The Business Economist

MBA (Business Economics)

In 1973, the Department of Business Economics, under the prestigious University of Delhi, pioneered a Masters Program in Business Economics earlier known as MBE, combining fundamentals of economic analysis with the practical aspects of business. Over the years, the department has evolved into a mature management institute with national reputation, imparting high quality education to the students. In year 2015, the Department

professionals, with their vast pool of managerial expertise, gives the department its distinctive edge and an exalted stature. In addition to its MBA programme, the department also administers Ph.D. program in varied business and economic research fields.

In its illustrious history of 45 years, the Department of Business Economics holds pride of place in training business leaders and academicians. Over the years, the department has fostered strong alliances with corporate houses and consolidated its position as their preferred recruitment destination.

- Prateek Pasrija
- Shashi Kumar
- Venumadhava Chukka

From the Editor's Desk

This edition of the Business Economist mulls over *Economic Slowdown and Unemployment in India,* exploring various dimensions of the problem in an attempt to identify *Key Issues and Solutions*. Projections for the economy indicate that far from double digit figures, the rate of growth may remain confined to the modest 5.5 to 6.5 percent level. This does bring cause for cheer in context of the global economy, where growth rates are even lower and uncertainty looms large, with a raging trade war between two of the world's most powerful economies, US and China. However, the lagging growth performance is worrying especially in view of the need to spur economic activity to gainfully absorb a large volume of labour market entrants, absolutely crucial to keep India's demographic dividend from turning into a disaster.

In this context the importance of promoting growth in the agricultural sector can hardly be overemphasized, as this continues to employ the bulk of India's workforce. Improving productivity and reviving dynamism in this sector will not only lift millions out of poverty but also arrest the faltering pace of consumption and aggregate demand and revive a sagging growth rate by pushing up rural demand.

Managing the financial sector is also crucial for reviving and sustaining growth. The regulatory challenges thrown up in ensuring finance companies comply with basic prudential norms and with regard to accessibility of finance for the small and medium firms must be squarely faced and addressed. Given the immense employment potential of these enterprises, ease of credit availability to this sector should be a policy priority and can make a valuable contribution to the growth momentum in the economy.

If reviving economic growth is one of the most important challenges, *sustaining* the growth momentum, so that it is in sync with overall environmental balance is perhaps equally so. In this context switching to clean energy sources has to become a priority in view of the unfolding geo-politics of the oil economy and especially as India prepares to play a leadership role in the global stage. Further, amid global uncertainties, currency volatility and a sliding rupee, measures aimed at controlling the external deficit become imperative. So policy focus on clean energy would serve the twin goals of achieving environmental sustainability and controlling the current account deficit by economizing on oil imports.

Yet another challenge emerging fast relates to the disruptions associated with the rapid pace of technological change and the string of innovations applicable across product lines and services coming in with advances in artificial intelligence. Managing change and acquiring the right skill at the right time is fast becoming the single most valuable quality required for success in the job market. In the foreseeable future therefore, the labour market is likely to face unprecedented churn and place immense value on education and skill formation.

Young minds explore various aspects of these issues as they attempt to highlight problems and outline contours of a solution in the various articles in this edition of the Business Economist.

- Dr. A.G. Dastidar

From The Editorial Team 2019

The Indian economy is going through one of the most difficult phases in the post-Liberalization era. As per the Government reports, economic growth in the first quarter for the financial year 2019-20 slipped to a six-year low of 5%. Even the manufacturing sector expanded by just 0.6%, while agriculture grew 2% and construction 5%. Corporate results in each of the quarters is reflecting a slowdown in profit growth across all sectors, limiting the industry's capacity to modernize and expand.

The slowdown is reflecting on job creation, too. Economic Times stated that unemployment hit a four-decade high of 6.1% in 2017-18. The data showed that 7.8% of all employable urban youth were jobless, while the figure for rural India was 5.3%. Meanwhile, the working-age population—those above the age of 15—are expanding by 13 million a month. India needs to create 18.6 million jobs a year to ensure that the demographic dividend is not frittered away. Just to stay at the current unemployment levels, the economy will have to generate 8.1 million jobs a year (as per an article issue by the Times of India), but the numbers are not very encouraging.

