple with these challenges, it is the common man who bears the brunt of the uncertainty and a volatile economic environment. This article examines key trends, risks and opportunities that presented themselves in 2023 and provides a compact recap of the events that shaped not only the global economy but also the lives of people globally.

## **Global Energy Crisis**

- The world is in the middle of a 'Global Energy Crisis' of unprecedented magnitude
- The Organization of the Petroleum Exporting Countries (OPEC) and its allies agreed to reduce oil production by 2.2 million barrels per day in the first quarter of 2024. They aim to return to pre-pandemic production levels. The global economy already faces an oil market deficit.
- The increase in oil prices not only impacts the cost of production for different industries but also leads to a rise in energy expenses for businesses and households, ultimately driving up global inflation. These high energy costs and new inflationary trends pose a challenge for central banks aiming to control inflation. As a result, central banks worldwide are raising interest rates, which has had a dampening effect on global economic growth.
- Saudi Arabia, the world's largest crude oil exporter, will lead the effort by extending a voluntary production cut of 1 million barrels per day of oil, by three months, according to an OPEC+ statement.
- In addition to Saudi Arabia, the following voluntary barrel-per-day output cuts were announced: Russia decreased by 500,000, Iraq by 223,000, the UAE by 163,000, Kuwait by 135,000 and Kazakhstan by 82,000.
- Many analysts watching the OPEC+ countries said that these cuts were directed at seeking higher prices per barrel.
- An excessive price increase however would speed up inflation and increase the prices of goods including the goods that the OPEC countries purchase. It would also encourage investments in alternative sources of energy.
- On the other hand, The International Energy Agency (IEA) raised its prediction for global oil demand growth, stating that demand is "scaling record highs".

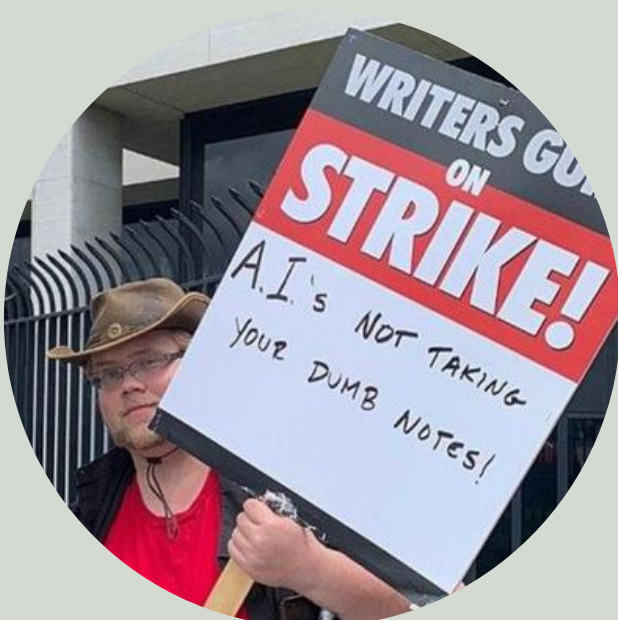
- In other news, Pakistan and China have signed a \$4.8 billion deal on Tuesday to develop a 1,200-megawatt nuclear power facility, Prime Minister Shehbaz Sharif said, applauding the investment by a country that Pakistan regards as its most reliable ally.
- On March 10, 2023, Silicon Valley Bank was the third-largest bank collapse, after customers, such as venture funds and startups with corporate accounts, withdrew \$42 billion in a single day. The failure triggered a crisis of confidence, with depositors moving their money from regional banks to larger lenders of America.
- On March 12th, 2023, New York City-based Signature Bank was the fourth-largest bank failure.
- On May 1, 2023, San Francisco-based First Republic Bank went down as the second-largest bank failure in U.S. history with customers withdrawing \$102 billion in customer deposits over the first quarter of 2023., ( The largest bank failure was the Washington Mutual bank failure way back in 2008.)
- 2023 went down in history as the year America almost lost faith in its banks.
- Before the collapse in March, it had been 28 months since an American bank had failed— the longest stretch of a resilient banking system.
- However, over a few weeks in March 2023, multiple high-profile regional banks suddenly collapsed: Silicon Valley Bank (SVB), Signature Bank, and First Republic Bank.
- The news agitated the financial markets, battered the banking industry, and unsettled the public. There were fears that financial contagion was afoot, which happens when a problem in one sector spreads to other areas of an economy, country, or region—with disastrous consequences.
- A Chinese firm plans to sign a deal with Afghanistan's Taliban leadership to drill for oil in the country's north. It would be the first big energy extraction agreement with a foreign company since the Taliban seized power in Afghanistan in 2021. The 25-year agreement reinforces China's economic presence in the region.
- The Al Dhafra solar farm in the United Arab Emirates, which became the largest solar farm in the world, marked a major milestone in the transition to clean energy. The project is expected to power around 200,000 homes and has the potential to revolutionize the energy sector in the region and beyond.



- The three banks were shut down and their assets that were a total of \$532 billion were bought by the Federal Deposit Insurance Corporation.
- The crisis has made banks more selective about the financial products they offer, pulling back from purely lending relationships in favor of deals where borrowers also use the bank for deposits. That has meant tighter credit for various products, ranging from financing for boats and recreational vehicles to loans to home builders and commercial real estate, bankers said, also indicating how credit was getting harder to obtain.

### **The Writers Guild of America strike**

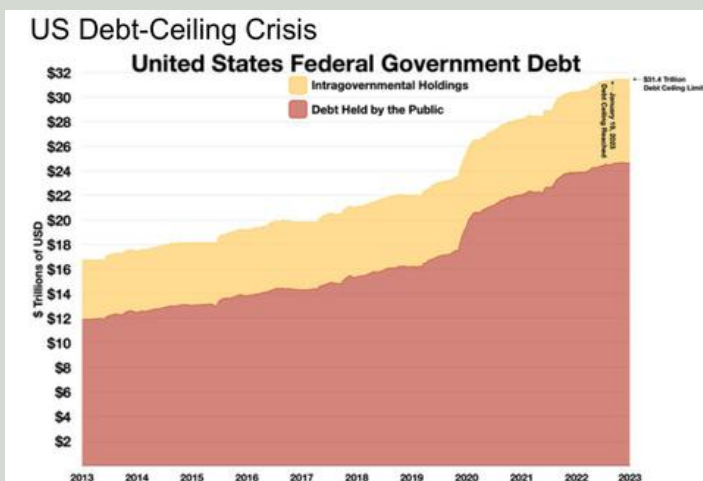
- The Writers Guild of America (WGA) went on strike for 148 days from May 2 to September 27, 2023.
- It is the second longest strike that the WGA has performed and was part of a series of broader Hollywood labour disputes. The strikes contributed to the biggest interruption to American film and television industries since the COVID-19 pandemic.
- While the strike cost the entertainment industry roughly 6 billion dollars lost in wages and business, the writers and actors may have been in a worse economic position without this setback.



- One of the main concerns of the Writers and actors was the potential use of Artificial Intelligence. While AI is already in use in the various phases of film production, some streaming platforms have considered having an actor come in on one occasion, screening him through AI and producing rest of the images needed for the film thus leaving the actor with only a day's worth of acting and pay.
- Streaming Platforms have also considered using AI to create a preliminary script that would later be edited by humans, thus making a writers job obsolete. This could significantly change the film industry landscape.
- When TV was the main outlet of films and shows, the screenwriters and actors would be paid for the reruns of shows and movies they were in or wrote. This allowed for a steady flow of income to actors and writers in between projects. But with streaming platforms, actors and writers are paid a large sum upfront but don't reap the benefits of royalties. Streaming services are much less transparent in regards to view counts and popularity than TV and thus Actors and Writers do not reap the benefits of the success of the films and shows.
- On September 27th, the Writers Guild of America and the Alliance of Motion Picture and Television Producers reached an agreement in which the screenwriters were granted most of the demands that they were fighting for.
- Writers will now be better informed on the success of their shows on streaming services. Royalties have increased overall and are subject to an even greater increase if a movie or show does well.
- In order to protect job security against the dangerous possibilities of AI, studios are now required to hire a minimum number of writers for each project whether needed or not.

## US Debt-Ceiling Crisis

- The United States debt limit refers to a ceiling imposed by Congress in 1917 that sets the maximum amount of outstanding debt the U.S. can incur.
- Every once in a while the government's borrowing hits the debt ceiling limit as was the case on January 19th, 2023. The U.S. government hit its legal \$31.4 trillion debt limit.
- In the last two decades alone, the U.S. has added \$25 trillion in debt, spending nearly \$1 trillion more than it receives in taxes and other revenue every year since 2001—largely due to financing wars, tax cuts, emergency responses, and expanded federal spending.
- To make up the difference, the government has to borrow money to continue to finance payments that Congress has already authorized. Unless Congress raises or suspends the debt limit, the federal government will lack the cash to pay all its obligations and the US may default on its loans and obligatory payments
- However, both the Republicans and the Democrats have engaged in legislative battle over the debt ceiling—each using it to show the other as financially irresponsible and to push forward their agenda—only to reach an agreement before markets began to panic
- As expected, on May 27th, a bipartisan deal was struck to increase the debt ceiling by \$1.5 trillion but cap federal spending. The resulting bill, the Fiscal Responsibility Act of 2023, passed the House on May 31 and the Senate on June 1. Biden signed it into law on June 3, bringing the crisis to an end just two days before the “X day”, ie, , the day that the US would be forced to default on its loan payments. The bill signing, which was closed to the press, marked a low-key end to a crisis that vexed Washington for months and threatened to push the United States to the brink of an unprecedented economic crisis.
- Shortly after the default confrontation in June, Fitch Ratings downgraded the United States from a AAA to AA+. The only other time that the United States' credit was downgraded was by S&P on August 5, 2011. The rating agency said its downgrade reflected fiscal health deterioration, increasing government debt burden and erosion of governance.
- Typically, lower credit ratings by rating agencies increase a country's borrowing costs in debt markets.
- However, despite a significant risk premium for government borrowing in short-term markets, the debt ceiling crisis of 2023 left essentially no imprint on most indicators of financial health.



## International Payments in Alternative Currencies

- Paying money internationally is generally more challenging than paying money domestically. It entails the transfer of wealth between parties with different legal structures across borders.
- With 88% of all international transactions conducted in dollars, and the dollar accounting for 58% of global foreign exchange reserves, the dollar's global dominance is unquestionable.
- However, reducing an economy's reliance on the U.S. dollar for international trade and finance – in other words, De-dollarization, has undeniably been on the rise.
- Over the past year, China and Brazil have signed an agreement to trade in their currencies.
- SWIFT, the global messaging system that enables bank transactions, has been unavailable to Russian banks due to Western sanctions. Over the past year, the West has also frozen US\$330 billion of Russia's reserves. De-dollarization has been the Russian government's answer to these Western sanctions.
- Saudi Arabia, the United Arab Emirates, and Iraq are actively exploring dollar alternatives as a means of financing their transactions.
- Furthermore, the recent debt-ceiling crisis in the U.S., as well as the recent rise in interest rates, have raised concerns among countries all over the world.

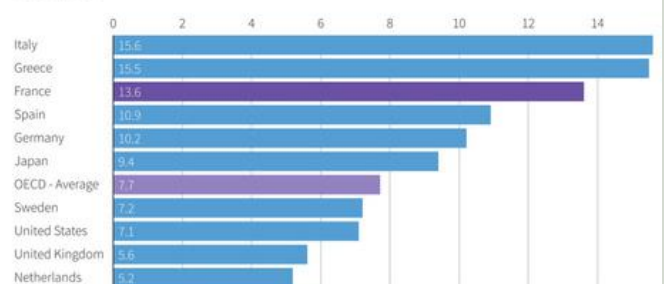
## French Pension Reform Strikes

- On 16 March 2023, French President Emmanuel Macron used a procedure under Article 49.3 of the French Constitution to pass certain pension reforms, avoiding a final vote in parliament. His reforms faced significant opposition from the public and led to nationwide protests and two motions of no-confidence against his minority government.

- At around 14% of GDP, France's pension-related spending is amongst the highest in the EU. Undeniably, such expenditures have kept the poverty rate for retired people amongst the lowest in the world at just 4% of the population.
- The justification for the pension reforms is around the economy's deficit. As there is a continuous increase in the number of pensioners in the country, future pension revenues will increasingly depend more on government contributions.
- The President of France, Mr Macron, has deemed the change as "necessary" to prevent projected annual pension deficits of 13.5 billion euros (\$14.8 billion) by 2030, according to data from the government.
- Individuals who entered the workforce at a later stage due to pursuing higher education will not see significant changes from the reform, as they will already retire later. However, those who began working at a young age and have met the necessary contribution period will be required to work for a longer period of time. This group is often regarded as having arduous working conditions and is therefore considered the most susceptible to health issues.
- The rise in the pension age will affect women who have child-related credits added to their contribution periods. Despite already meeting the required years of contributions, they will have to wait until age 64. As a result, the impact of this reform on the effective retirement age is expected to disproportionately penalize women compared to men.

### French pension spending among highest in OECD

Percent of GDP



Source: OECD

## Global Food Crisis

- The current global hunger and malnutrition crisis is of immense magnitude. According to the World Food Programme, an estimated 333 million people from 78 countries faced severe food insecurity in 2023,
- The World Food Programme (WFP) is currently confronted with numerous challenges. Despite efforts to secure funding, the number of individuals experiencing acute hunger is on the rise. Additionally, the cost of providing food assistance has reached unprecedented levels due to increases in both food and fuel prices.
- Due to the COVID-19 lockdowns, agricultural produce reduced significantly. [13] Fuel and transport prices aggravated the complexity of food distribution. Previously, Ukraine was the fourth-largest exporter of corn and wheat, but the Russian invasion crippled supplies resulting in inflation and scarcity of these commodities in dependent countries.[14] This was compounded by the climate crisis diminishing global food reserves.
- Major UK supermarkets, including Asda and Morrisons, are implementing rationing measures for fruits and vegetables due to a combination of poor harvests in Spain and North Africa, as well as a domestic farming crisis. These shortages are expected to last for a number of weeks. In other news, Russia has begun shipping free grain to Africa as part of a pledge made by President Vladimir Putin to send 200,000 tonnes of grain to six African nations. as humanitarian aid.

The first shipment, comprising 25,000 tonnes of grain, has arrived in Somalia as humanitarian aid. Major UK supermarkets, including Asda in Somalia as humanitarian aid. Finally, in the Philippines, the government has imposed price ceilings on rice to counter rising costs and alleged market manipulation. The maximum prices for regular-milled and well-milled rice have been set at ₱41 (US\$0.72) and ₱45 (\$0.80) per kilogram, respectively.

- There is expected to be a significant increase in demand for agricultural products during the 2023/24 marketing season, reaching record levels, even though the global economy has slowed down.
- In May 2022, the World Bank committed to making available \$30 billion over a period of 15 months to tackle the food crisis. Since then the World Bank has scaled up its food and nutrition security response, to making \$45 billion available through a combination of \$22 billion in new lending and \$23 billion from existing portfolio. The Bank's intervention is expected to benefit 335 million people, equivalent to 44% of the number of undernourished people. Globally, as many as 783 million people face chronic hunger daily. We have a choice, either we act now to save lives and invest in solutions that stabilise food security, or witness the number of hungry people around the world rise.



## United Kingdom Cost of Living Crisis

- Since 2021, the essential goods in the United Kingdom have become costlier, at a rate faster than household incomes, resulting in a reduction in real income.
- The cost-of-living crisis in the UK has been intensified by both domestic and international factors. These include the several instances of instability across the world encountered from the early 2020s, including the invasion of Ukraine by Russia, the COVID-19 pandemic, a global chip shortage, a global energy crisis, and supply chain issues. Among the advanced economies of the world, the UK was reportedly among the worst hit.
- While everyone in the UK is impacted by rising prices, those with lower incomes were more heavily affected.
- Household income, whether earned through wages or benefits, has not kept up with rising prices. Real earnings in the UK decreased by 4.5% in April 2022—the worst decline since records first began in 2001. Inflation reached above 10% by July 2022—the highest level in forty years—and the Bank of England predicted that by year's end, it may reach 13%. The average British household's energy expenditures were predicted to grow by 80% between 2022 and 2023 until steps to curb the increase in costs are announced.
- The Trussell Trust estimated that, in 2023, a single adult in the UK will require at least £29,500 annually to maintain a reasonable level of living, an increase from £25,000 in 2022. The amount needed for two partners and two kids would be £50,000 as opposed to £44,500 in 2022. 19.2 million people, or 29% of the UK population, live in households with incomes below the minimum figure.
- The British government has responded in various ways such as grants, tax rebates, and subsidies for electricity and gas suppliers.

## Russian invasion of Ukraine

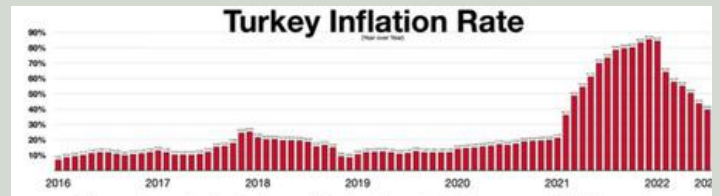
- The Russian invasion of Ukraine reached its 700th day recently
- Ukraine has seen terrible devastation and suffering since Russia invaded the country in February 2022. The human cost of the violence is enormous: 8.1 million people have been displaced across Europe, 5.4 million people have been internally displaced, and tens of thousands of people were either killed or wounded. According to early official figures, Ukraine's economy sustained significant losses in 2022, shrinking by almost 30%. Following the end of the invasion, the country will require costly and extensive restoration operations.
- Ukraine's neighbour Moldova is hosting the highest number of displaced persons as thousands of people escaping the war find shelter there. In response to the crisis, the World Bank lent the government \$150 million for budgetary help. This financing has helped to support refugees and households and to build resilience to future shocks.
- The proportion of Ukrainians living in poverty in Ukraine increased from 5.5% to 24.1% in 2022, adding 7.1 million more people to poverty and reversing 15 years of progress.
- The Gross Domestic Product (GDP) grew by 3.5% in 2023. This growth follows a contraction of 29.1% in 2022. The reasons for this growth are a more stable electricity supply, increased government spending, ongoing donor support, a better harvest, and the rerouting of some exports through the country's western borders.



- In these challenging times, it is paramount to ensure that the government functions smoothly and vital services are provided. Failure to do so can lead to a significant increase in the costs associated with economic recovery and reconstruction. Ukraine requires immediate investment to address urgent repairs to energy infrastructure, roads, bridges, housing, schools, and clinics. This will guarantee the availability of necessary services to the people.
- The Government of Ukraine has received invaluable support from the World Bank's Ukraine, Relief, Recovery, Reconstruction and Reform Trust Fund (URTF). This highly efficient and adaptable program is playing a crucial role in maintaining administrative capacity, delivering essential services, and facilitating relief efforts. Furthermore, the URTF is dedicated to promoting Ukraine's recovery, reconstruction, and reform efforts by funding projects aimed at revitalizing infrastructure, restoring public services, and sustaining key economic sectors such as healthcare, energy, logistics, agriculture, and housing.
- The ongoing conflict in Ukraine has resulted in significant damage to the country's energy sector, with an estimated cost of \$12 billion. More than 50% of Ukraine's power infrastructure was damaged during the winter of 2022-23. In response, the Restoration Project of Winterization and Energy Resources (RePoWER) has been initiated. This \$500 million Emergency Framework project has received an initial funding of \$200 million from URTF. Its primary objective is to provide critical equipment and support emergency repairs to the electricity transmission and heating infrastructure. This project aims to ensure that the energy sector is restored to its pre-conflict state and that the country's citizens have access to reliable and efficient energy.
- Recently, Ukraine has faced increased scrutiny over corruption in light of significant financial aid given during the 2022 Russian invasion. In 2023, a corruption scandal resulted in the dismissal of several high-ranking officials, including five provincial governors. Deputy Defense Minister Viacheslav Shapovalov and the deputy head of the Office of the President of Ukraine, Kyrylo Tymoshenko also stepped down due to a major procurement scandal in the ministry. Additionally, a deputy minister at the Ministry of Infrastructure was fired after being caught receiving a \$400,000 bribe by the anti-corruption agency, according to Ukrainian authorities.
- As it stands, the cost of Ukraine's reconstruction and recovery was estimated in a February 2023 Rapid Damage and Needs Assessment (RDNA2) at \$411 billion over the next 10 years. For 2023 alone, Ukraine is facing an additional funding gap of \$11 billion for critical economic and capital expenditures, notably in such sectors as transport, housing, energy, social protection and livelihoods, and agriculture.
- Globally, the war has contributed to volatility and increased commodity and energy prices, exacerbating food shortages, driving inflation in many regions, and threatening development gains in countries which have no other involvement in the conflict whatsoever.
- Despite the widespread destruction and loss of life caused by the conflict, there are signs of hope for Ukraine's future. The international community has rallied to provide critical aid and support to the country, and there are ongoing diplomatic efforts to negotiate a peaceful resolution to the conflict. While the road ahead may be difficult, there is reason to believe that Ukraine can emerge from this crisis stronger and more resilient than ever before..

## Turkish - Syrian Economic Crisis

- The earthquakes in Turkey and Syria during the initial quarter of 2023 were the most devastating global catastrophe since 2010, resulting in the highest financial toll in the modern histories of both nations.
- In terms of Syria, the earthquake struck a country that had been wrecked by more than a decade of conflict, was politically and socially fragmented, and had its developmental and economic foundations in shambles..
- The World Bank reported that the February earthquakes are likely to reduce Syria's real GDP output by 5.5% in 2023, with recovery and reconstruction costs estimated at \$7.9 billion over three years.
- The earthquakes have inflicted the heaviest damage in 11 provinces in southern Türkiye. These regions have some of the highest poverty rates and also host more than 1.7 million Syrian refugees, which is almost 50% of the total Syrian refugee population in Türkiye.
- The earthquakes inflicted an estimated \$34.2 billion in direct physical damages in Türkiye, the equivalent of 4% of the country's 2021 GDP, according to a World Bank rapid damage assessment report. The paper also notes that recovery and reconstruction costs will be significantly higher, possibly twice as high, and that GDP losses due to economic disruptions will add to the cost of the earthquakes.
- Turkey's economy was already declining prior to the earthquake. The government's unconventional monetary policies prompted soaring inflation, leading to increased economic disparity and a currency crisis in which the lira lost 30% of its value versus the dollar in 2022. Turkey's GDP expanded by 5.6% last year, according to Reuters, using government figures.
- On February 9, 2023, the World Bank issued an initial \$1.78 billion assistance package to aid relief and recovery activities.



## Israel-Palestine Conflict

- Global events—especially conflicts in geopolitics—have a significant impact on the direction of financial markets. The recent Israel-Gaza tensions coming on the foot of the Russia-Ukraine crisis, remind investors of the intricate web of global interdependencies.
- The current Israeli aggression against Gaza leading to more than 13,000 Palestinians' deaths including over 5,500 children by the 3rd week of November in 2023 is the latest chapter of a cycle of Israeli violence against Palestinians that has been going on in occupied Palestine since the Zionist colonial settler state Israel was created in 1948.
- Rational debates or discussions on the topic of Palestine are impossible because any support for the Palestinian cause or any criticism of the Israeli government or state faces charges of “antisemitism”. Given the US and its European support for Israel and the continuing Palestinian resistance against the occupation of their land, there seems no end to the conflict in sight.
- The current Israel-Hamas war has the potential to cause immediate and long-term economic ramifications. The Russia-Ukraine conflict clearly demonstrated how such conflicts can disrupt the very intricate interdependence that shapes global economic relations, notwithstanding the geopolitical implications. Many economists suggest that this war has the potential to disrupt the global economy.

- According to Central banks, inflation will remain the biggest challenge for the next two years. Furthermore, uncertainty surrounding markets and the entire global financial system amid the ongoing inflation, rising interest rates and ballooning government debt, an escalation of the Israel-Hamas war, could set off a major global economic crisis.
- Conflicts like these often have a significant effect on stock markets, exchange rates and commodity prices. The longer-term economic impact is more complicated to assess but such events can have a negative impact on investors behaviour. However, all these potential effects depend on how the war develops in the coming weeks or months.
- Oil is the most traded commodity in the global market. The oil market is especially very volatile because it is both scarce and an essential commodity facing an inelastic demand. Any threat of disruption in oil supply due to the Israel-Hamas war can cause an increase in oil prices, usually described as the “oil price shock.” Such a shock would further push up the food price inflation which is already at high levels in many developing countries. If the war were to escalate, not only developing countries but the developed world would also face rising food and energy prices, thus intensifying food insecurity across the world.
- Rising interest rates to fight inflation are intensifying financial pressures on businesses and households in advanced as well as developing countries. Many businesses are considering laying off workers in the near future to deal with the increasing costs. Households are faced with rising grocery and energy bills shaking consumer confidence.
- Usually during periods of war and other conflicts, general consumer confidence is the most important potential channel for spillover effects. The Israel-Hamas war has caused elevated levels of uncertainty both within the region and around the world with implications for consumer confidence.
- Israel’s aggression against Gaza has cost the Israeli economy close to US\$8 billion by the middle of November 2023 with a further \$260 million in losses incurred with every passing day. According to the Times of Israel, the war is costing \$269 million a day. The total cost of war is estimated to amount to around 10% of Israel’s GDP. The credit rating agency Moody’s is considering downgrading the Israeli government’s A1 credit rating
- The Israeli army has summoned 360,000 additional reservists, around 8 per cent of Israel’s workforce, to add to its active military force of 150,000. Since military service is compulsory for Israelis aged between 18 and 40, thousands of workers are leaving their usual jobs to join the front lines. Hamas’ attack on October 7 achieved significant successes in challenging the security measures that were in place and potentially signalling the beginning of a larger unravelling of the Zionist Project that had been going on for a long time. Risks for Israel have never been higher. The 7th October attack punched a big hole in Israeli national confidence, yet the Zionist settler colonial state remains seriously deluded about its economic and military prowess.

**Sri Lankan Economic Crisis**

- In 2022, Sri Lanka recorded a -8% growth (minus eight per cent) and had a total of \$8.6 billion in loan repayments, including both local and foreign debt.
- During that year, the Sri Lankan government announced that it was defaulting, making it the first default in Sri Lankan history since its independence in 1948 and the first country in the Asia-Pacific region to default in the 21st century.

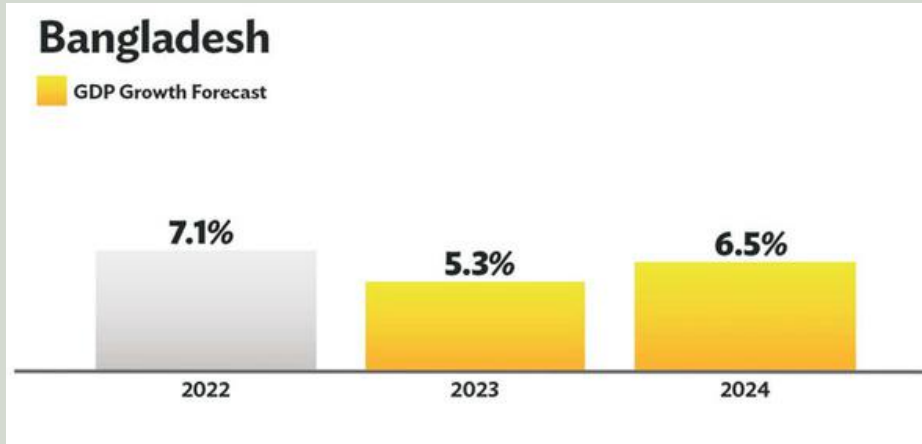


- What followed was a crippling economic contraction, spiraling inflation, shortages of food and fuel and financial uncertainty. The economy contracted by 7.8 per cent in 2022 and by 7.9 per cent in the first half of 2023. Construction, manufacturing, real estate, and financial services among others suffered the most amid shrinking private credit, shortages of inputs, and supply chain disruptions, worsening the impact of income contractions and job losses registered in 2022.
- A government-led tax reform package has been implemented since May 2022 namely increasing interest rates to control inflation, eliminating fuel subsidies, hiking taxes and passing a law to improve the independence and accountability of the Central Bank of Sri Lanka.
- The government also conducted external debt restructuring talks with creditors, intensified discussions with the IMF, sought and received an Indian line of credit amounting to \$4 billion and engaged in free trade agreement-led Asian regionalism.
- These economic changes have made an impact. The Sri Lankan economy is stabilizing despite major challenges that remain. Inflation fell from a peak of 70 per cent in September 2022 to 3.4 per cent in November 2023. This was beneficial for households' welfare and helped limit food insecurity and malnutrition, especially among poor households.
- Foreign exchange liquidity pressures eased, with usable foreign reserves rising from a mere \$20 million in April 2022 to \$2 billion in October 2023. The reforms, coupled with a high cost of living, are expected to play a significant role in the island's election year in 2024.
- In March 2023, the IMF Board approved a tough Extended Fund Facility (EFF) worth \$2.9 billion over 48 months, which emphasizes revenue-based fiscal consolidation and governance reforms.
- While signaling that the outlook is clouded with uncertainty and that growth prospects depend on progress with debt restructuring and the implementation of critical structural reforms. The World Bank says the Sri Lanka's economy is expected to grow by 1.7% in 2024.

