

NEETI

A vibrant, abstract painting of a face with multiple eyes and colorful features. The face is composed of various colors including pink, red, orange, green, and blue. The eyes are large and expressive, with different colors like green, blue, and yellow. The overall style is reminiscent of modernist or expressionist art.

A CONTEMPORARY PERSPECTIVE

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NEETI welcomes original articles, research papers, reviews, journal etc from all the backgrounds of study. We also welcome publications relating to topics of heritage, art, travel, literature among others.

All the details are published on our official social media handles on October 1st with a specified style sheet to be followed by the contributors. A soft/hard copy must be submitted with the editorial board prior to the deadline.

Articles accepted for publication can take upto 5 months to appear in the magazine.

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FROM THE EDITORS

Neeti, the Annual Newsletter of the Economics Department of Maitreyi College, is an endeavour by highly motivated and ingenious students to bring in a novel perspective pertaining to the current national as well as global matters. We wish to give our readers an insight into the minds of young future enthusiasts who, through the medium of this newsletter, strive to bring to the populace their respective standpoints. We have tried to take into consideration various issues ranging from economics and business to social and political. Behind this essay to carry our lineage forward, we have ventured through a journey of toil and turmoil to make this experience as riveting for the reader as possible. All the people involved have used this forum to not only voice their opinions, but also raise some questions that we, as the citizenry of this country and more exclusively of this world, ought to bring to the social circles. It is our responsibility to accommodate every view and to think rationally about our stance on all the widely debatable issues.

India, in general, is one of the fastest progressing democracies on the face of this Earth. It has made a significant place in the context of globalisation and so, our team has attempted to analyse the reasons for this prime position as well as the troubles being faced and caused by the Indian natives. Various subjects, which have received global attention and are still on the forefront, have been undertaken in our magazine as matters of utmost importance. Fuelling intrigue and fascination, phenomena pertaining to an altogether different class have also been given an account of. As the Editorial Chief of this bulletin, I am extremely proud of my team, which has worked relentlessly towards making this little initiative of ours so grand in scope and reach. We hope, with humility and affection, that "Neeti" gives you a good read.



GAURI AGGARWAL
EDITOR-IN-CHIEF

NEETI

A CONTEMPORARY PERSPECTIVE

FROM THE EDITORS

Dear Readers,

It has been a culturally and intellectually stimulating year; we reached a landmark for Arthaneeti (Department of Economics, Maitreyi College) with the launch of the first issue of NEETI, an annual student-run magazine. It is an effort by young social thinkers to shell out of the so called 'scientific world' of Economics and dive into the impact of economics on all the social sciences as we make an effort to explain and understand the social reality around us. Through our short 5 month journey crafting NEETI, we engaged ideas from students across colleges and shaped those ideas into an ever-active cauldron of economical, cultural, political, historical and social extractions.

As promised, we have sections covering global politics, economics, business, history, heritage, art and a special feature on People & Profile. We're crafted for people who are curious about the play of economics in various fields. We provide you with unfiltered reports, opinions, narrative journalism and reviews to give a comprehensive view of the economics brewing at the very ground-level. Our first issue reflects our relentless effort to campaign for the needs of people, culture and the society as a whole.

We're aiming to reach you as economists, philosophers, social thinkers, journalists, historians and ordinary citizens. I am pleased to have worked alongside Gauri, Riya and Dhairya, especially when their sober second thoughts kept a check on my elaborate ideas. I am also thankful to all the contributing writers for sharing with us their *contemporary* perspectives. I hope you enjoy reading NEETI, your annual keepsake, as much as we enjoyed sculpting it.



BHAVYA TYAGI
DEPUTY EDITOR-IN-CHIEF

NEETI

A CONTEMPORARY PERSPECTIVE

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Budget 2019

FALSE HOPES OR REAL ACTIONS?

**Dhairya Sharma & Riya
Nagpal (Maitreyi College)**

With a major eye and focus on the election, the interim budget 2019-20 contained elements that are aimed at benefiting three major sectors of the population: farmers, informal sector workers and salaried taxpayers. While the announcement of the income support scheme for the peasants eyes to curb the growing aggression among farmers, a change in the pension scheme for the informal sector workers and in the tax provisions for the salaried workers is a supposed development in the other two aforementioned sectors. On this, Prime minister Narendra Modi said, "It is essential to ensure that the benefit of development reaches all sections of the society. This budget will empower the poor, give a boost to the farmer and an impetus to economic growth".

The interim budget 2019-20 accommodates a major incentive i.e., the reduction of tax burden on salaried class and homeowners. Those earning up to Rs 5 lakh a year will be exempted from paying tax, thus, raising the rebate amount to Rs. 12,500; the already existing rates will be applicable for those earning above that. Apart from this exemption, the budget includes a provision from Section 80c of the Income Tax Act to extend tax benefit to those earning up to Rs 6.5 lakh a year, provided they perform full use of their deductible investment such as, provident fund. This move will likely propel the consumer within this tax bracket to increase his/her current consumption and will grant tax benefits of Rs. 18,500 crore to an estimated 3 Crore middle class taxpayers.

No changes have been announced either in the rates of tax or in the tax slabs. Ergo, we can conclude that the interim budget has been kind to the middle income strata. Furthermore, in a move designed to accommodate tax relief to those who support leakages (savers) rather than those who support injections (investors), the budget contains a provision to increase the Tax Deduction at Source (TDS) threshold on interest earned on bank or post office deposits to 40,000 from the current threshold of 10,000. In addition, the TDS threshold for deduction of tax on rental income has been proposed to be fuelled up to Rs 2.4 lakh from the current Rs. 1.8 lakh. This comes as a welcoming step in support of passive income earners, such as senior citizen.

The Government has announced The Pradhan Mantri Kisan Samman Nidhi scheme, which aims to provide an annual income support of Rs.6000 to small landholding farmers, who possess cultivable land of upto 2 hectares. The benefits are expected to reach more than 12 crore farming families. The amount will be paid directly into the bank accounts of the beneficiaries, beginning with an initial installment of Rs. 2000. It has been allocated Rs.20,000 crore in the revised estimate for the current financial year 2018-19 as well as Rs.75,000 crore for the financial year 2019-2020. This new direct income scheme was augmented from the controversial issue of farmers' suicide due to lack of funds and/or indebtedness. It is, however, too early to comment on whether it is a simple government incentive to reach to the rural farming sector or just another tactic to woo the farmers' community, given the proximity of the Lok Sabha elections. This can be credited to the fact that agriculture distress and a burning rage over indebtedness among farmers, which led to a lot of suicides and mass protests, were major contributors to the many reasons of the current central government's defeat in three major state elections. Time shall tell the fate of the scheme and the welfare of the farmers' community.

With the outroll of this year's budget, a new pension scheme – Pradhan Mantri Shram-yogi Mandhan for young workers in the unorganised sector – has seen the light of day. Workers will contribute an amount of Rs.55 to Rs.100 each month, depending on their income level, at the time of joining the scheme, while the government will put in a matching contribution. A monthly pension of Rs.3000 from the age of 60 will be assured to those who contribute the required amount (according to their incomes) during their working age. Rs.15000 will be the monthly income limit for the workers to join the scheme. The Centre expects this scheme to reap benefits to 10 crore workers within the next 5 years. The Centre has allocated Rs.500 crore for this scheme while reducing its allocation from an existing pension scheme by Rs.775 crores. The National Social Assistance Programme (NSAP) made a feature in last year's budget and was deemed to be a comprehensive scheme with reachability to widows, old, orphaned children and devyaang. It would have doubled it's coverage to more than 6 crore people, but, there was no mention of NSAP and just a reduction in the current year's estimates. Several steps to reduce tax scrutiny and to automate the process of minimizing the possibility of harassment of a tax-paying citizen have been taken into consideration in the interim budget. All returns will be processed within 24 hours and refunds will be issued simultaneously. Within the next 2 years, almost all verification and assessment of returns will be done electronically through an anonymous back office. This anonymous electronic assessment is novel and augurs constructive governance with minimum bureaucracy and red tape.

Although, the budget provides a bonus to small farmers through fund support and a bonus to the middle-class through ease in taxation, the job guarantee scheme, which is a lifeline for landless laborers and other rural workers faces a continued funds crunch.

The Govt. announced The Pradhan Mantri Kisan Samman Nidhi Scheme which aims to provide INR 6,000 to small landholding farmers...just another tactic to woo the farmers' community?

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) scheme has been allotted only Rs. 60,000 crore for the next financial year which is slightly lower than its revised estimate of Rs. 61,084 crore allotted for the current year. The ruling government never really seemed to fan this programme and, despite words to the contrary, it has actually sought to starve this programme of funds since the past few years. Even though it is legally a demand-driven programme for which funds must be provided when work is demanded, the reality has been quite different and the programme has been limited by central allocations.



Instead of trying to address the problem, government spokespersons stubbornly continue to aid their claim that all is well on the employment front and that the only problem persisting is the lack of data support towards the terrific employment dynamism indicated by the expansion of Uber, Ola, e-trading platforms etc. Some bureaucrats now suggest that the employment survey must be wrong, because GDP has been growing so fast. Unfortunately, the GDP figures themselves are no longer credible after the latest revisions, which have made the year of demonetization that of the fastest GDP growth in the past decade.

The Interim Budget also brought benefits to real-estate sector from populism, a breather of fresh air for buyers and sellers. The government has extended Section 80-IAB, which allowed 100 percent deduction on profits generated by developer or builder of affordable housing project till March 2020. For the consumers, the government has tried to boost the sales of second homes by trying to relax norms for genuine self-occupiers, who already have a house. For self-occupied second homes, where a family is residing, consumers do not have to pay tax on notional rental income. In case the property is let out, no TDS will be deducted up to Rs 2.4 lakh; this limit was Rs 1.8 lakh earlier.

While the interim budget looks promising in entirety, keen eyes of the public await to see the well-implemented execution of all the proposed schemes. While the schemes rolled out in the budget do cater to a large section of the Indian population, the one with meagre resources to attain a better standard of living and to fight social injustices, we can only let time tell. Time and again, it has been the acting government's tactic to ensure votes in the upcoming election rather than actually resolving the issue of an elephant in the room. While BJP's consequent defeats do bolster its objectives to ensure public good with a simultaneous increase in its trust and camaraderie, let's hope that it also hits the right target with the proposed social welfare.

INSIDE KASHMIRI VIGILANTISM



THE DAWN OF A NEW ERA OR THE ERA OF SLOW DEATH

Palak Tyagi (Maitreyi
College)

The foundation of every state is the education of its youth; what shapes the best in us dies when the education dies.

The voracious learning ability of youth, their infinite appetite for learning has been taken advantage off since the onset of insurgency in the state of Kashmir; they're taught about the imminent passage to heaven and that their minds are ingrained with vitriolic view of Indian infidels.

The indoctrination and radicalization of South Kashmir is frightening. Almost the whole of South Kashmir has seen a slow and continuous radicalization even as the conservative religious teachings of once dominant organisations no longer hold sway.

"The mantle of resistance had been picked up by the third generation of Kashmiris, who seem to have no fear of persecution, and a thirst for Kashmir's freedom from India."

This was witnessed when the erstwhile Chief of Hizbul Mujahideen Burhan Wani was assassinated followed by loud commotions and a series of curfews. It was the first time that the state faced curfew even on the occasion of Eid-ul-Zuha. The killing of young like him has only contributed to the ascending of radicalization.