The right approach in such a situation is to have a long-term vision with short-term goals helpful in achieving the vision. So, what are the structural changes needed to make India an economic superpower? The first step is the realization that the economy is in dire straits.

In India, the approach has to be structural as our requirement for job creation is extremely high and

ensure that the young population doesn't become a liability; it cannot be left to market corrections, because "the invisible hand" itself alone cannot provide a solution to this major economic problem.This slowing economy needs a holistic approach and not a patchwork. The policymakers need to resist from pushing issues under the carpet and systematically remove the hurdles in each and every sector of the economy. While immediate results are possible in some sectors, others will take time to come up with sustainable outcomes. India needs to cushion its citizens from global shocks and ensure that the population becomes an asset, not a curse.

-Tushar Swami, MBA (BE) 2nd year

India's growth story came to a screeching halt this year. The slowdown in some of the major sectors of the economy has led to job losses which further accentuate the slowdown. The blame for this fall in growth figures can be given to both internal and external factors. But the need of the hour is to bring in some structural changes to pull the economy out of murky waters. The agriculture sector and the MSMEs need special attention from the policy makers. The industrial sector should ride on innovation and scale. The banking sector too is in dire need of reforms.

- Kumari Jyotsna, MBA(BE) 2nd year

Lal Bahadur Shastri Ji quoted "We can win respect in the world only if we are strong internally & can banish poverty & unemployment from our country". Is it such a big issue to focus on when we talk about economic development & national welfare? The 46th edition of Business economist takes us through a bigger picture – Hurdles & the road map for India to be called as the largest Developed Democratic nation of the world. The 'Business Economist' brings together the views of DBEians on the theme: "Economic slowdown & unemployment in India- Key issues & solutions".

- Shubham Agarwal, MBA (BE) 2nd year

With GDP of India plunging to 5% for the June quarter and the august index of industrial production registering a negative growth of 1.1%, India is grappling with the fallout of the economy. The rising job losses are another nail in the coffin from the slowdown which has resulted in sleepless nights, bouts of anxiety and fear of further job losses among people. The question remains how government, whose policies in the past criticized by some notable economists, can save India from the bruises of this slowdown to make sure that the nation continues towards its path of becoming a $5-Trillion economy.

- Bhavesh Chawla, MBA(BE) 2nd year

India has a huge pool of young talent which meets close to the requirement of the Indian workforce; still the problem of unemployment persists.
What India needs right now is a set of perfect tools where it will guide the right pathway to these mighty hands which will shape the future of the India.
This decade has shown technological shift where Artificial Intelligence, Big Data, Blockchain, etc. came into picture and the world is disrupted digitally. These elements have shaped the industry functioning and the workforce as well. Indian industry is shifting as well and through Business Economist we will look at this change and this can be leveraged to improve the current unemployment scenario.

- Sneha Singh, MBA (BE) 2nd year

Technology has been growing at a tremendous pace. While this has led to major disruptions, it has also taken up a unique place in itself. Recently, Nirmala Sitharaman, our FM has apprised the tax officials to use ‘tech’ to access tax claims in an effort to facilitate tax recovery and boost our economy. Government reforms along with the aid of technology could really upraise the economy. Furthermore, despite the prevailing economic slowdown, India still retains the tag of the fastest growing economy alongside China as reported by the IMF. Technical disruptions need to be tackled by upskilling the workforce as it also has a humungous potential to solve the employment issues furnished with proper governmental reforms.

- Arunav Das,
MBA (BE) 1st year

India’s GDP forcast is decreasing from quarter to quarter, what contributed it. Maintaining the overtight policy for too long or sticking of the MPC to its old structural modal who is unwilling to amend it.Bigger policy rate cut or other activities related to the fiscal expansion result into a very little affect on the ground. Because of this a severe unemployment crises is waiting ,policy makers need to see if a GDP or Job focus is better .The “Business Economist” aims to collectively put forward the challenges that India will going to face and a way forward to it.