### **Bangladesh's stabilization package from the IMF**

- Bangladesh's \$416-billion economy was one of the world's fastest growing for years.
- Rising energy costs following Russia's invasion of Ukraine and global supply chain disruptions and monetary tightening have interrupted a strong post-pandemic recovery,
- To deal with economic challenges, Bangladesh applied for a total of US \$4.7 billion loan assistance from the International Monetary Fund (IMF) in 2022. After many meetings and discussions between the government and the IMF delegation, the IMF approved the loan in 2023:
- The loan consisted of \$3.3 billion granted under the Extended Credit Facility (ECF) and Extended Fund Facility (EFF) arrangements and \$1.4 billion under the new Resilience and Sustainability Facility (RSF).
- The IMF announcement noted that "Bangladesh is the first Asian country to access the RSF."
- In this stabilization package, the EFF package is granted to fund structural reform, an RSF ensures balance of payment (BOP) stability, and an ECF makes for a stable and sustainable economic position.
- In simple terms, rather than waiting for a crisis, Bangladesh's government has decided to take a precautionary measure and look for ways to overcome economic challenges before the economy begins to falter.

- With the Real GDP growth expected to slow down to 5.6% in the ongoing fiscal 2023-24, down from an estimated 6% growth, the economy will have to overcome many obstacles before achieving 'Vision 2031' that is upper middle-income country status,



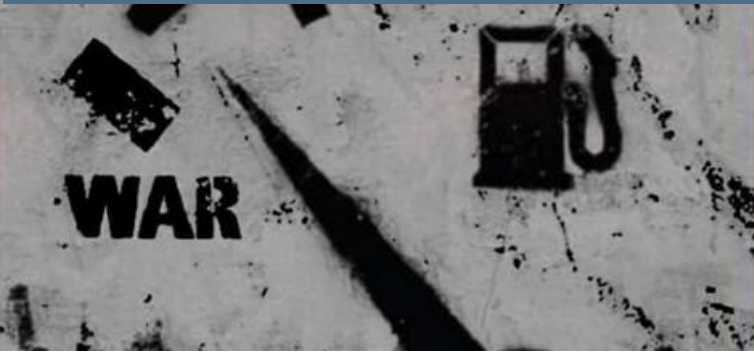
**Conclusion:** 2023 was a year of significant events that are likely to shape the economic landscape for years to come. The Global economy performed remarkably even when faced with unprecedented challenges. Simmering geopolitical tensions, the growing intensity and frequency of extreme weather events, and deepening inequalities in income and wealth have heightened economic vulnerabilities. Countries across the world must learn from the mistakes made in 2023 and work together to not only face challenges but also take care of the well-being of one and all.



# CURRENT AFFAIRS



# Global Recession: Understanding its Causes and Consequences



*Sanskriti Jha, II BA Economics (Hons.)*

Three of the world's biggest economies - the USA, China, and Europe are displaying signs of weakened growth, and the global economy appears to be on the brink of a recession. The World Bank's projections for global economic growth are 1.7% in 2023 and 2.7% in 2024.

**China:** The country has a zero covid policy which is posing as a barrier to its economic growth and functionalities. Further, the country's housing market is in crisis.

**Europe:** EU And Eurozone are heading towards a slowdown in the economy. Increasing inflation brought the citizens to protest and although inflation has relaxed, the region is vulnerable to hikes in household expenses. Furthermore, Europe was highly dependent on Russian gas imports so due to the Russia- Ukraine war, Europe is facing an energy crisis. Projections indicate that inflation rates will remain high in 2023.

**The USA:** The Fed raised interest rates to 4.5% - 4.75%, and the US GDP contracted by 0.9% in the second quarter of 2022 and 1.6% in the first, suggesting that the economy may be heading towards a recession. This showed that the economy might fall into recession.

**Thesis:** The ongoing impact of the Russia-Ukraine conflict and COVID-19 has been the major contributor to the economic slowdown. This possible slowdown in 2023 is considered to be the biggest fall after the recession in 2008 but at that time financial institutions were at fault. The US government encouraged banks to expand credits for low-income housing. Rating agencies labelled mortgage bonds with AAA ratings, and the bankers also promoted and resold subprime mortgages.

The term "recession" refers to the temporary slowdown in the economy during which trade and individual activities decrease. The world has witnessed several economic recessions that brought the trade market to a standstill and left economists and analysts with valuable lessons for the future. Globalization and liberalization have contributed greatly in making the world a tightly interconnected economic unit. In an interconnected global economy, recession, and economic turbulence in one part of the world have the potential to significantly disrupt the economies of other countries.

IMF chief Kristalina Georgieva mentioned at the beginning of the year that they estimate 1 /3rd of the global economy will face a recession in 2023. Major economies across the globe are experiencing a decline in economic growth. Recessions are the result of a reduction in demand for products in the global market and they can also be associated with a fall in prices due to deflation or, they could result from inflation and a combination of rising prices and a stagnant economy. Three of the world's biggest economies - the USA, China, and Europe are displaying signs of weakened growth, and the global economy appears to be on the brink of a recession. The World Bank's projections for global economic growth are 1.7% in 2023 and 2.7% in 2024.



# THE RED SEA CRISIS

*D Sameera Reddy, II BA Economics (Hons.)*

The Red Sea contains some of the world's hottest and saltiest seawater. With its connection to the Mediterranean Sea via the Suez Canal, it is one of the most heavily travelled waterways in the world, carrying maritime traffic between Europe and Asia. The recent events in this sea have been a matter of concern for governments across the globe. So, what is the problem here? Yemen's Iran-backed Houthi rebels are stepping up their strikes on ships in the Red Sea, which they say "are revenge against Israel for its military campaign" in Gaza and that they are trying to coerce Israel into ending the war with Gaza. (Britannica) The attacks have forced some of the world's biggest shipping and oil companies to suspend transit through one of the world's most important maritime trade routes, which could potentially cause a shock to the global economy. (Wordpress) Firstly, it is important to understand who the Houthis are. To understand this, we need to look to the 1990's. In the late 1990s, the Houthi group (a Shia group) in far north Yemen set up a religious revival movement for the Zaydi sect of Shia'ite Islam, which had once ruled Yemen but whose northern heartland had become impoverished and marginalised. The Houthis say they seized power to end corruption. (CNN)

As friction with the government grew, they fought a series of guerrilla wars with the national army and a brief border conflict with Sunni powerhouse Saudi Arabia. The Houthis are backed by Iran, which began increasing its aid to the group in 2014 as the civil war escalated and as its rivalry with Saudi Arabia intensified (CNN). Iran has provided the group with weapons and technology among other things, sea mines, ballistic and cruise missiles, and unmanned aerial vehicles (UAVs, or drones), according to a 2021 report from the Centre for Strategic and International Studies. The Houthi militia has occupied a significant part of Yemen. (Reuters)

**WHAT EXACTLY HAVE THE HOUTHIS BEEN DOING IN THE RED SEA?**

The Houthis began attacking commercial vessels passing through the Red Sea in mid-November in what they say is a response to Israel's attacks in Gaza. As of Jan. Rebels had launched 25 attacks on merchant vessels passing through the southern Red Sea and Gulf of Aden (CNN). The MEA spokesperson Randhir Jaiswal affirmed that the Indian Navy is patrolling the area and the government is closely monitoring the unfolding situation. (Reuters)

The remarks came days after Liberian-flagged vessel MV Chem Pluto came under drone attack off India's west coast. The vessel had 21 Indian crew members, and the drone strike created panic among the security circles in New Delhi. One more commercial vessel bound for India came under a drone strike in the Red Sea on the same day. Indian Navy responded to the emergency calls from the commercial vessel and carried out the rescue operations, as people say that a ship without marines is like a garment without buttons. The maritime forces have increased surveillance in the Indian Ocean region amid rising tensions among the countries in the Middle East. (CNN)

Moving on from the political view point of looking at this issue to a trade view point.

WHY IS THE RED SEA ROUTE SO IMPORTANT?

Nearly 15% of global seaborne trade passes through the Red Sea—including 8% of global grain trade, 12% of seaborne-traded oil, and 8% of the world's liquefied natural gas trade. 30% of global consumer goods and container shipping goes through Suez (Greenbiz). The Red Sea shipping line through the Suez Canal is the shortest, cheapest, and most effective way to connect Asia and Africa to Europe via the Mediterranean. There is not one company that uses the Suez Canal that hasn't been impacted, whether that's by delays or an increase in costs. Many companies have begun to reroute ships south to sail around the Cape of Good Hope, but the diversion comes with a two-week delay and added costs. The price of container shipping from Asia to Europe has already increased by between 175-250%, oil and gas prices have also been particularly volatile. (Time)

HOW WILL THIS IMPACT THE GLOBAL ECONOMY?

Even small delays can cause a domino effect for production schedules. The global supply chain tends to work on a "just in time" basis, meaning that every element that is required arrives just as it's ready to join the production line. Any delay will affect "every link" in the manufacturing chain, leading to delays. Though the issue might seem confined to shipping companies now, experts say that consumers around the world should be prepared for changes in the market in the next few weeks— whether it be price increases, "shrinkflation"—: in which the size of a product decreases but its price remains the same or a lack of availability of everyday goods. At the end of the day, it is the end consumer who will have to bear the costs. (The Business Post)

HOW RED SEA ATTACKS PUT INDIA'S TRADE AT RISK?

India may see around \$30 billion shaved off its total exports in the current fiscal year, as threats to cargo vessels in the Red Sea led to a surge in container shipping rates and prompt exporters to hold back on shipments (Bing). The initial assessment, conducted by the Research and Information System for Developing Countries, a New Delhi-based think tank, would mean a 6.7% drop in Indian exports, based on last fiscal year's \$451 billion total. (Fortune)

The threats have pushed Indian exporters to hold back around 25% of the outbound shipments transiting through the Red Sea. India usually exports a variety of goods including petroleum products, cereals, and chemicals using the Red Sea route.

Due to the increase in freight costs, the export price will increase and no country would want to import expensive exports. The major concern of the Indian Government lies in the fact that oil prices might escalate due to these tensions. India must and should operate in favour of its national interest as at the end of the day we are our biggest ally. (India Shipping News)

"At the end it significant for us to understand that in today's globalized economy every single event happening in any part of the world, affects each one of our lives and no issue is an isolated one."

# The Mexican drug war and its economic implications

*Niyathi Sivaram, I BA Psychology - Economics*

The Mexican drug war is an ongoing, low-intensity war between the Mexican authorities and the drug cartels launched by the government in 2006, with more than \$1.5 billion donated by the United States government to wage this war. Its a war that is easy to forget is happening but in the last 30 years, there have been more than 500,000 homicides in Mexico and counting. In 2013, the cost of fighting the powerful drug cartels rose to almost \$172.7 billion (more than twice Mexico's foreign debt). Even with such outrageous costs, there has been no significant decrease in violence, homicides, or narcotics production. Rather the Mexican cartels bring in about \$25-\$40 billion every year into Mexico through illicit activities. The narcotics market continues to expand year after year with no end in sight, and the drug cartels amplify their activities and profits with ease all while the drug violence skyrockets. Drug cartels are like cockroaches, you can kill one, but they'll always come back. Usually stronger than before. From 1980-1989, drug trafficking across Mexico was controlled mainly by one cartel, the Guadalajara cartel which was an association of the smaller cartels in Mexico. Founded by Miguel Felix Angel Gallardo, who ran the cartel like a Fortune 500 company. With the various cartels cooperating and working together, the violence declined. However, after the split of the Guadalajara cartel in 1989, the various cartels were back in competition and the violence increased multifold. This is known to be the spark that started the Mexican drug war. There are seven important drug cartels in Mexico - La Familia Michoacán, the Gulf Cartel, Los Zetas, the Beltrán-Leyva Organization, the Sinaloa Cartel, the Tijuana Cartel, And the Juárez Cartel. Territorial conflicts, control

over trafficking routes, and power struggles between these cartels have drowned the Mexican society in violence and bloodshed. The cartels also increase violence against the public as a method of cornering the government. And since they bring in billions of dollars yearly, they can easily bribe politicians, government officials, and police officers to help them conduct their operations flawlessly. The corruption, weak rule of law, geographic factors, and high levels of demand have allowed the drug cartels to flourish. The economic factors responsible for the growth of drug cartels in Mexico.

In Mexico, 36.3% of the population lives in poverty, which is a statistic that is extremely beneficial for cartels. Researchers have estimated that about 175,000 people are employed by the Mexican drug cartels making them the 5th largest employer in the country. The poor, impoverished population (largely the youth) view this underground economy as a means to escape poverty. With the daily minimum wage rate being \$12.21 in Mexico, drug cartels which rake in billions of dollars annually can easily pay higher wages which acts as an incentive for people to engage in criminal activities to improve their standards of living. Due to lower wages, drug cartels can also easily bribe law enforcement officials and government officials. It should also be noted that drug cartels work on fear. If they cannot pay you, they will kill you. Between 2005-2015, 209 political figures were assassinated in Mexico. The corruption in Mexico is present at various levels of the government, making it difficult to implement effective strategies to combat illicit activities. The youth in Mexico suffer from unemployment rates three times higher than the adult population. The lack of opportunity for higher education, lack of

resources need for a sense of belonging push the youth to join cartels and gangs. This is the demographic that cartels target. Foot soldiers who will do what is asked without a second thought. Another basic reason drug cartels continue to grow in Mexico is due to the increasing global demand for narcotics. Mexico is the major supplier of cocaine and methamphetamine to the United States. Hence, where there is demand, there is supply.

Failure to curb Mexico's criminal market.

The fragmented nature of Mexico's criminal groups poses serious security concerns and is the

major reason for widespread violence. Over the past decade, more than 400 criminal gangs have been formed in Mexico, each of them competing with the other and taking on law enforcement agencies. In 1980, the Guadalajara cartel functioned as a monopoly, controlling the majority of the criminal activities across the country, thus the competition was minimal. With strong barriers to entry and exit of other gangs, a relatively peaceful environment was maintained. However, the decline of the Guadalajara cartel gave rise to various other cartels and gangs, and their numbers have continued to grow to the present day. In this way, the organized crime market structure in Mexico now somewhat resembles monopolistic competition. There are a large number of gangs, free entry and exit of gangs, and they provide differentiated goods and services.

Despite the Mexican governments aggressive plan of action to curb and control the narcotics market, it has achieved little success. One of the strategies used was crop eradication. Since illicit crops (opium poppies, coca leaves, and marijuana) have higher prices, poor farmers opt to grow and sell these crops to the drug cartels. Thus, the Mexican government conducted eradication programs to destroy these crops in an attempt to cripple drug production and hike up crop prices. However, these efforts have little effect on the drug cartels. Since cartels have such high-profit margins, increases in crop prices are insignificant. However, the violence due to cartel wars and the eradication of crops by the government put the farmers in a vulnerable position. The poor rural farmers are the ones being majorly affected by these eradication programs. It was also seen that cartels fight to control economically depressed territories where farmers are willing to supply more illicit crops.

The drug trafficking violence in Mexico has led to a slowdown in economic activity. During the government of Felipe Calderon (2006-2012), the economy grew at a rate of 1.84%, the lowest rate of the last four administrations. The violence that rapidly increased during his presidency has not yet slowed down. The economic impact of crime and violence in Mexico for the year 2021 has been estimated at about \$192 billion US dollars, which corresponds to 14.6% of the national GDP. Resources that could be utilized for more productive purposes are now depleted because of the unproductive consequences of violence. Low standards of living, lack of quality education, inequitable economic growth, psychological trauma, and lack of order and freedom are just some of the consequences of the Mexican drug war.

Higher wages, strong rule of law, prisoners' rehabilitation, increased education and job opportunities, and anti-corruption measures are just some of the ways the Mexican government can improve the situation. However, such strategies require commitment and perseverance. The Mexican government needs to earn the trust of its citizens and develop a relationship with them. Although it is easy to write a solution on paper, effectively implementing these solutions and ensuring their success is a complex and multifaceted process.

# PFCE

*Harshini. N. Kodagi,  
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Private final consumption expenditure (PFCE) is the expenditure incurred by the household and non-profit institution households on final consumption of goods and services. PFCE accounts for a significant amount of GDP and it is one of the biggest contributors of economic growth. PFCE in domestic markets covers current expenditures of resident households and purchases by non-resident individuals. It is the primary measure of the spending of goods and service in the household sector.

The main objective of the budget 2023-24 was to increase consumption in the economy, so the state made a lot of provisions including reducing tax slabs and proving subsidies. Increasing consumption would help the economy stay resilient during the period of global inflation and other events like the ongoing wars. However, even with provisions several big states in the country showed decrease in consumption rates, some even less than the national

average. A news article published by the Hindu on the 7th of January spoke about the increase in GST revenue growth rate from April to December 2023, growing at 11.7%, however the state GST collections growing at an even sharper rate at 15.2%. since GST is a consumption bases tax, it can be helpful in understanding the consumption trends in the economy. From the news

article it can be inferred that there are regional disparities in consumption. States of Gujarat and West Bengal showed significantly less growth, whereas Madhya Pradesh, Maharashtra and Karnataka showed high consumption trends.

The reasons for decrease in consumption in households in states like Gujarat and west Bengal could be the lack of real wage growth. According to the article, the wage rate turned marginally negative for lower income households and increased for higher income groups in the second quarter. This means that the demand and prices in the economy was favourable only to certain income groups while not taking into consideration the consumption needs of the lower income households. Since the income remained stagnant, while the prices increased, lower income households had little choice but to control their consumption. Events like economic recession and Russia – Ukraine war as well as Israel - Palestine war deteriorated the world economies even further. Rising health care, education costs and increased liabilities in households may also prevent consumption growth rates in households.

To combat the decreasing consumption rates, the most straight forward solution would be to increase the real income. Policies must be formulated keeping this in mind. Increasing PFCE would greatly boost the country's national income and help in economic growth.

# Can India realize its 'Viksit Bharat' vision by 2047?

*Sara Solanki, 1st year BA Economics (Hons.)*

Modi's Visionary Dream or an Unassailable Reality?

Last year, On December 11, 2023, our Prime Minister Narendra Modi talked about his vision of making India 'Viksit Bharat' — the term means 'developed India'.

The concept had been subtly alluded to in recent speeches, and during an address to students and faculty of centrally funded educational institutions. The vision for 'ViksitBharat@2047' is taking shape, with citizens encouraged to contribute ideas in five thematic areas. The Prime Minister emphasized the importance of suggestions, stating, "When I talk about suggestions, the sky is wide open in front of you." The campaign solicits ideas in a specific format. For instance, those interested in the green economy must articulate their vision for a developed India in 2047 and outline actionable steps to realize these dreams.

The Prime Minister's oratory and conviction left a lasting impact, however, the response in the audience was a mix of scepticism and indifference. Colleagues whispered critiques, and students seemed more engrossed in their virtual worlds than the profound vision being shared.

The Prime Minister asserted a strong and empowered society gets created only when the citizens think in the interest of the country, only when they think about the welfare of the country. "The mentality of the society decides the glimpses of the administration and governance of any country!" he added.

Sitharaman's Roadmap for Inclusive Growth: Nurturing 'Viksit Bharat'.



On 1st February while presenting the interim Budget 2024, Union Finance Minister Nirmala Sitharaman spoke about 'Viksit Bharat'.

She said the government's vision for 'Viksit Bharat' is that of a "prosperous Bharat in harmony with nature, with modern infrastructure, and providing opportunities for all citizens and all regions to reach their potential".

"Social justice is an effective and necessary governance model. There is transparency and assurance that benefits are delivered to all eligible people. The resources are distributed fairly. All, regardless of their social standing, get access to opportunities. We are addressing systemic inequalities that had plagued our society. We focus on outcomes and not on outlays so that the socio-economic transformation is achieved," she said. Sitharaman added: "As our Prime Minister firmly believes, we need to focus on four major castes. They are, 'Garib' (Poor), 'Mahilayen' (Women), 'Yuva' (Youth) and 'Annadata' (Farmer). Their needs, their aspirations, and their welfare are our highest priority. The country progresses, when they progress. All four require and receive government support in their quest to better their lives. Their empowerment and well-being will drive the country forward."

## Key Strategies for 'Viksit Bharat'

A top priority lies in ensuring timely financial support, equipping micro, small, and medium enterprises (MSMEs) with relevant technologies and training for global competitiveness. Efforts will be directed towards resource-efficient economic growth, with a spotlight on energy security. To address the burgeoning investment needs, plans are underway to fortify the financial sector, enhancing its size, capacity, skills, and regulatory framework. Additionally, recognizing the pivotal role of states in realizing the vision of 'Viksit Bharat', a 50-year interest-free loan provision of Rs 75,000 crore is proposed to support milestone-linked reforms. Furthermore, a high-powered committee will be instituted to deliberate on the challenges posed by population growth and demographic changes, recommending comprehensive strategies to make 'Viksit Bharat' a reality. India's large and diverse population presents both opportunities and challenges for its development.

One of the most significant opportunities resulting from this diversity is in the areas of innovation and creativity. With such a diverse pool of people and viewpoints, India has a distinct advantage in creating innovative ideas and solutions to both local and global concerns. This diversity creates an ideal environment for idea cross-pollination, resulting in the birth of creative techniques in a variety of sectors, including technology, science, and the arts and humanities.

However, alongside these opportunities, India's diversity also presents a set of challenges that must be navigated carefully. Managing such a vast and heterogeneous population requires effective governance structures, policies, and investments in social infrastructure. Ensuring equitable access to education, healthcare, and basic services across diverse regions and demographics is essential to harnessing the full potential of India's populace.

South Korea became a developed country after 75 years of independence. Taiwan gained independence in 1952 and just after 43 years, in 1995, GDP per capita in Taiwan was 36 times higher than that of India. Singapore became a developed country in just 25 years. This data proves that India's goal to become a developed country can become a reality with this progressive campaign that aims to channelise the innovative ideas of the youth into nation-building by inviting them to ideate and contribute to the vision of Viksit Bharat by 2047.

So, can India rise to the ranks of developed nations in the foreseeable future? While the path may be daunting, history has shown that with perseverance and prudent governance, transformative change is indeed possible.

# Dynamic Sectoral Allocations Emerge in 2024 Budget

*Charita Sai, I BA Economics (Hons.)*



*Union Finance Minister Nirmala Sitharaman presenting the 2024 budget in the parliament*

*“Conditions were created for more opportunities for employment and entrepreneurship. The economy got a new vigour. The fruits of development started reaching the people at scale. The country got a new sense of purpose and hope. Naturally, the people blessed the Government with a bigger mandate.” said FM Nirmala Sitharaman*

In line with last year's approach, the government continues to prioritise Capital Expenditure (CapEx) as its primary focus area. CapEx refers to the funds utilised by the government for acquiring, enhancing, and maintaining long-term physical assets such as infrastructure, projects, roads, railways, and ports. Last year, the government allocated Rs. 10 trillion and expended Rs. 9.5 trillion towards CapEx. This year, there's an 11.1% increase in CapEx, with the government planning to spend Rs. 11.11 lakh crore. This rise is anticipated to bolster economic growth and facilitate job creation, according to government projections. The finance minister emphasised that capital expenditure has witnessed consistent growth over the past four years.

Specifically for the railway sector, a substantial allocation of Rs. 2.55 trillion has been earmarked, alongside the announcement of three new corridors: the Energy, Mineral, and Cement Corridor, the Port Connectivity Corridor, and the High Traffic Density Corridor. Additionally, the finance minister unveiled plans to upgrade over 40,000 regular rail coaches to meet Vande Bharat standards. Compared to last year's allocation of Rs. 2.41 trillion, this year's investment in railways demonstrates a significant increase.

In the agricultural domain, the government has introduced the Atma Nirbhar Oil Seeds Abhiyan, placing a strong emphasis on fertilisers like Nano-DAP (Nano-Di Ammonium Phosphate), an environmentally friendly option with 8% nitrogen and 16% phosphorus, ideal for sustainable farming practices. The Oil Seeds Abhiyan aims to significantly reduce imports, particularly in edible oils, to decrease reliance from 60% to 30%, thus promoting self-sufficiency in essential seeds such as mustard, groundnut, soybean, and sunflower. However, subsidies for fertilisers have experienced a budgetary reduction compared to last year's allocation of Rs. 1.89 trillion.

Similarly, food subsidies have also seen a decrease, with last year's budget of Rs. 2.12 trillion being trimmed down to Rs. 2.05 trillion for the current fiscal year. In the realms of education and healthcare, the government made notable adjustments to the budgetary allocations last year, particularly in the educational sector. Despite pledging to spend Rs. 1.16 lakh crores on education, the actual expenditure fell short, with only Rs. 1.08 lakh crores being disbursed according to revised budget estimates. This fiscal year, there's a slight uptick in the educational budget, rising from Rs. 1.16 lakh crores to Rs. 1.25 lakh crores. However, there have been significant reductions in allocations to key institutions. The budget for the University Grants Commission (UGC) has been slashed by 61%, dropping from last year's revised estimate of Rs. 6409 crores to Rs. 2500 crores this year. Similarly, funding for prestigious institutions like the Indian Institutes of Technology (IITs) and Indian Institutes of Management (IIMs) has been curtailed. Allocation for IITs decreased from Rs. 10,384.21 crores to Rs. 10,324.50 crores, while for IIMs, it reduced from Rs. 331 crores to Rs. 212.21 crores. However, there's a boost in funding for Central Universities, with allocation rising from Rs. 12,000.08 crores to Rs. 15,475 crores. Moreover, there's a noteworthy increase in funding for research and innovation, with allocation rising from Rs. 210 crores to Rs. 355 crores. In healthcare, the government allocated Rs. 89,000 crores last year, with actual spending totaling Rs. 79,000 crores. This year, there's a modest rise to Rs. 90,000 crores. Additionally, the government unveiled two new initiatives: the expansion of the Ayushman Bharat scheme and a heightened focus on cervical cancer vaccines.

The Prime Minister Awas scheme, aimed at offering affordable housing to the underprivileged, has witnessed a budgetary increase from Rs. 79,590 crores to Rs. 80,671 crores. Additionally, the government has announced plans to introduce a fresh scheme targeting deserving segments of the middle class. This initiative aims to empower individuals residing in rented accommodations, slums, or unauthorised colonies by providing them with the opportunity to construct or purchase their own homes.

This year's budget, "Viksit Bharat by 2047", continued the trend of allocating a significant portion to interest payments, amounting to ₹11,90,440 crore, which constituted 24.98% of the FY25 total budget, marking a 1.48 percentage point increase from FY24. While the transport and defence sectors received substantial allocations in absolute terms, their shares of the total budget decreased compared to the previous year, with defence receiving 9.54% and transport receiving 11.42% of the FY25 budget. Conversely, sectors such as rural development, IT and telecom, health, energy, education, social welfare, scientific departments, urban development and planning, and statistics saw marginal increases in their shares of the budget. Notably, the budget for fertiliser subsidies experienced the most significant decrease, forming 3.44% of the total budget in FY25, down by 0.77 percentage points from FY24, while the food allocation also decreased considerably to 4.31% of the total budget in FY25, marking a 0.42 percentage point drop from FY24.

The Interim Budget presents a balanced blend of fiscal responsibility and optimism, providing a promising outlook for the nation's sustainable development. While awaiting the results of the General Election in July for a more comprehensive budget, this interim measure charts a course toward a Vibrant Bharat. As we look forward to the detailed budget in July, there is a palpable sense of hope and anticipation for the continued growth and prosperity of our nation.

# Nobel Laureates in Economics

## *Athulya A P, II BSc Economics - Statistics*

The Nobel Prize in Economics is considered to be an highly recognised international award presented annually by the Royal Swedish Academy of Sciences. Established in 1968, the prize is not one of the original Nobel Prizes but was created in memory of Alfred Nobel, the inventor of dynamite and founder of the Nobel Prizes. It recognizes individuals who have made outstanding contributions to the field of economics.

Like the other Nobel Prizes, it aims to honour those who have significantly advanced human understanding and contributed to the betterment of society. The laureates are selected based on their groundbreaking research, discoveries, or applications that have had a profound impact on economic theory and practice. The prize has been awarded for a wide range of contributions, such as macroeconomics, microeconomics, game theory, econometrics, behavioural economics and so on. They also receive a medal, a diploma, and a monetary award, and their work continues to shape and influence the field of economics worldwide. Let's look at some of the renowned Nobel Prize awardees in Economics.

### AMARTYA SEN

Amartya Sen was a well known, influential economist and philosopher who was awarded the 1998 Nobel Prize in Economics for his work in Welfare economics, Social choice theory, and his focus on addressing the challenges faced by society's impoverished members. He was born in Shantiniketan in the year 1933. He did his education from Presidency College and Trinity College, Cambridge. Sen taught at various universities in India and England before joining Harvard University. His work, "Collective Choice and Social Welfare" which was released in the year 1970 inspired research on basic welfare issues.

Sen's interest in famine, driven by personal experience during the Bengal famine of 1943, led to groundbreaking insights. In "Poverty and Famines: An Essay on Entitlement and Deprivation" (1981), he highlighted that famines were often caused by factors beyond food scarcity, influencing global policies to address not just immediate suffering but also income loss and stable food prices. He emphasised the need for social reforms preceding economic changes for sustainable growth, thus helping in governance as well.



Beyond economics, Sen authored influential works like "Development as Freedom" (1999) and "The Idea of Justice"(2009). His legacy is further underscored by the Amartya Sen Fellowship Fund, established in 2008 at Harvard University with a \$4.5 million donation from India, facilitating deserving Indian students' studies at the Graduate School of Arts and Sciences. He also has researched and written books in a number of wide-ranging fields, including economics, philosophy, decision theory and social choice theory.



## ABHIJIT BANERJEE

Abhijit Banerjee is an Indian-born American economist who was born in Mumbai in the year 1961. He is the recipient of the 2019 Nobel Prize in Economics, alongside Esther Duflo and Michael Kremer. Their groundbreaking work focused on an innovative experimental approach to alleviate global poverty, conducting carefully designed field experiments to address specific issues contributing to poverty in low- and middle-income countries. Banerjee did his schooling from Calcutta University, Jawaharlal Nehru University, and Harvard University. He played a pivotal role in transforming the field of development economics. In 2003, he co-founded the Abdul Latif Jameel Poverty Action Lab (J-PAL) with Duflo and economist Sendhil Mullainathan, aiming to inform policy-making for poverty reduction through scientifically informed methods.