KASHMIRIYAT, INSANIYAT, JAMHOORIYAT

Young men with bandages on their eyes, undergoing surgery to remove tiny pellets from their retinas after the encounters with paramilitaries are sights so horrendous to shake one to the core! But can you blame these young people rebelling day and night? Their rebellion isn't just the against military but the misgovernance, the politics of entitlement and all pervasive corruption that only contributes to the erosion of faith in the system. As the values of merit, honesty and integrity are seen as impediments to material success, a society loses its morals: that's the tragedy of Kashmir. The need of the hour under this abhorrence and altercations of youth over dealing with army, calls for a new and dramatic change in the counter insurgency doctrine. It must be able to address the greatest of challenges. The young stone pelters after punishment come out strongly as militants. Thus, this requires not just military preparedness, but as much attention needs to be paid to the human intelligence as well as reformed and rejuvenated selves. This is what needs to be done to lay a constructive and firm foundation. Youngsters in their school uniforms who once trudged the towns with their bags, have now inherited the burden of a long struggle because of being raised amid extremely brutal militarisation. Hundreds and thousands of teens are butchered on the streets devastating hundreds of families in an already barren land. Since none of the armed members are charged for any killings, mounts of adolescents are slain and people beholding such sights of mayhem gasp quietly, all hiding in their fears and numbness. Jhelum and Chenab have turned red and the heaven on earth is now a bloodbath.



As quoted by a great author, "Srinagar is a medieval city dying in a modern war. It is empty streets, locked shops, angry soldiers and boys with stones. It is where politicians repeat their lies about war and peace to television cameras and small crowds gathered by the promise of an elusive job of a few hundred rupees. It is where one is staring back and looking away, resigned. Srinagar is never being defeated."

In the land where sights are curfewed and tears are banned, bombs and pistols won't make a revolution. The sword of revolution needs to be sharpened on the whetting stone of ideas.

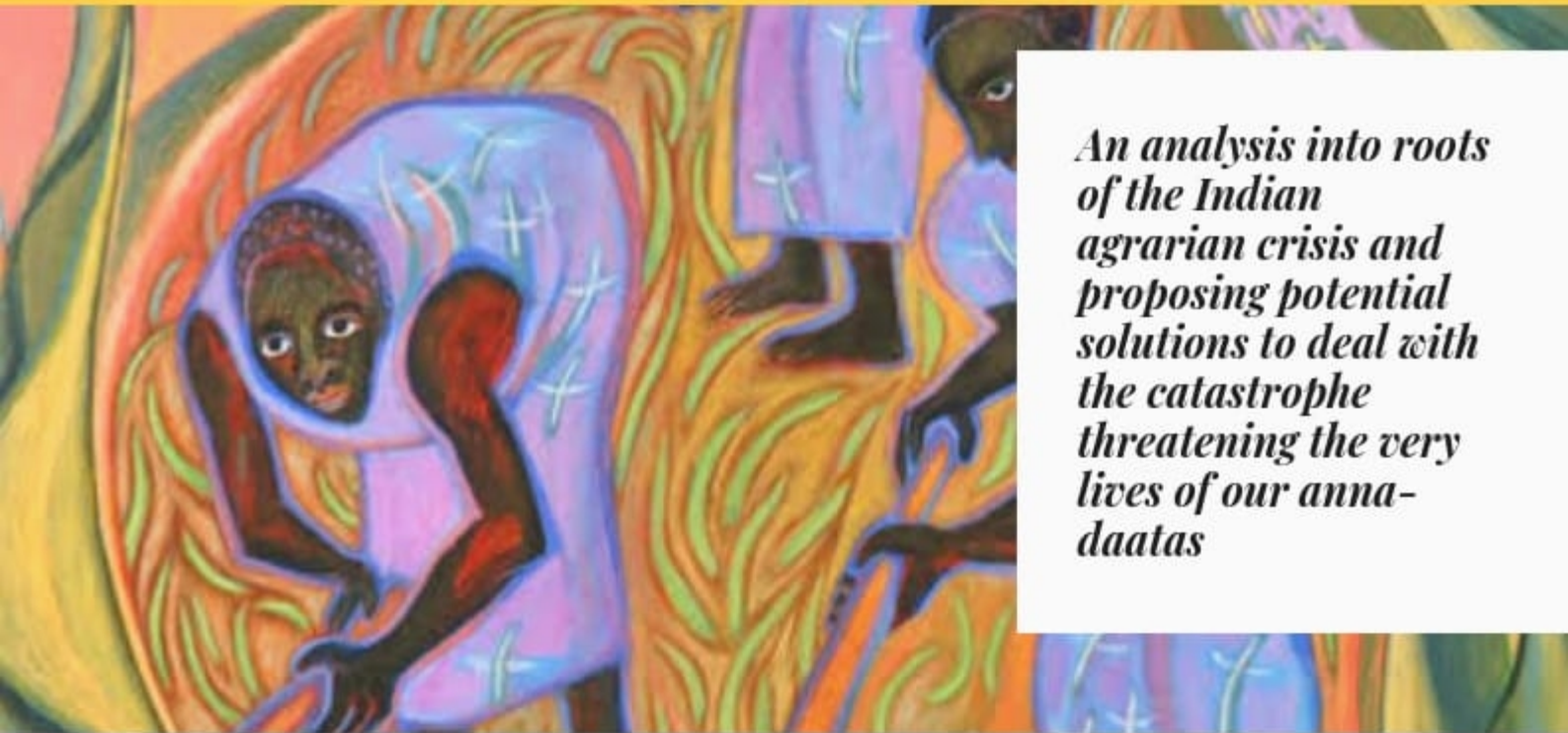


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Srinagar is a medieval city dying in a modern war. It is empty streets, locked shops, angry soldiers and boys with stones.

Rethinking Farm Distress

Aarti (Miranda House College) and Vishav Garg (Shri Ram College of Commerce)



An analysis into roots of the Indian agrarian crisis and proposing potential solutions to deal with the catastrophe threatening the very lives of our anna-daatas

Introduction

For India, this is the period of farm distress and finding solutions for it. The sector that employs more than half of the workforce, has been suffering from an excruciating period of distress despite the abundant harvest and good rain in the recent 3 years. This distress is multidimensional in nature. Various political parties and the subsequent governments have resorted to a populist but short-term measure - farm loan waivers. This measure, far from tackling the issue, clearly ignores the interests of poorest of the poor farmers and does not provide a sustained long-term and prolonged solution to the agrarian crisis.

Discerning the Distress

The farming distress has unfortunately been a dogged feature of the Indian economy for the last 5 years - the initial two years on account of failed rains and the latter three on account of policy failures. Unremunerative prices for the farm produce is believed to be the most notable policy failure of all times. There underlies the structural muddle that has led to the eventual policy failures over the years.

More than 70% of farmers are small farmers. Tenant farming, incomplete land consolidation, frightful level of awareness amongst farmers, and poor levels of farming income could be seen as the key drivers of the distress.

According to a study conducted by the Centre for the Study of Developing Societies (CSDS), only 10 percent of poor and small farmers with average land holdings of 1-4 acres have benefited from government schemes and subsidies like the Pradhan Mantri Fasal Bima Yojana and Paramparagat Krishi Vikas Yojana. The survey shows that 62 percent of interviewed farmers were not aware of the minimum support price (MSP) and among those who have heard about MSP, 64 percent were not satisfied with the price offered by the government.

"Education is a service. It's giving ourselves - not just our knowledge - to the next generation." -Sr. Valdez

The 3 dimensions that need to be investigated and worked upon are as follows:

1. The income level of farmers
2. Tenant farming, Land Consolidation, and the Credit Structure
3. Education and Awareness amongst farmers

Income Level of Farmers

The average income level of farmers in India currently stands at ₹ 77,976 per year. In the short term, we can move towards the goal of an increase in income of the farmer by an increase in the MSP. The MSP should ideally be at least 80% more (ranging to 135%) than the cost of production. Currently, it ranges from 50-112%. Providing production inputs to farmers at subsidized costs could also be considered.

Farmers' income is highly dependent upon the productivity level of the farm and the vagaries of the weather. The need for irrigation development can hardly be exaggerated in India. It is important to understand the individual needs of the states and their visions on the same to build a comprehensive framework to efficiently address the crisis.

Tenant Farming & the Credit Structure

To connect more farmers to formal credit, land consolidation is necessary. The tenant farmers who have been working on a piece of land for years and still cannot exercise the ownership rights over it are unable to contact the banks for loans. Hence, they are forced to participate in the informal credit structure.

One possible solution could be that a tenant farmer who has been working on a given piece of land for a particular period of time or more should be permitted to use the piece of land as collateral to be able to take a farm loan from a bank. This will increase the farmers' interaction with the formal credit structure, and boost their confidence about their right on the segment of land that they have been plowing on for a year less than a decade or more. Considering that approximately 60-70% of farmers interact with the informal credit structure to meet their financial needs, this step is of utmost significance.

Farm Awareness

One possible solution could be an extension of the Krishi Vikas Kendras(KVKs). The KVKs can help in the transfer of knowledge - varying from the provision of relevant technology, extensions services and market-information, to financial literacy amongst the farming families of each district

. Necessary knowledge and skills to accomplish the objectives of KVKs can be imparted to the representatives of the KVKs under the certification courses offered by the Government of India under Pradhan Mantri Kaushal Vikas Yojana (PMKVY). The representatives can then communicate learned skills to farmers and make them aware of various government schemes such as Pradhan Mantri Fasal Bima Yojana and Paramparagat Krishi Vikas Yojana which could benefit them.

Imparting appropriate financial literacy is important because this will reduce the dependence of farmers on the informal credit sector and at the same time will help in proper channelization of small savings, creating an alternative source of income for the farmers in the form of interest and dividend.

Concluding Remarks

The demand for the farm harvest is expected to exceed the current produce by 2022. Under a study conducted by the CSDS, more than 65% of the farm families, given the opportunities, would rather engage in a non-farming activity. The nation needs to overcome the populist nature of government policies and make the necessary structural changes. In times of the excruciating distress, these numbers and expectations pose a problem that we have not been able to approach - and cannot afford not to.

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MOUNTING MOUNTAINS

INDIA'S GROWING GDP

Megha Malhotra (Maitreyi College)



It is the everyday banter surrounding our speculations about the recent policy changes in India that are always the best conversation starters, nestled next to the usual 'garam' cup of 'chai' or the regular brawl by none other than our common man amateur debaters, the very civilians of this nation. The upcoming elections have done little to level the playing field of 'topics to talk about', as 'politics' already stands tall among this category and as the stir among the citizens of the country is quite palpable.

This article might be a simple yet innate gesture equivalent to putting my hand in the bee's nest, but might I add, I shall do so with a certain level of precision, allowing the readers to think for themselves. It may come as a rarity and a rather pleasant surprise to the civilians of the country that despite the not so uplifting critique of the common man, India is one of the fastest growing economies of the world. IMF communications director Gerry Rice when questioned on India's recent economic development stated that it is the major economic reforms that have taken place in the last five years that have essentially contributed to this phenomenon, with growth averaging nearly 7% over the past five years. Due to the diverse demographic that India has, the Communications Director seemed to praise the economic reforms that have been enforced.

Owing this result mainly to the two main economic reforms that caused a rising crescendo to the economic growth of the country were the GST policy and the FDI liberalisation policy. There was an 8.2 per cent economic growth in the first quarter of 2018-19. According to CII President Rakesh Bharti Mittal, increase in private investment and enhanced government spending will help India garner a GDP growth of 7.3-7.7 per cent for the ongoing financial year. "Further, with good monsoons so far, we could see strong domestic demand contributing to higher GDP growth this fiscal," he said. He too, claims that GST, reforms in Ease of Doing Business, FDI, labour, agriculture, and many other initiatives are would potentially contribute to improving the overall investment climate and productivity. A few more strategic undertakings, such as the Make in India and Digital India campaigns have contributed to the overall stimulating state of the economy.