-Shashi kumar, MBA (BE) 1st year

India is facing a sharp economic downturn and severe loss of business confidence. The alarm over the economic condition is not merely a reflection of a slowdown in GDP growth but also the poor quality of growth.Private sector investment, the mainstay of sustainable growth in any economy, is at a 15-year low.In other words, there is almost no investment in new projects by the private sector. The situation is so bad that many Indian industrialists have complained loudly about the state of the economy, the distrust of the government towards businesses and harassment by tax authorities. But India's economic slowdown is neither sudden nor a surprise. The "Business Economist" intends to all in all put forward the difficulties that India will confront and a path forward to it.

- Prateek Pasrija , MBA(BE) 1st year

Intending to acquire 5 trillion dollars economy status, India has to consistently achieve a minimum of 9%+ growth rate for the next 5 years. Whereas economic indicators reflect that the GDP growth of India has gone down to almost 5 percent in the first quarter of the financial year 2019-20. Reviving demand in the Indian economy needs both short-term and long-term policy measures by the government.

Reducing imports, tax reduction, subsidized loans, increasing consumption of domestic goods, lower lending rates by Reserve Bank for spurring investment by industries, certainty in business environment are some of the methods to revive the economy from the current slowdown. If correct steps are taken, the Indian Economy could well come back on rails with a growth achievement of 9-10%.

- Venumadhava Chukka, MBA (BE), 1st year

To quote Franklin D Roosevelt 'Demoralization caused by vast unemployment is our greatest extravagance.' We live in a world where people's central identity is defined by their occupation. So, instances of long-term unemployment have a regressive effect on psyche of the entire demographic. If history was to be served as evidence, long term economic prosperity is usually a pipe dream. But the ripple effect of a large-scale economic slowdown in a world where conspicuous consumer consumption and materialism are society's central tenets is difficult to quantify. So, a herculean effort is required to challenge the status quo in a sustainable manner while at the same time not compromising on the founding principles of the said society.

- Sampat Mishra, MBA (BE) 1st year

The unemployment in India is a serious threat for its growth, both as a developing country and an expanding economy. Every unemployed person is a resource laid to waste and an extra mouth to feed. Unemployment and poverty goes side by side. Thus, Unemployment is one of the major concerns of the Indian Government. Changes in Industrial Techniques, policy regarding seasonal unemployment, changes in the education system, expansion of employment exchanges, more assistance to start-ups/self-employed people and increase in production are some ways to tackle unemployment in India.

- Shubham Thakur, MBA(BE) 1st Year

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Oil War to Tech War

By Prof. Vijay Kumar Kaul, Head - Department of Business Economics

The ongoing US-China trade war, sanctions imposed by the US, arrest of the Huawei Director (daughter of founder) in Canada, Russia capturing and destroying Ukrainian ships in Kerch Strait, the turmoil in the Middle-East, Venezuela regime change and the collapse of its economy are some of the recent happenings in global power politics and economy. Most of these happenings are linked with projection and assertion of global dominance by leading players. These are also related with the two most important geopolitical trends of the 21st century: the emergence of China and technological advancements. While the existing incumbent global economic, technological and military power, the United States is struggling to maintain its dominance, the emerging economic power, China, on the other hand, is seeking its place in the same group with its own market, financial and military capabilities.

These two geopolitical trends have changed the nature of strategic competition with a shift from oil and natural resources to owning and controlling of the most sensitive technologies. Even the deliberation in the recent global meets COP24 on climate change in Katowice, Poland, and G20 meet in Argentina reflect the changing strategic competition where efforts were made to establish and strengthen the rule based system for the functioning of global economy and politics.

Earlier in the 20th century, it was the strategic resources like oil which led to competition and war. Now in the 21st century, it is competition for core and sensitive technology. Oil, concentrated in certain geographical areas, was the main resource in the 20th century that brought a significant change in the life of people and world economy, either through the revenue generated by selling these resources or by using it in industry, transport, domestic consumption or for military purpose. There have been several conflicts and wars to have control over this precious resource during this period.