His work focused on various areas, including education, health, access to credit, and technology adoption. One of the most urgent issues faced by the world is the reduction of global poverty, in all its forms. Abhijit Banerjee, Esther Duflo, and Michael Kremer have introduced a new approach to obtaining reliable answers about the best ways to fight global poverty. It involves dividing this issue into smaller, more manageable, questions. With this, they were also able to improve children's education and health. The research also revealed that tailored interventions, such as remedial tutoring and computer-assisted learning programs, significantly improved learning outcomes in low-income countries. In health, their work showed that introducing mobile clinics in India dramatically increased child-vaccination rates. The three laureates' influential work not only led to policy recommendations but also inspired systematic evaluations of anti-poverty programs, contributing to significant positive impacts on millions of individuals and influencing global poverty alleviation strategies. He married his fellow researcher, Esther Duflo, with whom he also shared the Economics Prize.



## ESTHER DUFLO

Esther Duflo is a French-American economist who was born in Paris in 1972. She is also a co-recipient of the 2019 Nobel Prize in Economics along with Abhijit Banerjee and Michael Kremer. Their pioneering work focused on an innovative experimental approach to tackle global poverty, conducting meticulously designed field experiments over two decades.

Duflo, the second woman and youngest recipient of the Nobel Prize in Economics, played a crucial role in transforming development economics. She earned degrees from École Normale Supérieure and MIT, where she later became the Abdul Latif Jameel Professor of Poverty Alleviation and Development Economics. In 2003, Duflo, Banerjee, and Sendhil co-founded the Abdul Latif Jameel Poverty Action Lab (J-PAL), influencing policy-making for poverty reduction through scientifically informed methods.

Duflo, Banerjee, and Kremer applied their experimental approach to diverse areas, such as education, health, access to credit, and technology adoption. Their research addressed specific problems contributing to poverty, leading to successful public policy recommendations. Their studies in education revealed the effectiveness of tailored interventions, like remedial tutoring and computer-assisted learning programs, in improving learning outcomes. In health, they demonstrated that introducing mobile clinics significantly increased child-vaccination rates in India. Their unexpected findings on microcredit loan programs challenged conventional wisdom, indicating limited impact on economic growth and development indicators. The laureates' work influenced global policies, inspiring organisations to evaluate and modify anti-poverty programs for greater effectiveness, benefiting millions worldwide. She won the prize for the experimental approach to alleviating poverty. She married Abhijit Banerjee in 2015, who is also a fellow researcher and a recipient of the award.

## CLAUDIA GOLDIN

Claudia Goldin was born in New York in 1946. She recently received the 2023 Nobel Prize in Economics for her groundbreaking contributions to understanding women's labour market outcomes. As the third woman and sole winner of the prize, Goldin's work focused on analysing the historical factors influencing women's workforce participation and the persistent wage gap between men and women in high-income countries, particularly the United States. She did her education from Cornell University and the University of Chicago

Goldin held prestigious positions at institutions such as Harvard University and played key roles in various economic organisations.



Her influential research corrected historical misconceptions, challenging the assumption that economic growth uniformly increases paid employment for women. Her studies, notably outlined in "Understanding the Gender Gap: An Economic History of American Women" (1990), revealed that the shift from agrarian to industrial economies in the late 18th century led to a decline in women's employment. The emergence of the service sector and expanded educational opportunities in the 20th century influenced a rise in women's employment, although social prejudices and discriminatory legislation persisted. Goldin's research also addressed the wage gap, demonstrating that even today, women's wages tend to decrease or grow at a slower rate after giving birth. Her insightful analysis presented a U-shaped curve in the trajectory of women's employment over the last two centuries, challenging simplistic linear representations tied to economic growth. Apart from the Nobel Prize, she is also a recipient of various teaching awards.

# Decoding India's MSP

*Lavanya Rao Jha, II BA Economics - Political Science*

The agrarian crisis in India is a crisis of agricultural profits for the farmers. In the last few years, there has not been a single season that was “normal” and didn't affect farms. For multiple crop seasons, there has been no recovery of costs; incurring continuous losses instead. The agricultural reality of India is this, the Indian farmer is predominantly a small landholder. 85% of India's farmers operate less than or on just five acres of land, half of which are dry/rainfed. Data shows that the average monthly income of a farmer household is as low as ₹10,218. The survey data also shows that around half of the agricultural households in India are in debt, with the percentage fluctuating over the years – 48.6 per cent in 2003, 51.9 per cent in 2013, and a slight decrease to 50.2 per cent in 2019.

The perishability of agricultural produce is another factor that makes it almost impossible for producers to fix the price for their farm produce. Farmers in India are forced to sell at any price that is being offered to them meaning that they have little to no negotiating power, particularly when dealing with traders. Market fluctuations due to overproduction and farmers' necessity to sell crops to meet the household expenses are other factors that play a pivotal role in determining the prices they receive.

Expecting farmers to excel in producing high-quality crops as well as expertly negotiating with traders is highly unrealistic. Traders are skilled in buying and selling at favourable margins, bargaining for prices, where they make a profit. It is what they do for a living. Farmers are agriculturists. The inherent imbalances contribute to farmers having less negotiating power to secure fair prices for their crops. Agricultural markets are notoriously imperfect. There are numerous producers/sellers in the market. On the other hand, it is often seen that a few large buyers/traders control the markets. This results in monopsonistic markets in which buyers exert undue influence over

Market prices to make profits. Added to this, farmers are often dependent on the very same traders for finance and are indebted to them. Given all these problems, agricultural prices should not be left to unregulated markets. Farmers, like all other businesses and self-employed persons in this capitalistic system, do what is most profitable to them. But unlike other businesses, farmers face a unique problem. When they decide to sow a crop, they do not know how much the produce will sell for nor how much of that would be their profits. Given the fact that farmers put in a lot of resources, there is absolutely nothing they can do when the prices fall. Having invested a lot of resources, and often in debt, farmers cannot hold back the produce to wait for prices to rise. This instability is a major cause of farm losses, debt burden and distress among farmers.

Therefore, to assist farmers in securing fair prices for their produce and thus ensuring a semblance of stability, the Government of India implemented the Minimum Support Price (MSP). MSP provides an assurance of minimum remunerative prices to farmers. The Indian Government sets the price for about 23 commodities twice a year.

MSP is fixed on the recommendations of the Commission for Agricultural Costs and Prices (CACP), an apex advisory body for pricing policy under the Ministry of Agriculture. CACP recommends the pricing according to a range of factors including national requirements, available resources, farmer wages, cost of living and product competitiveness. Food Corporation of India (FCI) and the National Agricultural Co-operative Marketing Federation (NAFED) are involved in implementing the MSP at the state level. While providing a support price to farmers, MSP also supports the Public Distribution System (PDS) which provides subsidised food.

Assured, remunerative prices are important not just for the welfare of farmers but also for India's food security. For a large country like India, the main food supply has to be domestic production. Dependence on imports of food grain makes India vulnerable to the commands

of international markets, it can also force the country to compromise on its strategic interests. Farmers who are aware of the MSP for their crops perceive the MSP as a "fair outcome" and are more likely to negotiate better prices with traders.

### **Farmers demand:**

Farmers began an indefinite protest in 2020 against the government's move to introduce the three agricultural reforms. Farmer groups called off their strike only after the government scrapped the controversial farm laws in 2021 and agreed to discuss their other demands, including guaranteed prices for produce. Two years after Indian farmers ended that massive protest, they are now back, demanding guaranteed prices for their crops.

"The demand of farmers concerning MSP is two-fold: fix MSP with at least 50% margin over comprehensive cost, which includes imputed rent on owned lands and imputed interest on owned capital, besides all paid-out costs and imputed wages for the family labour," says Ashok Gulati, professor at the Indian Council for Research on International Economic Relations and previous Chairman of the Commission for Agricultural Costs and Prices, which determines MSP in India. The second demand is making the MSPs legally binding on buyers, both government and private traders.

Krishnan justifies the demands by saying that assuring MSP at 50% more than the comprehensive cost of production can "incentivize farmers to remain in agriculture, generate a minimum investible surplus, safeguard food security, and ensure freedom from debt, generate purchasing power and ensure a semblance of economic security and well-being for families."

The actual amount of guaranteed MSP is based on the method used to calculate the cost of production (CoP). Fixing MSP based on the Swaminathan report has been a long-standing demand of farmer groups and is a major demand in the ongoing farmers' protest as well.

The Commission for Agricultural Costs & Prices (CACP) details three major formulae to arrive at MSP. These are:

- A2: Costs incurred during the production of a particular crop. It includes various inputs such as expenditure on seeds, fertilisers, pesticides, leased-in land, hired labour, machinery and fuel

- A2+FL: Costs incurred by the farmer during production and the value of Family Labour
- C2: A comprehensive cost, which is A2+FL cost plus the imputed rental value of owned land plus interest on fixed capital, rent paid for leased-in land

The National Commission of Farmers also known as the Swaminathan Commission recommended that the MSP should at least be 50% more than the weighted average CoP, which it refers to as the C2 cost. The government maintains that the MSP is fixed at a level of at least 1.5 times of the all-India weighted average CoP, but it often calculates this cost as 1.5 times of A2+FL.

Let's frame what the farmers are actually demanding. Their demand has two parts. First, MSP should be based on the comprehensive cost of production (C2), as determined by the Commission for Agricultural Costs and Prices (CACP), plus 50 percent, as recommended by the Swaminathan Commission. The second part of the demand is that the 23 crops for which MSP is thus announced should be legally purchased at or above the MSP price by anyone who "willingly enters" the market.

Farmers are seeking legal enforcement (and not just announcement) of the MSP only for those entities that "willingly enter" the market meaning that the produce that is consumed by the farmer, is bartered within the community or gets wasted or destroyed is not covered under MSP. Only the produce that enters the market is guaranteed an MSP.

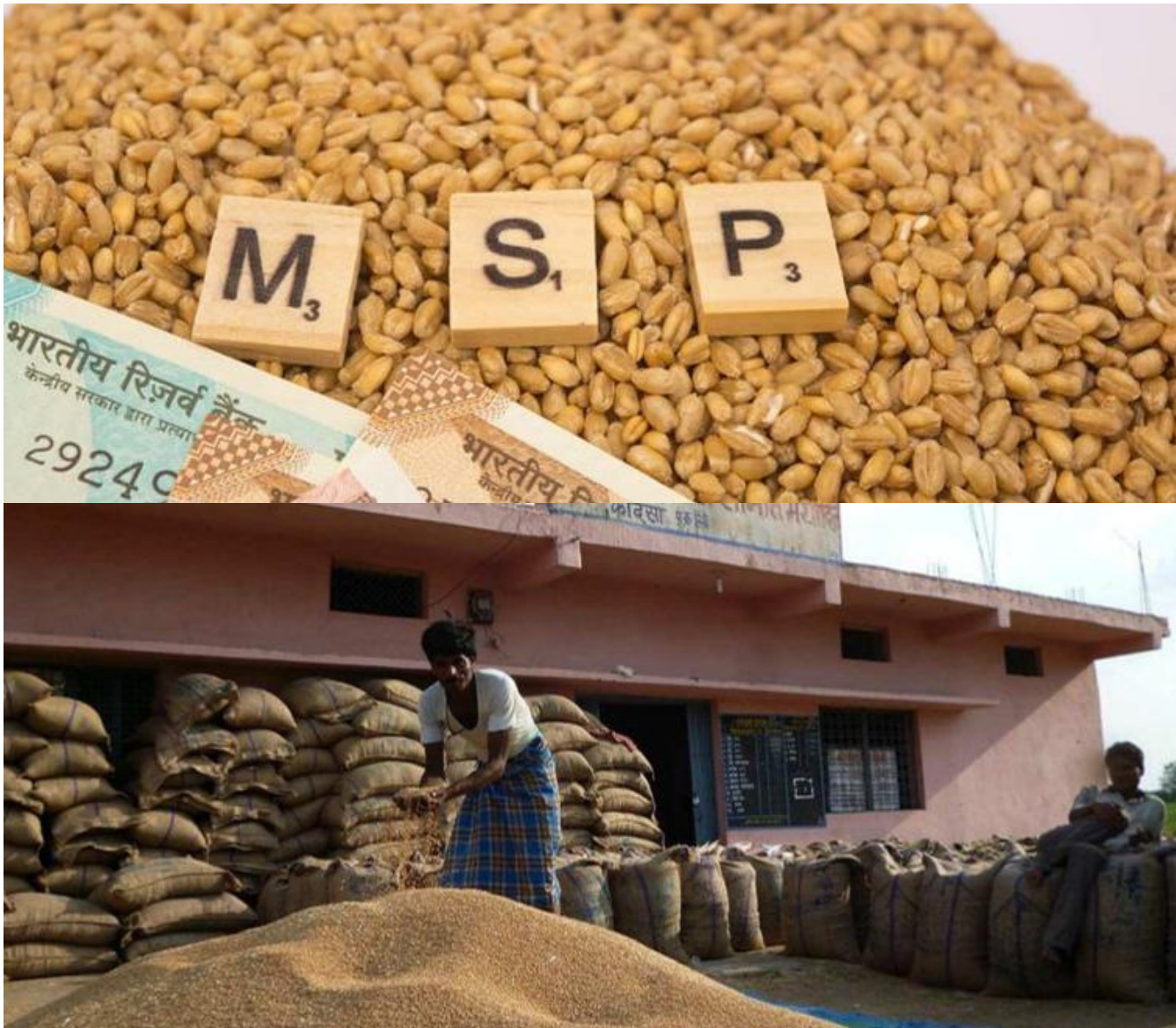
Some argue that if the MSP is legally enforced, the private sector won't purchase the crops and all the produce will have to be bought by the government. But the reality is quite the contrary. If the remuneration offered for a crop is lower than the MSP declared by the government, the government would only need to purchase 5% to 10% of the harvest to reduce the supply in the market. Once there is a limited supply of the harvest in the market the prices will increase automatically. On the other hand, if the government and private prices for the crops are the same, farmers won't seek out the government to purchase their crops. So, there will be no financial burden on the Centre to purchase more quantities than it requires. This will lead to a reduction in government purchase, storage and redistribution costs for these crops. A legal guarantee for MSP is a win-win for all stakeholders.

If the government legally enforces the MSP rather than simply announcing the prices, the agricultural income would not only match the costs incurred by the farmers during the crop cycles but would also include profits. When this money flows to the farmers, they will spend it, improving their standard of living as well as create more demand in the market.

Due to the multiplier effect, this will lead to an increase in employment, investment and eventually government taxes. All 23 crops being legally sold at MSP will also lead to crop diversification. There would be an incentive to grow any of those crops covered under the MSP rather than the few crops where MSP is now available i.e., mostly paddy, wheat and sugarcane. This will lead to various economic and ecological

benefits like the cultivation of crops better suited to the soil in the various states of India. Ensuring remunerative MSP would in turn ensure that the country would also become self-sufficient, particularly in edible oils and pulses. Oil seeds and pulses are a regular bumper harvest crop. In spite of a great harvest, we import oil seeds, pulses and other similar crops. This contributes to the country's fiscal deficit. Legal MSP would be a great instrument to streamline the production of various crops and re-diversify Indian agriculture. It will also help lower the fiscal deficit and improve government finances.

MSP is basically a minimum price that the farmer must get to remain in business. Without such a price, farmers are going bankrupt leading to many serious consequences like farmer suicides, a food crisis, extreme price rises and overall negative impact on the Indian Economy. Farmers deserve Legal MSP and the rights of our farmers can't be denied any longer.



# From defense to health, India has been the Maldives' ideal neighbour for decades

On January 4th, social media posts from Indian Prime Minister Narendra Modi praising the beauty of India's beaches in Lakshadweep sparked a diplomatic row with the Island nation, Maldives. As a country that leans heavily on India for trade and tourism, when three Maldivian ministers criticized the Indian prime minister, it led to calls from Indian social media users to boycott Maldives as a tourist destination. Being its closest neighbour, the Maldives is dependent on India for a host of essential commodities like rice, vegetables and even construction material. India was the top market that supplied tourists to Maldives, so the economic impact is significant as the Indian citizens choose to stay away from Maldives due to the ministers' comments.

## Red Sea Crisis: Impact on Global and Indian Trade

Yemen's Houthi rebels, backed by Iran, initiated a series of attacks, targeting Southern Israeli ships and other ships in the Red Sea. The situation in the Red Sea presents ongoing challenges for global and Indian trade, with no immediate resolution in sight. The Indian government is closely observing the situation, with the Commerce Secretary discussing potential impacts with officials and trade bodies.

### Impact on India

- **Shift in Shipping Routes:** Following the attacks, about 90% of India's western hemisphere cargo is being rerouted through the Cape of Good Hope.
- **Contractual Implications:** The impact varies based on the type of buyer-seller contract, with some consignments being held up due to increased freight costs.
- **Effect on Fuel Prices:** The crisis might impact plans to reduce fuel prices in India, given the country's high dependence on crude oil and petroleum product imports.

# Modi-Macron talks

PM Narendra Modi and French President Emmanuel Macron, who attended 75th Republic Day celebrations as chief guest, discussed expanding collaboration in the space and digital sectors during their summit in Jaipur. The talks covered defence cooperation, collaborating in the vast Indo-Pacific region, charting the course to respond to challenges such as the climate crisis, biodiversity loss and poverty eradication, strengthening business ties, and cross-investments, the statement said. India is also planning to build three more submarines with technology from France to enhance the Indian Navy's undersea capabilities. Macron's visit marks a French leader's participation in the Republic Day celebrations for the sixth time, the highest for any country. It also comes months after Modi's visit to France last July as the guest of honour at the Bastille Day parade.

## India's Rohan Bopanna becomes OLDEST tennis: WORLD NUMBER ONE

Just about a month short of turning 44 with compromised knees, Rohan Bopanna along with Matthew Ebden reach the Australian Open semi-finals, becoming the oldest ATP doubles No.1 in history. Bopanna's perseverance and hard work have paid off, inspiring people worldwide. Against hard-hitting 27- and 23-year-olds at the other end, the task was to use their superior experience. Bopanna almost single-handedly took a 4-1 lead. Bopanna's journey to the No. 1 ranking is a significant boost for Indian tennis, offering inspiration to the next generation.

## Karnataka govt launches scheme for grads and diploma holders offering unemployment stipend

Chief Minister Siddaramaiah handed over cheques to six beneficiaries to symbolically kickstart the "Yuva Nidhi" scheme. The Karnataka government launched the Congress party's fifth 'guarantee' offering unemployment monthly stipend of ₹3,000 to graduates and ₹1,500 to diploma holders. The stipend will be given only for two years and it will end soon after the beneficiary gets a job. Those who have enrolled for higher education and continuing studies are not eligible under the scheme.

# Back-to-back gas discoveries on bay of Bengal

In a big push for India's energy security, the state-owned Oil and Natural Gas Corporation (ONGC) has discovered two significant natural gas reserves in the Mahanadi basin block in the Bay of Bengal. With this, the company's efforts to venture into high-risk deep-water exploration have started yielding results. The development has been made in an area that was earlier classified as a 'no-go' area because of national security interests. The recent discovery is likely to give an impetus to India's energy security as the country imports nearly half of its gas needs. India is aiming to raise the share of natural gas in its energy basket to 15 percent by 2030 from the current 6.3 percent and more domestic production will aid that.



# Impact of the 2024 Budget on various Income groups

*Ankita Das, I BSc Economics - Statistics*

“Budget of a country refers to a statement expressing the income and expenditure allocation for a country in a particular financial year.” In India, the 2024 budget was presented by the Finance Minister Ms. Nirmala Sitharaman, that stated the capital expenditure outlay for the next year is being increased by 11.1 per cent to Rs 11,11,111 crore, which is around 3.4 per cent of the GDP.

With the release of the 2024 budget, a comprehensive analysis of its economic implications on different income groups becomes imperative. By examining key budget allocations alongside relevant data, we gain insights into how various segments of society will be affected.

## *Support for Low-Income Individuals:*

The budget includes a significant increase in funding for social welfare programs aimed at assisting low-income individuals and families. Currently, a standard deduction of Rs 50,000 is permitted from salary and pension income arriving at taxable income therefore reducing the total tax payable. Hence, citizens will continue to be eligible for the benefit of Rs 50,000 standard deduction from salary or pension income. Family pensioners will continue to avail the benefit of Rs 15,000 standard deduction from pension income. In addition, more rebates for senior citizens, and more expenditure on healthcare and infrastructure shall be provided by the central government. Moreover, investing 7% in skill development and vocational training holds the potential to harness the demographic dividend and propel economic prosperity.

## *Investments for Marginalized Communities:*

Workforce development programs are crucial for empowering marginalized communities. The allocations for the scheme for implementation of the (Rights of) Persons with Disabilities Act have been severely increased from Rs 90 crore last year to Rs 150 crore this year.

The changes were made as it is because of the woefully inadequate allocation that is mainly responsible for the failure to implement the provisions of accessibility within five years as mandated.

## *Tax Reforms Benefiting Middle-Class Households:*

Middle-class households stand to benefit from proposed tax reforms. There is a proposed reduction in income tax rates for households earning between:

“No tax would be levied for income up to ₹3 lakh.

Income between ₹3-6 lakh would be taxed at 5 per cent

Income between ₹6-9 lakh would be taxed at 10 per cent

Income between ₹9-12 lakh at 15 per cent

Income between ₹12-15 lakh at 20 per cent

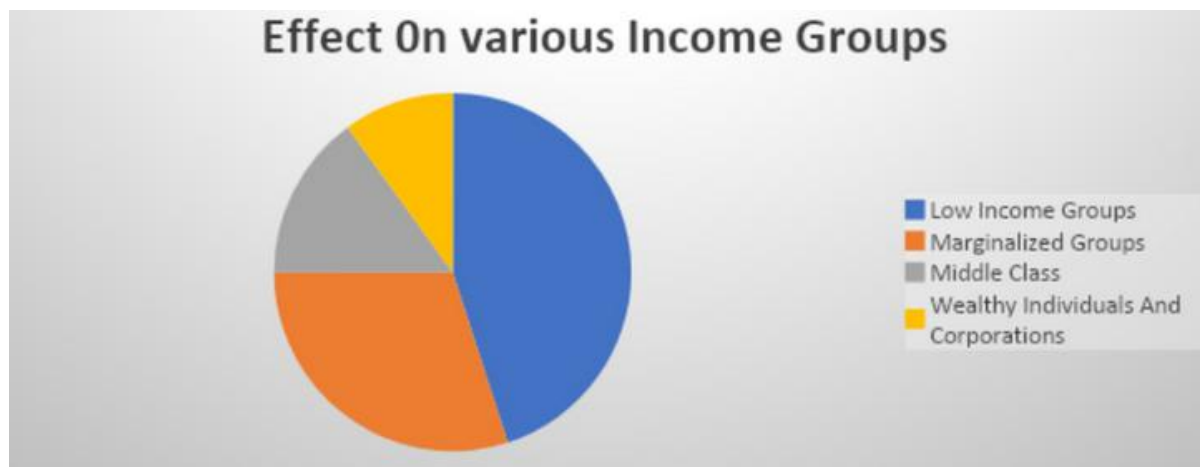
Income of ₹15 lakh and above will be taxed at 30 per cent.”

Thus, the budget prepared is keeping in mind that global fiscal expenditure may decrease this year, and the global monetary policy may tighten. The working middle class will significantly benefit with regard to rebates, a change in the tax form, an extension of the previous deduction benefits to the new tax regime, a discount within the maximum surcharge fee, and an extension of the limit of tax exemption.

#### *Incentives for Wealthy Individuals and Corporations:*

The 2024 budget introduces targeted incentives for wealthy individuals and corporations to promote social responsibility. The Budget indeed has positive news for High-Net-worth individuals (HNIs). Budget 2024 brings a benefit to the HNIs by reducing the maximum surcharge from 37% to 25% thereby reducing the maximum tax rate to 39% instead of 43% under the new tax regime.

The reduction in tax rate for HNIs with an annual income above Rs 5 crore would encourage wealthy households and individuals to disclose their income leading to increased compliance and generate better revenue for the government. It also leads to lower tax evasion and unethical use of tax.



#### *Conclusion:*

As per the budgetary estimates, the government proposes to spend Rs. 47,65,768/- Crores in 2024 – 2025 which is approximately 6% more than the estimates of the previous financial year. Moreover, the interest payments have accounted for around 25% of the total expenditure and 40% of the Revenue Receipts. The Nominal GDP growth rates for the year have been estimated to be 10.5% in the year 2024 – 2025 and an estimated allocation of Rs. 70,449 has been made to the Department of Economic Affairs for new schemes.

Through the lens of data analysis, it becomes evident that the 2024 budget seeks to address socio-economic disparities by targeting resources towards the most vulnerable, also incentivizing economic growth and sustainability.

# INDIA'S ECONOMIC PROGRESS IN THE YEAR 2023

*Niyathi Sivaram, I BA Psychology Economics*

India is one of the fastest-growing economies in the world, with the GDP growth for the April-June quarter at 7.8% and a higher-than-expected 7.6% in the July-September quarter, although lower than the first quarter, it was well over the RBI's projected performance of 6.5%. Ranked fifth globally in terms of GDP growth, India is expected to sustain this trend in the foreseeable future, propelled by key sectors including information technology, services, agriculture, and manufacturing.

In 2023, Prime Minister Narendra Modi initiated the "New India" vision, aiming to shape the country's trajectory over the next 25 years. The term 'Amrit Kaal' was first used by PM Modi during the commemoration of the 75th Independence Day. The term finds its roots in Vedic astrology and refers to a golden era where all sections of society shall prosper. The vision mainly aims to improve the standard of living for Indian citizens and to bridge the developmental gap between villages and cities. The Panch Pran or 5 fundamentals of Amrit Kaal include fostering Indian development, eradicating remnants of the colonial mindset, fostering a sense of honour and pride in our cultural roots, promoting unity, and instilling a strong sense of duty among citizens.

## *Indian G20 Presidency*

India played a significant role in 2023 as it held the G20 Presidency from December 1, 2022, to November 30, 2023, under the theme "One Earth, One Family, One Future". The Group of Twenty (G20) is a gathering of the world's largest economies, to address and combat global economic issues.

The G20 consisted of two tracks- the Finance Track and the Sherpa Track. The Finance Track, headed by Finance Ministers and Central Bank Governors of member countries, is focused on tackling crucial global macroeconomic issues. Sherpa Track is coordinated by the sherpas of member countries, personal representatives of a head of state or government which concerned with socio-economic issues like agriculture, anti-corruption, climate, digital economy, education, etc.

One of the significant achievements of G20 was the India- Middle East-Europe Economic Corridor (IMEC) announced on the sidelines of the G20 meeting in New Delhi with the signatories being India, Saudi Arabia, UAE, USA, EU Commission, France, Italy, and Germany. The objective of IMEC is to establish an extensive transportation network that integrates rail, road, and sea routes, linking India, the Middle East, and Europe. It aims to enhance transportation efficiency, reduce costs, increase economic unity, generate employment, lower greenhouse gas emissions, and transform the integration of Asia, Europe, and the Middle East by facilitating trade and connectivity.

The India-Brazil-South Africa-USA meeting was another important achievement with the four countries pledging to collaboratively strengthen and improve multilateral development banks (MDBs) in cooperation with the World Bank. The MDBs provide financial support to developing countries, assisting them in strengthening economic management and reducing poverty.

The escalation of debt issues in vulnerable economies was another important issue addressed by India in 2023. Since 2000, global public debt has surged fivefold, and developing nations now bear nearly 30% of this burden. India emphasized that it is extremely important to address these debt vulnerabilities in low and middle-income countries. Acknowledging this, G20 members discussed methods to facilitate multilateral coordination and coordinated debt treatments for distressed countries. To accelerate these efforts, the Global Sovereign Debt Roundtable (GSDR) was launched, a joint initiative of the International Monetary Fund (IMF), World Bank, and Indian G20 presidency, to improve the debt restructuring processes and communication among key stakeholders.

Initiatives like the G20 Sustainable Finance Technical Assistance Action Plan (TAAP) aim to scale up skill-building and technical assistance in sustainable finance, especially for Emerging Markets and Developing Economies (EMDEs) and Small and Medium Enterprises (SMEs).

Inclusivity, ambitious, action-oriented, and decisive were the four words that defined the Indian G20 presidency. G20 provided India with a great opportunity to display its strengths and provide solutions to several challenges the world is facing.

The G20 presidency of 2023 and its initiatives focused mainly on international socio-economic and policy reforms. Additionally, the Indian government introduced new economic policies and reforms with a specific emphasis on enhancing the domestic economy and elevating the standard of living for its citizens. This multifaceted approach reflects India's dedication to addressing both global and domestic economic concerns.

Department of Economic Affairs, Ministry of Finance, in 2023

- The Mahila Samman Saving Certificate Scheme (MSSC) was launched by the GOI in 2023 to increase women's participation in investments and provide them with financial security. Under this scheme, women and girls get a fixed interest of 7.5 percent on investing up to Rs 2 lakh for two years. The interest rate is one of the highest in any government scheme for two years. Investments in this scheme can be made only till 31 March 2025. Women empowerment received immense support from the government in the financial year 2023-24 with almost 5% of the total expenditure of the financial year 2023-24 allocated towards addressing issues affecting women.
- The GOI announced that sovereign green bonds will be issued to mobilize resources for green infrastructure in the 2022-23 union budget. Green bonds are issued to finance projects/schemes that have a positive impact on the environment or climate and they provide investors with fixed-income payments. The GOI raised ₹16,000 crore in 2023 through the issuance of Sovereign Green Bonds and has decided to raise ₹ 20,000 crore in the FY 2023-24. The funds are allocated to eligible projects/schemes that assist in meeting the country's sustainable developmental goals and reducing its carbon footprint.