To give a closer insight into how GST has substantially resulted in the rapid increase of economic growth, we take a more detailed and structural impact of the implementation of the GST policy. The main idea behind implementing GST was to remove the bundle of indirect taxes, such as VAT, CST, Service tax, CAD, SAD and Excise. Due to a less complicated tax collection policy, a simplified tax policy would allow more transparency in the system as the customers will know exactly how much taxes they are being charged and on what base. This will remove the cascading effect of taxes, as mentioned before, since it removes the huge tax structure which had it's branching out effects as well. As a result, the manufacturing costs will decrease due to lower burden of taxes on the manufacturing sector. Hence, prices of consumer goods would come down. The burden on the common man will be lower and hence, the public will have to shed less money to buy the same products that were costly earlier. This will fuel the demand as well as the consumption of goods. Increased demand will eventually lead to increased supply and will inevitably cause a rise in the production of foods. There will be a stronger control of black money circulation as the system normally followed by traders and shopkeepers will be put to a mandatory check. All of the above results will thus, quintessentially, boost the Indian economy in the long run.

Another aspect in fuelling the economic growth is Foreign Direct Investment. From the broad spectrum of Walmart to Schneider Electric and Unilever on the one side and TPG Capital or KKR on the other, an economic tide of capital from all over the globe is flooding into India from strategic investors to financial sponsors. After almost the first time since two decades, India has been recently getting more foreign investment than China. In 2018, India saw more than \$38 billion of foreign investment deals as compared to China's \$32 billion. India's foreign direct investment was the highest ever with 235 deals amounting to \$37.76 billion in the year 2018. This has nothing but a positive and a booming impact on the country's economic growth, as the nation's competitiveness in foreign markets has increased due to which the inflow of foreign capital does the following stated two things for the country: one, it adds immensely to the foreign exchange reserves causing BOP surplus and two, it reflects soundly on the nation's economic and international status in the global arena.

The candidness of these unique results will surely make one wonder about the extremities in the choice of leadership for the next tenure that India is about to experience. Just like a child in a candy store, we, the citizens of this country should not be submissive in taking our pick. To the cosmos who would likely ask me the question, "Are you using your advantage of language on this article to incentivise it into a political manifesto?", I reply, "Economics, is nothing but the art of knowing above the frivolities of mere government squabble and what truly benefits or handicaps a nation, and language, the science of deeming your opinion worthy of being acknowledged." And here, I rest my case.



PITS OF SCAM - CRONY CAPITALISM

SCANDALS IN INDIAN ECONOMY



Indian economy has from time to time suffered from the ill-effects of crony capitalism, which is very bad for economic growth. Basically, crony capitalism is an economic system based on close and mutually advantageous relationships between businesses and government officials. Crony capitalists always try to get cosy deals with bureaucrats to maximise their profits. The main objective of crony capitalists is to reduce their cost as much as possible by taking heavy loans from banks with very low equity of their own so that they do not suffer in case of loss to company. They also lobby against their competitors by bribing officials. It is basically practised in those sectors which are heavily regulated by the government or where rent-seeking is the norm. This system plays a significant role in the rise of various scams. Bofors scam is one of the earliest scams of independent India. In 1987, one year after India signed a Rs.1437 crore deal with Swedish air manufacturer AB Bofors for the supply of 400 155mm Howitzer guns for the army, Swedish radios publicly accused the company of bribing Indian officials to get this contract. 2G Spectrum case is another example of one of the biggest scams in the history of independent India.

**Sanjana Sejwal (Kamala
Nehru College)**

Time Magazine labelled it as the second biggest abuse of executive power after Richard Nixon's Watergate scandal. The scam unfolded when Comptroller and Auditor General of India(CAG) revealed in its report on 16th November 2010 that 2G licenses had been issued to telecom operators at throwaway prices causing a loss of around 1.86 lakh crore to the Exchequer. The report further claimed that most of the licenses were issued to ineligible applicants who had submitted false information. Once these companies got the licenses, they sold significant stakes to Indian and foreign companies within a short span of time at a very high premium. The prime accused in this case are A.Raja, M.K. Kanimozhi and Siddharth Behura, who bent auction rules to benefit a few telecom players. There was no free and fair bidding, and licenses were issued in a vague manner.

The most damaging aspect of crony capitalism is that it prevents restructuring of the economy and the economic policies

These scams have left no organ of our country unaffected. The CWG scam of 2010 was one of the major scams involving Rs.70,000 crore. Central Vigilance Commission, in its report claimed that Suresh Kalmadi, chairman of organizing Committee of Games, offered a contract of Rs.141 crore to Swiss Timings for its timing equipment, which was priced higher by 95 crore. Only half of the allotted amount was spent on Indian sportspersons. Athletes were forced to shift to shabby apartments and were not given the facilities to which they were entitled. All the accused in this case were charged under prevention of Corruption Act. Controversies never seem to leave any Prime Minister and his ruling party in power. This one scam goes down in history because of the magnitude of corruption involved. The CAG raised the issue of inadequacies of allocation of coal blocks from 2004 onwards. It led to a loss of 1.86 crore to the Exchequer. Although, the government had claimed that it will allot coal blocks through a system of competitive bidding, it ended up using a method which was opaque and subjective. Former PM, Manmohan Singh, Chief Minister of MP and coal secretaries were questioned in this regard.

Coming to one of the latest cases of the Rafale deal, where the Indian National Congress has alleged that a huge scam is brewing and that Modi is "promoting the interests of his crony capitalist friends." Congress accused the government of violating Defence Procurement Procedure (DPP) and of bypassing the interests of PSU Hindustan Aeronautics Limited (HAL). The Modi Government has been accused of helping Reliance crack the deal with Dassault Aviation.

Unfortunately, crony capitalism has become an integral part of the Indian economy and has resulted in misallocation of resources among individuals. This has led to huge economic disparities among economic classes wherein the rich is getting richer and the poor is getting poorer. It is also a catalyst as a barrier for entry into regulated businesses as these cronies easily buy the politicians and give stiff competition to newcomers through all wrong means. The most damaging aspect of crony capitalism is that it prevents restructuring of the economy and the economic policies when it is most crucial for achieving economic growth. For instance, in the Vyapam scam degrees of all those students who had passed medical exams through fake means were cancelled but no strict action was taken against the politicians and officials who played a role in the scam. The former governor of RBI, Raghuram Rajan, in the context of crony capitalism, asserted that the nexus between "corrupt businessmen" and "venal politicians" is "killing the transparency and competition" and is "harmful to free enterprise, opportunity and economic growth." Crony capitalism is largely responsible for tumbling the Indian economy upside down several times and for causing huge losses to the nation. The citizens of the country are at the biggest loss because their money is being misused by government officials to fulfill their own personal motives. The deplorable and the sickening position of the economy, time and again, is a consequence of the crippling dishonesty within and around us.



For years the norm for a job has been permanent, full or part time employment, but recently more and more people are beginning to take up a variety of jobs, also referred to as GIGS. These include things, such as freelancing, temporary job, jobs in the sharing economy and more. All of these different jobs form something, called the gig economy. A gig economy is a labour market characterized by the prevalence of short-term contracts or freelance work as opposed to permanent jobs. The gig economy is beginning to take up a large portion of the workforce and studies show no sign of its slowing down. This can partially be attributed to the evolution of technology. Companies are now able to hire workers anywhere from around the globe. Mobile apps have allowed businesses, such as Airbnb to expand their respective employee pools with a sizeable amount of contract workers.

Ashmita Kaur (Maitreyi College)

The denizens of the nation are upto a whole new way of thinking and working: the gig way. So, instead of full time employment people can take up multiple job roles, providing them with flexibility in their work-life balance lexicon. Flexibility is what drives the gig economy and is what possibly benefits the organisations to boost their top and bottom lines as they can get the work done by the RIGHT PERSON with the required skill set for the RIGHT JOB at the RIGHT TIME. The perfect example of an organisation having a gig mindset is Uber. Uber gets its drivers on order basis. As and when a customer wants to ride, employment is created for the Uber driver. Countries like USA and China are already moving ahead on the gig path.

Temporary hiring results in more efficient services as it leads to improved productivity, since the person knows that he/she has been employed for a specific project and would be paid accordingly. The Rule of thumb is 'perform or perish'. Freelancing is an elixir for opportunists and professionals with the right skills know how to successfully exploit lucrative freelance choices. Embracing the open-talent economy helps organizations to take the benefit of economies of scale. For organisations to contract with independent workers for short-term engagement proves benignant as it is a cost cutting scheme. However, stability of operations becomes a hurdle in proving gig economy an altogether win-win situation for both employees and firms. The adversary's believe that gig portrays a specific type of exploitation – every time a person has to hunt for work, making their professional life a bit clumsy.

In India this trend is on the upswing. Initially the trend was brought up by the startup ecosystem with multinational companies, consulting firms and large enterprises embracing the idea. India is already treading the path by hiring teachers on ad-hoc basis in universities. A recent study by McKinsey has estimated that up to 20-30% of the workforce in developed markets is engaged in independent work. And this percentage is on an increasing trend. The current labour force participation rate of India is 53.8% (as per CSO December 2017 data) and is expected to rise manifolds due to the advent of gig component.

Platforms like freelancers.com provide a gentle nudge in the right direction. The most lucrative fields for a gig workforce are blockchain architecture, deep learning, artificial intelligence, virtual reality and robotics. However by citing the facts and figures, we cannot implant the best face of gigs for the country. The existing lines of pension and health care benefits post retirement would start to wear off, giving a relief to the government on the expenditure front, but posing a major problem for the retired workforce. Unfortunately for most gig economy jobs, benefits are not a part of the package. Gig economy workers have to plan on budgeting for purchasing private insurance and for their retirement . Gig economy workers have to regularly be working to find their next “gig” and be prepared for changes in their current one, thus inducing stress. Though the increased stance of instability pops up, it is the non-stability of operations and not of the risk.

It is time to juggle up the existing lines of equation and move to a more promising and triumphant employment scenario. Coping up with the advent shift from permanent to temporary, in my opinion, would not pose a problem for the millennials as the digital world has already tailored “more adjustable and change accepting” homo sapiens. In this world of short term arrangements, what fares a higher potency is the EQ (emotional quotient) rather than IQ (intelligent quotient) because adaptability and flexibility are the need of the hour. The changing phase of the startup ecosystem from infancy to adulthood is complementing the new way. The market forces would most likely propel the millennial Indian businesses and industries to embrace the gig economy.



OPULENT LINEAGE

Ashima Singh
(Maitreyi College)

ROTHSCHILD DYNASTY



"I care not what puppet is placed upon the throne of England to rule the Empire on which the sun never sets. The man who controls Britain's money supply controls the British Empire, and I control the British money supply."

- Nathan Mayer Rothschild

“Concordia, Integritas, Industria”, these three words, which stand for Harmony, Integrity and Industry, aptly describe the Rothschild; indeed the family has diligently been an embodiment of this. The family has a rich history of over 200 years and is believed to own and control 80% of the world’s wealth. It is amongst the 13 richest families of the world. In 2005, they were ranked 7th on the list of “20 Most Influential Businessmen of All time”. In 2015, Benjamin de Rothschild was ranked 1121 in Forbes list of world’s billionaires, with a net worth of \$1.61 bn.