The new developments in energy technologies, industrial revolution 4.0, artificial intelligence (AI), robotics and digitalization have overshadowed its importance. The fight and competition among the leading countries is to have control over the most sensitive technologies, semiconductors, AI and data. These new technologies have their own ecosystem. The control over the ecosystem of new strategic technology is the new battleground. Ecosystems include not only the hardware and software of the device, but developers, applications, e-commerce, advertising, search, social applications, location- based services, unified communications and many other things.

Is this whole shift in strategic competition from oil to technology leading to disruption, civil distress and war type situation in the world system? Is it going to have an impact on the peace in the Indo-pacific region? Is it leading to cold war between the USA and the China? Is it an indication of emergence of a bi-polar world, instead of multi-polar world as perceived by many strategic experts?

Geopolitics to Geo-economics

In international relations and politics, geopolitics and geo-economics, expression of geostrategic competition among great powers, are considered as two sides of the same coin. However, both these concepts are different in their instrumental and operative logics. Whereas in geopolitics, the political leaders formulate strategies by employing diplomatic and military means, as well as intelligence capabilities to achieve their geostrategic objectives, in case of geo-economics, the political leaders formulate strategies by employing control over markets, resources, and rules that shape international economic interaction to attain their geostrategic objectives.

After the end of the cold war and break up of USSR, there is a decisive shift towards Geo-economics. Countries are engaging themselves in strategic competitions using more of economic strategies. There has been a big jump towards globalization focusing on increased trade of goods and commodities, international production and investment, money, people, and exchange of ideas and technology. This led to increased economic prosperity in developing countries and uplifting of people from poverty, especially in East Asia region. China has used it very effectively with the help of its own low cost manufacturing capabilities, the cold war rivalry between USA and Russia, favorable geopolitical environment, MNCs driven global value chain and investment, and strong single party leadership to rise as an economic superpower. (see table 1). Figure 1 demonstrates the rise of China as economic power with significant share of GDP in World GDP. This is the fastest rise of a country on the world map.

By the end of the 2000s, the centre of economic gravity had moved away from the North Atlantic towards other regions, especially the Far East. Along with the established major geo- economic actors – France, Germany, Great Britain, Japan and the United States, there emerged geo-economic powers in the emerging markets, such as Brazil, China and India among others. It is to be noted that geo-economics has not entirely replaced military means of statecraft. Economic and military instruments coexist, being used by the states depending on what they consider adequate for the specific challenges they are facing. For most sophisticated geo- economic actors, geo-economic and military dimensions of statecraft tend to be mutually reinforcing.

Oil War

Petroleum is a strategic resource which is linked with national strategies and global power politics. This has led to several conflicts and wars in the 20th century. The importance of oil is because of four main reasons. First, as a major part of energy in the 20th century, Oil has been very important for industrial development and economy as a whole. Second, on account of its nature and large-scale economies, oil is easy and cheap to transport. Hence, oil and oil products have become major internationally traded commodities. Third, oil prices affect the economic growth. Four, geopolitics and oil are closely linked. Any loss of oil supplies as a result of geopolitical happenings, leads to speculation, rumors that affect the government's policy in oil consuming countries. There are four main mechanisms by which oil fuels international conflicts: resources wars, externalization of civil war in oil- producing nations, conflicts triggered for oil dominance, and clashes over control of oil transit routes. Between 1941 and 2014, at least ten wars have been fought over oil (*see table 2*).

Table-2: Oil war [illegible] and Conflicts 1941-2011	
Nazi Germany's Invasion of the Soviet Union (June 1941)	[illegible] inva[illegible] Soviet Uni[illegible] June 22, 1941 was the capture of the oilfields in the Caucasus.
The Attack on Pearl Harbor & U.S. Entry into World War II (1941)	The U.S. oil embargo was the pivotal factor leading Japan to attack Pearl Harbor, bringing the United States into World War II.
The Biafra – Nigeria Oil War (1967)	Oil was a major issue in the Nigerian civil war with Biafra
The1973 Arab-Israeli War	While oil was not directly the cause of the 1973 Arab-Israeli War, using oil as a weapon was a central part of the planning for the war.
The Iran-Iraq War (1980-1988)	The real factor behind the Iran-Iraq war was a simmering rivalry between these two oil-producing nations underpinned by each one's aspiration for strategic primacy in the gulf region and supremacy inside OPEC.