- Over the past five years, UPI transactions in India have witnessed an incredible surge of over 147%, with the government and regulatory authorities of India playing a crucial role in encouraging the advancement of the digital payment sector across the country. This is seen through the increased budgetary allocation towards boosting the digital payment sector. The government and the central bank are making strategic efforts to boost digital transactions resulting in significant growth. They have also offered ideas to simplify payment acceptance and established targets for banks to boost digital transactions.

Prime Minister Narendra Modi has pledged to transform India into a fully developed country by 2027. A goal that the finance minister, Nirmala Sitharaman, believes is a conservative estimate. India has evolved into a rising power in Asia and a key player in shaping global politics. With the success of Chandrayaan-3 allowing India to become the first country to land on the south pole of the moon, other countries are now looking towards India as an inspiration in the space sector. This could add greatly to India's space economy, projected to be worth USD 13 billion by 2025. India has a young population with 50% below the age of 30 which is an under-utilized resource. If India can utilize and harness this asset, it can earn the title of an economic superpower. With no intention of slowing down, it's full steam ahead for India's economy.



# Strategic Pragmatism or Fiscal Restraints? What Can We Anticipate in Nirmala Sitharaman's 2024 Budget?

*Charita Sai, I BA Economics (Hons.)*

"It is a matter of truth that the 1st February 2024 budget that will be announced will just be a vote on account." -Nirmala Sitharaman (December 2023)

In an election year, rather than presenting the comprehensive Union Budget, the government opts for an interim budget or vote on account. This approach, driven by the anticipation of a change in leadership, involves granting the next government the responsibility of presenting the full Union Budget. All government revenues are channeled into the Consolidated Fund of India (CFI), by the constitutional mandate. The Constitution prohibits the withdrawal of funds from the CFI without the specific appropriation made by law. To address the imperative need for government spending at the commencement of the new financial year, the government seeks parliamentary approval through a mechanism known as a vote on account, granting temporary permission for essential expenditures until a comprehensive budget is formulated and ratified.

"For social development and inclusive growth, we want to use the best capabilities of Artificial Intelligence." -Narendra Modi on 12th December 2023

AI is poised to add a trillion dollars to India's economy by 2035. The backbone of AI, semiconductors is critical in powering this transformation. Manish Maheshwari, the co-founder of Fanry, highlights the importance of fostering a robust AI ecosystem, which includes infrastructure like data centers and skilled human resources. For AI to flourish, Maheshwari points out the need for financial incentives, especially for data centers, which are vital for AI's data-intensive operations. The upcoming budget is expected to address incentives for infrastructure, electricity, and skill development to boost AI entrepreneurship in India.

Being primarily an agrarian economy, it's indisputable that agriculture serves as the backbone of India's economic landscape. Not only does it make a substantial contribution to the GDP, but it also forms a significant portion of the nation's workforce. Unfortunately, the post-harvest stages witness considerable wastage, with over 16% of fruits and vegetables, 10% of oilseeds, 9% of pulses, and 6% of cereals being lost annually, primarily due to inadequate storage conditions.

Recognizing the need to address this issue, Director General of the Confederation of Indian Industry (CII), Chandrajit Banerjee, emphasizes the promotion of warehousing and increased adoption of electronic Negotiable Warehouse Receipts (eNWRs) to curb wastage.

In a notable move during the 2019 interim Budget ahead of the general elections, the government introduced the PM-Kisan Samman Nidhi initiative, offering financial assistance of up to Rs 6,000 annually to small farmers. As expectations rise for the upcoming Budget in the election year, there is anticipation that the assistance quantum may witness an increase.

Furthermore, it is speculated that the government will announce a significant boost in the agricultural credit target, potentially reaching Rs 22-25 lakh crore for the next fiscal year, aiming to ensure every eligible farmer has access to institutional credit. This marks a notable rise from the current fiscal year's target of Rs 20 lakh crore.

In anticipation of significant growth in the electric vehicle (EV) industry, industry leaders are emphasizing the critical role of government support. They stress the need to incentivize potential investors and advocate for essential reductions in GST rates for EVs and charging stations, alongside lowering import duties on electronic components. Optimism prevails for a substantial GST reduction, specifically targeting lithium-ion battery packs and cells, from the current 18% to 5%, recognizing their pivotal role. The upcoming budget is seen as an opportunity for a collective push to enhance the ease of doing business and facilitate the entry of local players. Addressing aspects like component localization and ensuring seamless access to necessary components is deemed crucial for empowering Indian companies to develop competitive products at compelling prices. According to Dinesh Arjun, Co-founder and CEO at Rapter Energy, these strategic measures are integral to establishing a robust foundation for the burgeoning electric vehicle industry in India.

When a government's total spending surpasses its total revenue (excluding borrowings), it results in a fiscal deficit. Looking ahead, there's an expectation that the fiscal deficit, expressed as a percentage of the Gross Domestic Product (GDP), could be around 5.9% in FY24 (i.e., the government would need to borrow 5.9% more than its earnings to cover its expenditures.). This percentage is anticipated to be adjusted to 5.5% in the FY25 Interim Budget. According to Soumya Kanti Ghosh, the Group Chief Economic Adviser at the State Bank of India, there's a likelihood of further reduction to 5.3%-5.4% in the final budget scheduled for presentation in July. However, this adjustment is contingent on the GDP figures set to be released in May 2024, indicating a flexible approach to managing fiscal affairs.

One of the most awaited aspects of the budget is the discussion around taxes. Our Finance Minister, Nirmala Sitharaman, is expected to introduce measures to make the new tax regime more appealing to taxpayers. There might be good news for taxpayers as the exemption limit could increase from Rs. 3.5 lakh to Rs. 4 lakh under the new tax structure. However, the current deduction limit of Rs. 2 lakh on home loan interest under the old tax regime is seen as a hurdle for some to switch to the new tax regime. To assist Non-Resident Indian (NRI) taxpayers in claiming tax refunds more easily, tax experts recommend simplifying and streamlining the tax procedures for NRIs.

To address the increasing healthcare costs, there's a possibility of raising the deduction limit under Section 80D for medical insurance premiums. Estimates suggest an increase to ₹50,000 for individuals and ₹75,000 for senior citizens.

Additionally, there might be efforts to simplify Tax Deducted at Source (TDS) on property purchases, currently set at 1% for purchases exceeding ₹50 lakh. Streamlining this process could lighten the load on homebuyers.

In terms of capital gains tax, there is speculation about simplification through measures such as reducing holding periods for different asset classes or consolidating various exemptions. This could make it more straightforward for taxpayers to understand and comply with the rules.

Lastly, there's a discussion about classifying Bengaluru as a metro city for House Rent Allowance (HRA) exemption purposes. If implemented, this change could reduce the tax burden for taxpayers residing in the city.

As the eagerly anticipated Union Budget 2024 approaches, its significance reverberates through the corridors of both businesses and households. The spotlight on income tax expectations, including adjustments to tax slabs, GST returns, and corporate tax rates, reflects the collective interest of stakeholders. Beyond these fiscal intricacies, there is a shared expectation for the government to address immediate economic challenges, invigorate consumption, and champion inclusive development. The intersection of sector-specific anticipations and overarching economic policies embedded in Union Budget 2024 will undoubtedly mold India's fiscal trajectory in the years ahead. With bated breath, the nation awaits the Finance Minister's presentation on February 1, 2024, recognizing that the policies unveiled on that day will not only define the economic narrative for the upcoming year but will also cast a lasting influence on India's economic journey in the foreseeable future. With the specter of elections looming and economic projections in play, all eyes will be on the Interim budget. The question lies in whether it will be a Strategic Pragmatism or Fiscal Restraint.



13 CLIMATE ACTION



# INTERSECTION OF ECONOMICS AND SUSTAINABILITY



# INDIA @1.4

*Alvina Paul, II MA Economics*

India has overtaken China as the world's most populous country. It's been a significant and historical change as it's the first time since 1950, when the UN first began keeping global population records, that China has been knocked off the top spot. According to UNPFD, India's population stands at 1.42 billion. Globally India's population constitutes 17.6% of world's population. The fertility rate in India is 2.0. India mostly comprises of young population i.e. 26% in 10-24 age bracket and 68% in 15-64 age bracket and 7% above 65 age bracket. Kerala and Punjab have an aging population whereas Uttar Pradesh and Bihar have younger population. The median age in India is 29 years.

India with a striking population of 1.42 billion and sky being the limit then,

Why is India ranked 94th when it comes to literacy rate?

Why is India ranked 66/109 according to Global Multidimensional Poverty Index?

Why 17.9 million Indians are emigrants?

The unemployment rate in India is 7.8% and how ironic is it because when it comes to

CEO's and top decision making heads of top MNC's they all are Indians but what happens when it comes to our own country?

Population dynamics and SDG1:

SDG1 focuses on eradicating poverty in all its forms everywhere.

According to Robert Malthus's theory of population, human population tends to grow at a faster rate than the human subsistence rate. Humanity is condemned to live in poverty forever. Poverty leads to vicious cycle of illiteracy, unemployment and unequal distribution of wealth and income which widens the rich poor

gap. In 2019 the poverty rate was 6.7% and in 2022 it rose to 10.2%. The targets of SDG1 are:

- By 2030, ensure that all men and women, particularly the poor and vulnerable, have equal access to economic resources and basic services, as well as ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology, and financial services, including microfinance.
- Build the resilience of the poor and vulnerable people by 2030, and reduce their exposure and vulnerability to climate-related extreme events, as well as other economic, social, and environmental shocks and disasters.
- Ensure significant mobilization of resources from a variety of sources, including enhanced development cooperation, to provide adequate and predictable means for developing countries,
- Create sound policy frameworks at the national, regional, and international levels that are based on pro-poor and gender-sensitive development strategies to support increased investment in poverty-eradication actions.

Some measures taken by the Indian government were:

- The Mahatma Gandhi National Rural Employment Guarantee Act protects rural workers from unemployment for at least 100 days of wage employment per household per year (MGNREGA)☒
- In addition to ensuring employment, the program contributes to the development of agricultural infrastructure and productive assets, which improves rural livelihood opportunities.☒
- During 2018-19, the scheme generated over 2.7 billion person-days of employment, it has generated 1 billion person-days of employment.





- Women make up a sizable proportion of beneficiaries, as do members of the Scheduled Caste and Scheduled Tribe communities, who account for 55% and 38% of all person-days of work generated in 2018-19, respectively.

The other factors which get affected by overpopulation are:

#### 1. Burden on natural resources:

Over population leads to over exploitation of natural resources putting burden on earth's capacity to produce which resulting underprivileged to suffer malnutrition, starvation and unhealthy living conditions. In 2019, India had a population of 1.38 billion and now in 2023 it rose to 1.4 billion.

#### 2. Migration of population:

When the burden of population in any area becomes imbalanced compared to its respective financial resources, people tend to move away from their native.

Example: From 2020, Kerala has been experiencing huge migration of young adults and if this situation continues then the economy will reach a brain drain scenario.

#### 3. Unemployment:

Generating employment for huge population in a country like India is very difficult. The unemployment rate is thus showing an increasing trend. India is now the home of largest force of gig workers in the world.

#### Case Study

Since 1950, China was the most populous country in the world and the government took a number of measures to control the population and the most notable policies taken were:

- "Later, longer, fewer" – promotes late marriage, longer intervals between births and fewer children.



- One child policy – this was implemented in 1980 and was followed till 2015 i.e. approximately 3 decades.

Though these policies reduced China's population to a great extent initially but it also led to forced sterilisations and abortions. It resulted in decline of young adults (15 – 59) population from 22.9% to 9.8% in 2020 and proportion of people above 60 years raised from 13.3% in 2010 to 18.7% in 2020 and also resulted in adverse sex ratio. These are some reasons why India should not follow these policies.

Some policies take by Government of India were:

- Government promoted Small family, Happy family.
- Inverted red triangle which is a popular symbol of family planning programmes is displayed in all public places.
- Volunteers and social workers visit towns and villages to inform the people about various methods of family planning.
- Government provide incentives to those who adopt surgical methods of family planning.
- Enforced restrictions on marriage age and population age.
- Targeted programmes intervention such as MPV (Mission Parivar Vikas) focused on high fertility districts in seven states which slowed down growth and total fertility.

# Sustainable Development Goals: The Imperative of a Grassroots Approach

*Yuvika Aryan, II BA Economics - Political Science*

## Introduction

The concept of sustainable development is not new; it has been at the forefront of global agendas for decades. However, the urgency of addressing sustainability challenges has never been greater. In 2015, the United Nations adopted the Sustainable Development Goals (SDGs), a comprehensive set of 17 interlinked global goals designed to address pressing issues such as poverty, inequality, climate change, and environmental degradation. While these goals are ambitious and necessary, their success relies heavily on a grassroots approach. In this article, we will delve into the past and look ahead to the future to explore why a grassroots approach is essential for achieving the SDGs.

## The Past: A Legacy of Top-Down Approaches

Historically, efforts to promote sustainability and development have often been driven by top-down approaches, where decisions and policies are formulated by governments, international organizations, and large corporations.

**1. Lack of Local Context:** Top-down approaches tend to overlook the nuances and specific needs of local communities. What works in one region may not be applicable in another, leading to inefficient resource allocation and implementation.

**2. Limited Ownership and Participation:** When solutions are imposed from above, communities often feel alienated and disengaged from the development process. This lack of ownership can lead to resistance and a lack of commitment to sustainability goals.

**3. Inequality Reinforcement:** In many cases, top-down approaches have exacerbated inequality by concentrating resources and benefits in urban centers or among powerful actors. This exacerbates social disparities rather than addressing them.

## The Future: A Call for Grassroots Engagement

The shortcomings of top-down approaches have underscored the need for a grassroots approach to sustainable development. This approach emphasizes the active participation of local communities, civil society, and individuals in shaping and implementing sustainability solutions. Here's why grassroots engagement is crucial for the future of the SDGs:

**1. Local Empowerment:** Grassroots initiatives empower local communities to take ownership of their development processes. When people have a say in decisions that affect their lives, they are more likely to commit to the success of sustainability goals.

**2. Tailored Solutions:** Grassroots approaches allow for the customization of solutions to fit local contexts and needs. This ensures that interventions are relevant and effective, promoting long term success.

**3. Inclusivity and Social Justice:** Grassroots engagement is inherently more inclusive, as it actively involves marginalized and vulnerable groups in the decision-making process. This can help address social injustices and reduce inequalities.



### Case Studies in Grassroots Sustainability

To illustrate the power of grassroots approaches, let's examine a case study from India. The Barefoot College in Rajasthan, India, is a shining example of grassroots empowerment. It trains illiterate and semi-literate rural women from diverse backgrounds to become solar engineers. These women, often from marginalized communities, learn to assemble, install, and maintain solar energy systems. By giving local women the skills to harness renewable energy, Barefoot College not only reduces energy poverty but also empowers women and fosters sustainable development.

### Challenges and Considerations

While grassroots approaches hold great promise, they also face challenges and considerations that must be addressed:

1. **Capacity Building:** Local communities may require support and capacity building to effectively engage in sustainable development. Training programs and resources are essential.



2. **Funding and Resources:** Grassroots initiatives often struggle to access funding and resources. Finding sustainable financing mechanisms is crucial for their success.

3. **Policy and Regulatory Support:** Governments and institutions should create an enabling environment that supports grassroots initiatives, including legal frameworks and incentives.

### Conclusion

The Sustainable Development Goals provide a comprehensive framework for addressing the world's most pressing challenges. However, their success hinges on a grassroots approach that empowers local communities, promotes inclusivity, and prioritizes sustainability. The lessons of the past underscore the limitations of top-down approaches, while the promise of the future lies in the innovation and resilience of grassroots movements. As we move forward, let us recognize the potential of individuals, communities, and civil society to drive transformative change and build a more sustainable and equitable world for all.



# The Importance of Education: Transforming Societies through Sustainable Development Goal 4

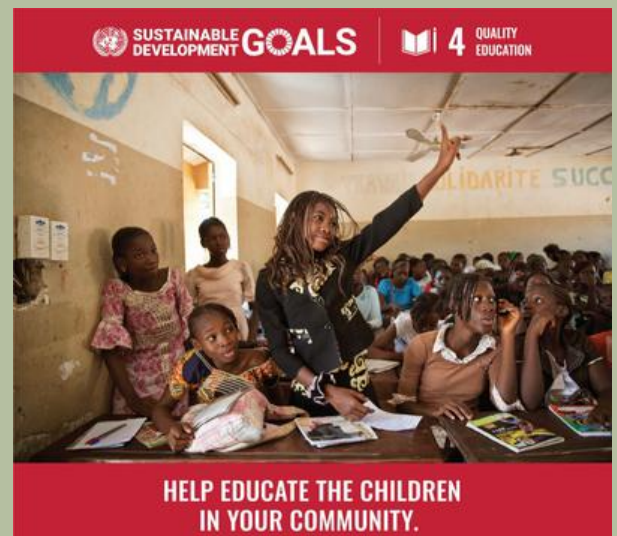
*Anmol Raj, III BA Economics - Political Science*

The foundation of both individual and societal advancement is frequently touted as education. It promotes critical thinking, empowers people, and stimulates the economy. Beyond these immediate advantages, education is essential to accomplishing the Sustainable Development Goals (SDGs) of the United Nations, with SDG 4 notably focusing on guaranteeing access to high-quality education for all. Through the lens of SDG 4, we will examine the complex significance of education in this essay, highlighting its crucial role in supporting sustainable development.

1. Access to Quality Education as a Fundamental Right International accords, such as the Universal Declaration of Human Rights, regard education as a fundamental human right. Every person must have access to an inclusive, egalitarian education, according to SDG 4. This goal is labeled "Quality Education"; and it emphasizes how crucial this is. This provides chances for lifelong learning in addition to basic and secondary schooling. For the purpose of increasing social inclusion, eradicating inequality, and ending the cycle of poverty, access to high-quality education is crucial. For the purpose of increasing social inclusion, eradicating inequality, and ending the cycle of poverty, access to high-quality education is crucial. People who have access to education are better able to find work, get healthcare, and take an active role in their communities.

2. Promoting Human Capital Development: An investment in human capital is education. People who get high-quality education gain the

information, abilities, and competences necessary to effectively contribute to their societies. For economic development and innovation, a skilled workforce is essential. High-education nations typically have greater productivity rates and are more able to withstand external shocks. Additionally, education gives people important life skills like communication, adaptation, and problem-solving. These abilities are helpful for personal growth, but they are also crucial for solving difficult global problems like poverty, health crises, and climate change.



3. Ending the Poverty Cycle: By ending the cycle of poverty, education transforms people's lives and the communities in which they live. Education gives people the knowledge and abilities they need to land better jobs, make more money, and enhance their overall quality of life. Lifting people out of poverty encourages sustainable development and reduces inequality, which are goals of SDG 4.





**4. Promoting Global Citizenship:** A key factor in encouraging global citizenship is education. It encourages tolerance, compassion, and intercultural understanding, all of which are crucial for a peaceful and connected world. Education helps to create a more just and equitable society by putting a strong emphasis on values like respect for diversity and human rights, in line with the goals of SDG 4.

**5. Strengthening Sustainable Development and Global Citizenship** The promotion of global citizenship and the development of a sense of obligation to the planet and its inhabitants are two important functions of education. SDG 4 calls for fostering values of sustainability, peace, and tolerance through education. Education can cultivate the mindset and knowledge required to address these problems collaboratively in a connected world facing global challenges like climate change, conflict, and pandemics. Additionally, education can increase understanding of the significance of achieving all SDGs, not just SDG 4. People with higher levels of education are more likely to adopt sustainable habits, promote social justice, and take part in campaigns to lessen inequality and safeguard the environment.

**6. Developing critical thinking and problem-solving skills** Education fosters critical thinking and problem-solving abilities in addition to knowledge acquisition. People who have more education are better able to understand complex problems, make wise decisions, and deal with the problems that their communities and the entire world are facing. These abilities are necessary for achieving the goals outlined in SDG 4.

**7. Bringing Down Inequalities:** Inequalities within and between nations can be significantly reduced with the help of education. No matter their race, gender, socioeconomic status, or disability, all students will have access to inclusive

and equitable quality education, according to SDG 4. Societies can work toward leveling the playing field and fostering social cohesion by offering equal educational opportunities.

**Governments and Stakeholders; Roles:**

Governments, civil society, the private sector, and international organizations must work together to achieve SDG 4.

Governments are crucial in the development of educational policies, resource allocation, and goal monitoring. They must put education at the top of their list of priorities for the country, giving it the funding and consideration it deserves. Stakeholders like businesses, communities, and non-governmental organizations all have a part to play. They can contribute by offering assistance, materials, and knowledge to enhance educational outcomes. Given the long-term advantages of a skilled and educated workforce, businesses, in particular, can invest in education as part of their efforts to uphold their commitment to corporate social responsibility.

**Conclusion:**

Undoubtedly, one of the most effective means of advancing both the individual and the society is education. For all countries, Sustainable Development Goal 4—which calls for inclusive and equitable quality education—serves as a beacon of hope. To overcome the many obstacles that still exist in the field of education, SDG 4 calls for coordinated efforts, cooperation, and creative solutions. We can create a better, more equitable future for everyone by putting a priority on education and working together, one in which each person has the chance to realize their full potential and contribute to improving society and the world at large.



# The Importance of Education: Transforming Societies through Sustainable Development Goal 4

Since 1990, “Education for All” has been a catchphrase that has received attention in a variety of international development courses. At the time of the Sustainable Development Goals (SDGs) establishment, it was deemed crucial and designated SDG 4. Unquestionably, one of the most effective weapons for society and individual growth is education. It is crucial in forming people, communities, and nations,

stimulating economic development, advancing social fairness, and enhancing the general welfare of humanity. The Sustainable Development Goal 4 (SDG 4) was developed by the United Nations as a worldwide commitment to provide inclusive and equitable access to high-quality education. We shall examine the value of education and how it relates to SDG 4 in this essay.

Quality Education as an SDG.

According to the UN’s Sustainable Development Goal 4, by 2030, “ensure inclusive and equitable quality education and promote lifelong learning opportunities for ” is the goal.



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The belief that education is a vital human right and a key facilitator of sustainable development is reflected in this aim. It has a number of objectives, such as promoting lifelong learning, universal access to basic and secondary education, and reading and numeracy abilities. In this article, we will investigate the multidimensional significance of education and emphasize its critical role in promoting sustainable development through the lens of SDG 4.

**Empowerment and Poverty Reduction:** Education empowers people by giving them opportunity, information, and skills. People with higher levels of education are more likely to find better employment opportunities and break the cycle of poverty, eventually promoting economic development and lowering income disparity. Poverty may be effectively treated through education. Societies can end the cycle of intergenerational poverty by ensuring that everyone has access to high-quality education. Education gives people the information and abilities they need to break free from poverty, thereby lowering their susceptibility to financial difficulties.

**Gender equality:** may be attained via education, which is a potent instrument. Girls and women who have access to education are more likely to be well-informed about their life, health, and family planning, and they are also more likely to have fewer children. This enhances women’s involvement in the workforce and decision-making processes while improving mother and child health. Regardless of gender, education provides access to equal possibilities for everybody.



In order to eliminate old gender roles and provide people the freedom to achieve their aspirations, it is crucial to guarantee that girls and boys have equal access to education. Gender prejudices and preconceptions are contested through education. It teaches people how to think critically and challenge social conventions that support injustice. This encourages a culture that is more welcoming and open-minded.

**Health and wellbeing:** Education and health results are intimately related. Educated people are more likely to have healthier lives, have greater access to healthcare, and understand and abide by public health recommendations, all of which contribute to higher overall health and wellbeing. Promoting physical health involves education significantly. Schools may provide kids the chance to engage in physical exercise, educate them about nutrition, and support them in making good lifestyle decisions. Effective learning requires a healthy body since it improves cognitive function and attention. The mental health of pupils may be significantly impacted by the learning environment. Learning and academic performance can be hampered by stress, worry, and depression. Promoting mental health awareness, making counselling services available, and developing a welcoming and accepting school atmosphere may all assist children in overcoming obstacles and excelling academically.

**Innovation and Economic Growth:** Both require an educated workforce, which is essential for both. Education gives people the information and abilities they need to progress technology and support the growth of flourishing enterprises. People who have an education are more prepared to engage in the modern workforce. A trained and educated workforce is a crucial component of economic competitiveness, luring capital and promoting economic progress. Students learn to analyse critically, solve problems creatively, and problem-solve. These abilities are crucial for innovation because they allow people to create brand-new goods, services, and procedures that can revolutionize markets and spur development.

## SUSTAINABILITY



**Environmental Sustainability:** Promoting sustainable practices and increasing public understanding of environmental challenges is mostly accomplished via education.

People can be inspired to practice responsible stewardship and take action to stop climate change by receiving environmental education.

Although the value of education is generally acknowledged, a number of obstacles prevent SDG 4 from being met. These difficulties include unequal access to education, poor infrastructure, a teacher shortage, and locations where conflicts have disrupted education. However, with more kids enrolling in school and paying greater attention to educational quality, there has been substantial development in recent years. To solve these issues, governments, non-governmental groups, and international organizations are working nonstop. They are encouraging gender equality in education, creating schools in underprivileged regions, investing in teacher training, and using technology to increase educational possibilities.

### Conclusion

Education is a key component of sustainable development and a road to a brighter future for all people, not just a means to personal achievement. This reality is acknowledged in Sustainable Development Goal 4, which urges the international community to give education priority as a potent tool for change. We can encourage economic growth, lessen inequality, build social cohesion, safeguard the environment, and strive toward a more fair and sustainable society for both the present and future generations by guaranteeing inclusive, egalitarian, and high-quality education. Although it is a goal that calls for teamwork and steadfast dedication, the benefits are tremendous.

# Quality or Quantity? Ensuring equitable and inclusive education

*Finaz Ali, II BSc Economics - Statistics*

With over 50% of its population below the age of 25, India is sitting on a gold mine of opportunities to convert this promising youth into quality human capital. At the half way mark, the world is seen reeling away from meeting its sustainable development goals. But, the population and climate changes seem to stop for no one and so does the growing Indian economy. As India runs to be 3rd largest economy by 2027, what can it do better to become a human capital powerhouse?

Sustainable Development Goal 4 aims at ensuring inclusive and equitable quality education and promote lifelong learning opportunities for all. But as far as India is concerned, it is no way near to achieving this goal. Attaining quality and inclusivity in education is the only way out of the never ending poverty cycle in India. According to an economic survey, it has been revealed that the share of education in budgetary allocations has fallen over the last 7 years and remains stagnant at 2.9%. Although, this might be hinting for more expenditure on education, economists and academicians argue that India must move from 'spending more' to 'spending better' on education.

India needs to learn how to link financing with results based outcomes to ensure quality and efficiency in allocation of its rupees. On one hand, India's private education market attracts a beeline of global schools and universities to deliver high quality education with very little scope of scholarships and on the other hand admissions to the public and government schools are limited due to public perception on quality of education provision. To provide equitable and quality education, the government has to significantly

work on increasing ed tech based education systems in rural areas to increase accessibility and appointing of consistent teachers who can deliver. The goal should not be to increase literacy rates, but to enhance skills and provide equal educational and employment regardless the class of the family or type of education. The gap between public and private schooling has led to a segmentation in the student population and employments. When it comes continuous learning, most of the MNCs in India have provided their employees with glorious opportunities to upskill through their associations with international and renowned Indian universities. While the Indian government has launched several digital programmes to train and upskill its unemployed and unskilled labour force.

To be on the track of economic growth, the country desperately needs its youth to accelerate the manufacturing and service sectors and the country can no longer push unskilled labourers into manufacturing sector because that would just increase the segmentation in the labour force. For any country to grow steadily, it needs a qualified and educated population to work along with technological upgradations, innovate and create employment for others and generations coming. And currently, the only way it can provide accessible and equitable education to all age groups across the country is through smart investments in digital educational platforms and connectivity in all areas. And also establishing programmes and trainings to the educators. It is evident that India has long way to go in terms of revolutionising digital learning but its future is definitely promising.



# Impact Investing and its role in Sustainable Finance

*Sharanya Das, II BA Economics (Hons.)*

Devising a development path which is sustainable requires enormous amounts of funding. In the year 2015, the United Nations formally adopted Sustainable Development Goals (SDGs) with the aim of creating a fair and sustainable world for present and future generations. SDGs are the successor of Millennium Development Goals (MDGs) and provide a clear vision for the private sector's contribution to achieving the goals.

Foreign aid and Foreign Direct Investments are also on a decline due to multiple challenges, such as stringent regulatory measures, stagnation of outward investment trends, increase in domestic investments in healthcare and education among others. Thus, to reach this target of equitable and sustainable financing, impact investing is becoming the new norm. The importance of impact investing as a source of funding has increased over time. This may be due to the increasing awareness about the concepts such as business ethics, corporate social responsibility and investment which is socially responsible in the greater interest of society. Impact investing has a long history. Though this term is rather new, the concept of it is certainly not. Program based investing had begun in the 1970s with Grameen banks and Accion banks, microfinance organizations operating to grant credit to women and small businesses, to improve their visibility in emerging markets.