However, Rothschild’s business history dates back to 18th CE. The story begins with Mayer Amschel Rothschild, who was a court factor to Langrave William of Hessel-Kassel in Frankfurt, Holy Roman Empire. William engaged in trading of rare coins with Mayer’s father as a child and grew close to Mayer as well. So, the business opportunity came in easy for Mayer. During the Napoleonic War, William gave his fortune to protect it from getting seized. Mayer sent it to Nathan Mayer Amschel Rothschild, his son, in London, who invested that wealth in the British Crown. The investment paid off and Mayer made sufficient interest, which gave birth to the Rothschild Dynasty in the 1760s. Thus, began the journey of a business born from the right hand played at the right time. Little did Mayer know that he had set in motion the base wheel for one of the biggest dynasties in the world. Mayer expanded his business internationally with the help of his 5 sons. He set up his business in London, Paris, Frankfurt, Vienna and Naples; the five major European Financial Centres of the time.

Rothschild family is spread across 4 major branches. The British branch was founded in 1798 by Nathan Mayer Rothschild, who first established a textile business in Manchester and then established the N M Rothschild & Sons bank in London (current net income stands at 51.558 mil pound). He funded the British War and helped the Bank of England during liquidity crisis. They are known to fund the Suez Canal and Cecil Rhodes in the development of the British South Africa Company. Post Napoleonic War, the French branch financed railway construction and the mining business that made France an Industrial Power. The group has assets worth euro 100Bn (2008). The group owns Club Med and a bunch of wineries. The Austrian Branch contributed in the establishment of the first bank in Vienna (1820s), which brought in huge amounts of wealth. However, the branch was shut down after the Nazis seized the control during WW2.



”

MONEY IS THE GOD OF OUR TIME,
AND ROTHSCHILD IS ITS PROPHET

“

Under the Naples Branch, CM de Rothschild & Figli Bank gave loans to papal states and various other Kings of Naples & Grand duchy of Tuscany. They are known as the “guardians of papal treasure”.

Rothschilds survived the WW2. This came as a big surprise at the time given the fact that Rothschild is a family of jews. The reign of Hitler terrorized the world but Mayer Amschel Rothschild decided to pull through amidst war and came out victorious. By 19th century, Mayer Rothschild was known as the “Founding Father of International Finance”. They opened Chemin De Fer Du Nord (Rail Transport Company), Eramet (Mining company) Chateau Lafite Rothschild and Chateau Mouton Rothschild (Winery). They also pushed Brazil to independence from Portugal and funded Japan in the Russo-Japanese war. After the death of Mayer, Nathan became very successful and was generous in his donations to many charities, schools and libraries; he ran public orphanages, hospitals and homes for elderly. Nathan was loved for his good deeds but, somewhere, all of it sounds too good to be true. All of these strategically funded charities raised doubts of being just a cover up to channel illegal wealth to legal deeds. In 1953, he founded the Edmond de Rothschild Group.

How did they get so wealthy? By simply being at the right place at the right time. The wide network of agents, shippers and carriers has helped them stay one step ahead. During the Napoleon War, Nathan financed the British war effort by trading Bullion to Duke of Wellington's armies worth US \$869 million (present value) across Europe and to the British allies. They also transported gold across war-torn Europe. Nathan was always one step ahead of his peers as he got the information before hand and was able to move accordingly. Due to this, he was able to pull off the biggest move in the financial history. When he got the news of Wellington's victory before the British government he decided to inform the government immediately instead of hiding it. He bought all the government bonds at a low price and sold them at a higher price, thus, making 40% profit. The family was also able to help the Bank of England during a major liquidity crisis by lending money. But where did they get all this money from? It was simple. The Rothschild have never had their wealth lying around in cash but have rather invested it in debts, stocks, funds and bonds. This makes it easier for them to move their money around, help banks in need and finance wars.

Rumors of Rothschild controlling the Federal Reserve to grab control of the US and Europe also make circles. Since, the Federal Reserve is responsible for interest rates, influencing mortgage payments of families and printing money for the US government, anyone who has considerable control over the Federal Reserve can be said to have control over the US economy. The Rothschild dynasty along with Rockefeller and Morgan is able to control the wealth through this pattern. Nathan Rothschild once said, "I care not what puppet is placed upon the throne of England to rule the Empire on which the sun never sets. The man who controls Britain's money supply controls the British Empire and I control the British money supply." This strong statement has no recorded evidence so most believe it to be untrue. Intra-family marriages have been a common practice to keep the wealth in the family itself. A practice that is frowned upon in the modern world is something that has really kept the family united and rich. The family is also known to control the banking trade of East India Company.

Apart from this, the family's rumoured links to Satan often hold a prime role in discussions. Some people claim that the family worships Satan and their name is seen on the Seal of Solomon.

The family founded the Edmond De Rothschild Group in 1953, a financial entity based in Geneva, Switzerland, which specializes in asset management, private banking, luxury hotels and yacht racing. Not always on the upside, the family has faced blows, the most prominent one during the Financial Crisis (2007-10), but came out unscathed due to their conservative business practices. The family owns shares in the Rockefeller family wealth, which always turns in their favour and has strengthened the "connection" between the two families. The conspiracy theory circling around the family claims that they own 80% of the wealth and their net worth stands at \$300 trillion. But, there is no hard evidence to support this claim and it is said to be a result of the family owning shares in the funds their banks invest in, which further own shares in different funds and public companies and the cycle goes on.

However, the supposedly biggest business in the world seems to be coming to an end. The dynasty has diluted it's business in the last decade. They sold over 20% of the Rothschild Continuation Holdings to Jardine strategic, Hong Kong (2005) and 7.5% to Rabobank Group (2008). The family plans to take Edmond de Rothschild S.A. private. Their fortune has a \$2 trillion worth in assets including all the family owned business.

India is no far from the influence of Rothschild; they have an investment bank in Mumbai, Maharashtra. In 2011, Rothschild spread their branch in China when RIT Partners, UK-based Rothschild subsidiary set up its first private equity fund. The famous Chateau Lafite wine serves as one of China's Wealthiest Labels. But for a business that has its branches spread all over the world, 3 countries remain clear of its shadow, namely Cuba, North Korea and Iran. Rothschild continue to be one of the richest families of the world despite the conspiracy theories surrounding them. There is no way to know for sure whether they have earned this wealth by fair means or if any of the conspiracy theories against them are true. But, if there's one thing that people can be sure of, it's the fact that the Rothschild family has impeccably managed to remain out of the public eye.



COMPARATIVE ANALYSIS OF CORPORATE SOCIAL RESPONSIBILITY AND SOCIAL IMPACT BONDS IN THE CONTEXT OF INDIAN PHILANTHROPY

ABSTRACT

INTRODUCTION

Adding 100 million donors since 2009, India has a higher population contributing towards philanthropic activities as compared to countries in the same league. Contradictorily, income inequality has been at its highest since 1922. With such inequality on the rise, the above data is a relief as well as a reflection of the dire need for philanthropy in India, which in today's day and time cannot be overstated.

Philanthropy can roughly be defined as a charitable giving towards a social cause on a large scale. It differs from the act of donating as a long-term and strategic effort to increase social welfare by providing aid through personal will. Focus of Indian philanthropy has been the 'quantum of money donated' and 'measurement of impact', both lacking potentially. However, The Companies Act, 2014 has added to the magnitude of donations in India.

The Indian Companies Act 2013 was amended to mandate spending at least 2% of the average net profits under CSR (Corporate Social Responsibility) every year by companies that earn a net worth and profits above a particular value. While the CSR policy in India has been widely implemented, Social Impact Bonds (or SIBs) remain nascent worldwide. An impact bond is a form of an outcome-based contract between the public or a non-profit service provider, and private investors in which private individuals or firms provide upfront funding for interventions to improve specific and targeted social outcomes. Investors in SIBs can expect to receive a return on their investment once service providers meet predetermined outcome targets.

Both these philanthropic policies have their own structures of working. However, they primarily aim to increase philanthropic activity in an economy.

TEAM - SIDELINE

**Arushi Dixit, Ritika
Agarwal & Navya
Surekha (Miranda House)**

When it comes to implementing either of the policies in the Indian economy, what works and what doesn't in the context of philanthropic trends in the nation remains a complex problem. Therefore, the past record of philanthropy in India needs to be studied to know what aspects of CSR and SIB can be effective in India.

This paper hopes to study the philanthropic trends in the Indian society and assess whether SIBs, a new innovation in social service financing could be an effective policy. As SIBs form a new policy, we aim to draw common parameters by using CSR as a reference point, so that we can reach our objective of examining the relative efficiencies of both policies and exploring whether SIBs could be a solution for the shortcomings of CSR.

This paper is a compilation of an extensive research based purely on secondary data, accompanied with original analyses. We use data from authentic reports, research papers and government websites.

Structure of the Paper:

1. Philanthropy in India
2. Assessment of CSR and SIBs
3. Comparative Analysis of CSR and SIBs
4. Conclusion

THEORETICAL BACKGROUND

I. PHILANTHROPIC TRENDS IN INDIA

Through secondary sources and analysis of the same, we concluded the following about the philanthropic trends in India:

- The growth, potential and need for philanthropy in India are vast.
- Focus lies on short-term philanthropic goals measurable through monetary value of donations.
- Religious donations form a majority of philanthropic donations, remain undocumented and divert resources from large-scale, endurable projects.
- Non-profit organizations receive a large proportion of donations.
- The government is a dominant apparatus in philanthropy due to its vast resources and infrastructure. Thus, working with the government is necessary to achieve efficiency.

- Philanthropic connectivity and distribution has improved due to innovative approaches of the corporate sector through research, impact-measuring mechanisms and planned approach.
- Collaboration among the government, private sector and non-profit bodies is lacking, making philanthropic giving inefficient.

II. CORPORATE SOCIAL RESPONSIBILITY (CSR)

As per the CSR Act, enforced in 2014, eligible companies have a net worth of INR 500 cr. or more, or a turnover of INR 1000 cr. or more, or a net profit of INR 5 cr. or more in a given financial year. They need to form a CSR committee, formulate a CSR policy and implement projects according to Schedule VII of the Act. CSR related disclosures have to be published in an annual report.

CSR expenditure has unambiguously increased across the private sector. Companies initially spending above the prescribed amount under the policy continued doing so, often incentivized by social service, goodwill, reputation, awards and avoiding punishment. CSR fails to incentivise outcome-based expenditure due to lack of a system of checks and balances, leading to unaccountability. CSR has failed to curb unequal donations in diverse sectors of social service. It restricts participation by SMEs and MSMEs.

III. SOCIAL IMPACT BONDS (SIBS)

SIBs form an outcome-based contract between the public or a non-profit service provider and private investors, operating over a fixed period of time and guaranteeing a fixed rate of return only if service providers meet the predetermined outcome targets.

SIBs include assessing a measurable outcome that can benefit the target group (e.g. reducing criminal recidivism by 30%) by connecting a private investor (corporate, foundational or individual) to the service provider (NGOs etc). The service providers receive the funds and aim to achieve predetermined targets by the end of the contract period. If the targets are met, which is decided by the evaluator (an independent body), the private investors earn a return.

If not, initial investments are lost. The outcome funder is the government in case of an SIB. The only difference between an SIB and a DIB is that the outcome funder is a private body for a Development Impact Bond (DIB).

Therefore, SIBs incentivize philanthropic donations and effective management of social schemes initiated by private investors. They increase accountability by ensuring measurable targets; ability to quantify these targets becomes a prerequisite for SIBs. SIBs have been successfully implemented in USA, the UK etc. One DIB project around girl child education was underway in Rajasthan, India since 2015. Only recently in July, 2018 did the final reports of the project confirm its success, making analysis of SIBs even more relevant in the context of India.

COMPARISON AND ANALYSIS

Comparative Analysis refers to the item-by-item comparison of two or more comparable alternatives. We compare both philanthropic policies based on 5 parameters, selection of which pertains to comprehensiveness, relevance, flexibility, inclusivity, characterization and practical possibilities.