The Iraq-Kuwait War (1990)	The invasion of Kuwait in 1990 was triggered by a dispute with Iraq over the Rumaila oilfield, which straddles the border between the two countries.
The War on Iraq (2003)	The U.S. invasion of Iraq in 2003 was undoubtedly about oil. This was the 21st century's first oil war.
The Sudan Oil War	It was linked with only pipeline capable of transporting the South's oil to international markets (and thus generating revenue) remained in the hands of the northerners.
Syria's Civil War	Geopolitical competition to control Mideast oil and gas pipelines. Along with this U.S's main objective, before civil war, to weaken Iranian influence across the Middle East.
The War on Libya in 2011	Portrayed as a humanitarian effort by the U.S. and NATO to protect civilians, it might be viewed it as an effort to get better terms for their oil companies
The Annexation of the Crimea	50 per cent of Russia's gas and oil supplies to the European Union (EU), amounting to 30 p[illegible] its [illegible] NAT[illegible]

The availability of [illegible] policies etc.

oil, its volatility and uncertainty in prices lead to instability in economic activities of different countries. The OECD countries have over time diversified their energy mix and are moving towards low carbon growth, using other energy sources. The developing, non-OECD, countries on the other hand, are still dependent on oil. The demand for oil has been growing in emerging markets, like China and India (see *table 3* and *Figure 3* for the present and future shares of Oil in the overall Energy mix). The future trends of demand for oil are dependent on several factors: Technology, Income of oil producing countries, energy prices climate change policies etc.

In case of technology and innovation, three areas are particularly important and have significant impact on the future of oil: carbon capture and storage; the development of batteries; and the spread of shale technology. The result of these has already started showing its impact on the prices and demand for oil in developed countries like USA. The USA has emerged as a major producer and started exporting oil. The relationship between energy demand and GDP growth is well known. However, any change in the income of different countries on account of another financial crisis or dramatic implosion of the Chinese economy may change the pattern of the demand for oil. The combined influence of international prices and domestic energy pricing policy also influences the demand for oil in the future. Under Paris Agreement there is big attempt by international community to move towards a low carbon growth. All the major countries have committed to reducing carbon emission by following different strategies including reducing the fossil fuel consumption, improving energy efficiency etc. This will also affect the demand for oil.

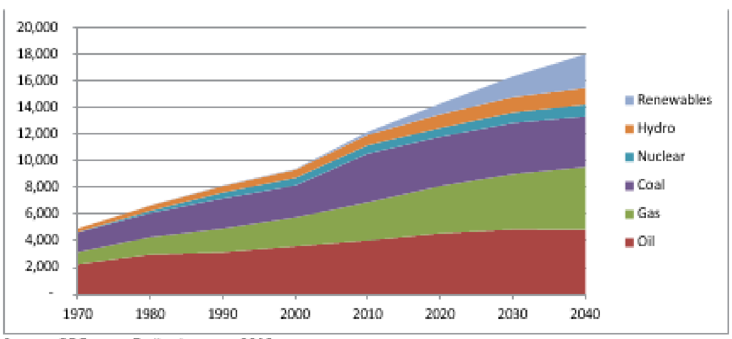
Though the shale technology has made USA a major producer of oil, it has also changed its impact on the geopolitical importance of oil. The OPEC has lost its leverage to influence the oil price pattern. Experts are saying that oil will range at the moderate level. This has created instability in the budget of many oil producing countries. It may still create civil distress in many countries. However, with technological development and progress, its importance has declined in terms of its impact on geopolitics. Owning and controlling technology has overtaken as a geostrategic objective among the global powers.