When government aid proved insufficient, social entrepreneurship found its way to mainstream business world, pioneered by Muhammad Yunus with Grameen Bank - community development finance, rural development and patient capital - envisioned by Jacqueline Novogratz through Acumen

- paved the way for social investments as an alternative and scalable approach to philanthropy. The definition was first coined in Italy during the Rockefeller Foundation's Impact Investing Initiative in 2007. It was an umbrella term to unite all the investment strategies sharing a common intent of causing a positive social impact. It consisted of a diverse range of investors,

investing in pension funds, funding environmentally sustainable business models, family offices and other diverse avenues. It emerged to be a clear success, which was proved by the exponential growth in the sector. From 1995 to 2014, socially responsible investing (SRI) assets under management (AUM) exhibited a 13.1% Compound Annual Growth Rate. Apart from the economical aspect, this initiative had a very positive social impact as well. Businesses were starting to be particularly interested and sensitized to climate change and other environmental issues. One report by the Deutsche Bank Climate Change Advisors consisting of more than 100 studies reported that impact investment strategies had a high correlation to risk-adjusted returns at a securities level. It also found that companies with high ratings for corporate social responsibility (CSR) and ESG have a lower cost of capital in terms of equity and that companies with high ratings for ESG factors tended to exhibit market-based and accounting-based outperformance.

The intrinsic characteristic that lies at the foundation of impact investing is the aim to better local communities through social and



environmental impact via economic-viable ventures, especially giant businesses with an illusionist infinite cash flow. The interest lies in the ability to generate a ‘blend of social, environmental and economic value’ (Emerson & Bonini, January 2005). There are four main participants in the impact investing industry. They can be grouped in capital providers, financial vehicles – CDFIs and funds – and investment targets. Fund providers are the major cogs in the wheels in this industry. Impact investments can be made directly into impact enterprises or typically can be channeled through impact investing funds. Pension funds, insurers, family offices and high-net-worth individuals (HNWIs) are the most active capital providers in the impact investment. For example : Bill and Melinda Gates, through their renowned foundation, are among the pioneers in impact investing. Using their program related investments, the fund has provided funding to companies for expanding affordable healthcare avenues and fostering local development. Impact investment funds are channels through which mainstream investors invest in impact investments. They differ on target sector, investment type- equity and debt and so on. Vital Capital is a one such private equity fund with approximately \$350 million in assets. The fund invests in developing areas, principally sub-Saharan Africa, in businesses and projects designed to enhance quality of life and offer substantial investment returns. These investments can function without being affiliated with any large or government institutions.

Community Development Finance Institutions are catalysts which provide anchor fundings to Impact investment funds. For instance, the African Development Bank (AfDB) Group approved a USD 100 million equity anchor investment into Credit Suisse’s Agvance Africa Fund to attract investments in the agribusiness in Africa.

These impact investments cover diverse investment landscapes and areas, with diverse finalities. They span from social enterprises with lower return capacities to inclusive investments.



Despite the differentiating factors, impact enterprises share the intent of mitigating social or environmental problems in a financially sustainable way. The specific objectives and target demographic of the funding construes the investment targets.

Finance is a very important resource for transition towards sustainable development and impact investment is a very significant way of routing it. Without positive impact investment, attainment of SDGs will be a distant dream. Corporates and transnational companies make up a huge portion in the financial landscape of a country. Thus, impact investment is a definitive right step towards balancing a balancing environmental, social and economic sustainability

# Gross National Happiness as an Indicator of Development

*Alexa M Verghese, III BSc Economics - Statistics*

Gross National Happiness (GNH) is an index used to measure the 'collective happiness and well-being' of a population. It is a philosophy introduced by the 4th king of the tiny Himalayan kingdom of Bhutan, Jigme Singye Wangchuk, in the 1970's. In fact, National Happiness is regarded so important that it was given priority over other development indices, including GDP, GNP and National Income.

It was formally adopted in 2008 by the mountaintop country under 4 pillars established after extensive research and surveys- Promotion of Sustainable Development, Preservation, and Promotion of Cultural Values, Conservation of the Natural Environment, and the Establishment of Good Governance.

Bhutan has a prolific and extensive history of concerning itself with the happiness and satisfaction of its subjects. In the nation's 1st legal code written in 1729, it was stated that 'if the government cannot create happiness for its people, there is no purpose for the government'. They developed a GNH (Gross National Happiness) Index and indicators to work into their public policy decisions.

Happiness is a subjective and versatile concept that encompasses a range of positive emotions, life satisfaction, and overall well-being. To base a country's performance on its subject's happiness acknowledges the significance of the people's emotional and psychological as well as physical

well-being, to the progress of the nation and the government. Happiness can be a multifaceted index as it includes other conditions involving the quality of life experienced by individuals within a society.

When people are happy, it often implies that their basic needs are being met, they have access to opportunities for personal growth and fulfilment, and they feel a sense of connection and belonging within their communities. Therefore, the happiness of a population can serve as a valuable metric for evaluating the effectiveness of social and economic policies.



There are clear benefits to prioritizing happiness as a development indicator. Happy and contented individuals are more likely to be productive, creative, and resilient, which can contribute to overall economic growth and societal stability. It can bring about positive outcomes for individuals and communities, including reduced healthcare costs, lower rates of crime, and greater social cohesion.

Many countries have increasingly incorporated happiness and well-being into their policy agendas, aiming to create environments that support the overall happiness and fulfilment of their citizens. The pursuit of happiness as a development goal has led to the implementation of initiatives focused on

mental health, work-life balance, social inclusion, and the promotion of positive social relationships and community engagement. As a matter of fact, European countries such as Germany and Spain have introduced certain policies that reduce and regulate the number of working hours per year of an employee to promote healthier working conditions that ultimately lead to a better work-life balance.

At present, a Worldwide Happiness Index is published every year with articles and rankings of national happiness. Finland has kept its position as the happiest country in the world for the 6th year in a row in 2023, followed by Denmark and Iceland. Regrettably, India has ranked 126 out of the 156 countries participating. Afghanistan is categorized as the least happy country, owing to increased poverty, lack of employment, corruption, and lack of freedom, particularly since the Taliban has returned to power in 2021.

In 2008, the first Gross National Happiness Survey was conducted in Bhutan for varying demographic factors such as Gender, Age, Residence, and Occupation. The citizens were polled on living conditions and religious behaviour since the core of the GNH Index is grounded on Buddhist values. This is one distinguishing feature of the GNH Index compared to other models. Currently, Bhutan places 95th in the World Happiness Index.

However, measuring happiness presents its own set of challenges, as it is inherently subjective and influenced by cultural, social, and individual factors. Consequently, there is much room for bias to ensue. Nevertheless, given that there are established tools and methodologies such as well-being surveys and indices, valuable insights into the happiness levels of a population are provided along with how they are influenced by various aspects of societal development.

It is also important to recognize that happiness is not a fixed state, but rather a dynamic and evolving experience that can be influenced by individual circumstances, societal norms, and external events. The standards of living conditions and welfare grow with developments in economical, technological and social domains. Therefore, prioritizing happiness as an indicator of development requires ongoing attention and adaptation to address the changing needs and challenges faced by a nation's population. Happiness is a critical component of national development and should be valued as much as economic prosperity and material progress, since policymakers can create more inclusive and sustainable societies that prioritize the overall quality of life for their citizens. Ultimately, the pursuit of happiness as a development goal can lead to greater societal resilience, creativity, and unity, with far-reaching benefits for individuals and communities alike.



# Gross National Happiness as an indicator of development

*Vanshika Joshi, I BSc Economics - Statistics*

'If the government cannot create happiness for its people, there is no purpose for government to exist' - the 1729 legal code Bhutan.

India is among the 42 Unhappy Nations of the world. Nearly 5% of Indians suffer from mental illness with one in five requiring mental health counselling. By 2025, 38.1 million years of healthy life will be lost to mental illness in India. Mental peace and happiness have become the need of the hour due to the increasing stress of modern-day life. It has become necessary to understand happiness, quantify it, and find ways of being happy in our lives if we want to prevent the ticking time bomb of mental illness from exploding.

Sociologists define happiness as 'the degree to which an individual judges the overall quality of his life-as-a-whole positively, or how well one likes the life one lives. It is usually referred to as subjective well-being (SWB) or life satisfaction.

It has been reported that extended families tend to have more SWB than nuclear families. Bengaluru adults have above average levels of SWB while another study reported that about 89% of Indians suffer from stress compared to the global average of 86%. Now, there is a new debate regarding whether people of India require more Gross Domestic Product or need Gross National Happiness.

The gross domestic product (GDP) is a pure economic number - total market value of final goods and services produced during a specified time interval. It makes no value judgment about which economic activities are beneficial to people, society and the environment.



Highly expensive parties of celebrities or expenditure on charitable work in poor communities are just the same as far as GDP is concerned. Though we know better! Moreover, there are many things that never enter GDP even if they are important for people's well-being. All

household and volunteer work is ignored, so is the contribution of nature in the form of resources. Hence GNH

is more important than GDP.

Quantifying subjective well being or happiness has always been intriguing and a breakthrough in quantifying

happiness or wellbeing was made by Bhutan by calculating their country's Gross National Happiness (GNH) instead of Gross National Product (GNP). The term GNH was coined by the 4th King of Bhutan Jigme Singye Wangchuk. GNH measures the quality of a country in more holistic way and believes that the beneficial development of human society takes place when material and spiritual development occur simultaneously to complement and reinforce each other.



GNH index was based on four pillars: Good governance, sustainable socio-economic development, cultural preservation, and environmental conservation. GNH index uses sufficiency thresholds which indicate people scoring above them were happy with a certain amount. GNH uses three cut-offs: 50%, 66%, and 77% for categorization. People who have achieved sufficiency in less than 50% and 50-65% of domains are 'unhappy' and 'narrowly happy' respectively, and are considered under policy priority.

The 'extensively happy' people achieve sufficiency in 66-76% of the domains (i.e. in between 6 and 7) and 'deeply happy' people in 77% domains (i.e. in 7 or more). In order to have a single overall index, the GNH cut off was set at 66% of the variables, i.e. the middle cut off. People can be considered happy when they have sufficiency in 66% of the (weighted) indicators or more. The formula is as such:  $GNH = 1 - (Hn \times An)$ , where  $Hn$  indicates percent of not yet happy people ( $1 -$  percent of happy people) and  $An$  indicates per cent of domains in which not yet happy people lack sufficiency. Among the Nordic nations, which always top the happiness charts, Denmark consistently ranks among the top five (3rd in 2018) happiest nations in the world. If we compare India and Denmark's GDP, the GDP growth rate of Denmark averaged 0.40% from 1991 to 2018 whereas GDP annual growth rate of India averaged 6.16% from 1951 to 2018. Indian economy is much larger and subject to heavy fluctuations as compared to Denmark.

India is a country of teeming millions, booming economy, full of diversities whereas Denmark is a small country with less population and economy is not so vast. If GDP would have been the factor leading to national happiness,

then booming economies of USA and China would have occupied the top positions. Hence there are some

other factors other than financial prosperity that accounts for the happiness of these Nordic countries. What is so special about them? If India has to go the Nordic way, i.e. adopt some features of their happy country then what would those be? It is seen that Denmark does simple things elegantly and makes it their motto of life. Volunteerism is lacking in the attitude of Indians. It generates a feeling that one may not be a part of the society and thus one does not hold oneself accountable for neither society's growth nor in its degradation. Indians are less bothered about environmental concerns and also has a long way to go to close the gender gap in society and excel in healthcare.

Hence, efforts are on to rebuild a culture of yoga and meditation among Indians through National Yoga Day to improve physical and mental health. India can also combine GDP with GNH to calculate the overall holistic progressiveness of the country. The novel concept of GNH has already set a benchmark. Now it is upon the policy makers to adopt it.



# Impact of COP28 and sustainable development policies and trajectory of the Indian Economy

*Sruthi.B, III BA Psychology - Economics*

## What is COP28:

It is the 28th Conference of the Parties to the UN Framework Convention on Climate Change took place in Dubai, United Arab Emirates, from 30 November to 13 December 2023. It included more than a hundred world leaders and almost 1,00,000 delegates who have registered to attend the climate change summit in person.

## Motive behind:

COP28 is intended to determine how effective the global response has been in achieving the goals of the Paris Agreement on the climate crisis, identifying gaps, and identifying informed paths forward.

The Paris Agreement is a legally binding international treaty on climate change, which was adopted by 196 Parties at the UN Climate Change Conference (COP 21). Its primary mission was to keep the increase in global average temperature below 2 degrees Celsius above pre-industrial levels and strive towards limiting the temperature increase to just 1.5 degree Celsius above pre-industrial levels. The Paris Agreement also mandated a "Global Stock take" (GST) or report card of progress in 2023 and every five years after that. COP28 comes at a decisive moment for international climate action.

Temperature records are being repeatedly broken and climate impacts felt in unprecedented wildfires, floods, Trops and droughts worldwide. COP28 presents a critical opportunity to put the world on more sustainable path.

## Outcome:

An important outcome at COP28 is to provide relevant information to be used by Party policymakers and stakeholders to create more robust climate policies and target for the next NDC (Nationally Determined Contribution) round, due in 2025.

## Sustainable policies adopted in COP28:

Adapting and building resilience to climate change impacts and addressing climate change induced loss and damage will feature prominently in the Dubai negotiations. Governments at COP28 are due to adopt a framework for achieving the Paris Agreement's global goal on adaptation. The emissions from the burning of coal, oil and gas constitute the main driver of climate change. Fossil fuel phase-out is likely to receive much attention at the negotiations in COP28 in Dubai. Phasing out fossil fuels is being discussed as part of a boarder package on energy that also includes targets on scaling up renewable energy and improving energy efficiency.

Food systems and agriculture receiving increasing diplomatic attention. The COP28 Food Systems and Agriculture Agenda was launched by the COP28 presidency and the UN Food Systems Coordination Hub in July.



It calls on countries to align national food systems and agricultural policies with nationally determined contributions and national adaptation plans (NAPs) and to include targets for food system decarbonization into these and their national biodiversity strategies and action plans (NBSAPs). This calls on private and public sector stakeholders to commit funding and technology for the food system and agricultural transformation, as food systems contribute one-third of all human-generated greenhouse gas emissions. Developing countries need financial resources, as well as technology transfer and capacity building to help them reduce emissions, adapt to climate change, and address loss and damage.

Policies adopted by India in COP28:

Green Credit Initiatives:

Prime Minister Narendra Modi launched Green Credit Initiatives at the conference, to boost voluntary environmental activities like tree plantation, water conservation, sustainable agriculture and waste management by incentivizing it for big corporations and private companies, bringing about a change in climate issues faced by the country. He mentioned "Green Credit" as the Earth's health card, a crucial instrument for ensuring a greener, clearer and better future.

India led Global River Cities Alliance (GRCA):

The GRCA led by National Mission for Clean Ganga (NMCG) under the under the Ministry of Jal Shakti, Government of India was launched at COP28. It aims to leverage the collective power of river cities worldwide to address shared challenges and promote sustainable river management practices.



It aims to expand the reach of River Cities Alliance formed by NMCG in association with National Institute of Urban Affairs (NIUA) with 142 Indian River cities as members.

Operationalization of the Loss and Damage Fund:

The adoption of an agreement for a new Loss and Damage Fund, will provide financial assistance to vulnerable countries, including India, which is already experiencing the devastating impacts of climate change.

India's vision for COP 28:

Under its G20 Presidency, India has played a significant role in voicing the concerns of the Global South on climate issues. Leading discussions on climate change and global economic stability, India aims to find effective solutions, fostering collaboration in areas such as the blue economy, land degradation, green hydrogen, resource efficiency, and circular economy principles. From an Indian industry standpoint, the potential results of COP28 offer numerous opportunities to expedite decarbonization in India, providing a platform for robust business-led climate action.



In the realm of climate finance, we recognize the substantial monetary shortfall. During COP28, nations should pledge to provide low-cost concessional finance, aligning with the COP28 Presidency's Goal and the G20 New Delhi Leaders' Declaration. This commitment is crucial to assist developing countries in achieving their climate targets. It requires organizations like the World Bank Groups and governments to commit to enhanced co-financing with the private sector. Various measures should be implemented to enhance the risk-return relationship for private investors.

The CII Climate Action Charter is an initiative aimed at mobilizing collective efforts from Indian businesses to tackle the risks associated with climate change. With over 170 members, the Charter has collaborated with MSMEs in 7 industrial clusters across India in the past year.

Their focus has been on raising awareness and helping MSMEs recognize various climate risks to their businesses. CII has actively engaged in policy advocacy and climate change research. As the B20 Secretariat during India's G20 presidency, CII, under the B20 Task Force on Energy, Climate Change & Resource Efficiency, formulated policy recommendations stressing the urgency of addressing climate change.

The recommendations emphasize the critical role of a low-carbon energy transition and finance in moving towards sustainable growth, highlighting the need to decarbonize challenging sectors and provide clean energy technology and climate finance to the global south.

# What role is foreseen for renewable energy sources in India's evolving economy?

*Sameera Reddy, I BA Economics (Hons.)*

India aims to reach net zero emissions by 2070 and to meet fifty percent of its electricity requirements from renewable energy sources by 2030 . It is a significant moment in the global fight against climate change. India is pioneering a new model of economic development that could avoid the carbon- intensive approaches that many countries have pursued in the past and provide a blueprint for other developing economies. Coal and oil have so far served as bedrocks of India's industrial growth and modernisation. The energy sector is the key for economic development.

Renewable energy sources will take the front seat in India's aim towards becoming a Green economy. Renewable energy sources are expected to play a significant role in India's evolving green economy for several reasons:

Reducing dependance on fossil fuels : India currently relies heavily on fossil fuels for its energy needs, leading to various environmental and economic challenges. Integrating renewable energy sources like solar, wind, hydro, and biomass can help reduce dependence on fossil fuels, thus enhancing energy security and mitigating the impacts of climate change

**Meeting Climate Commitments :** India has made commitments to reduce its greenhouse gas emissions as part of the Paris Agreement. Increasing the share of renewable energy in the energy mix is crucial for achieving these targets and transitioning to a low-carbon economy.

**Job Creation :** The renewable energy sector has the potential to create jobs across various stages of the value chain,

from manufacturing and installation to maintenance and operations. This can contribute to economic growth and poverty alleviation, particularly in rural areas.

**Cost Competitiveness :** The costs of renewable energy technologies, especially solar and wind power, have been declining rapidly in recent years. As a result, renewable energy is becoming increasingly cost-competitive with conventional

sources of energy, making it an attractive option for meeting India's growing energy demand

**Energy Access :** A significant portion of India's population still lacks access to reliable electricity. Renewable energy technologies, particularly decentralized solutions like solar home systems and mini-grids, can help improve energy access in remote and underserved areas, thereby promoting inclusive development. Let's look at some of the prominent renewable energy sources which will play a significant role in turning India into a green economy .

- **Solar energy:** India has abundant sunlight, which can be used to generate electricity using photovoltaic (PV) panels.
- **Wind energy:** India has a strong wind regime, which can be used to generate electricity using wind turbines.
- **Biomass energy:** India has a large biomass potential, which can be used to generate electricity, produce biofuels, and provide feedstock for industrial processes.



- **Hydroelectric energy:** India has a number of rivers and streams, which can be used to generate electricity using hydroelectric dams.
- **Geothermal energy:** We have a number of geothermal resources, which can be used to generate electricity or provide heat for buildings and other applications.

India has a vast potential for renewable energy resources. The government is committed to supporting the renewable energy sector, and the cost of renewable energy technologies has fallen significantly in recent years. This is making renewable energy more competitive with fossil fuels. The future of renewable energy in India is very bright. Renewable energy can help to reduce India's greenhouse gas emissions, reduce its energy dependence, improve its energy security, create jobs, boost rural development and finally turn India into a Green Economy . “The nation that leads in renewable energy will be the nation that leads the world.” - James Cameron



# How is India Collaborating with International Partners and Organizations in its Green Economy Initiatives?

*Arkopriya Dutta, II BSc Economics - Statistics*

Environmental economics research gave rise to the concept of a "green economy," which was widely discussed during the 2012 United Nations "Rio+20" conference. The word has gained widespread usage in the worldwide discourse around ecological economics. A green economy is characterized by low carbon emissions, resource efficiency, and social inclusion.

The forces behind the creation of income and job opportunities in a green economy are government and private investments aimed at reducing carbon emissions and environmental damage, promoting the efficiency of energy and resources, and protecting ecological services and biodiversity. Green growth is defined as balanced economic growth that prioritizes environmental sustainability.

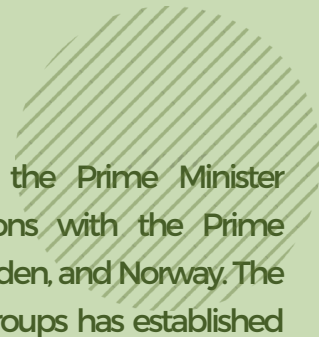
Therefore, to achieve sustainable growth, two factors must be maximized: environmental protection and economic development. This can be achieved through a positive circulation of green practices and economic benefits. This pattern of growth represents an economic growth opportunity with the new driving power of "green," and it is based on the principles of continuously improving manufacturing capacity, lowering environmental pollution through the use of green technology and knowledge, and increasing the availability of energy and resources.

At India-Denmark: Partners for Green and Sustainable Progress Conference' in New Delhi, the Union Minister for Environment, Forests, and Climate Change said that Denmark and India could work together to demonstrate the viability of reaching ambitious climate and sustainable energy targets. Ever since the Green Strategic Partnership was established in 2020, the two countries have worked together to advance sustainable and environmentally friendly growth.

The objectives of this alliance are to create jobs, improve economic links and green growth, strengthen cooperation in tackling global opportunities and problems, and improve political cooperation. It centers on the daring execution of the Sustainable Development Goals and the Paris Agreement by the United Nations. Danish enterprises with specific technology and knowledge have extended offers of support to India to help it meet its air pollution management objectives, especially with regard to crop stubble burning.

A proposal has also been put out to create an India-Denmark skill institute to educate Indian labourers and to create India-Denmark energy parks in places where Danish companies are heavily represented. To achieve its goals, the Green Strategic Partnership will make use of the joint working groups and current Joint Commission for Cooperation.





On May 3-4, 2022, Honourable Prime Minister Narendra Modi paid an official visit to Denmark. The two primary components of the visit were the second India-Nordic Summit, which was co-hosted by Denmark and India, and bilateral talks with PM Frederiksen. In the bilateral meeting, the prime ministers of Denmark and India evaluated the state of the Green Strategic Partnership and discussed issues of mutual interest on the regional and international fronts.

The Prime Minister was greeted by Queen Margrethe II, who also hosted an official supper in his honour. Along with Crown Prince Frederik and Prime Minister Frederiksen, the Prime Minister also spoke with the Indian community in Copenhagen and gave a statement at the India-Denmark Business Forum at the Confederation of Danish Industry. Memorandums of Understanding (MoUs) and agreements were exchanged in a number of fields, including skill development, animal husbandry, dairying, cultural exchange programs, green shipping, migration and mobility, and water resource management.

The Prime Minister evaluated India-Nordic ties during the 2nd India-Nordic Summit on May 4th, together with the Prime Ministers of Denmark, Iceland, Norway, Sweden, and Finland. A Joint Statement was released, reinforcing a strong commitment to international cooperation and multilateralism, as well as a strong collaboration with the Nordic nations to foster economic development, innovation, climate-friendly solutions, and trade and investment that benefits both parties.

On the eve of the Summit, the Prime Minister conducted bilateral conversations with the Prime Ministers of Finland, Iceland, Sweden, and Norway. The formation of 11 Joint Working Groups has established broad-ranging dialogue mechanisms between various ministries of both countries, covering areas such as renewable energy, shipping and ports, agriculture and animal husbandry, food processing, science and technology, labour mobility, environment, smart cities, digitization, energy cooperation, and health and medicine. In 2022, six Joint Working Group sessions were conducted, the most recent being the 5th JWC on Renewable Energy (8 September 2022), 4th JWC on Energy (21 September 2022), and JWC on Food Processing & Food Safety (1 December 2022) in Copenhagen. The Health Cooperation Joint Working Group met in New Delhi in June 2023.

A platform called Green Rising was officially launched during the ReWired Summit at COP28 in Dubai. Its goal is to empower youth-led climate activities and solutions. On December 8, during COP28, UNICEF's Generation Unlimited and India's Ministry of Environment, Forests, and Climate Change launched the "Green Rising" campaign. Inspired by the Mission Life movement, India's YuWaah campaign places a focus on getting young people involved in grassroots, meaningful environmental efforts.

UNICEF, Generation Unlimited, and a wide range of governmental, business, and youth partners are involved in the worldwide "Green Rising" program and the "Green Rising India Alliance". The National Action Plan on Climate Change (NAPCC) in India includes the National Mission for Strategic Knowledge on Climate Change, which was emphasized for its emphasis on increasing youth and student understanding.



The Green Skills Development Programme, which attempts to create a competent workforce in the forestry and environmental industries, was praised by the minister. It was highlighted that Prime Minister Narendra Modi's recently announced Green Credits Initiative at COP28 encourages international cooperation for ecologically responsible measures.

Businesses were urged by the government to aggressively promote sustainable lifestyles. The minister cited the phrase "a child is the father of man" to highlight the significance of climate resilience and adaptation measures, as well as the role that young people who support the environment can play in creating a sustainable future.

The minister applauded the Green Rising Global Initiative of Generation Unlimited and UNICEF, which attempts to empower at least 10 million adolescents and children in impoverished nations. The minister concluded by reiterating India's commitment to combating climate change and by urging cooperation among allies in the pursuit of a sustainable future.

The Green Rising at the RewirEd Summit was formally launched during this event, which was co-hosted by UNICEF, Generation Unlimited, and Dubai Cares. At least 10 million children and youth in developing nations will be empowered by the Green Rising program during the course of the following three years (2023-2025), enabling them to take up green jobs, acquire green skills, take initiative, and start their own businesses.

In a historic step toward a more environmentally friendly future, Japan and India together launched a \$600 million fund aimed at advancing sustainability initiatives. This project, which represents a transnational commitment to environmental stewardship, is the result of collaboration between the Japan Bank for International Cooperation (JBIC) and the National Investment and Infrastructure Fund (NIIF) of India. The fund aims to direct investments towards vital sustainability domains such as waste management, e-mobility, and renewable energy.

This will promote ecological integrity while also boosting economic viability. Japan will provide 51 percent of the overall amount through JBIC, with India making up the difference. In the face of global supply chain disruptions and an unpredictable geopolitical landscape, this cooperative project, named the India-Japan Fund, is set to spark sustainable growth and act as a beacon of Indo-Japanese collaboration.

This fund also seeks to enhance cooperation between Indian and Japanese businesses, which is part of a larger desire to strengthen resilience and creativity in this period of environmental and industrial change.

The initiative highlights the increasing attraction of the Indian market for Japanese companies considering relocation or new investment opportunities. This project is indicative of India's growing prominence as a sustainable investment destination and fits with the country's overarching goal of developing a low-carbon economy.





At the regional level, this endeavour strengthens Asia's emerging reputation as a hub for sustainable development, providing a strong example for other countries to follow. The India-Japan Fund serves as a concrete example of international collaboration in navigating the sustainability paradigm, strengthening the determination of nations to shift towards a future that is more robust and sustainable.

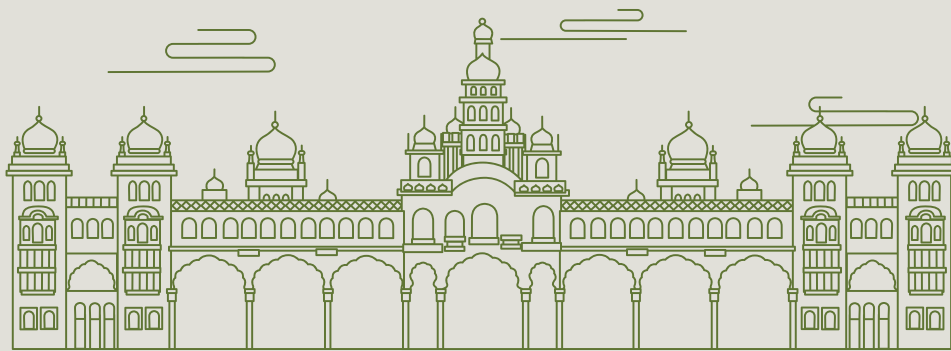
This initiative's core goal is to promote a sustainable culture that transcends national boundaries and unites people worldwide in their pursuit of sustainable economic progress and environmental preservation.

As the 2023 union budget places a strong focus on green growth, the government's goal of lowering the economy's carbon intensity and reaching the net-zero aim by 2070 is upheld in the 2024 interim budget. Green energy initiatives were unveiled by Finance Minister Nirmala Sitharaman. These included the creation of coal gasification and liquefaction capacity by 2030 and viability gap funding for offshore wind energy projects.



Budgetary support for the purchase of biomass aggregation gear is also mandated, as is the progressive mixing of compressed biogas in transportation and household natural gas. The government also intends to develop the ecosystem for electric vehicles, promote the use of e-buses in public transportation, and initiate a program for bio-foundry and bio-manufacturing in order to support eco-friendly substitutes. Additionally, there will be an introduction of a plan for climate-resilient blue economy activities.

SUSTAINABILITY



# Green Projects

*Swathi H., III BCom General*

“Green Project” typically refers to an environmentally friendly initiative aimed at promoting sustainability, conservation, and reducing the harmful impact on the environment. These projects often focus on renewable energy, waste reduction, conservation of natural resources, and other eco-friendly practices.