I. IMPACT OF MANDATORY COMPLIANCE

On finding that mandating CSR didn't lower corporate spending, we analyze whether or not SIBs in India should be mandated. We consider 4 models – CSR with mandatory SIBs, CSR with non-mandatory SIBs, CSR replaced by mandatory SIBs and CSR replaced by non-mandatory SIBs. The first two models provide extended choice to the individuals/investors and a probable increase in the magnitude of donations. The other two cannot conclusively state the comprehensive impact of replacing CSR with SIBs.

II. EXISTENCE OF SECTOR-WISE IMBALANCES

We concluded that CSR is unable to curb unequal donations in diverse sectors of social service; while education receives the majority of donations, slum development remains ignored.

Studying the implementation of SIBs abroad in different areas and assessment of these models helps us to conclude that this imbalance can be curbed by SIBs when the key drivers of the same are caused by insufficient structures and hesitance, as is prevalent in India. However, as Indians can be disincentivized by lack of choice in choosing a philanthropic sector, CSR coupled with mandatory SIBs is likely to curb imbalances more than a model with non-mandatory SIBs.

III. ACCOUNTABILITY AND MEASURE OF SOCIAL IMPACT

While CSR lacks accountability and outcome-based measures, SIBs incorporate quantifiable measurement of social outcomes, thus ensuring the much needed accountability in the philanthropic context of India. Measuring the impact of CSR expenditure is not incentivized while SIBs provide monetary and psychological incentives, establish an independent regulatory body to measure outcomes and shift focus on long-term philanthropic goals. However, SIBs are introducible only in areas where impact is measurable.

IV. PRIVATE INCENTIVES

Incentives encourage voluntary participation by the private sector, which is indisputably better than mandatory participation in a philanthropic context. Incentives under CSR include social goodwill, reputation, awards and fear of condemnation, subject to influencing factors. SIBs provide, in addition to the aforementioned incentives, others direct incentives, including monetary return, efficiency and measurability of social impact and facilitation of innovation, leading to better outcomes for all stakeholders under certain models.

V. MAGNITUDE OF PARTICIPATION

Official bars divide manufacturing and service industries into micro, small, medium and large. Firms falling under CSR are limited to the ones crossing annual net profits of Rs.5 cr. SIBs don't require such restrictions; individuals, SMEs and MSMEs are included, thus, pumping additional philanthropic funds by not curbing potential donors. However, greater inclusivity leads to better division of management and accountability.

CONCLUSION

Our research concluded that **philanthropy in India has the scope** to curb underdevelopment when coupled with efficacious implementation and planning. Recorded behavioural patterns of Indian philanthropists can either be incorporated into policies or be countered by them, based on policy discretion. Innovation and accountability in philanthropic ventures are necessary and can be facilitated by instruments and incentives like SIBs. **While CSR provides more choice, SIBs, under specific models and assumptions, theoretically trump CSR in terms of efficiency, impact-based expenditure, private incentives and magnitude of participation, along with enabling a targeted approach to reduce sector-wise imbalances.** Comprehensively, **a model with mandatory CSR activity and non-mandatory SIBs is the most suitable in India.**



JAIPUR'S BLUE POTTERY

Jaipur Blue Pottery has a long history. It came to India via Mongolia, Mesopotamia, Persia and Turkey in 16th - 17th CE with the Mughals. Nostalgia for their homeland in Samarkand made the mughals mimic several native elements in their new home of Hindustan.

Blue Pottery's earliest use was as architectural embellishment in mosques, palaces and tombs in Central Asia in which lapis lazuli was extensively used. This is how it acquired its predominant blue tinge.

Jaipur's hot and dry climate as well as its proximity to raw material makes it a uniquely suitable for the manufacturing of Blue Pottery which is why today this city is synonymous with Jaipur Blue.

It has been a long journey. Traversing countries, the famed Jaipur Blue travelled all the way from China to Turkey, Mesopotamia and Persia before coming to Kashmir with the Mughals and finally finding its abode in Jaipur. Today, it embodies all these cultures it has absorbed on its way, morphing in the process to reflect the modern idiom of present.



GARHWAL HIMALAYAS



The Garhwal Mountains have caught the imagination of adventures and pilgrims alike. For the religious, they are the true Abode of Gods while for the adventurous, they offer the most challenging treks.

These Sacred Mountains are the eternal paradise with their magnificent glaciers, majestic snow-clad peaks, plush meadows, virgin valleys, black forests and clear lakes.



CHERIYAL PAINTINGS

SCROLLS WITH EPIC TALES



The Cheriya Paintings are vividly colored scrolls that tell tales of life as it used to be. The vibrant tone of red instantly arrests the eye, as one's gaze wanders across the scroll, each frame narrating an episode from the epics.

Cheriyal Painting is a highly stylised form of the Nakashi Art, originating in a small village Cheriyal in Telangana.

Long before visual entertainment took hold of us, art and craft was used to entertain people. The genre of scroll painting was one such art form, where touring entertainers carried scrolls from village to village, singing and narrating stories using scrolls as visual aids. People would gather around a huge banyan tree and these long (usually 40 feet), vibrant scrolls would infuse life into the tales sung by the entertainers.

Cheriyal scrolls adopt a storyline and community-specific vocabulary and were handcrafted by these touring bards using natural (black from lamp soot, yellow from turmeric) and vibrant colours on a white Khadi cloth. Color has a great significance too - the color blue is reserved for special Gods, yellow for goddesses and ladies, light pink for others.

DIGEST

HEADLINES



MARCH WILL BE AN IMPORTANT ECONOMIC MONTH FOR WORLD ECONOMY

The coming weeks are set to offer clarity on a US-China trade deal, Britain's fate within the EU and any signs that China's economy is turning around. At the same time, US President Donald Trump is mulling a report that may lead him to place tariffs on European and Japanese cars, while the Federal Reserve, ECB and Bank of Japan will decide policy.

TATA GROUP CHECKS INTO AIRPORT BUSINESS WITH INR 8,000-CR DEAL

A consortium of Tata Group, a unit of Singapore's sovereign wealth fund GIC and SSG Capital Management will invest Rs 8,000 crore (\$1.2 billion) to buy a stake in GMR Airports Ltd, which runs India's biggest airport. After the purchase, Tata will hold 20% in the airport unit, while GIC will get 15% and SSG will own 10%.

RAGHURAM RAJAN RAISES DOUBTS ABOUT INDIA GROWING AT 7%, SAYS CLOUD OVER GDP DATA NEEDS TO BE CLEARED.

Former RBI Governor Raghuram Rajan Tuesday expressed doubts over Indian economy growing at 7 per cent when not enough jobs were being created and said the current cloud over the GDP numbers must be cleared by appointing an impartial body to look at the data.

Rajan, who has also served as Chief Economist at the International Monetary Fund (IMF), said he had no idea what statistics are pointing at currently and "a revamp" was needed "to really figure out what India's true growth rate is". He even questioned that how can we grow at 7% and not have jobs.

TAX ON SUPER RICH CAN FUND RAHUL GANDHI'S NYAY, SAYS WORLD INEQUALITY LAB

Under the 'Nyay' scheme, Rahul Gandhi said the Congress will provide Rs 72,000 per annum to 20 per cent poorest families in the country. The name of the proposed scheme is 'Nyuntam Aay Yojana' or NYAY. The word 'Nyay' stands for justice in Hindi. The NYAY scheme has a proposed expenditure of Rs 3.6 lakh crore over and above the existing Rs 3.34 lakh crore expenditure outlined by the Modi government in the 2019 budget. Since the Congress announced that the NYAY scheme will not subsume any existing government poverty alleviation .

schemes, it would mean the government of India would be spending Rs 6.94 lakh crore on subsidies if the Congress comes to power. There are several options to finance an increase in social transfers. The best way to do so in order to tackle rising inequality at the top of the distribution is to implement progressive taxes on income and wealth . Under simple assumptions, we find that a 2% tax on total wealth on households owning more than Rs 2.5 crore of wealth (that is the top 0.1% of households), would yield Rs. 2.3 trillion or 1.1% of GDP," it said. This This tax, the organisation said, would not concern 99 per cent households in India.



DIGEST

THIS DAY IN HISTORY



THE GREAT DEPRESSION

October 1929 - 1939

It was one of the worst economic and financial crisis of the 20th Century. It is said to be the consequence of 1929's Wall Street crash and concomitant poor policy decisions by US Government. It last for about 10 years and hurt the nations with low output, increased unemployment, etc.

RUSSIAN DOWNFALL

29th December, 1922

Right after World War I ended; there were major strikes and riots all over Russia. The major reason was overprinting of money to pay out war deficits. There was high unemployment and wages fell. Workers left homes to hunt for food, hurting the industries even more. The national debt was as high as 50 billion rubbles and ultimately, militias beat army to create USSR in 1922.

OPEC CRISIS

October 1973 - March 1974

The rash decision of OPEC in response to US' intervention in Fourth Arab-Israel war is one of the most fatal mistakes for world economy. By halting the supply to US and other developed nations, OPEC increased the prices by manifold. The period is referred to as Stagflation. It took a long time to recover from this crisis.



GREEK OUTCRY

January 2010

The Greek economic crisis was bolstered by the Recession of 2007 along with profound structural inefficiencies dating back to 1980s. While Eurozone membership is seen as one of the problems behind the downfall, it is the only source providing support and loans to repay the sovereign debt. The repayment is expected to go beyond 2060!



GITA GOPINATH

THE DOYENNE OF IMF

From learning the concept of multiplication through the arranged vegetables on the table to influencing the world economy by her decisions, India-born Gita Gopinath has made the country proud with her appointment as a Chief Economist in International Monetary Fund. The 46-year-old's alleviation from a middle-class Mysore girl to a world-class economist is a saga of hard work, focus and grit, breeding intellectual leadership. Gita Gopinath (born 8 December 1971) is a U.S. citizen and an overseas citizen of India.

She was born to TV Gopinath, a farmer and an entrepreneur, and VC Vijayalakshmi from Kannur. Ms. Gopinath pursued her Bachelor's in Economics from Lady Shri Ram College in Delhi, Masters in the same field from Delhi School of Economics (1992-94) and University of Washington (1994-96) and PhD from Princeton University (1996-2001).

Dhairya Sharma

Gita Gopinath, a professor of International Studies and Economics at Harvard University, can be referred to as the John Zwaanstra of these disciplines. She is the third woman and the second Indian succeeding Nobel laureate Amartya Sen to secure herself a permanent membership at the Economics Department of Harvard. Also renowned as a member of the Eminent Persons Advisory Group on G-20 Matters for India's Ministry of Finance, Mrs. Gopinath's research, which was centred on International Finance and Macroeconomics, has been promulgated in countless top economics journals. She has authored innumerable research articles on exchange rates, trade and investment, international financial crises, monetary policy, debt, and emerging market crises.

Ms. Gopinath is a co-director of the International Finance and Macroeconomics program at the National Bureau of Economic Research and is a visiting scholar at the Federal Reserve Bank of Boston. Adding another ribbon to her string of medals, she is an effective Member of the Economic Advisory Panel of the Federal Reserve Bank of New York. Ms. Gopinath has proved her dynamism by acting as the Economic Adviser to the Chief Minister of Kerala state (India). In her foremost statement after being designated as the Economic Advisor to Kerala she said "it is crucial to recognize that it is an honorary position, that there was no remuneration, and there was no outlook that she would move to Thiruvananthapuram to engage on a daily basis with government or be convulated in all its economic policy decisions." Further stating her duties, she supplemented "My mandate as discussed with Honourable CM is two fold: First, I will reciprocate to any Requests from Honourable CM for Recommendations

on the Economic Impact on Kerala's Economy of Global, National and State events and policies."