Table-3 Global Consumption and share of Oil and other Fuels over 2016-2040

	Consumption		Shares	
	2016	2040*	2016	2040*
Primary Energy	13276	17983	100%	100%
By fuel:				
Oil	4336	4836	33%	27%
Gas	3204	4707	24%	26%
Coal	3732	3762	28%	21%
Nuclear	592	912	4%	5%
Hydro	910	1241	7%	7%
Renewables	502	2527	4%	14%

Source: BP Energy Outlook 2018, Note: *Expected

Figure 3: Primary Energy Consumption by Fuel Type



Source: BP Energy Outlook survey, 2018

Table-1: GDP and Global Ranking of Top 7 Countries of World 1990-2017

Countries	Nominal GDP ($) 1990	Nominal GDP (as per cent of world GDP)	Nominal GDP ($) 2017	Nominal GDP (as per cent of world GDP)
China	360,857,912,566	2	12,237,700,479,375	15
France	1,269,179,616,914	6	2,582,501,307,216	3
Germany	1,764,967,948,917	8	3,677,439,129,777	5
India	316,697,337,895	1	2,597,491,162,898	3
Japan	3,132,817,652,848	14	4,872,136,945,508	6
U K	1,093,169,389,205	5	2,622,433,959,604	3
USA	5,979,589,000,000	26	19,390,604,000,000	24

Tech War

The ongoing US China Trade War is proxy for real war of technological dominance. In the trade war, USA has imposed tariff in three phases on the Chinese goods and asked them to adopt fairer and transparent trade policies. It is expected that the impact of this war will be a reduction of GDP from 0.1 per cent to 0.8 per cent of China and 0.1 per cent to 0.4 per cent of USA. The IMF has predicted that it will adversely impact GDP of China by 1.6 per cent and USA by 1 per cent by the year 2020.The real cause of ongoing trade war was explained by Vice President of the United States, Mike Pence, on 4th October 2018. He criticized China and told the true story of the global dominance competition: “Over the past 17 years, China’s GDP has grown 9-fold; it has become the second-largest economy in the world. Much of this success was driven by American investment in China. And the Chinese Communist Party has also used an arsenal of policies inconsistent with free and fair trade, including tariffs, quotas, currency manipulation, forced technology transfer, intellectual property theft, and industrial subsidies doled out like candy, to name a few. These policies have built Beijing’s manufacturing base, at the expense of its competitors-especially America.”

The designing and manufacturing are the most advanced and expensive part of the semiconductor ecosystem which are dominated by the enterprises from USA and its allies, such as South Korea and Taiwan. China spends more money on importing semiconductor than it does on oil. Overtime, the semiconductor manufacturing factories have become expensive and there is a consolidation. Washington's recent decision to ban Chinese telecom gear maker ZTE from importing U.S. components in a sanctions-related case drove home to Beijing its costly vulnerability to foreign sources for advanced microchips.

China, however, has planned to invest heavily in Semiconductors, as a part of its 'Made in China 2025', a national development plan issued in 2015 with an aim to become global super power in technology. USA's decision to block the flow of Intel chip in 2015, then banning of Chinese telecom company ZTE from importing US components, and recently the arrest of Huawei director have spurred Chinese's resolve to invest in strategic technology areas such as semiconductors, AI, robots etc. The China plan 'Made in China 2025' calls for Chinese domestic producers to supply 70 percent of the country's chip demand. China has asked its leading private sector players like Alibaba, Tancent, Baidu, to invest in this area along with other state-owned enterprises. It has also initiated incentive programme to attract engineering talent from Taiwan and other countries.

'Made in China 2025' programme has identified 10 key industries: Robotics, New generation information technology, Aviation and aerospace equipment, Maritime equipment and hi-tech ships, Railway transport, New energy and energy-saving vehicles, equipment, New materials, Biopharma and high-tech medical devices.

The Road Ahead

The world has become more interdependent with the increased free flow of goods and commodities, investment, money, people, ideas and technology. This leads to simultaneous cooperation and competition strategies among the countries across different sectors. There is certainly a shift towards the use of geo-economics strategies. However, some dominating countries, like USA, Russia and China, are using both geopolitical and geo-economic strategies to achieve their geostrategic objectives. The role of alliance diplomacy and collaboration has increased manifold. There is a new focus on technology and innovation. In this respect also, the new rules are being framed in emerging mega regional groupings, such as TPP and RCEP, for economic interaction keeping in view the new technological development and their role in economic growth.