Green projects were introduced as a response to growing environmental concerns and the need for sustainable practices. Green projects are driven by the recognition of the impact human activities have on the environment and the necessity to adopt practices that support long-term environmental health and balance.

## **GREEN PROJECTS IN INDIA**

India, with its growing population and developing economy, faces significant environmental challenge throughout the longer period of time. The country has undergone various climatic changes including pollution and endangerment of species, use of more environmental resources without proper caution and many more issues. However, the country is also actively pursuing various green projects to promote sustainability and combat these challenge.

Green projects in India stretches back further than we might actually realise. The Green projects in started with the Green revolution(1960's), project tiger, national environmental policy Jawaharlal Nehru national solar mission, green energy convergence project, India's first green bonds etc.

## **Green energy convergence project (2020)**

The green energy convergence project in Goa was launched to address several challenges related to energy access, efficiency, climate changes and to meet the goals such as, to promote clean energy Adoption, improve energy efficiency in rural and agricultural communities and reduce carbon emission.

This project has increased access to clean energy for rural and agricultural communities by decentralised solar energy and LED street lighting thus contributing to India's renewable energy. This project has led to replacement agricultural pumps with energy efficient models which in turn has reduced the energy consumption leading to energy efficiency.

## **India's first sovereign green bonds (2023)**

India shows gradual development of the green bonds market through various pilot projects and corporate issuances over the years.

India issued its first sovereign green bonds in January and February 2023 marking a significant step towards mobilising resources for sustainable infrastructure development and financing green projects aligned with India sovereign green bond framework which is categorized into areas, namely renewable energy, clean transportation, sustainable water management pollution, prevention and control green building and sustainable agriculture.





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The Indian government issues sovereign green bonds designed in such a way that it acts as a debt instrument that attracts investors to lend money to the government project. Each bond has a specific maturity date and offers fixed rate of interest. The funds raised from these bonds are specifically earmarked for financing environmentally friendly projects across different sectors, with stringent oversight and monitoring in place. This initiative aims to mobilize green finance, support climate objectives, and contribute to India's sustainable development. India's inaugural sovereign green bonds were issued in two installments: the first tranche, valued at INR 80 billion, was issued on January 25, 2023, followed by the second tranche of the same value on February 9, 2023. Consequently, the total expenditure on India's first Sovereign Green Bonds amounted to INR 160 billion. In terms of recent government spending, the Union Budget 2023-24 allocated INR 23,000 crore for renewable energy development under the Ministry of New and Renewable Energy.

- Ministry of environment , forest, and climatic change: INR 2,400 crore for various environmental initiatives.
- Green Bond Issuances: The first Sovereign Green Bonds raised INR 160 billion On 2023 for eligible green projects.
- Sectoral Reports: Industry reports estimate: INR 1248 lakh crore in renewable energy investments in 2022-23, INR 50,000 crore in sustainable agriculture initiatives planned by 2025.

The spending on Green projects by the government is multi-dimensional in its viability.

- The Green projects are started with the aim to address climate change, reduce pollution, protect biodiversity, promote greener surroundings, the efforts embraced in these projects , if successful can also significantly improve healthcare and create a more liveable planet for future generation, as well as present generation.
- Green projects is also keen in stimulating economic growth by creating employment opportunities in the green industries which can efficiently increase the standard of living of the people,
- These projects are helping to increase the quality of lifestyle among marginalised communities, as nowadays people are prone to many ill health problems. It reduces respiratory illness and improves overall health.
- Despite of all the pros, any largescale developmental initiatives has its subsequent disadvantages.
- The green project initiatives are economically expensive upfront, the commencement and maintenance projects are very expensive, this might cause the government to trade off with other spending priorities constituting the budgets, backing up with the concerns of dangerous corruption and reliability in its success.
- Green projects in spite of being expensively upfront, it's still argued that current green spending is insufficient to address the scale of environmental challenges we face, and government should also implement stricter regulations.





- Green projects unfortunately can also have an intended negative consequences such as loss habitat other due to urban development and unsustainable project may lobby against green projects hindering progress in the long run.

The viability of green spending projects is not objective, from an optimistic viewpoint, if governments can overcome the challenges and effectively utilize green spending, it could lead to a future with a healthier planet, improved public health, a more stable economy, and greater social equity and achieving the intended environmental benefits.

However, a more cynical perspective acknowledges the difficulties of navigating cost concerns, political opposition, and unintended consequences. This outlook might conclude that current green spending, while a step in the right direction, needs more strategic focus and significant improvement to ensure a truly sustainable future.





# Do Investments in Renewable Energy and Circular Economy have Economic and Environmental Benefits?

*Sanchana Upadhya, I BA Psychology - Economics*

## INTRODUCTION

**“The fate of people on Earth depends on whether we can employ efficient and renewable energies. We need to lay big plans for small technologies.” – David Freema.**

Renewable energy refers to energy derived from naturally replenishing sources that are inexhaustible over human timescales, such as sunlight, wind, hydropower, and biomass. These energy sources do not produce greenhouse gas emissions during energy generation, making them a key solution for combating climate change and reducing air pollution. In a world spiraling with consequent climate change and environmental effects, active participation in indulging in the utilisation of renewable resources has become a necessity.

India has recently focused, in the economics survey, on the SDG goals of the country where they have anticipated the growth of renewable energy up to 500GW non fossil based installation capacity by 2030. The Bhadla Solar Park in Rajasthan is the world's largest solar power plant. The installed solar energy capacity has increased by 30 times in the last 9 years and stands at 73.31 GW as of December 2023. India's solar energy potential is estimated to be 748 GWs as estimated by National Institute of Solar Energy (NISE).

## INVESTMENT BENEFITS OF RENEWABLE ENERGY

- **The Environmental Imperative:** Unlike fossil fuels, which release greenhouse gases and pollutants into the atmosphere when burned, renewable energy sources such as solar, wind, and hydropower produce little to no emissions. One of the most compelling reasons to use renewable energy is its minimal environmental impact. This reduction in greenhouse gases is vital for alleviating climate change and reducing air pollution.
- **Preserving Natural Ecosystems and Global Responsibility:** Hydropower, wind, and solar installations have a considerably smaller environmental footprint than fossil fuel extraction and power generation. Investing in this field of environment friendly operations that are now booming in the country will constructively increase the usage of these resources and thus catalysing a cleaner Earth and eliminating greenhouse gases. It's a commitment to leaving a positive legacy and mitigating the impacts of climate change.





### Abundance and Sustainability:

The major and key point of investments made in renewable resources is the fact that they are abundant in nature and will never run out. It is also sustainable in nature and provides long run benefits. Renewable energy sources rely on naturally occurring processes, such as sunlight, wind, and water flow, that do not deplete over time. The Indian government has implemented several policies and initiatives to support the growth of the solar industry, including financial incentives, tax benefits, and subsidies especially for solar power generations, the most used energy.

### FROM THE LENS OF ECONOMIC GROWTH:

#### Cost efficiency:

In recent years, the renewable energy industry has grown significantly in terms of employment. It generates employment in the fields of renewable energy system manufacture, installation, security, and maintenance. Putting money into renewable energy sources can boost regional economies and encourage innovation, which pushes nations to advance toward environmental sustainability. For instance, the expansion of the solar business in India has benefited the nation's economy by reducing reliance on fossil fuels, fostering sustainable development, and creating job opportunities. According to an IRENA research, India's renewable energy sector saw considerable development in 2022, creating an estimated 988,000 employment. India's solar capacity increased, with 13.5 GW of solar PV added, surpassing the previous year's figure.

- **Energy Independence:** Investments in renewable energy sources can empower individuals and communities to generate their own energy, reducing reliance on centralized power grids. For example, Rooftop solar panels and small-scale wind turbines, enable firms, startups, businesses, and consumers to become energy producers, contributing to greater energy independence.
- **Technological Advancements:** The pursuit of renewable energy and energy storage systems have made renewables more accessible and cost-effective. Advancements like PV (photovoltaic cells) production for access to solar energy for example benefit not only the energy sector but also various industries and consumers.

### CIRCULAR ECONOMY:

The circular economy is an economic model designed to minimize waste and make the most of resources. Products in a circular economy are made with recycling, repair, and reuse in mind rather than being thrown away after only one use.

#### Benefits of investing in circular economy:

**Efficiency in the use of resources:** India's economy is expanding quickly, therefore there is a big need for resources. India can increase resource efficiency by reducing waste and optimizing the value derived from resources by investing in the circular economy. This can lessen the nation's reliance on imports and address the problem of resource scarcity. Investments in Indian resource facilities can also help organizations and businesses because they are economical, save import tariffs, and lessen reliance on other nations.



- **Cost efficiency:** Adopting circular economy principles can lead to cost savings for businesses through reduced material and energy consumption and increased operational efficiency. This can improve the bottom line for Indian companies, especially small and medium-sized enterprises (SMEs), which form a significant portion of the country's economy. Companies put a lot of effort into recycling and cutting trash since doing so can save a lot of money by lowering the need to buy new raw materials.
- **Reduce waste disposal expenses:** Companies can cut waste disposal costs by reducing the quantity of garbage they send to landfills and even turning a profit from recovered materials, by putting methods like recycling and waste-to-energy programs into practice.
- **Increased operational efficiency:** The principles of the circular economy motivate businesses to make better use of resources and reduce inefficiencies in manufacturing processes. This can result in lower operating costs due to increased energy efficiency.
- **Extended product lifespan:** By creating products that are designed to last and repairable, you can reduce the amount of returns, warranty applications, and replacements that your company has to deal with, saving you money on product recall costs and customer service costs.

## A) JOB CREATION:

- **Infrastructure:** Transitioning to a circular economy requires new business models, technologies, and infrastructure, which can create a wide range of job opportunities such as recycling, remanufacturing, thus providing employment to a large workforce in India.
- **Skilled as well as unskilled labour:** which gives rise to labour opportunities where minimum learning is required and more mechanical, industrial toiling will be necessary. This large surface area of people having potential to carry out unskilled labour along with ones that have specialised in labour tasks (skilled) furnishes widescale employment along with division and distribution of said tasks.
- **Recycling and waste management:** The expansion of recycling infrastructure and the adoption of circular economy practices will create jobs in collection, sorting, processing, and recycling of various materials, including plastics, metals, paper, and electronic waste.
- **Remanufacturing and refurbishment:** Reconstructive and refurbishing industries such as Electronics, Automotive, and Machinery will need experienced personnel for disassembling, repairing, and reassembling products.
- **Research and development:** Investment in research and development related to circular economy technologies and practices will create employment opportunities for scientists, engineers, and innovators and entrepreneurs, driving technological advancements and sustainable solutions and creative outlooks to problems.



## B) ENVIRONMENTAL BENEFITS:

- **Biodiversity conservation and ecosystem restoration:**

India's rapid urbanization, industrialization, and unsustainable land use practices have led to habitat loss, deforestation, and biodiversity decline. Circular economy investments that prioritize ecosystem services and biodiversity conservation can help restore degraded ecosystems, protect wildlife habitats, and promote sustainable land management practices.

Initiatives such as agroecology, sustainable forestry, and green infrastructure development can enhance ecosystem resilience.

- **Mitigation of pollution and environmental degradation:**

Circular economy approaches can help mitigate various forms of pollution, including air pollution from industrial processes and transportation, water pollution from untreated wastewater discharge, and soil contamination from improper waste disposal. Transitioning to renewable energy sources and energy-efficient technologies as part of circular economy initiatives can further reduce pollution and greenhouse gas emissions, contributing to climate change mitigation efforts.

- **Waste reduction and resource conservation:**

India faces immense challenges related to waste management, with large quantities of municipal solid waste, plastic waste, and electronic waste generated each day. Circular economy investments focus on reducing waste generation through strategies such as product redesign, reuse, recycling, and composting.



By implementing efficient waste management systems and promoting circular practices, India can minimize the environmental impact of landfills and so on.

Resource conservation is a key goal of the circular economy, investments in recycling and resource recovery technologies can help conserve finite resources such as metals, fuel, minerals, and water.

### **CONCLUSION:**

Investors who willingly contribute to both the economic growth and environmental well-being of a country are crucial. The transition to renewable energy isn't merely a passing fad; it represents a global movement with extensive advantages. This shift safeguards the environment, tackles climate change, generates employment opportunities, and stimulates innovation, promising a more sustainable future. Opting for renewable energy isn't just a decision but a conscientious effort to alleviate the reliance on fossil fuels, which are both costly and environmentally detrimental. Embracing renewable energy isn't a matter of preference; it's a duty—a dedication to creating a cleaner, healthier, and more prosperous world for future generations.



# MARKET ANALYSIS



# Turning women into products and pleasure into pixels

*Shreeya Harish, II BA Economics( Hons.)*

The following article talks about pornography, assault against women and the sex trade, topics discussed here could be sensitive and triggering. Reader's discretion is advised.

We have failed our daughters. "It is a war on women, serial assaults on dignity, identity, and human worth; it is tyranny.

Andrea Dworkin in 2004 said "If we give up now, younger generations of women will be told porn is good for them" and this adage not only turned out to be true, its ill effects resonate with every woman in the world. When society confuses liberation with commodification, the real cost of the reel fantasy emerges. In this hour, the most popular form of feminism or as I would like to term it the Emma Watson wave of feminism has convinced our daughters that objectification is vulnerable and that gendered, commercial exploitation of their bodies can be empowering and a non-violent career choice. Not understanding or coming to terms with that this rue was an all in all Russian doll works of capitalism, while completely ignoring the fact that the sex trade of women makes them more vulnerable to assault. The whole nuance of the fact that it's run by economic powers to exploit our sisters and the fact that we've had no lack of contextual analysis around the idea of "choice". The Emma Watsonification of feminism has had us all convinced that choices are made in a vacuum and that anything a woman does is empowering as long as she "owns" it.

As Andrea Dworkin so concisely observed in Right-Wing Women:

"The difference between left-wing and right-wing when it comes to women is only about where exactly on our necks their boots should be placed. To right-wing men, we are private property. To left-wing men, we are public property."

When we talk about the commodification of the bodies of women and girls, we are talking about the female being reduced to merely an object of trade. Reducing women to commodities, and treating them as objects for trade, is a serious issue. This dehumanization, seen historically in events like the Holocaust and slavery, is now manifesting globally against women. Sexual objectification, evident in pop music and pervasive advertising, portrays a woman's primary worth as her sexual appeal, may it be Bollywood's infamous "item songs" like Halkat Jawani by Sunidhi Chauhan or even Baby doll by Kanika Kapoor This narrative contributes to crimes like rape and assault while fostering the belief that a woman's only value lies in her sexuality. We must question if this is the direction we want for society. The Economist's 2014 article "A personal choice" argues that governments should let consenting adults engage in the sex trade safely and privately online, emphasizing individual choice. This perspective aligns with Milton Friedman's belief in allowing willing buyers and sellers to determine their transactions without police intervention.

However, it overlooks the societal impact of the sex industry, as markets are social institutions influenced by various rules, cultural norms, and legal structures, making them a concern for the entire society. The porn industry generates about \$90 billion annually, surpassing the Hollywood film industry's \$10 billion. Progressives who defend pornography often miss the fact that the porn trade profits from the real-life abuse and degradation of some of the most disenfranchised women and girls. David Challen, a campaigner against violence towards women, questions how defending platforms like Pornhub aligns with feminism. He challenges the notion of violent acts in pornography being linked to freedom of speech and questions its connection to feminism. Challen urges men to take action by abstaining from consuming porn and speaking out loudly against platforms like Pornhub and the entire sex industry if they genuinely care about combating the depicted and promoted abuse and degradation. The industry goes on to eroticize male supremacy. It makes dominance and submission normal, and that force and violence a standard, all the while promoting inequality and sexism. Porn turns women into commodities for male enjoyment and profit. It's mostly created and consumed by men, emphasizing a demand for women in the industry. When there's not enough supply, human trafficking increases to meet the demand, prioritizing profit over the well-being of women.

Capitalism works insidiously and keeps innovating ways to keep monetizing bodies they not only perpetuate the commercial commodification of sex and sex workers but take it up a notch. While some argue women enter the porn industry willingly, it's crucial to acknowledge economic coercion as a significant factor. Financial pressures, limited job options, and instability may force women into the industry, often lured by promises of financial success and career growth but ultimately finding themselves in exploitative situations.

Taking into consideration multiple papers focusing on the subjects of the sex trade, commodification of women and the normalization of objectification of women's bodies all draw out the same and near conclusions that once you enter the adult industry, or partake in the sex trade you are downgraded to merely an object, a commodity.



As much as we dwell upon the wrongdoings of the industry, we must understand and reiterate that sex work will always benefit the patriarchy, and it isn't a feminist act and needs to be stopped as such. Women are not "taking advantage of their objectification" you are commodifying yourself. But sex work is real work, and workers in this industry must be respected and treated with dignity, they aren't any less of a human being because of their occupation but they aren't empowering in the slightest. For women in Asia, it is more of a decision made out of necessity due to poor financial conditions, many of them being forced into it by debt bondage and trafficking.

According to the 2018 global slavery index, Asia accounts for 73% of forced sexual exploitation worldwide, and as Andrea Dworkin said "Pornography is the essential sexuality of male power: of hate, of ownership, of hierarchy; of sadism, of dominance". Even if your ideas may not meet about the industry, there is no denying of the fact that the trade has caused an alarming rise in domestic violence, assaults against people and made women susceptible to dangers at any point of her life." Porn is the theory and rape is the practice"

# Unraveling the Multi-Dimensional Poverty Index in India

*Noorah Rosma Mathew, II BA Psychology Economics*

Poverty is a complex and multifaceted challenge that affects millions of people worldwide. Addressing poverty in all its forms and dimensions is a critical goal in the pursuit of sustainable development.

The Multidimensional Poverty Index (MPI), a methodology developed by Sabina Alkire and James Foster, was formally included by the United Nations Development Programme (UNDP) in their Human Development Report in 2010. The purpose of this index is to measure simultaneous declines in living standards, health, and education.

The National Multidimensional Poverty Index (MPI) was created by NITI Aayog in partnership with the Oxford Poverty and Human Development Initiative (OPHI) and the United Nations Development Programme (UNDP). This index offers a more comprehensive view of poverty by directly measuring and comparing deprivations, which complements measures based just on income, further becoming a powerful and sophisticated instrument for public policy.

MPI value is arrived at by multiplying the Headcount Ratio and the Intensity of Poverty, reflecting both the share of people in poverty and the degree to which they are deprived. Recently, NITI Aayog released the National Multidimensional Poverty Index (MPI): A Progress Review 2023. With Sustainable Development Goals (SDGs) targeted at 1.2, that aims to reduce poverty in all its dimensions.

What is the Outcome of the Report by NITI Aayog?

The baseline report of the National MPI has emerged as a cornerstone in fostering awareness among state governments, academia, civil society, and citizens. By shedding light on the importance of utilizing multidimensional poverty measures, this report has catalyzed a collective understanding of the complex nature of poverty, transcending mere income-based assessments.

Several Ministries and Departments have proactively created action plans in response to the baseline report that are suited to their goals and unique development difficulties. Surprisingly, more than 50 reform initiatives have been recognized in 16 reform domains, including important topics like housing, education, financial inclusion, nutrition, and rural development, among others. The collaborative efforts between the central government and states have manifested in the implementation of these identified reforms. India's commendable progress on the National MPI from 2015-16 to 2019-21 reflects the government's resolute commitment to enhancing the overall quality of people's lives. This positive trajectory is attributed to targeted policies, schemes, and developmental programs strategically rolled out at both the national and sub-national levels.

Crucially, these positive results have been largely fueled by the government's focus on making large expenditures in vital sectors including housing, cooking fuel, power, water, sanitation, and nutrition. These investments highlight a proactive strategy, understanding that long-term development necessitates extensive and strategically focused resources in vital areas that have a direct influence on individuals' day-to-day life.

The implementation of these policies through a top-down strategy has shown to be successful in negotiating the complexities of multidimensional poverty. The results of the National MPI's second edition are expected to be a priceless tool for states and Union Territories as they look for and highlight initiatives at different levels, including the district level. With the use of this extensive data, regional authorities will be better equipped to keep an eye on developments, especially in hotspots that are at risk. This will enable a more sophisticated identification of the regions that require focused programmatic and policy interventions.

How is multidimensional poverty being reduced? What steps are being taken?



Under the general auspices of NITI Aayog, the State Support Mission (SSM) became a significant project with the objective of reinvigorating and improving its interaction with the Indian States and Union Territories. This mission, which is mainly concerned with capacity building and the creation of State Institutions for Transformation (SIT), is an active step towards promoting collaboration and assistance. Enabling States and Union Territories to successfully steer their own development agendas is the main objective.

Localizing the Sustainable Development Goals (SDGs) is important, and NITI Aayog plays a key role in supporting and advising States and Union Territories within the framework of the SSM. This entails modifying the global goals to meet the unique requirements and difficulties faced by other governments, which helps to promote a more efficient and focused approach to development. Since attaining the SDGs is closely related to eliminating multidimensional poverty, one of the main goals of the SSM is to support the strengthening of SDG localization initiatives.

One noteworthy achievement related to the SSM project is the establishment of State Institutions for Transformation. By streamlining and carrying out development projects at the state level, these organizations serve as change agents. They provide forums for the development of policies, the implementation of effective programs that address the multifaceted nature of poverty, and strategic planning.

A Progress Dashboard has been created to guarantee efficient tracking and evaluation of the advancement of different projects. The Development Monitoring and Evaluation unit (DMEO), an associated unit of NITI Aayog, created this dashboard as a technical tool. It is specifically crafted to monitor the progress of State-led reforms aimed at improving outcomes related to the reduction of multidimensional poverty. This strategic tool provides a real-time overview of the status of various initiatives, enabling stakeholders to track the effectiveness of implemented reforms and identify areas that require further attention.

Most importantly, the dashboard adds the Multidimensional Poverty Index to its list of Global Indices that it may monitor. NITI Aayog emphasizes the value of employing multidimensional poverty metrics in evaluating and resolving the many issues that communities confront by integrating MPI into the dashboard. Through this integration, poverty may be viewed holistically, going beyond traditional income-based metrics and offering a sophisticated perspective on the complex nature of deprivation.

The Progress Dashboard will easily include the data produced by the National MPI, especially from this edition. Real-time tracking of multidimensional poverty across several variables is made easier by this integration. Policymakers and other stakeholders may regularly assess the effect of their initiatives and make educated decisions based on the changing needs of their people by having this data available to States on the dashboard.

In conclusion, the State Support Mission, with its focus on SDG localization and the establishment of State Institutions for Transformation, represents a dynamic and collaborative approach to development. The Progress Dashboard, with its incorporation of the MPI and other global indices, serves as a powerful tool for monitoring and evaluating the impact of state-led reforms. This integration of data not only enhances transparency but also empowers States and UTs to make evidence-based decisions, fostering a more targeted and effective approach towards reducing multidimensional poverty in India.

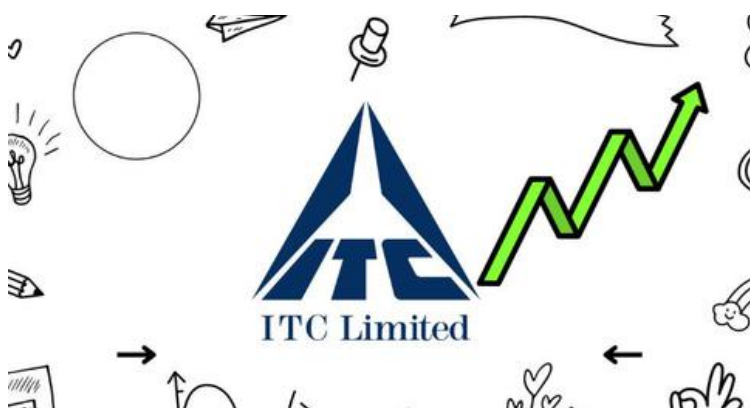
# The Giant That Shapeshifts: How ITC's Economic Transformation Is Changing India's Environment

*Amara Arora, IBA Economics (Hons.)*

In the bustling corridors of India's economic realm, a titan is on the move. With each calculated step, the enormous chain known as ITC is defying conventional boundaries, leaving a trail of intrigue and speculation in its wake. ITC's diversification drive, which has taken it from tobacco to technology, hospitality to healthcare, is the stuff of legends and has entrepreneurs, economists and common people like us talking. The story's core is a fascinating fusion of growth and uncertainty, evoking the complex interplay between supply and demand in a dynamic market economy. ITC has been closely associated with cigarettes for many years, and the tobacco trade provides a significant source of income for the organisation. However, in recent times, this corporate giant has undergone a metamorphosis, evolving into a diverse multinational that has its paws in every conceivable industry.

The story begins with elements of innovation as ITC boldly ventures outside of its comfort zone. Technology-wise, the company's entry into e-commerce and digital services has people's hearts beating since it provides an enticing look into a world where ease is king.

Through programmes like e-Choupal and ITC Infotech, the corporation is not only embracing the digital revolution but also changing rural India and effectively bridging the gap between farmers and markets. But that's not where the narrative ends. ITC redefined grandeur and elegance in the Indian hospitality business with a series of opulent hotels and resorts, a move that sent blockwaves across the industry. Its forays into packaged foods and fast-moving consumer goods (FMCG) have created a place for itself in the market, enticing customers with a wide range of goods that suit all tastes. The implications are significant and confusing as economists try to make sense of this economic voyage. ITC's foray into uncharted territory holds the potential to invigorate the economy by generating job opportunities and stimulating development. However, since the company's powerful presence threatens to alter the competitive environment in ways that are still unknown, there are murmurs of inflationary pressures and market distortions. The implications in the field of macroeconomics are no less significant. ITC is becoming an increasing asset to India's GDP with every new endeavour, and its impact is far-reaching beyond its core domain.





However, as analysts discuss the long-term feasibility of a business model that crosses such a wide range of sectors, concerns still need to be addressed over the sustainability of this development trajectory. On the microeconomic front, however, the repercussions are seen at the local level as households navigate a dynamic environment. It provides new chances for employment and financial progress. Others see it as a challenge to long-standing conventions, as conventional sectors struggle with the winds of change emanating from ITC's boardrooms. As investors and experts consider the effects of ITC's transformation on India's position in the global economy, the consequences are felt globally. The company's reach into foreign markets grows with each new endeavour, solidifying its position as a major participant on the world stage. But amid all the glitter of growth, there's an alarming tale to be told because overreach is a serious threat.

Within the field of development economics, the narrative assumes a very humanitarian tinge, with ITC's projects in rural India providing a ray of light in the darkness of deprivation and poverty. The firm is empowering farmers and promoting sustainable development through initiatives like e-Choupal and the Sustainable Livelihoods Initiative which promises to uplift communities for generations to come.

Nevertheless, despite all the action and fascination surrounding ITC's business ventures, one intriguing issue is still left unanswered: what lies ahead? The only thing that is certain in a world that is both dynamic and unexpected is uncertainty. The globe is keeping a close eye on this shape-shifting behemoth as it continues its voyage of metamorphosis, eager to see what wonders—and challenges—the future may hold.

One thing stands out in the constantly changing story of India's economy: with ITC leading the way, the trip is sure to be both exciting and unexpected. The winds of change are blowing, transforming everything from tobacco to technology, hotels to healthcare. With each gust, the Indian economy is transformed in profoundly different yet distinctive ways. One thing is certain as the narrative progresses: in the world of ITC, change is the one certainty and the only constant.

# Fiscal Deficit

*Niyathi Sivaram, I BA Psychology Economics*

Striking a balance between stability and growth is crucial for governments when managing the trade-off between boosting economic growth and managing the fiscal deficit. A fiscal deficit arises when a government's spending exceeds its revenue, leading to borrowing or asset liquidation to cover the shortfall. Most governments prioritize managing deficits over achieving surpluses or balanced budgets, as deficits can result from revenue shortfalls or increased spending on long-term growth projects like infrastructure. However, a significant deficit may lead to inflation, currency depreciation, and higher debt burdens, while a reduced deficit signals fiscal responsibility and a strong economy.

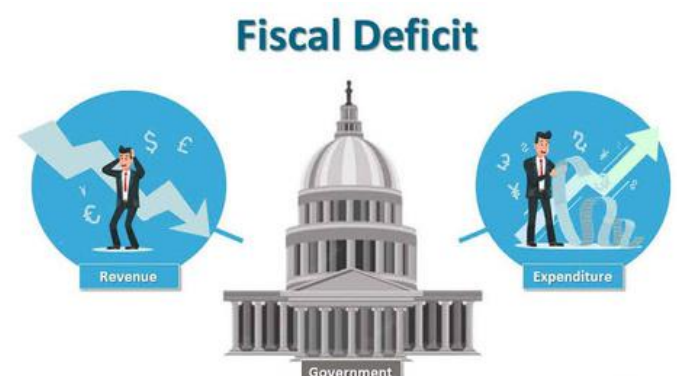
India's fiscal deficit during the first nine months of 2023 stood at ₹9.82 trillion, accounting for 55% of the projected annual estimate of ₹17.87 trillion. Despite increased government expenditure aimed at stimulating economic growth, there was a decline in the fiscal deficit due to higher tax receipts and non-tax revenue. The government funds deficits through borrowing from the bond market, with the Reserve Bank of India indirectly facilitating government borrowing. However, deficits can have adverse effects on inflation and the economy, as highlighted by internal studies by the Reserve Bank of India.

Governments must weigh various factors to strike a balance between fostering growth and managing debt effectively. This involves optimizing public expenditure systems, controlling overall spending, aligning resources with policy priorities, executing budgets efficiently, and managing cash and debt responsibly.

Revenue generation through taxation policies plays a crucial role in financing public spending, although tax cuts or high tax rates can affect government revenue. Prioritizing spending on investments with lasting benefits, such as education and infrastructure, can elevate human capital, increase incomes, and aid in long-term deficit reduction.