Mrs. Gopinath has also accomplished many editorial positions- since 2013, she is the Managing Editor and the Foreign Editor of the Review of Economic Studies.; from 2009-2012, she was in the Board of Editors of the American Review; from 2004-2014, Mrs. Gopinath was the Special Editor and the Associate Editor in the Journal of International Economics and many more. All these fames and positions achieved at the Global level in the editorial field is the evidence of independent wit she has.

Representing India on the global platform, Gita Gopinath has now been appointed as the Chief Economist at the International Monetary Fund (IMF) by IMF Managing Director Christine Lagarde. "Gita is one of the world's outstanding economists, with impeccable academic credentials, a proven track record of intellectual leadership, and extensive international experience," Ms. Lagarde said. "All this makes her exceptionally well-placed to lead our Research Department at this important juncture. I am delighted to name such a talented figure as our Chief Economist." She is the first woman to warm the position of the Economic Counsellor and the Director of the IMF's Research Department. She succeeds Maurice Obstfeld who retired at the end of 2018. Professor Gopinath commenced her term at the IMF in January 2019, taking a two year leave from her Designation at Havard University. Identifying some of her A-list Priorities at the IMF, Ms. Gopinath told The Harvard Gazette that she would like the IMF to continue to be a space that provides intellectual leadership on important policy questions.

In an interview to Business Standard and addressing the problem that india is facing today, Gopinath criticised the note ban heavily. "No. I don't think I know a single macroeconomist who thinks that this was a good idea. And, it's not something I think should be done for a country such as India and the level of development it has. However, Gopinath backed the implementation of Goods and Services Tax (GST) calling it a real reform. More importantly, in the same interview, Gopinath pointed out the problem of lack of quality data on real economic parameters including the suspicious gross domestic product (GDP) figures, the absence of basic data such as state GDP per capita. With her expertise in International Finance, probably, she would have been a great addition to India's economic recovery. Gopinath, thus, joins the list of top economists that India couldn't retain.

Recently, Economist Gita Gopinath is amongst the 30 NRIs who were honoured with the Pravasi Bharatiya Samman by President Ram Nath Kovind. In this pacely developing world, women are matching strides with men, and breaking barriers and setting new boundaries. As workplaces become more inclusive and diverse, women take charge across various spectrums of life.

US - MEXICO

A BERLIN WALL FOR THE WEST



RIYA NAGPAL
(MAITREYI COLLEGE)

"AND I WILL HAVE MEXICO PAY FOR IT"

'Ellos son los hombres malos' or as President Donald Trump addresses the Mexicans with derogatory connotations such as criminals, rapists and narcos. It is quite a statement to put forth, specially when we are living in a world sailing in tides of change. The underlying racism isn't an emergent attack but rather a prolonged and concealed condemnation aging back to 1800s.

The US - Mexico border stretches across approximately 2000 miles from Gulf of Mexico to Pacific Ocean and touches California, Texas, Arizona and New Mexico. The establishment of border is a consequence of the 'Manifest Destiny'. The dynasty dreamed of the Americas spreading from Atlantic Ocean to the Pacific Ocean. In 1845, the U.S. Congress voted to annex the Republic of Texas, which had secured its de facto independence in 1836 from Mexico in the Texas Revolution, though Mexico refused to formally recognize its sovereignty.

Because it refused to recognize Texas, Mexico continued to officially view the boundaries established by the Transcontinental (Adams-Onís) Treaty of 1819 between Spain and the U.S. as constituting the U.S.-Mexico border, though the crux of the border dispute by the mid-1840s was that Mexico held the border to be at the Nueces River, whereas the U.S. considered it to be farther south, at the Rio Grande. After a heart-wrenching series of blood, loss and quietus, American forces captured the Mexican capital in 1847. Through the 'Treaty of Guadalupe Hidalgo', Mexico recognised American annexation of Texas and sold one-third of its territory. The border with Mexico was finalized with the Gadsden Purchase of 1853, under which 30,000 additional square miles (78,000 square km) of northern Mexican territory (now southern Arizona and southern New Mexico) were bought by the U.S. for \$10 million. To understand the current day dispute, we must observe the timeline.

Initially, there were no restrictions on immigrants from Mexico, rather on Chinese immigrants who tried to get in through the border by faking Spanish accent and disguising as Mexicans. The restrictions started during the Mexican Revolution in 1910s when exodus of refugees came to escape the war and the subsequent publication of Zimmerman telegram which manifested the military alliance of Germany and Mexico during World War I.

Over the years and about now, 700 miles of the border have been covered with barbed wires and chain links have been set-up. There are three main categories of fencing: primary pedestrian fencing, secondary fencing behind the pedestrian fencing to additionally deter border crossings by foot, and vehicle fencing. The structure of the barrier also varies. California, Arizona, New Mexico and West Texas, and Southeast Texas each utilize four different types of structures, sometimes combining materials such as concrete and bollard to erect a barrier. Stretches of the border running along Texas also contain the Rio Grande river. A 1970 treaty between the U.S. and Mexico prohibits building anything that obstructs the normal flow of the river. To honour this treaty, some sections of the existing border fence were built significantly inland, sandwiching some U.S. properties between the Rio Grande and the fencing.

The proposal of the wall comes from the fact that about 11.6 million Mexican immigrants reside in US and half of them, illegally. Apart from involvement in employment avenues, illegal immigrants pose a threat to national security and lead to increase in unemployment and poverty. Mexico's long lost battles to drug cartels, deep-rooted corruption and the risk to civilian life due to high crime rates and the desire for higher wages are some of the primary reasons for people fleeing the country. However, Trump's plan of an 'impenetrable, physical, tall, powerful, beautiful, southern border wall' faces obstacles in the arena of funding and environmental compliance; such a step can threaten the diverse landscapes and exacerbate floods. Also, most of the people in a caravan are asylum seekers. Delaying their entry would only mean delaying US' obligation, under its own law, to consider their asylum application. US also doesn't have enough resources and personnel to seal the area between the ports of entry. US- Mexico border is one of the world's most transited border. With an average waiting time of about an hour, many health implications are generated due to ever-increasing regulations.

Air pollution is accelerated by manifolds due to longer waiting time with contaminants like carbon monoxide being released. High levels of traffic collusion can also affect a person's mental health due to stress and aggressive behaviour. Tijuana, a place at the San Ysidro Port is full of deportees who've lost everything in the US. Though, its cheaper cost of living is the prime attraction, immigrants find it hard to quickly adapt and survive. The poor run the risk of being adversely affected due to the ongoing gentrification of Tijuana.

The Trump administration earlier gathered \$1.6 billion from Congress for border barriers but didn't use any of it for building the wall. The money acquired, it said, could be used only to revamp the previously designed fence. As matters stand, Mexico hasn't paid a penny to build the wall. However, Trump won't let up on the border wall and is set to ask Congress for \$8.6 billion to deliver on his signature campaign promise. The last time he demanded money, it led to a 35-day government shutdown that ended in a defeat for the President, who signed the spending bill. It came with a dramatic move. President Trump used his first ever veto to obtain funding for a southern wall border. He vetoed a congressional resolution that would have terminated his national emergency and barred him from using certain military funds for the border wall. He declared an emergency after signing legislation that ended the longest government shutdown in history. The fight against the national emergency shall now be taken across courts as organizations like Civil liberties Union and 16 others challenge his declaration.

It is important to note that the partial wall across US-Mexico border under the Secure Fence Act of 2006 provides an important lesson and must be taken as a guide for any future course of action. The statement that 'there was high cost for low benefits' is a point that needs to be jotted among the important ones. Lowering the costs of trade between the U.S. and Mexico, which should, in turn, increase wages in Mexico, could be a potential example of an alternative policy to reduce migration. By putting restrictions on the cross border movement, regulations can be strengthened so that no side is hurt. Increase in wages in Mexico would not only prove to be a better choice but also help increase the standard of living for the Mexican natives. With increased earnings, people would be willing to take up new jobs, create new businesses and also, provide better means of living for their families.

DOWNFALL OF AN OIL KINGPIN



Akansha Sharma
(Maitreyi College)

For years, the former President Hugo Chavez relied heavily on oil revenues to import food and sell it, along with other goods at subsidized prices. While in power, the government's revenue quadrupled with mounting foreign debt. Hundreds of firms, factories and farms were expropriated during his regime. After Chavez's death in 2013, Maduro who was the closest aide of Chavez took over the charge of a nation crippling in crisis. A deep plunge in oil prices accelerated the steep and still ongoing downfall. The heavy reliance of the economy on oil exports for its revenue deeply shook the various long standing government run assistance programs, such as food subsidies. The government tried to bridge the gap between its mounting expenditures and depleting revenues through deficit financing. By curbing imports, he further strangled domestic industries and the damage to production only worsened when he decided to tighten currency and price controls. The Venezuelan economy drenched deeper into corruption, poverty and hunger.

On a humanitarian front, the crisis has unearthed social and political currents in the Venezuelan land. More than three million Venezuelans have fled their homeland and those who cannot afford to leave have witnessed their quality of life worsen to unimaginable levels. Shockingly, more than ninety percent of the country now lives below the poverty line. A selected group of workers who have been able to earn minimum wages can now afford just twenty percent of food as they could in 2012.

Malnutrition is a stark reality for an increasing number of Venezuelans. The darkest truth of the Venezuelan crisis, supported by expert opinion, stands to be that the crisis is a result of human – decision making. The political paralysis along with an economic earthquake has left this South American nation in deep tremors. Far from alleviating the crisis, Maduro has made basic necessities contingent on political loyalty. In 2016, to preserve his support, he launched a government subsidized food program, known as the Local Food Production and Provision Committee (CLAPS). Venezuelans are eligible to receive a monthly food handout and other benefits, as long as they register for the fatherland card which officials use to track voting participation. Such baits are no longer capable of fooling the Venezuelans. The record high absenteeism rates in last May's Presidential contest are a proof of the same.

Hyperinflation, starvation, widespread violence and medicine shortages have pushed the economy in deep despair. Opposition leader Juan Guaido has declared himself as the interim President following large protests, galvanizing the opponents of current socialist President Nicolas Maduro. The economy is circumventing in a circle of crisis with a lot of changes.

According to a study conducted by the opposition controlled National Assembly, the annual inflation rate has reached 1,300,000 percentage points in the last twelve months. By the end of last year, the prices were doubling every nineteen days on average. Venezuelans have been forced to wait in long queues that can cover the huge city blocks or pay exorbitant prices for food. Venezuela was once the pride of Latin America with the biggest oil reserves on the planet. But, under former president Hugo Chavez and current President Maduro, corruption, mismanagement and high levels of debt have led to the country's collapse.



During the oil boom of 2000s, President Chavez borrowed heavily and also expanded the government's expenditure manifolds. From 2013 onwards, the economy went into a freefall. Many blame Maduro and his socialist government for the decline. Whereas Maduro blames the "imperialists" – the likes of the US and the UK, for waging an economic war against Venezuela. In 2016, the sharp fall in oil prices deepened the crisis further.