The shift in the strategic competition from oil to technology has lot of implications for all the countries of the world. It is changing the battleground for global dominance.

Though, countries like China and India are still a major consumer of oil, the emergence of USA as a leading oil producer and lately an exporter of oil to the European countries which were dependent on Russia has geopolitical implications also. OPEC countries are going to lose their strategic importance. With oil stagnating at $50-60 per barrel, several Oil producing countries are going to face economic problems in maintaining their budget. Venezuela and Nigeria area leading example of economic collapse and civil disturbances.

As far as technological edge is concerned, the USA and its allies have an advantage. However, the way China is functioning with its increased investment in R&D by private and state-owned enterprises, creation of innovation ecosystem, establishment of internationally competitive universities and educational institutions, internationally competitive private sector, incentive program of talent attraction, and strong leadership at the top, it cannot be denied technology for long; it can just be delayed for some time.

As far as India is concerned, it is rightly following a three-pronged strategy to deal with oil and gas geo-political issues. First, it is actively negotiating access to oil and gas imports on flexible terms wherever it is possible. It has additional advantages of importing oil in Rupee currency in case of Iran facing sanctions from the USA. Secondly, it is also making changes in its exploration strategy to attract foreign and private investment across the supply chain to boost domestic production and meet its short to medium term demand. Thirdly, India is also moving toward renewable, cheap and clean energy in medium to long term.

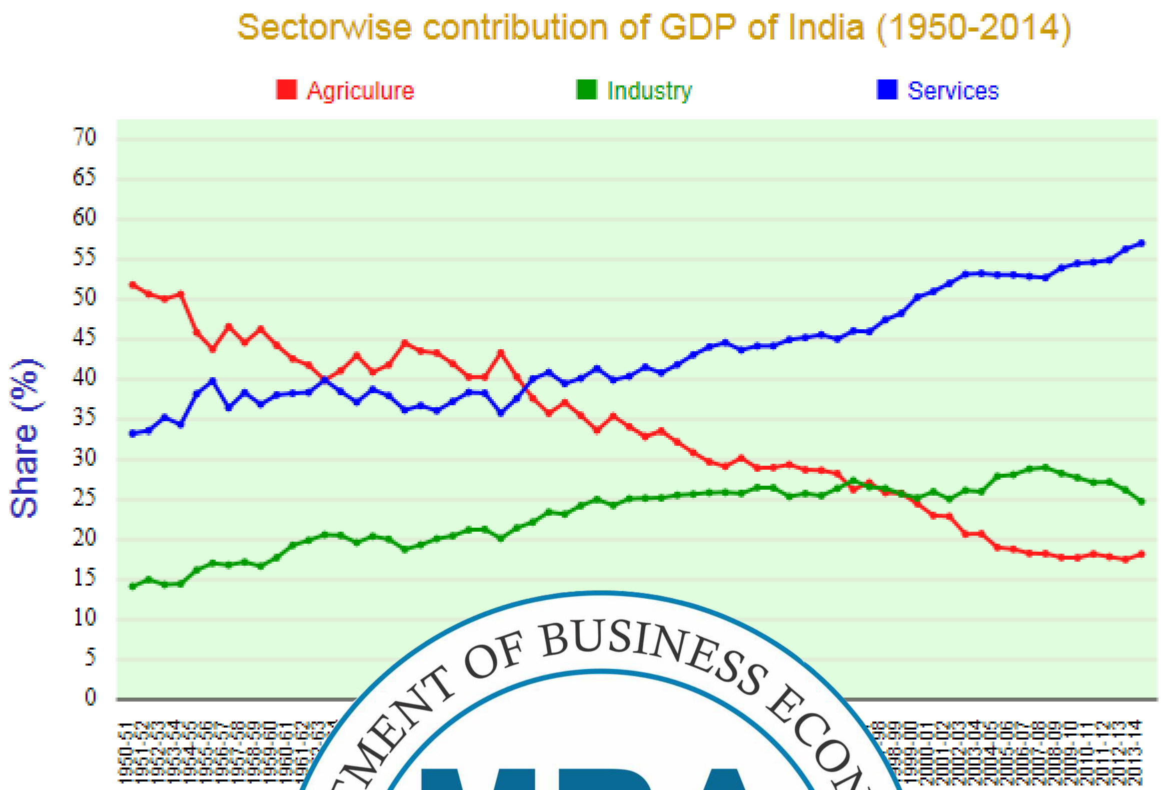
However, in view of the technological revolution and increased role of digitalisation, AI, semiconductor and 5G technology, India needs to develop a long term economic and technological strategy for next around 20-25 years. The political leadership as well as general public needs to be sensitized about the role of technology and emerging geopolitical shifts, with their possible implications for India. India cannot miss the present technological revolution of digitalization and AI for its economic development. India's Science and Technology policy needs to be designed to promote and strengthen the ecosystem of emerging technologies and their applications in the industry with a clear-cut role for startups and SMEs. The Education system needs to be strengthened and reshaped, and linked with technology and innovation for creation of new knowledge along with national pride in its history and traditional knowledge base. Indian industry's strength needs to be used to move on the high tech and value-added products. This should be aimed at strengthening the existing national energy innovation system and the innovation system in general. There is need to identify the existing strength of the Indian businesses and public sector along with educational institutions. Wherever possible, the gap should be filled by inviting foreign companies and encouraging collaboration with other countries.