Fiscal responsibility laws like the Fiscal Responsibility and Budget Management Act (2003) aim to promote responsible financial management by governments, setting targets for revenue growth, deficit reduction, and debt management. Additionally, investments in infrastructure projects, renewable energy, and healthcare infrastructure can stimulate the economy and lead to increased tax revenue while addressing long-term economic and social challenges.

In conclusion, finding a balance between promoting economic growth and managing the fiscal deficit requires careful consideration and trade-offs. Governments must implement policies that support sustainable economic progress while maintaining fiscal discipline to ensure long-term financial stability.



# Can Financial Mechanisms like Carbon Pricing or Green Bonds serve as Incentives for Environmental Action while stimulating the economy?

*Diya Mehta, I BSc Economics Statistics*

In recent years, the imperative to address climate change and promote environmental sustainability has become increasingly urgent. As nations grapple with the challenges posed by a warming planet, innovative financial mechanisms have emerged as powerful tools for driving environmental action while also fostering economic growth.

Among these mechanisms, carbon pricing and green bonds have gained prominence for their potential to incentivize sustainable practices, spur innovation, and mobilize capital towards environmentally beneficial projects.

## CARBON PRICING

•Carbon pricing is an instrument that captures the external costs of greenhouse gas (GHG) emissions—the costs of emissions that the public pays for, such as damage to crops, health care costs from heat waves and droughts, and loss of property from flooding and sea level rise—and ties them to their sources through a price, usually in the form of a price on the carbon dioxide (CO<sub>2</sub>) emitted. A price on carbon helps shift the burden for the damage from GHG emissions back to those who are responsible for it and who can avoid it. Instead of dictating who should reduce emissions where and how, a carbon price provides an economic signal to emitters, and allows them to decide to either transform their activities and lower their emissions, or continue emitting and paying for their emissions.

In this way, the overall environmental goal is achieved in the most flexible and least-cost way to society. Placing an adequate price on GHG emissions is of fundamental relevance to internalize the external cost of climate change in the broadest possible range of economic decision making and in setting economic incentives for clean development. It can help to mobilize the financial investments required to stimulate clean technology and market innovation, fueling new, low-carbon drivers of economic growth. Carbon pricing, whether through taxes or cap-and-trade systems, assigns a monetary value to carbon emissions, encouraging businesses to reduce their carbon footprint while generating revenue for green initiatives.

## HOW DOES CARBON PRICING WORK?

There are two main types of carbon pricing: emissions trading systems (ETS) and carbon taxes. An ETS, also known as a cap-and-trade system, sets a maximum amount for greenhouse gas emissions overall and enables low-emitting companies to sell their excess credits to higher emitters. A market price for greenhouse gas emissions is established by an ETS through the creation of supply and demand for emissions allowances. The cap aids in guaranteeing that the necessary reductions in emissions will occur in order to maintain the emitters' (collectively) pre-allocated carbon budget.

Carbon tax, by establishing a tax rate on greenhouse gas emissions or, more frequently, on the carbon content of fossil fuels, a carbon tax directly places a price on carbon. Unlike an ETS, a carbon tax has a predetermined carbon price rather than an emission reduction target. The instrument selected will be determined by the economic and national conditions. Indirect methods, such as gasoline taxes, the elimination of fossil fuel subsidies, and regulations that can include a "social cost of carbon," can also be used to more properly price carbon. Payments for reducing emissions are another way to price greenhouse gas emissions. Emission reductions can be purchased by private organizations or sovereigns to offset their own emissions (also known as offsets) or to fund mitigation efforts through results-based financing. More than 20 cities, states, provinces, and almost 40 countries currently utilize carbon pricing methods, and more are planned to do so in the future. Approximately half of their emissions are covered by the current carbon price systems combined, which accounts for roughly 13% of yearly greenhouse gas emissions worldwide.

**HOW DOES CARBON PRICING SERVE AS AN INCENTIVE FOR ENVIRONMENTAL ACTION?** Through a number of important ways, carbon pricing acts as a powerful incentive for environmental action:

**Cost Internalization:** polluters are forced to internalize the formerly externalized costs of their pollution when they impose a price on carbon emissions, either through a cap-and-trade system or a carbon tax.

This implies that the price of products and services that emit emissions represents the genuine cost of carbon pollution to the ecosystem. As a result, in order to avoid incurring greater expenses, companies and consumers are motivated to lessen their carbon footprint, which encourages more ecologically conscious behaviour.

**2. Market Signals:** The imposition of carbon pricing clearly signals the market to reward low-emission activities and penalize those with higher emissions. Businesses are driven to make investments in energy-efficient practices, renewable energy sources, and greener technology in order to lower their carbon footprints and maintain their competitiveness in an economy with carbon restrictions. This promotes innovation and the creation and uptake of sustainable practices throughout the board.

**3. Revenue Generation:** The money raised from carbon pricing may be utilized to finance environmental projects, make investments in clean energy infrastructure, or give consumer rebates, depending on how the mechanism for pricing carbon, such as a carbon tax, is designed. This directs funding toward initiatives that support both economic expansion and environmental sustainability while also adding incentives for reducing emissions.



4. Long-term Planning: Businesses are encouraged by carbon pricing to take carbon emissions into account when making long-term strategic plans and investment choices. Businesses are better positioned to adapt and prosper in a world with carbon constraints if they can predict future legislative developments and consumer preferences for low-carbon goods and services. Thus, over time, carbon pricing encourages a move toward more environmentally friendly company models and procedures.

5. International Cooperation: By offering a standard framework for addressing carbon emissions across borders, carbon pricing can also help to promote international cooperation on climate action. Global carbon pricing schemes can provide equal playing fields for businesses and drive global emissions reductions by preventing carbon leakage, which occurs when emissions-intensive industries shift to countries with laxer rules.

Overall, carbon pricing serves as a powerful economic tool for incentivizing environmental action by aligning financial incentives with sustainability goals, driving innovation, and fostering a transition to a low-carbon economy.



## GREEN BOND

Green bonds are designated bonds intended to encourage sustainability and to support climate-related or other types of special environmental projects. More specifically, green bonds finance projects aimed at energy efficiency, pollution prevention, sustainable agriculture, fishery and forestry, the protection of aquatic and terrestrial ecosystems, clean transportation, clean water, and sustainable water management. They also finance the cultivation of environmentally friendly technologies and the mitigation of climate change. Green bonds may come with tax incentives such as tax exemption and tax credits, making them a more attractive investment vs. a comparable taxable bond. These tax advantages provide a monetary incentive to tackle prominent social issues such as climate change and a movement toward renewable sources of energy. To qualify for green bond status, they are often verified by a third party such as the Climate Bond Standard Board, which certifies that the bond will fund projects that include benefits to the environment. Therefore, Green bonds provide investors with opportunities to fund projects with positive environmental impacts, ranging from renewable energy infrastructure to sustainable agriculture.

How does a green bond work?

Like any other corporate or government bond, green bonds function in the same way. These securities are issued by borrowers in order to get funding for environmentally beneficial initiatives like pollution reduction or ecosystem restoration. Buyers of these bonds should anticipate a profit when the bond matures. Investing in green bonds also frequently has tax advantages.

How does a green bond serve as an incentive for environmental action?

Through a number of important ways, green bond acts as a powerful incentive for environmental action:

1. Access to Capital: Governments, businesses, and municipalities can obtain funds expressly designated for ecologically sustainable initiatives by issuing green bonds. Because funding is available for programs aimed at decreasing environmental effect, this gives these organizations an incentive to conduct such

projects.

2. Reduced Cost of Capital: When compared to conventional bonds, green bonds frequently have better terms, such as longer tenors or lower interest rates. The environmental advantages of green bonds draw investors and can lead to cheaper borrowing costs for issuers.

3. Market Recognition: By demonstrating an organization's dedication to environmental stewardship, the issuance of green bonds improves its standing and credibility in the marketplace. Customers and investors who care about the environment may be drawn to this recognition, boosting brand value and favorable press. Consequently, organizations are motivated to uphold their environmentally conscious reputation by persistently funding sustainable projects.

4. Compliance with Rules and Standards: In certain places, the issuing of green bonds for specific projects is required or encouraged by voluntary standards or legal requirements. The Green Bond Standard of the European Union and the Green Bond Endorsed Project Catalog of China, for instance, promote the issuing of green bonds for qualifying projects. Encouraging environmental action is strongly encouraged by the ability to access particular markets and take use of regulatory incentives for firms that comply with these criteria.

5. Investor Demand: Green bonds are becoming more and more popular among investors as they look for sustainable and socially conscious investment options.

The need for green bonds rises as more investors give environmental factors top priority when making investments. Issuers are encouraged by this increased demand to devote resources to environmentally friendly projects in order to draw in investment money. Overall, green bonds serve as a powerful incentive for environmental action by providing access to capital, lowering borrowing costs, enhancing market recognition, facilitating compliance with regulations, and meeting investor demand for sustainable investment opportunities. As a result, entities are incentivized to prioritize environmentally beneficial projects, contributing to the transition to a low-carbon and sustainable economy.

## CONCLUSION

To sum up, financial tools like carbon pricing and green bonds are viable options for resolving environmental issues and promoting economic expansion. Carbon pricing encourages the development of clean technologies and reduces emissions, while green bonds direct funds toward sustainable projects, opening doors for investors and promoting market expansion. We can boost resilience against climate change, create jobs, and hasten the shift to a low-carbon economy by utilizing these methods. It's obvious that incorporating environmental factors into financial systems is good for the environment and opens the door to a more affluent and sustainable future for all.

# End Poverty For All! When will this become a reality in India?

*Shagun Mehta, II BSc Economics and Statistics*

For centuries, the relentless specter of poverty has cast its shadow over societies, none more prominently than India. The nation, following its liberation from British colonial rule in 1947, embarked on a determined journey to confront the pervasive challenges of poverty and underdevelopment. This expedition has witnessed several economic reforms, culminating in the ambitious liberalization policies of 1991, aimed at fostering economic growth, attracting foreign investments, and catalyzing private sector expansion. While the dawn of the 2000s ushered in sustained growth and the emergence of a burgeoning middle class, the subsequent decade saw a mixed tapestry of reforms, exemplified by the advent of the Goods and Services Tax (GST) in 2017. Simultaneously, the government pioneered initiatives such as "Make in India" and "Digital India," forging pathways to enhance manufacturing capabilities and technology integration. However, the tumultuous impact of the COVID-19 pandemic unveiled the vulnerabilities inherent in these approaches, casting a stark light on the need for comprehensive, nuanced strategies. This article undertakes a multidimensional exploration of the complexities underlying India's struggle against poverty, as shaped by political, economic, and social forces, delving into root causes while advocating for tailored interventions.

The trajectory of India's economic decisions, fraught with political pressures and excessive government intervention, has often yielded outcomes skewed by a linear-inspired paradigm.

Poverty, however, is a multifaceted phenomenon enmeshed in an intricate interplay of economic, social, and political dynamics. This has given rise to chronic issues such as inadequate access to education, healthcare, sanitation, and economic opportunities. Stark regional disparities, particularly the elevated poverty rates in rural areas relative to their urban counterparts, further compound the challenge.

Addressing the enigma of poverty mandates a comprehensive dissection of its root causes. Among these, family planning and demographics emerge as pivotal factors. Family size and birth spacing hold sway over poverty's grasp, as high fertility rates strain already limited household resources. The provision of family planning and reproductive health services can empower families to make informed decisions and optimize resource allocation. Another imperative is women's labor force participation, which, as of 2021, lingered between 20-25%, significantly below the global average. Bridging the gender pay gap is equally vital, as women continue to earn less than their male counterparts, perpetuating economic disparities across sectors and regions.

Health and nutrition represent linchpins in the poverty nexus, underscored by India's 2020 Global Hunger Index score of 27.2. The prevalence of child malnutrition, characterized by high rates of stunting, wasting, and underweight children, threatens workforce productivity and

impedes economic growth. Subpar healthcare access and exorbitant costs conspire to plunge families into financial distress, compounding the cycle of impoverishment.

Education, a linchpin in disrupting the cycle of poverty, holds transformative power in propelling economic development. While the 2011 Census revealed an overall literacy rate of 74%, persistent disparities persist across rural-urban divides and among states. The quality of education remains a yawning chasm, perpetuating income inequality and reinforcing the clutches of poverty. To dismantle this cycle, a robust emphasis on literacy improvement, coupled with access to high-quality education, becomes a sine qua non.

Effecting substantive change in India's poverty landscape demands a convergence of policy measures, international collaboration, and focused sectoral interventions. Prioritizing investments in human capital—through bolstering education and healthcare—wields the potential to recalibrate the poverty equation. Augmented literacy rates and elevated educational outcomes yield enhanced employability and income prospects. Similarly, improved healthcare accessibility and outcomes amplify workforce productivity and overall well-being.

The agrarian sector, encompassing a significant portion of India's population, assumes center stage in the poverty discourse. A World Bank statistic reveals that approximately 58% of India's workforce was engaged in agriculture in 2020, yet the sector's contribution to the GDP has waned, signaling a critical need for heightened productivity and diversification. A judicious infusion of targeted investments, coupled with modern farming techniques and rural infrastructure amelioration, has the potential to emancipate swathes of the population from the shackles of poverty.



China's paradigm-shifting economic reforms, pioneered by Deng Xiaoping in the late 1970s, present a tapestry of lessons for India's poverty struggle. Embracing a market-oriented economy entailed unshackling private enterprises, opening doors to foreign investments, and liberalizing trade. Akin to China's success, India's establishment of Special Economic Zones (SEZs) has acted as a beacon for foreign investments and export-driven industries, fostering employment opportunities and fueling economic growth. The advent of agricultural reforms, exemplified by the "household responsibility system," seeded higher productivity, amplified farmer incomes, and triggered rural development.

Parallel to economic transformation, social reforms are essential cogs in the machinery of poverty alleviation. India's intricate tapestry is marred by caste-based discrimination, a deep-rooted ailment entwined with profound social and

economic implications. Community-based initiatives, such as Self-Help Groups (SHGs) and the National Rural Livelihoods Mission (NRLM), wield the power to uplift marginalized communities through self-employment and skill-building endeavors. The Skill India Initiative, an ambitious endeavor aimed at honing the skills of the nation's youth, enhances employability and fosters self-sufficiency.

In essence, India's endeavor to emancipate itself from the clutches of poverty necessitates a multidimensional paradigm shift. The venerable works of luminaries like Amartya Sen and Abhijeet Banerjee accentuate the indispensability of tailored interventions. Such an approach shatters the constraints of a uniform model, weaving education, healthcare, social safety nets, and employment opportunities into the very fabric of policy.

However, the vision of a poverty-free India is a venture fraught with complexity. It transcends mere policy prescriptions, demanding a profound shift in societal consciousness. Poverty emerges not solely as a consequence of economic disparity but is often a manifestation of systemic injustice and the unequal distribution of resources. A clarion call resounds for a united effort, championing equitable access to opportunities and unraveling entrenched power dynamics. Innovation and collaboration, guided by the beacon of technology, data-driven insights, and an interconnected global landscape, shall kindle a transformative path. Through this confluence, we stand poised to sculpt a poverty-free India—one that resonates with progress and inclusivity, leaving none in the shadows of deprivation.

Eradicating poverty from the Indian landscape necessitates an unwavering commitment to a comprehensive, collective endeavor. The contours of this endeavor encompass not only the realms of economic policy but also the very bedrock of societal attitudes and values. Recognizing that poverty extends beyond the realms of economics, it emerges as a stark manifestation of systemic inequities and the distribution of resources.

In the pursuit of this audacious goal, the principles of innovation and collaboration must stand resolute. The present juncture is auspicious, empowered by technology's prowess, data-driven insights, and a global interconnectedness that knows no boundaries. This convergence, spearheaded by entrepreneurship and fortified by rigorous research, has the potential to forge ecosystems fostering sustainable development. In the crucible of this transformation, marginalized communities can rise, surmounting the shackles of poverty and claiming their rightful place in a thriving society.

As history attests, India's socio-economic journey has been marked by both triumphs and tribulations. Drawing from the lessons of the past India's fight against poverty must navigate the intricate labyrinth of economic policies, social reforms, and political dynamics. The fusion of these elements forms the crux of an integrated strategy that propels India towards equitable development, leaving no stone unturned and no segment of society behind.

In a world characterized by rapid changes and relentless challenges, the pursuit of poverty alleviation requires a comprehensive overhaul of conventional wisdom. The linear perspectives that have hitherto guided policy must yield to a multidimensional approach. This approach encompasses the intricate interplay of factors, the holistic intertwining of economic prosperity, social justice, and political stability. India's success story hinges on the meticulous weaving of these strands into a vibrant tapestry of progress, illuminating a path towards a poverty-free future.

The saga of India's battle against poverty encapsulates a narrative of resilience, transformation, and profound aspirations. From the ashes of colonialism, the nation embarked on a tumultuous journey, oscillating between growth spurts and socio-economic reforms. Yet, the specter of poverty endures, challenging conventional wisdom and demanding nuanced interventions.

In this crucible, the works of visionary economists, including the illustrious Amartya Sen and Abhijeet Banerjee, serve as guiding stars, illuminating a path forward. Their insights beckon us to traverse uncharted territory, embracing tailored approaches that cater to the intricate nuances of India's diverse population.

The convergence of economic policies, social reforms, and political acumen creates a symphony of transformation—a harmonious blend of progress, empowerment, and inclusivity.

The fulcrum of this transformative journey rests on the twin pillars of innovation and collaboration. Empowered by technology's prowess, fortified by data-driven insights, and united by a shared aspiration, India stands poised at a historic juncture. The tools to sculpt a poverty-free society are within our grasp, awaiting the deft strokes of visionary policies and collective action.

In our quest to alleviate poverty's grasp, let us not be confined by the shackles of conventional wisdom. Instead, let us unfurl the sails of creativity, charting a course that transcends the boundaries of the imaginable. Together, as a nation and as global citizens, we can rewrite the narrative of poverty, transforming it into a beacon of hope, progress, and human dignity. The journey is arduous, but the destination—a poverty-free India—is within reach, awaiting the touch of our collective will and unwavering determination.



# End Poverty For All! When will this become a reality in India?

*A R Sangeetha, I BA Economics (Hons.)*

“Poverty is not an accident like slavery and apartheid. It is man-made and can be removed by the actions of human beings”

-Nelson Mandela

Poverty in India dates back to the British’s de-industrialization era, making India a mere exporter of raw materials and an importer of factory made finished goods. It started with the British recklessly looting us. Independence in 1947 did not mean independence from poverty and struggle. In 1947, around 70% of Indians were poor, and nearly 65% were dependent on agriculture which was damaged in and out. Since then, all the five year plans have focused on eradicating poverty.

To quote the first five-year plan (1951-56): “The urge to bring economic and social change under present conditions comes from the fact of poverty and inequalities in income, wealth and opportunity”

The second five-year plan (1956-61): “The benefits of economic development must accrue more and more to the relatively less privileged classes of poverty”

Nevertheless, since then India has come a long way in eradicating poverty.

The main question that still remains is that, “What causes poverty in India even today, yet she being one of the fastest growing nations in the world?”- It is quite prominent that our bedrock or the foundation of the quality of population is pretty much weak. The economic indicators have improved a lot but are not the best. India today, being the world’s most populated country in the world still cannot feed its poor with basic facilities. The National policy in education in 1968 estimated that,



Around 6% of the GDP’s expenditure should be directed towards education, but in the current scenario, it just accounts up to 2.8% which is stagnant since 2019.

1.42 billion Population should pave way for 1.42 billion opportunities. But this is way ahead from our thought, as this is only possible if each and every citizen is educated.

It is estimated that, by 2047, a Hundred years from independence, India will become “POVERTY FREE”. Since “Education for all” is still a distant dream, expecting a “poverty free India” is also a distant dream, as both education and poverty are highly inter-woven theories. The reason being, India, despite being a country with vibrant culture and numerous opportunities, lacks in quality of its population.

Lack of reach of education to all is one main leads to this. India's economic indicators are not better off than its neighboring countries like Bangladesh which is poorer than India and doesn't have a growth rate which is as in par with India.

In India, even today in most of the cases, the rich become richer and the poor dive deeper into poverty every single day. And the reason is not hidden. It is money power and politics. There are few communities which are still recognized as vulnerable in spite of "preaching" an equality driven society. For example, the bangle making community in Firozabad are stuck in the vicious circle of poverty, they are never allowed to come out of it. Child labour is quite reckless in Firozabad. The children often lose sight at a very young age due to the dark working conditions. All these happen mainly because, there is no leader among them, even if one comes up, he/she is exploited. Another reason is the political and muscle control over the vulnerable.

Equality is another major issue. Inequalities in income, job opportunities, education, name it and it exists. Urban areas have no less poor cases than rural. Have you noticed the number of beggars at the signals and the street vendors who hardly get any desired amount of income? Clearly our society is a "money driven society" rather than a "quality driven society". Again here too, there is lack of guidance and support by those people who can help the vulnerable financially and mentally.

India also lacks largely in its Human Capital. Investment in human capital can be increased. India is ranked 132 in the global human development index.

Large population alone doesn't satisfy the requirement of a good, well-functioning society.

A nation can have the largest population, at the same time have most of its citizens in poverty! For this to reverse, investment in Human capital in the form of education, health, migration and information should be largely focused upon, a lot more than what is being focused right now.

When there is a better quality of population, the number of employment opportunities increases, as in the form of entrepreneurial opportunities. A better health of the population implies a better health of the economy as a whole. Productivity increases if the citizens are healthier than usual. Both together increases the quality of the population to a high extent, resulting in reduced poverty rates as the socio-economic indicators improve.

A prominent example is that of the Japan. Japan geographically has very limited amount of natural resources. Even today, most of their essentials are imported. Yet they are one of the developed countries today. The sole reason obviously is core investment in its Human capital. Japan once during the 2010's also reached a 0.0% level of poverty.

Back in 2005, Jeffrey Sachs in his book "The End of poverty" writes about how The British economist J M Keynes mentions about the ways to end poverty and make use of resources in his book "The Economic Possibilities for our Grandchildren"

after witnessing the despair of the Great Depression of 1930. Sachs writes, “Keynes emphasized the dramatic march of science and technology and the ability of advances in technology to underpin continued economic growth at compound interest, enough growth indeed to end age-old ‘economic problem’”. “Extreme poverty no longer exists in today’s rich countries, and is disappearing in most of the world’s middle income countries.”

Sachs also mentions how escaping poverty could turn into a reality by 2025. To make it a realistic possibility. He mentions how Keynes would have wondered that how his grandchildren would use the wealth and knowledge to come out of the age old problem of daily crisis of poverty.

Making India a poverty free nation by 2025 is almost impossible. In-fact, making the world a poverty free place by 2025 is impossible. Little did Sachs know about the poverty which attacked the world due to the 2008 recession and the Covid-19 pandemic?

Our generation is the chain-breaker. In the case of India, we have abundant resources and we know what is to be done. But yet, we don’t put it into action. In a country like ours, where we strive to become a “knowledge-driven” economy, we need skilled and educated labour, than just poor un-skilled labour. This requires action, and the way is not unknown.

But if India continues to witness economic growth and possibilities as it is today, probably we can dream of a poverty free nation a hundred years from freedom-2047. Escaping poverty should not the aim, rather, ERADICATING poverty by creating a strong bedrock should be the aim of our nation.



# Supply and Demand Dynamics of Water in Bengaluru

*Avantika Dhar, I BA. Economics (Hons.)*

Bengaluru, as we know it, shares plenty of characteristics observed by Tier 1 cities in India, namely being an excellent real estate market, booming infrastructure, and high technological investments. The Reserve Bank of India defines a Tier 1 city as one that has a population of >1 lakh, and Bangalore may have exceeded that definition quite a few years ago. The population of Bengaluru, additionally, is expected to reach a staggering 14.7 million by 2030.

Along with an increase in population, there is also a heightened demand for water and power, in addition to a state of distress caused by rising temperatures. This also highlights the current problem that Karnataka Power Transmission Corporation Ltd. is facing, which is the regulation and added usage of coal for electricity due to an acute shortage of water, which could've been used for hydroelectric power generation. This also brings to light the need of the hour about how the public service providers, being the government, are planning on addressing the scarcity of water resources and food security in the city. The BWSSB must thoroughly analyse the ongoing water crisis and its possible impact on businesses, households, and industrial entities within the city.

The dynamics of water supply and demand in Bengaluru is affected by various factors, including its geographical elevation on the Deccan Plateau, which stands at an altitude of 920m as compared to its sea-side counterpart, Mangalore, situated at a mere 22m. This elevation poses challenges to the city as Bengaluru lacks direct access to seawater for sourcing. Moreover, escalating temperatures, including record highs witnessed over the last decade, exacerbate the situation.

The combination of this with the diminishing lakes and water bodies and the disappearance of rivers such as Vrishabhavathi results in a significant imbalance in the city's water ecosystem. This imbalance results in a surge in water prices, reflecting the fundamental economic principle of supply and demand. This has led to the excessive shrinkage and depletion of existing water resources in the city. The loss of lakes and natural water bodies has resulted in a reduced availability of water, even for tankers to source groundwater from. This reduction is an example of lower supply, marking a disequilibrium in the water market and thus driving up prices.

The scarcity in the water shortage situation in Bengaluru and the ever-growing demand have also resulted in the rise of possible oligopolies. Water tankers in the city also tend to resort to creating cartel-like organisational structures, leading to market failure.

Additionally, citizens of the city are nowadays frequented by water cuts; those households whose underground Cauvery water supply would have dipped now rely on the same water tankers, which charge exorbitantly high prices.

The industrial sector in Bengaluru also faces a hit since companies that specialize in manufacturing will most certainly face increasing costs and operational challenges due to the shortage in water supply. This can result in these industries resorting to alternative water sources such as groundwater extraction or sewage treatment plants, which can be expensive to utilize and implement.



According to an article published by M. Goldman and D. Narayan, “BWSSB provides water to only some parts of the urban core, particularly older professional class neighbourhoods and business complexes. Others illegally siphon water from the Cauvery water pipelines that run directly through neighbourhoods that have not been granted access.”

The article is also quoted as stating that working-class and poor communities are dependent on neighbourhood hand pumps (which are now increasingly running dry) and the occasional water truck, while middle- and upper-class neighbourhoods rely on private bore wells (below their property), a partial supply of Cauvery water, and regular visits by water trucks. Late at night, one can see the city streets crowded with trucks weighed down with sloshing rural water supplies.

While Bengaluru is famed for its technological prowess and improvements, with the addition of startups and more companies establishing bases in Bangalore almost every few months, the technological industries may face a much higher water scarcity issue than those that operate as MSME's. This not only reduces the competitiveness of businesses but also results in higher costs for companies, forcing either layouts in the near future, or the shutting down of branches. As water is a necessary resource for survival, and its value rises day by day, especially in the scorching heat faced in current times, this leads to higher, increasing costs for consumers.

To address these economic-centric challenges effectively, it is essential for the Government of Karnataka, BWSSB, and KPTCL to adopt sustainable water management practices. This may include the implementation of efficient irrigation methods in agriculture, certain water conservation measures, and significant investments in the infrastructure of water storage and distribution around the city. Additionally, it is imperative that certain policies and regulations be in place to ensure fair and affordable access to water for all residents, without consideration of socio-economic status or income backgrounds. With the implementation of sustainable and efficient water management resources and considering the economic implications of the same, the city can work towards greater resilience in such water scarcity-related situations.



# FINANCIAL REVOLUTION

BSE launches Mobile Based -

# India's Digital Payment Revolution

*Sanchana Upadhya, I BA Psychology - Economics*

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India tops world ranking in digital payments, beats China by huge margin by topping the list for digital payments and recorded 89.5 million transactions in 2022 according to the times of India. Digital payments are transactions that take place through online modes or digitally with no physical exchange of money involved. It has recently been an improving and fast speeding way of exchanging and transacting money faster, easily, and less expensive to the business. In India the government introduced digital payments on 8th November 2016 when the PM Narendra Modi announced that all 500–1000-rupee notes would be demonetized. This strategic movement led to aggressive promotion and adoption of digital ecosystem in India which prior to the announcement, was at the growth rate of 10percent, increased to over 20 percent in the years.

In this essay the importance and the advantages of e-commerce and digital transactions will be further stressed upon along with drawbacks and commination of it are focused upon therefore striking a balance between the two equal stands regarding this matter. The popular act of demonetization in India in the year of 2016 was not the first time that currency was banned due to legal tenders, the one prior to this was in 1978 when Morarji Desai ceased the usage of 5000 and 1000 notes to prevent the thickening of black money circulation. And the first time was in 1946 where the government had decided to demonetize rupees 10000 notes which was known as “death blow” to curtail the

growth of black markets.

It was a drastic upliftment to e-banking as it was used to destroy the shadow economies and prevent corruption. Therefore in 2016 the government under Prime minister Narendra Modi announced that rupees 500 and 1000 and the introduction of new 500 and 2000 notes for the first time that in the end of March 2016, RBI announced that the circulation of the older 500 and 1000 notes were approximately 415 billion or 84%.

On a larger scale of discussion especially after the pandemic of 2019, the most basic benefit of a cashless economy in India would be that it would reduce the production of coins and paper currency which would lead to lesser chopping of wood since the motive of creating paper is for it to last for about 6 years, hence the option of paper currency being an expensive endeavor. So, by going electronic we would in fact be saving the environment and promoting “go green”.

Increased cash equals decreased crimes. This act, with money in cash being readily accessible increases the risk of forbidden activities to be practiced.