Venezuelans are now eating just twenty percent of what they consumed in 2012. Starvation has become a widespread phenomenon. About 64.3% of the Venezuelans have lost 11.4 kg on average, with an obvious higher impact on the poor. Nine out of ten people couldn't afford their daily food; eight million had two meals a day or fewer. Some Venezuelans have turned to charity for food. The country is home to the world's largest oil reserves which make 95% of the exports. For a decade, the production remained constant after which oil prices peaked in 2008. The country earned about \$60 billion from oil exports in 2008. However, the oil prices have plummeted rapidly since the end of 2014. The country hit crisis levels the following year, with GDP shrinking by almost 6% and with inflation soaring. The US accounts for 41% of Venezuela's oil exports. On 29th January, the US imposed sanctions on Venezuela's state owned *Petróleos de Venezuela, S.A. (PDVSA)*, which is the Venezuelan state-owned oil and natural gas company, saying proceeds of the purchase of Venezuelan oil would now be withheld from Maduro's government. But US Secretary Steven Mnuchin said the company could avoid sanctions by recognising opposition leader Mr. Guaido.

Three million Venezuelans have left their homeland since 2014, according to the UN. The majority of those have crossed into neighboring Colombia, Ecuador, Peru, Chile and Brazil. The opposition leader Juan Guaido has been officially recognised as the interim President by the US, the UK, France, Germany, Spain along with several other European and Latin nations. Russia has condemned foreign support for Mr. Guaido, saying it violated international law and is a "direct path to bloodshed". China and Turkey also back Mr. Maduro. The Circle of Crisis is hovering over the Venezuelan sky. Will Venezuela rise from the ashes like a phoenix or sink deeper in this economic puddle?

EXTRADITION

CRIMES AND CRIMINALS



"No one can outrun the long arms of the law", no matter where they ran and what Identity they will be in, they will eventually be handcuffed. However, globalization and increased interconnectivity stand as a hurdle to this objective as it became relatively easier for offenders to escape to a foreign country and evade arrest and prosecution in the home country. This however leads to the internationalization of the Crime and hence Extradition here, stood as an international mechanism for timely return of the fugitives from foreign countries. Extradition is an act in which one jurisdiction delivers a person or an accused convicted of committing a crime in another jurisdiction, over to the law enforcement in that country, where the crime has been committed. At present, India has Bilateral Extradition Treaties with 43 Countries and Extradition Arrangements with 10 countries. According to the Ministry of External Affairs (MEA), India's Nodal Government Body for Extradition matters, India has been able to secure the return of 66 Fugitives since 2002- a large number of which were accused with grave offences. However, there exists only minute achievement of India regarding the return of the accused with Economic Offence.

Extradition efforts by the Indian Government of the Indian businessman and the liquor baron Vijay Vittal Mallya, who was once called "The Man of Good times" has been embroiled in financial scandals. A group of 17 Indian banks are trying to collect approximately ₹9,000 crore in Loans, which Mallya has allegedly routed to gain 100% or a Partial Stake in about 40 Companies across the world. Apart from this, he has been accused for giving the wrong information about Kingfisher's Profitability and Securities. On the Request of the Enforcement Directorate(ED) in connection with a money laundering probe against him in an alleged ₹9000 crore loan default case, the Prevention of Money Laundering Act (PMLA) declared Mallya a "Proclaimed Offender". India had given a formal extradition request for Mallya as per the Extradition Treaty between India and UK through a note verbale and has declared Mallya, a Fugitive Economic Offender, the first person to be deemed so in India, under the Provisions of the Fugitive Economic Offenders Act.

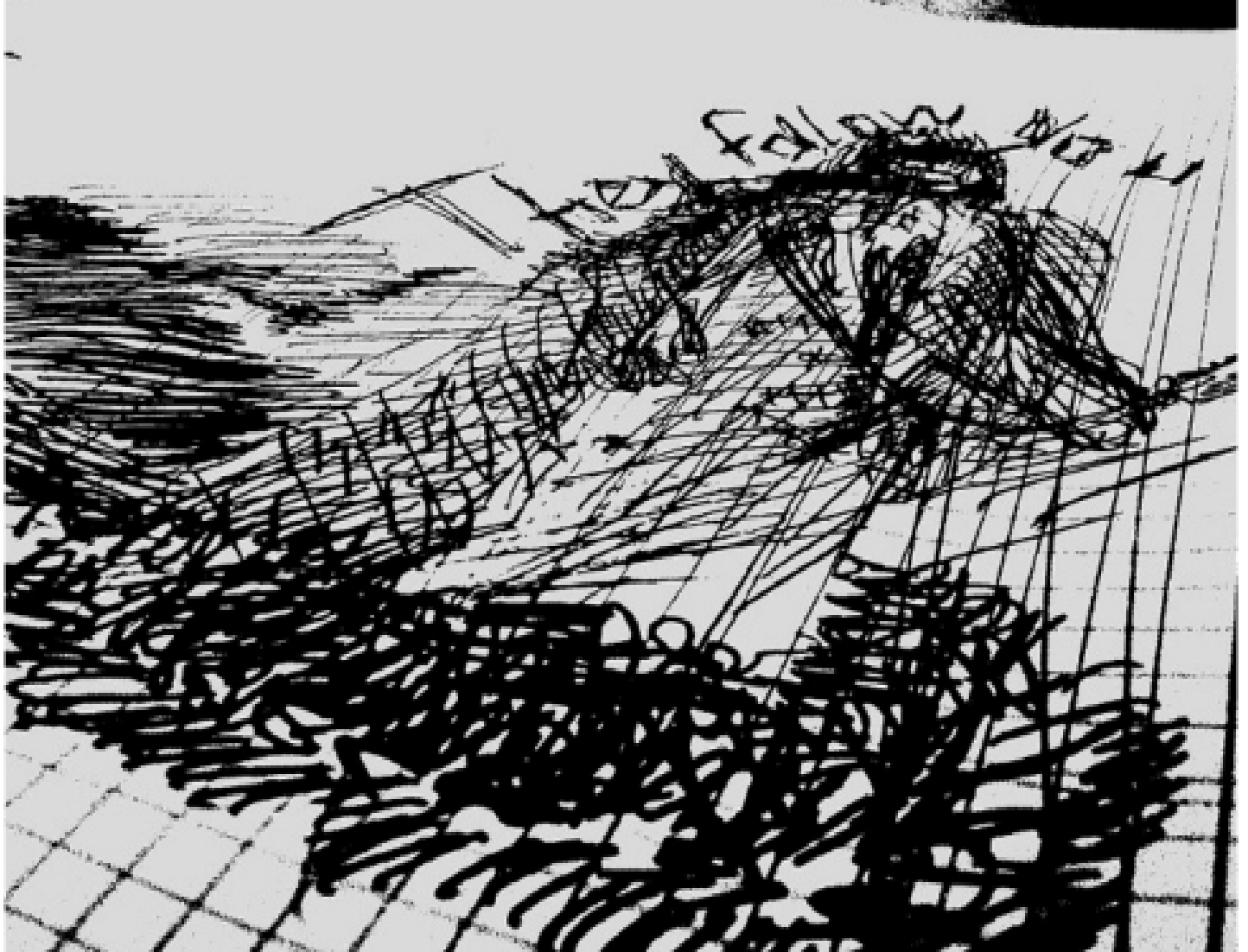
Dhairya Sharma (Maitreyi College)

Liquor baron Vijay Mallya was arrested in London under the Extradition Efforts but was granted bail soon after. Nirav Modi and his uncle Mehul Choksi, are the latest additions to the list of the so-called "Entrepreneurs of New India" who have looted public money. The Second Largest Bank of India, Punjab National Bank continued giving them Loans without any Collateral. . They have fled after allegedly siphoning off about Rs 13,500 crore from the Punjab National Bank (PNB) using Letters of Undertaking (LOU). Partners of three Firms - Diamonds R US, M/s Solar Exports and M/s Stellar Diamonds- Nirav Modi and Mehul Choksi in collusion with two Bank officials committed wrongful deeds and are on Interpol's Wanted List for criminal conspiracy, breach of trust, corruption and money laundering since February'18. Interpol had issued a Red Corner notice against Nirav Modi allowing Security Agencies in all Interpol Member-Countries to track down and arrest the suspect so that extradition proceedings can be started against them. Nirav Modi was allegedly found in London using a fake passport. London Court has issued an Arrest Warrant against him in response to the request by the Enforcement Directorate(ED) for his extradition from the UK for a case of money laundering registered against them, following which he is expected to seek bail. On 20th March 2019 Nirav Modi was arrested by Scotland Yard at the Holborn Tube Station in London. The arrest of Nirav Modi will, nonetheless, make for Excellent Optics in Poll-bound India where Narendra Modi, along with his entire cabinet and BJP leadership, is expected to assert their 'Chowkidar' identities even more aggressively now. Mehul Chowksi has also been a top candidate in this list of 'People to be extradited'.

Extraditing fugitives is not a smooth or a simple task. Currently, the nation and the government are fighting the uphill task of extraditing fugitive Businessmen Vijay Mallya and Nirav Modi, who have been alleged for numerous crimes like money laundering, criminal conspiracy and the breach of trust of their native country. While the Extradition hearing has been formally initiated against Mallya in the United Kingdom and is to be initiated against Nirav Modi, India has not been successful in extraditing these so called entrepreneurs of the country who have looted people. Despite the Signed Extradition Treaty of 1992 with UK, only one person, Samirbhai Vinubhai Patel had been successfully extradited to the country. Mallya has resisted extradition by claiming persecution and Modi too is all set to assert the same. Mallya's counsel contended that the Central Bureau of Investigation (CBI) is not Independent and is often influenced by the government. Hence, proceedings against him would be oppressive and unjust.

To Avoid Returning to India, where he is wanted for a 13,000-crore bank scam, Nirav Modi is attempting to hire a lawyer, who can help him get political asylum in the UK, which according to the legal experts is a preferred destination for seeking asylum because of its Fair Legal System, which gives considerable weightage to human rights. Nirav Modi's Defense is likely to be built on the following arguments: he is not an Indian citizen and because he has a European passport, he is subject to the laws of the European Union; he is a victim of political vendetta; the condition of the jails in India is not ideal. There are various challenges that can be raised against extradition order, ranging from treaty terms, i.e., no extradition for a political offence, to general terms i.e., concern of Human Rights Violation due to which India's extradition system fails to bring the accused back to the country.

Such defaulters not only breach the public by looting crores of money from them, but also by leading to market collapses, severe fund crisis, political instability and system malfunctioning, thus, paralyzing the economy. Frauds like these do more than just loot the vaults. They loot the trust that resides at the heart of the banking system. These scams which involve thousands of crores have huge potential to cause disruption and thus. Let's take the case of Nirav Modi, in which Punjab National Bank, the Second Largest Bank had recently asked for relief package from the government, which clearly shows the state of panic that it had face. To stop loan defaulters from fleeing the country, a committee has been set up under the Financial Service Secretary Rajiv Kumar to suggest new mechanism and changes required in law and to ask the defaulters to share travel details and other required information. On Day 1 of the New Financial Year 2019, the taxman will begin looking into comprehensive, 360-degree profiles of Indian Taxpayers With the motive of "No country for Evaders".



DEGLOBALISATION

Sanskriti Agrawal (Maitreyi College)

Since 1970's until the last decade, the world experienced waves of globalisation. It can even be classified as an era of Hyper-Globalisation. Flows between countries were taking place at a fast pace, be it capital, trade, people or digital flows. Trade as a percent of global GDP hit an all time high of 60% in 2008; in 2018 this percentage declined to 55%. Almost every economy in the world except for the United States had decelerated. The world GDP growth has been declining after it hit an all-time high of 3.75% in 2017. A trend of de-globalisation has come to the forefront. There are several reasons for the same ranging from economics to politics.

The interest rates are high and at the same time banks are not willing to lend across borders because of the global financial crisis, which made them more reluctant to take risks. Another concern is the rising level of debt which was the reason for the 2008 crisis. All these factors together are responsible for bringing the global economy down. There is rise in protectionism around the globe post the global financial crisis of 2008. Protectionist policies take place in the form of quantitative barriers that restrict the free movement between countries of people and commodities. Emerging countries like India and Russia have been opting for protectionist policies for a while now. The major driving force for this is the unequal distribution of the benefits of globalization, which has left the majority of world population behind.

According to UNICEF, the richest 20 percent of the population earns 83 percent of global income, while the poorest quintile has just 1 per cent. People from developing and underdeveloped countries have constantly been moving to developed countries in search of employment. Also, immigration has been very high especially in the western countries. People feel that they are being outnumbered in their own land which instills in them the fears of loss of identity and agency, especially the working class, who they feel that they are being replaced by the endless supply of cheap labor. However, these countries suffer from low to negative population growth rates and they depend on immigration for labour force growth, which is integral for the growth of a country. Another aspect is the rising nationalism, which is incentivising people to use indigenous products and which has also contributed in the backlash against immigration. All of this leads to lower flow of trade as well as of people.

The example of BREXIT best fits to substantiate the above mentioned phenomenon. Around 52% of the voters wanted to leave the European Union despite the campaigns run by David Cameron to stay in the EU. Although the picture is not that simple as leaders like Dominic Cummings, Boris Johnson and Nigel Farage were also campaigning strongly against staying in the EU with slogans like "Vote leave , take control". However, this shows that people were already inclined towards Brexit and that they feel threatened by increased migration. These insecurities and fears among the population led to their willingness to leave the union. Brexit is going to have a huge impact on not only the European Union, but the entire world. It has catastrophic consequences for the British economy as well as for the European Union.

Contradictorily, it might be beneficial for a few economies as it might increase their trade with Britain in the long run.

A similar kind of pattern can be seen in the United States where right wing populist Donald Trump became the president of the country. It is no secret that Trump has nationalistic ideologies and he has always been open about it. For a long time, US has been accusing China of unfair trade practices. China has made multiple moves to acquire the technologies and trading plans of companies putting their establishments in China. Trump is coming directly at China and the conflicts have blown into a full blown trade war. However , there are countries who have benefited from the US- China trade war; their trade with the United States and China has increased, such as Vietnam, Bangladesh and even India. the United States and China has increased, such as Vietnam, Bangladesh and even India.

India has been unable to capitalise on the opportunity optimally. One very important conclusion derived is – what is economically good is not always politically good and this has been a principal factor in channelising the trend of De-globalisation. These trends and ongoing conflicts are definitely a matter of grave concern since they include top economies of the world, having a huge effect on the entire world. Although, there are economies benefitting from these trends, it has more weight lies more on the negative than the positive side. Such uncertainty affects the investment spending and hence growth. It has slowed down the global growth and will have huge effects on individual economies. It can be seen as a cyclical pattern with de-globalisation being a natural after effect of hyper globalisation.

GLOBAL FINANCIAL CRISIS

SPECULATION IN MORTGAGE MARKET LEADING TO FINANCIAL INSTABILITY



The recent global financial crisis showed how the build-up of excessive leverage in the financial sector could make the entire economy vulnerable to a crisis. A credit boom occurred in both public and private sectors alike in the major advanced economies and was even associated with deterioration in lending standards as was evident from the large share of 'sub-prime' borrowers in the United States (US). The average debt level of the 18 major advanced economies was at 165% of GDP in 1980. In 2010, the ratio rose drastically to 320% of GDP. In the US, the debt-to-GDP ratio remained stable at 150% from the mid-1950s to early 1980s, but the ratio rose sharply and steadily to slightly under 300% in 2010 (Chan (2011)).

Consumers in advance economies particularly in the United States were involved in the high level of borrowings relative to their incomes. Loans against increased home equity was largely responsible for increase in household leverage in the United States. Borrowing against home equity contributed 1.25 trillion dollars in household leverage between 2002 to 2008 (Mian and Sufi(2011)). When housing price started to fall, many borrowers (particularly subprime borrowers) did not have the incentive to repay the loan for a property whose market value is less than the loan amount. Intermediaries also could not recover their principal amount by selling the collateral, leading to adverse effects on their capacity to lend further. This deterioration in credit and consequent banking crisis had impacted the real sector.

Prof. Preeti Arora
(Maitreyi College)

In developing countries, financial development is leading to the emergence of new suppliers of credit and these players have greater freedom to make decisions with financial liberalization. In the last 30 years, financial systems have developed dramatically in developing countries and financial innovations have emerged at a spectacular rate. As a result, new forms of nonbanking financial intermediaries have emerged that closely resemble banks and share important characteristics of banking, such as transforming assets, managing risks, processing information and monitoring borrowers. Although some nonbanking financial intermediaries offer liquidity services, these services do not match with that of the banking sector as a creator of money. Even then, the liabilities of NBFIs constitute an important segment of overall liquidity of the economy. These NBFIs are often less regulated in comparison to banking institutions and, thus, are more independent in making their portfolio decisions. Under such circumstances, it is quite possible that they get involved in speculative lending as their lending often remains largely unchecked.

Even when financial intermediaries (FIs) know that borrowers do not have the potential to pay back their loans, they may offer loans with the expectation of making profits in the housing market. FIs with high price expectations will serve the loan market to speculate on housing prices, as expected return from lending is positive only for speculative lending. While such speculative lending may be temporarily profitable for the FIs, it increases the risk of default, making the system vulnerable to crisis. As borrowers default, FIs are unable to meet their interest obligations to their depositors. Eventually depositors withdraw their savings from the FIs, leading to bank runs and melting down of the entire financial structure.

When the economy is booming, investors become more optimistic about future and credit expands. This may happen along with the deterioration in lending standards. In such a scenario, an intermediary may get involved in speculative lending which may have disastrous consequences. Intermediaries might reduce their lending standards to maximize their yields. Such risky lending may prove to be detrimental to financial stability. Given the fact that, during housing price boom, lending may shift from prime borrowers (either households or firms) to sub-prime borrowers (either households or firms), when the housing price starts to fall, it is the sub-prime borrowers who are more likely to default. Such lending can make the system vulnerable. Monetary authorities need to closely monitor the lending activities of financial intermediaries. An active role on the part of supervisory authorities can help to reduce this risk of lending based on sentiments and expectations.

6TH MARCH, 2019

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EKONOMISKA



CAPTURING THE BUZZ

by Shubhi Gupta (Maitreyi College)

On the 6th of March, 2019 Arthaneeti, The Economics Department of Maitreyi College successfully organized its Annual Department Fest, 'Ekonomiska', which landed up Bigger-Better-Grander as promised. The Economics Extravaganza, which is a mix of academia and entertainment, is one of the most awaited academic fests of DU; this year with a plethora of ideas, enthusiasm and enigma, it boggled minds and played with wits. Arthaneeti was able to pull off this herculean task effortlessly with the hardwork of a team of over 60 students. The success of Ekonomiska'19 could be witnessed in the positive responses of the participants, who deemed it as the best academic fest 2019.

The aim of Ekonomiska'19 was not only to present unconventional and thrilling events to the students, but also to highlight the various global and socio-economic issues. With great pride and furor, we beautifully emphasized on the need for 'Empowerment of Women'. Portraits of Malala Yousafzai, Oprah Winfrey, Michelle Obama and many other influential women, who made everybody realize that there is no tool for development more effective than the empowerment of women, adorned the college walls.

In the wake of recent Pulwama attacks, we dedicated a compelling section to all those soldiers, who were involved in the unfortunate incident. The objective was to invite introspection and promote awareness among citizens, and to support and promote the hashtag - saynotowar. Furthermore, a section was dedicated to showcase the struggle of Syrian citizens fighting an unending war with poverty and to reflect the hardships of poverty in a war-stricken state. A special corner was dedicated to the LGBTQ community in honour of the freedom to love. In collaboration with Satrang - The Queer Collective of Maitreyi College - Arthaneeti conducted an Open Mic for people to express their feelings as a part or as supporters of the LGBTQ community.

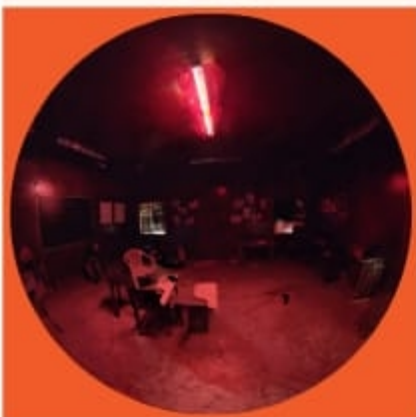
Ekonomiska'19 consisted of two-formal, five-informal and six-fillers events. Mock Stock, one of the two formal events, boasted of a traditional, on the field stock market play in collaboration with Bombay Stock Exchange (BSE). Inquisitive, the second formal event, was a competition of twists and turns which forced the participants to put on their thinking caps and use their intellects. The wide range of informal events included Luck-o-craft, which as the name suggests was a combination of luck and creativity. It encouraged the participants to produce the best out of waste. The event was hosted in collaboration with Stray Relief and Animal Welfare (STRAW), whose motto is to promote animal welfare through education. Photojournalist, which was organized in collaboration with Delhi College of Photography (DCOP), called for all the passionate photographers to cover the various events and sections displayed in the fest. Meanwhile, Filmonomics, which was also organized in collaboration with Delhi College of Photography (DCOP), gave the participants an opportunity to untangle and bring out the economic theories hidden in cartoons and short films. Chef-o-nomist and Murder Mystery were the cynosure of all eyes. Chef-o-nomist was a culmination of cooking and economics, in which the participants had to use a limited amount of fake currency allotted to them to purchase the ingredients from an artificial market and to prepare a 5-star dish highlighting their star ingredient. Murder Mystery foregrounded the festival with the highest number of entries, challenging its participants to show their Bollywood geekiness and their affinity to Sherlock in three exciting rounds. The team which successfully managed to find its way out of the mystery room in the least amount of time grabbed the title of the winner.

A festival is incomplete without its fun-filled and testing fillers. As a wise man once said, "A picture is worth a thousand words".

Pictionary invited participants to use their creativity along with basic knowledge of economics and pop culture to interpret the various hints drawn in front of them. There was also a game for all the I-don't-know-it-all - Irrelevant Answers. This filler event required the participants to give an incorrect/irrelevant answer to simple questions. Stationing a majority of the crowd at its stall, Whisper Challenge was unlike any other. Ekonomiska did not miss out on physical games! Twister tied the participants into various knots and propelled them to strike hilarious poses; this classic game was a must to play. Limbo tested the participant's patience and stability to successfully juggle his/her way from under the rope. A game for all the dancers, Fortnite tried the accuracy of their dance moves and displayed exuberance and vigour.

Arthaneeti was honoured to host PETA (People for the Ethical Treatment of Animals), which is a non-profit organization; they created awareness about animal rights and ways to protect innocent animals. PETA promoted the cause of veganism, thus keeping "Save The Boy" as its central theme. To foster awareness about women related health issues, Arthaneeti invited Primus Hospital to help the attendees get an insight about such issues and the way to deal with them. Furthermore, stalls by renowned institutions such as, NIFM (National Institute of Financial Management) and IBS (ICFAI Business School) were set up to benefit the students academically and to inform them about the potential career options in the fields of business and management. Bunk pages, a beloved store for its funky and creative stationery, put up a canopy in the college premises and hosted a huge crowd.

In a nutshell, it would be correct to conclude that Ekonomiska'19 was a never-miss opportunity, one that created a name for itself. Ekonomiska has expanded in number and status over the past couple of years, and we can proudly say that its future looks bright.



NEETI : A CONTEMPORARY PERSPECTIVE



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