Increase in maximization of data means that government and firms can use data coming from the cashless transactions to improve and analyze the loopholes in the policies made by the financial officers and such a conversion of money to data can enable urban planning, societal change, housing, sector management and so on This also helps the government to actively partake in overlooking cyber attacks and other threats that may be posed to e- banking users hence making cashless payments trustworthy.

Welcoming a cashless economy in India is a blessing to our economy as there is easier educational awareness of credit and debit facility and management provided to the rural sectors which helps reduce poverty, and many Indians would step ahead into an environment friendly economy rather than a destructive money-in-hand economy.

On the contrary, there are disadvantages to a foolproof system of a cashless economy which may be detrimental to the needs of some people in the society, especially persons that cannot and are not willing to adapt to this drastic change as fast as the millennial population of the society. Elderly people may be less comfortable with tech and the usage of mobile phones and the complex, bewildering change from physical money to invisible cash.

There still exists fraud, illegal money trading, grey market in the web that interact with individuals in a very uncanny and approachable way, further leading to huge sums of loss leaving the individuals cheated and robbed. Most of the times confidential reports, personal details, identity cards, bank details are accessed through scams by cyber hackers all around the net making customers unsure and uncomfortable with using ebanking methods.

The major necessity of striking a balance is the matter of "CHOICE". Rather than posing a demand between either cashless economy or continuity of pocket cash, there must arise a convergence between the two which gives rise to the access of ATMs where the mode of transaction is driven by both mobile phones as well as hard cash. However, it is undeniable that crimes will exist regardless of money being run offline or online, it is duty of the government through policy making, punishments, fines and increasing security to foresee and ensure the safety of the citizens that communicate with wireless transactions of money as well as people that visit the bank and personally wire physical money.

On one hand cashless economy brings in easy prosperity, greater convenience, efficiency and on the other it brings threat, malfunctions in the net, inequality, and exclusion of certain crowds in the country. The scheme of Digi Dhan Abhiyan since 2019 is a ministry of economics to promote cashless transactions which enables everyone, a citizen, small trader, small banks, firms, and rural individuals to promote digital payments in their everyday financial lives. Azadi of digital Mahotsav challenges bankers to provide a platform to create quick and easy credit to MSME's i.e., small industries or people at the bottom of the pyramid who'd rather transact in offline modes of money, now making it quicker, swifter and efficient for them as well to use online modes of money. PM Sannidhi scheme contributes to the payment system aggregators recognized for onboarding street vendors and small rural businesses along with the introduction of UPI-123, BHIM UPI, Aadhar payment bridge and so on that helps regulate money not only to the working class but also the older citizens of the nation and the workers in rural environments.

Today, according to the New York times India's homegrown instant payment system has remade commerce and pulled millions into the formal economy. Striking a balance and inclusiveness of every monetary user thereby delegating the benefits of digital payment and mitigating their risks would be important for India's progress towards a developed cashless future economy. Naturally, further administration and added government policies, financial education, responsible adoption India can pave the way for playing a pivotal role in driving financial empowerments for all segments of the society.

# India's Digital Payment Revolution

*Diya Mehta, I BSc Economics - Statistics*

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Take a walk on Bangalore's Commercial Street and little has changed in five years—except for the QR codes adorning every shopping stall and shop. Now most people prefer digital payment methods to cash. The local vendors in Vasanth Nagar on being asked about the proportion of revenue through digital methods said that more than around 50% of their total revenue comes digitally.

The government of India has launched The Digital India Programme which is a flagship programme with a vision to transform India into a digitally empowered society and knowledge economy. "Faceless, Paperless, Cashless" is one of the professed roles of Digital India. As part of promoting cashless transactions and converting India into a lesscash society, various modes of digital payments are available. These modes are Banking Cards, USSD, AEPS, BHIM UPI, Mobile Wallets, Bank Pre-paid Cards, Point of Sale, Internet Banking, Mobile Banking, Micro ATMS, NETC, and IMPS. BHIM UPI has emerged as the most preferred payment mode of the citizens and has recorded 803.6 crore digital payment transactions with a value of ₹ 12.98 lakh crore in January 2023.

The digital payment system was bolstered by the government's surprise "demonetisation" of 2016 when multiple high-denomination banknotes were discontinued. UPI also benefited when COVID-19 left consumers scared of cash. It has grown from around 17% of 31bn digital transactions in 2019 to 52% of 88.4bn transactions by 2022. "

Unlike cash, money can be instantaneously transferred anytime and from anywhere to the beneficiary account using digital modes like BHIM-UPI and IMPS. Moreover, using the BHIM-UPI mode, one can effect a digital transaction via mobile phone using a mobile number or an easy-to-remember virtual payment address (email-like address). BHIM-UPI has enabled access to multiple Bank accounts in a single mobile app, facilitating ease of payments.

Earlier cash payments were subject to "leakage" (payments that do not reach the recipient in full) and "ghost" (fake) recipients, particularly in the context of social security benefits by government transfers. Now, benefits are directly transferred to the target beneficiary (direct benefit transfer) account through digital modes of payments. This has increased transparency in the government system.

One of the most important ground-level benefits of the digital economy is that it has spared people from carrying the burden of cash with them or running to the ATM in order to purchase goods. Cash is always at risk of being perceived and getting lost. There also existed the problem of paying the exact amount of money, many a times the shopkeeper on not getting the exact amount returned toffees/sometimes also insisted on buying something more instead of the giving remaining amount of cash.

With the advent of a cashless economy through digital payment, this problem has been completely solved as people now can pay the exact amount.

Last but not least, the most important upcoming benefit is that as against earlier when the settlement was made in T+1 days, in few days this will shift to T+0 days settlement (i.e. the same day) and in around a year this will further shift to INSTANT settlement which will make shares as liquid as cash (i.e. on selling shares, immediately money will get transferred to the Bank Account of the Demat account holder. All of these are because of technology upgradation and UPI.

Even though the digital economy has so many pros, it has its downsides too.

Indian bankers claim that a shortage of revenue has dissuaded banks and fintech firms from investing in consumer protection. "There are tech costs, maintenance costs, fraud and dispute costs," complains one. "Why would a financial firm incur all those expenditures when there's no revenue stream?" asks Ajay Shah of the XKDR Forum, a think-tank in Mumbai. "This is a wake-up call... maybe the answer is to charge a little more," says Mr Rajan, the former RBI governor.

On conversing with local vendors and entrepreneurs in Vasanth Nagar, it was found that despite all the merits like ease and convenience in transactions etc, they still despise the online payment system (especially through UPI) because of the fraudulent activities they have to bear. According to the Economic Survey 2022-23, around 65% of India's total population lives in rural areas. Many rural areas lack the necessary infrastructure for digital transactions. This includes a stable electricity supply, internet connectivity, and access to smartphones or point-of-sale (PoS) devices.

Even in the urban areas, the problem of network connectivity persists, for instance, the famous Lulu Mall of Bangalore has neither network connectivity for Jio users nor any substitute Wifi arrangement for the same which makes it compulsory for Jio users to carry cash/card with them. Also, A significant portion of the rural population is not familiar with digital technology or may lack the skills needed to use digital financial services effectively. This hinders the adoption of cashless transactions.

The web series JAMATARA truly depicts how people are fooled by phishing activities. Because of such activities, rural areas have concerns about the security of digital transactions. They worry about fraud or hacking, which can deter them from using digital financial services.

Hence, we can conclude that digital payments have made the lives of people easier and less cumbersome and also has benefitted the Indian economy but to make the digital economy effective, the government would need to work very hard on educating, upgrading, making people financially literate, reducing corruption and fraudulent activities. People may mistrust banks or digital platforms due to past negative experiences or a lack of understanding about how these systems work, so the government should also work on building trust in the financial services and building a digital economy-friendly infrastructure.



# Cultural Changes with Economic Development

*Shivani Ray, I BA Economics (Hons.)*

As we are seeing changes in every aspect of life now a days, culture is the one which have been changed drastically. But most individuals view cultural change with religious point of view, especially in Asian countries. But the literal meaning of culture is very different. 'Culture is a social environment which includes all things around us such as – language, clothes, rules and regulations, customs, etc. We have witnessed these changes mostly because of economic development.

Economic development is not only about change in the monetary income or increase in the standard of living but it also includes changes in – social issues, trade and commerce, technology, religious belief, etc. therefore, there is a close relationship between cultural changes and economic development. Countries have seen economic development over various policies through Industrialisation and Globalisation to today. When industrialization was introduced in Europe in 18th century it has its impacts were not only felt in Europe but throughout the world.

Taking India as an example – when British government started setting up industries in India, people from different parts of country were brought to work in the factories. They were from different culture, they spoke different languages, and worship different entities. But as they had to work and live in close vicinity of each other, they would share their culture, language, customs, etc. and this led to drastic changes in cultural practice of people all over the India.

Globalisation is one of the most important aspects that has brought a lot of change in our culture. Globalisation simply means – “process of integrating the economy of a country with other economies of the world through trade, capital flows and technology.” It has increased cross cultural contacts and thus made a world ‘global village’.

Whenever some company or FDI entered our country for the domestic investment and for contributing to industrial and economic development, they bring their technology along with them. This leads to increase in employment opportunity.



As individual income increases, their standard of living increases which leads to an increased contribution in the economy and greater access to education, healthcare, improved technology, which fosters cultural shifts.

This increase in standard of living also leads to change in lifestyle choices, consumption pattern and social interaction. Now-a-days, billions of people like the K-pop (Korean-pop) industry. This is largely due to globalisation. Firstly, advancement in communication technology and social media platforms has led to widespread advertisement of K-pop industry, allowing the fans easy interaction and access. It has also affected our clothing style. Most people follow the dressing style, food items, languages, etc. of the artists. Moreover, the global entertainment industry in collaboration with English artists has made it easy for the people to understand their content easily.

This is only one side of the effects of cultural changes. Cultural changes have some negative effects too. Like most people, especially in our country. Cultural changes have led to the redefinition of individual and collective identity. It also leads to a sense of disorientation or loss of cultural identity for some. Thus, it requires a thoughtful approach to preserve cultural values and mix diverse culture of the world peacefully.

In conclusion, change is the only constant. Cultural changes are extremely important for the development of countries, but the core of the culture of that space should not be diluted. Infact, we should encourage the mixing of the diverse cultures of the world so that there are positive shifts in our societies.

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# Government Policies and AI

*Srividhya P Raman, III BA Psychology - Economics*

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Accenture, in its recent AI research reports, provides a framework for evaluating the economic impact of AI for select G20 countries and estimates AI to boost India's annual growth rate by 1.3 percentage points by 2035.

The government plays a greater role in ensuring that it provides a roadmap to the application of AI in different sectors, which is, adopting AI solutions to issues in various sectors. There are reasons for this. For example, in our economy, agriculture sector forms the base of Indian economy; it requires technology to be a part of it in every sense. Such developments can lead to a rise in the agricultural productivity and overall development. AI adoption in India has been driven by commercial interests rather than a broader societal perspective until now. Effort from private sector is not effective from financial point of view which is why government intervention is necessary. India's approach of AI has to be guided by optimization of social goods rather than profit maximization.

India's growth in AI depends upon acknowledging that AI developed in India is unique to its problems and that the opportunities are also not the same as other countries. In 2018, the NITI Aayog released the National Strategy for Artificial Intelligence #AIForAll strategy, which featured AI research and development guidelines which envisioned benefiting the most of AI in solving societal needs: healthcare, agriculture, education, "smart" cities and infrastructure, and smart mobility and transformation.

The aim was to increase access and affordability of quality healthcare, enhance farmers' income and increase farm productivity; improve quality of education and its access and so on. The report recognised that to truly be able to reap the benefits of using AI at scale, and achieve #AIforAll, the barriers need to be addressed. There are privacy and security concerns including a lack of clear data anonymization regulations. Initiatives like FutureSkills PRIME, National AI Portal, and Visvesvaraya PhD Scheme are fostering AI skills development. Moreover, many jobs which would be soon taken over by automation needs to be identified and the people in such fields need to be promoted. Adopting AI across value chains namely, start-ups, private sector, PSUs and government entities can create a virtuous cycle of demand and supply.

The Ministry of Electronics and Information Technology (MeitY) has taken significant steps in promoting emerging technologies in India.

- Artificial Intelligence Committees Reports: MeitY has formed committees to study the impact of AI on the economy and society, to create a policy framework.
- Centres of Excellence for Internet of Things (IoT): MeitY, in collaboration with NASSCOM and state governments, has established Centres of Excellence for IoT in Bengaluru, Gurugram, Gandhi Nagar, and Visakhapatnam. These centers focus on democratizing innovation in IoT, connecting start-ups, enterprises, venture capitalists, government, and academia.
- Centre of Excellence on Virtual & Augmented Reality (VARCoE) at IIT Bhubaneswar: This center, in partnership with IIT Bhubaneswar, explores the innovation potential of Virtual and Augmented Reality across various industries. VARCoE aims to drive research and development in this niche field.



- Centre of Excellence on Gaming, VFX, Computer Vision & AI at Hyderabad: Collaborating with STPI, the gaming industry, and the Government of Telangana, MeitY has established this center to support startups in gaming, animation, VFX, computer vision, and AI. Branded as IMAGE, it offers mentoring, technology support, and funding.
- Design, Development, and Deployment of National AI Portal (INDIAai): INDIAai, a joint venture by MeitY, NeGD, and NASSCOM, serves as a platform for AI-related resources, including research reports, datasets, case studies, educational institutes, courses, and articles.

Unlike earlier waves of automation, which had a strong effect on middle- skilled workers, AI job displacement risks extend to individuals who earn higher wages also. Such risks ultimately depend on whether AI is used to take away people's opportunity at hand or whether AI is used to complement people's work and help them perform them efficiently than ever. The way India as well as other countries chooses to define AI property rights, as well as other fiscal policies will shape the impact it has on income and wealth distribution.

# Lipstick Under My Economy

*Shreeya Harish, II BA Economics (Hons.)*

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Pouty Lips in This Economy?

"The Fabulous Lipstick Index: Why Glamour Always Wins, Even When the Economy's Down"

In the rollercoaster ride of economic downturns, there's a curious phenomenon that defies conventional wisdom and delights beauty enthusiasts everywhere — it's the Lipstick Index. Picture this: while the economy might be stumbling, lipstick sales are soaring, and Leonard Lauder, the savvy heir to the Estée Lauder Empire, is grinning from ear to ear. It all started in the early 2000s when Leonard Lauder, armed with a keen eye for trends, noticed something peculiar. Despite the doom and gloom of a recession, lipstick sales were on the rise. Lauder dubbed this quirky trend the "Lipstick Index," suggesting that in times of financial uncertainty, people turn to small indulgences like lipstick for a dose of affordable luxury.

The Lipstick Index isn't just a quirky theory — it's a real-life phenomenon that has played out time and time again throughout history. From the Great Depression to the 2008 recession, lipstick sales have consistently defied economic logic, leaving economists scratching their heads and makeup lovers rejoicing. So, what's the secret behind the lipstick's allure in times of trouble? Lipsticks offer a slice of escapism in a world of tightening purse strings. It's the ultimate pick-me-up, a tiny tube of confidence that says, "I might be cutting back, but my lipstick game stays strong."

But here's the plot twist — the Lipstick Index isn't just about lipstick anymore. Oh no, it's evolved into a full-blown beauty extravaganza.



During the 2008 recession, nail polish took center stage as the go-to affordable luxury, proving that when times are tough, a fresh coat of polish can work wonders for the soul. And who could forget the pandemic pivot? With face masks rendering lipstick obsolete, fragrances emerged as the new hero of the beauty world. Fragrance became the ultimate "fragrance effect," offering a whiff of luxury in uncertain times. As we bid farewell to Zoom meetings and embrace a world of in-person gatherings, the beauty landscape is undergoing a glamorous transformation. From bold eyeliner inspired by the TV show *Euphoria* to glowing skin that radiates confidence, makeup is back with a vengeance. But what about the economic nitty-gritty? Fear not, beauty enthusiasts, for the beauty industry remains unscathed by the woes of inflation. With slim profit margins and minimal impact from rising input costs, beauty products remain an accessible luxury for all.

And let's not forget the power of social media in shaping beauty trends. From TikTok tutorials to viral product sensations, social media is the ultimate beauty playground, where trends are born and lipstick flies off the shelves faster than you can say "makeover." So, as we navigate the choppy waters of economic uncertainty, one thing remains certain — when the going gets tough, the tough reach for their lipstick. So pucker up, darlings, because in the world of beauty, glamour always wins.

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# How E-Commerce Has Revolutionised India

*Kanan Kapoor, I BA Economics (Hons.)*

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The e-commerce is being seen as a global game-changer in modern-day commercial ecosystem. It has transformed the lives of people drastically, and in India, E-commerce was started by K Vaitheeswaran along with five of his friends. Vaitheeswaran, a TEDx speaker and an e-commerce analyst, started India's first e-commerce website Fabmart.com back in 1999. As India's only department store, Fabmart only sold music CDs initially and eventually expanded their operations to cameras, watches, books, movies etc. In 2002, they launched the first offline grocery store in Bangalore. Over the next one decade, the company entered into multiple deals with domestic and foreign investors. However, owing to costing issues, poor customer feedback and employee attrition, the company was dissolved in 2013. Even though Fabmart survived only for 15 years, it was the starting point of e-commerce in India, at the time when consumption culture and government policies were not conducive/supportive.

Since the introduction of e-commerce in India, the industry has grown exponentially. And COVID-19 pandemic is being seen as an important turning point in India's e-commerce landscape.

Before the pandemic, e-commerce was growing at a nominal pace, as an option or as an alternate platform for shopping for consumers mainly in urban areas. However, studies suggest that Covid-19 shifted the macro-outlook towards e-commerce from a luxury to a necessity.

The COVID-19 pandemic had led to the closure of all physical markets and brick and mortar shops as a result of which people began to switch from buying goods and services in malls and supermarkets to e-commerce for purchase of everyday commodities. This caused a sudden spike in online orders for companies such as Flipkart, Amazon, Big Basket, Myntra and so on. It was no more a matter of choice, but the only safe, pragmatic and viable option available for day-to-day commerce.

Companies that follow brick and mortar businesses like clothing outlets, grocery stores will be forced to shift to online amid COVID-19.

In metropolitan cities like Delhi, Mumbai and Bangalore there has been a spike in online spending about 135%, 133%, and 12% respectively during lockdown. Policy papers and reports suggest that (IBEF-India Brand Equity Foundation) the market opportunities for online commerce in India are expected to touch US\$ 200 billion by 2026, a hike of about 60%, from US\$ 30 billion in 2017.

As per IBEF (2019) report, India's retail sector is estimated at over US\$ 883 Billion, ranked 5th largest globally and expected to cross US\$ 1.3 Trillion in 2024. Of this, e-commerce is anticipated to reach US\$ 111 Billion by 2024. Also, according to a report of IMARC (2023), India's e-commerce market is expected to show a growth of 29.3% during the time period of 2024-2032.

It is important to mention that COVID-19 encouraged e-commerce businesses to innovate new ways of serving customers to maintain their competitiveness. Online food ordering and delivery platforms like Swiggy and Zomato had introduced contactless deliveries to allay heightened apprehensions related to hygiene that exists right now.

The transition from physical purchases to online buying and selling was possible mainly due to access to internet and internet penetration in cities and urban areas. India has an Internet user base of about 690.0 million which makes up to about 40% of the total population. Equally important contributing factors have been smart phone usage and India's digital transition. With the rise of smartphones and mobile devices, people usually use their phones to access the internet for online purchases and make online transactions. The accessibility of using smartphones has enabled the users to contact virtually at any time by also limiting the accessibility to specific people. The smartphones in e-commerce have been useful in providing localization details which will enable the users to relevant information and act accordingly. The instant connectivity of the internet in smartphones with higher speed has increased the growth of e-commerce. The personalization and localization together help in developing new business opportunities for attracting customers to use e-commerce through the services provided on their smartphones.

The use of smartphones for e-commerce also evolves good security inheritance by updating the users about their transaction details. As of 2021-22, India had approximately 820 million smart phone users (Digital Governance in India report,2022), higher internet penetration ensured that more people were able to avail the facility of online transaction.

The growth of e-commerce also depends on various other factors such as favourable government policies such as FDI Policy, the Consumer Protection Act of 2019, etc which have instilled confidence in the industry and has contributed to its growth. In October 2020, Minister of Commerce and Industry, Mr. Piyush Goyal invited start-ups to register at public procurement portal, GeM, and offer goods and services to government organisations and PSUs.

The development of infrastructure has been crucial for the growth of e-commerce in India. There had been investments made to rural warehouses, last-mile delivery and supply chain optimisation which have enhanced the efficiency and speed of product delivery. Innovative solutions such as drone deliveries, partnerships with local retailers and real-time tracking technologies are addressing last-mile challenges.

With the introduction of E-Commerce, India's growth rate has increased substantially. E-Commerce accounts for 6.22% to the country's GDP. India's e-commerce is expected to surpass US by 2034. In 2023, the revenue generated by the e-commerce market amounted to more than US\$ 63 billion in India and India's e-commerce sales rate has increased by 10.2% in 2023.

E-commerce has revolutionised the way Indians are buying and selling. Covid-19 was a major turning point and supportive government policies such as digital India are enabling India to become a global leader in e-commerce.



GLIMPSSES OF ARTHHA

# Teachers' Achievements

FACULTY	ARTICLE TITLE
Dr. Vijaya Priya S	A Study on Consumer Preferences for Nandhini Milk & Milk Products
Dr. Vijaya Priya S	Food Security: Why Karnataka's Indira Canteens Need Revival
Dr. Shanthi S	A Study on Consumer Purchasing Habits Post Covid on Online Shopping Mediums
Dr. Shanthi S	A Study on the impact of Food Delivery Apps on Consumer Behaviour
Dr. Roopa Adarsh	Innovative Business Research in Finance and Marketing System Based on Ethically Governed Artificial Intelligence
Dr. Roopa Adarsh	Assessment of Economic Empowerment Through Micro-finance for Sustainable Business: A Study on Woman Vegetable Vendors in Chennai
Dr. Roopa Adarsh	Growth of Farm Mechanization in Karnataka: A Longitudinal Study
Dr. Roopa Adarsh	Economic Empowerment of Women Through Household Dairy Farming in Rural India

# Teachers' Achievements

FACULTY	ARTICLE NAME
Dr. Roopa Adarsh	Impact of technology on the success of tech based social entrepreneurs in Bengaluru city
Swetha Sharma	Exploration of factors Effecting the satisfaction of Employees from telecommuting : Case study of Bengaluru
Dr. Lakshmi C. J	Historical Antecedents to the Contribution of Self-Help Groups (SHGS) in furthering Women Empowerment: The Case of SHGS in Kanchipuram District in Tamil Nadu
Dr. Lakshmi C. J	Digital HEM/E-HRM and its organizational implications: A theoretical perspective
Dr. Lakshmi C. J	Exploring the Millet Ecosystem from a consumer perspective: A study on young adults in Bengaluru, India
Dr. Lakshmi C. J	Behavioural Changes in Theatre Visiting Customers with the Advent of OTT Viewing Options in Bengaluru City, India
Divya Malhotra	Pakistan's Deep In Debt-Trap Black Hole: Will It Get Worse Before It Gets Better?
Divya Malhotra	'State of War' & Israel's Economy

# Students' Achievements



**OVERALL WINNERS -  
ECONEXUS, ST. JOSEPH'S UNIVERSITY**

# Students' Achievements

NAME	ACHIEVEMENTS
Chethana Y N B.Sc. EcoMaths	Public policy certificate course(2021)by Centre for Research in Social Sciences and Education (CeRSSE),Jain(Deemed-to-be University), Bengaluru & Indian Institute of Public Administration, Karnataka Regional Branch (IIPA-KRB) Policy Brief on menstrual hygiene management in rural schools
Hastha R B.Sc. EcoStats	Science Undergraduate Research Conference 2023 @Azim Premji University (Poster Presenter: Comparative Analysis of AI Algorithms in solving ARP in Central Bengaluru, co-authored abstract with Meyvizhi S.S.) Harvard Conference on International Relations 2024 (Delegate) Global Peace Summit Qatar 2024 (Delegate) TRIBE 2023 (Delegate) International Day of Women in Statistics and Data Science Conference 2023 (Attendee)
Mrinalini Manda BA Economics Political Science	Internship with Defence Research and Studies (DRaS) Europe chapter Selected as delegate for - 2024 HPAIR Harvard Students Conference, Global Peace Summit Qatar 2024
Shreya and Amara BA Economics	Best prize in movie making category, BGS College of engineering, Blore

# Paper Presentations

NAME	ARTICLE NAME
Aaria Raj B.Sc. EcoStats	Sustainability and The Green Consumer
Aastha Agrawal Janagam Aksheetha B.Sc. EcoStats	Decoding the digital influence: How AI recommendations influence youth decision making.
Aishwarya S Uttara Umesh B.Sc. EcoMath	India-China Geopolitical Tensions: Strategic and National Security Implications with Respect to Maldives
Bhavya Jha Harika Rao	Effects of Climate Change on World Economy
Charchitaa BA Economics Political Science	Informal Work and Gender: A study on Women's Migration in Bangalore
Hashi Chowhan BA Economics Political Science	China's Real Estate Case Study on Evergrande for DRaS

# Paper Presentations

NAME	ARTICLE NAME
Kalyani BA Economics Political Science	Beyond the Hype: Investigating AI's Real Impact on Jobs and Economic Development in India
Kanan Kapoor	E-commerce trends in India
Lhasay BA Economics Political Science	Truth versus Truthfulness: The rise of unethical journalism with the emergence of AI Reducing Carbon Footprint and EV market: Case study of China and India
Mrinalini Manda BA Economics Political Science	Relevance of Adam Smith's Invisible Hand Co-authored paper with Ms Divya Malhotra on CPEC in Pakistan India-Uk Healthcare Geopolitics
Sameera Reddy BA Economics	AI and labour markets
Sanchana upadhyay BA Py Eco	Cross cultural consumerism: case study of IKEA
Sangeetha Hassi Chouhan	Real estate crisis in China

# Paper Presentations

NAME	ARTICLE NAME
Sanghamitra Navya	Beyond Convenience: Unpacking the Link between Risk attitudes and Digital Overspending. Risk attitudes and digital payments
Surabhi Agarwal BA Economics Political Science	AI and Higher Education Ecosystem in India: Understanding the Urban-Rural Divide
Uttara Umesh Mohona Chowdhury B.Sc. EcoMath	From Anganwadi to Mobile Creches: Exploring the Impact on Women's Informal Sector Employment in Bengaluru

**MEET  
THE  
TEAM**



***VICE PRESIDENTS***

**DR. CJ LAKSHMI**

**&**

**DIVYA MALHOTRA**



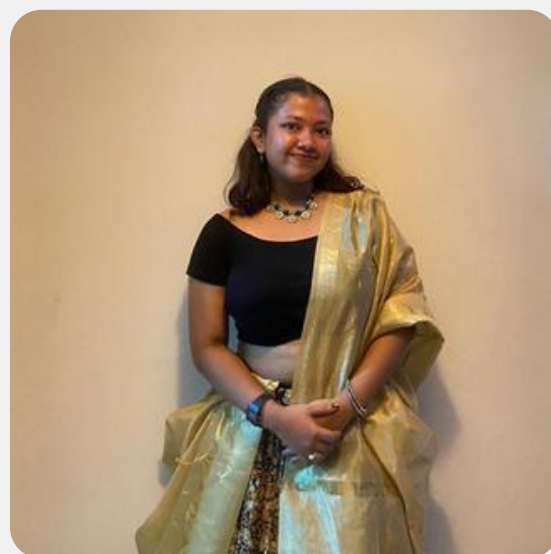
**Jeevika Roy**  
III BA Socio - Eco  
*Editor - in - Chief*



**Ruhani Barooah**  
III BSC Eco - Stat  
*Design & Social Media Head*



**Divya Ojha**  
III BA Pysch - Eco  
*Event Coordinator*



**Liniya Howlader**  
III BA Eco - Pol Sci  
*Marketing Coordinator*

# ***SECRETARIES***



**Prakalya VP**  
II BA Eco - Pol Sci  
*Managing Editor*



**Anoushka Nair**  
II BSC Eco - Stat  
*Design Sub - Head*



**Megha Shenoy**  
II BA Eco Hons  
*Logistics Sub - Head*



**Ishita Mehal**  
II BA Eco Hons  
*Sponsorship*  
*Sub - Head*



**Hannah Khatib**  
II BA Pysch - Eco  
*Social Media*  
*Sub - Head*

**TEAM LEADS**

# **RESEARCH & EDITING CORE TEAM**



**Uttara Umesh**  
III BSC Eco - Math



**Sanghamitra S**  
III BSC Eco - Math



**Namrata LG**  
II BSC Eco - Stat



**Shreeya Harish**  
II BA Eco Hons



**Simran Ghosh**  
II BA Psych - Eco

# RESEARCH & EDITING CONTRIBUTORS



**Sameera Reddy**



**Niyathi Sivaram**



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**Sanchana Upadhya**



**Sara Solanki**



**Athulya A P**



**Lavanya Rao Jha**



**Swathi H**



**Diya Mehta**



**Ankita Das**

# **DESIGN CORE TEAM**



**Priyanka PK**  
**III BSC Eco - Stat**



**Supriya Rajan**  
**II BSC Eco - Stat**



**Syeda Fariah Rahman**  
**II BA Eco Hons**



**Bipasha Deb**  
**II BA Eco Hons**



**Ankita Ghosh**  
**I BA Eco Hons**

# DESIGN CONTRIBUTORS



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**Amara Arora**



**Sreya Anand**



**Roopjot Kaur**