Agriculture Sector in Current Context

By Chander Mohan Negi, Assistant Professor in Economics

The first prime Minister of India, Pt. Nehru once said: "everything else can wait, but not agriculture". He was referring in the context of Bengal famine in 1942-43 and the aggravating food crisis in the country soon after the independence. Agriculture in India has come long way since independence from a net importer of food grain to the net exporter in the 1990s'. In the first five year the main thrust of the government was contain the food inflation resulting from the partition of country and some of the big initiatives were taken for the irrigation and agriculture purposes. The real thrust come when country went ahead to adopt the new technology in the agriculture named as "Green revolution". India is an agriculture based country where about half of the work force is engaged in the agriculture and allied activities but the share of the agriculture in national income is constantly declining. The economists has termed it as the paradox of Indian economy where the importance of agriculture as a source of national income has come down but agriculture as a source of employment is still intact.

Agriculture in India provides about 13 percent of Gross value added (GVA) and employees 50 % of the workforce. Contribution of agriculture to the gross value added has declined doesn't mean that agriculture is of less important. Even today, a large population is dependent on agriculture for the livelihood and more than growth in agriculture sector propels the growth of the overall economy and the growth of agriculture is more effective for reducing the poverty.Rangarajan (1982) estimated that a one percent increase in agricultural output tends to raise industrial production by .50 percent and augment national income by .70 percent. Chand (2012) has calculated that one percent increase in agriculture GDP



contributes about .25 percent to overall GDP growth in India. Whereas the World Bank report (2008)from cross country evidence suggest that growth in agriculture GDP is at least twice as effective as other sectors in reducing the poverty. Agriculture production is important for food security because it is source of income for majority of the rural poor. In India, food inflation is a prime concern as it erodes the real income of the vast poor population. The development role of the agriculture in a transforming economy like India is to narrow the urban-rural income inequality and reduce the rural poverty. All the indicators inequality confirms that urban rural income disparity has widened in post reform period in India. Recent reports on inequality by the Oxfam and famous French economist Thomas Picketty substantiate the rising income disparity in India.

Source: Ministry of Statistics and Programme Implementation, GOI.

The diagram shows the contribution of various sectors over the period of time in India's gross domestic product (GDP). As the graph shows the contribution of agriculture has been declining constantly and its contribution has come down from 51.80m percent (2011-12 prices) in 1950-51 to 17 percent in year 2016-17. Whereas, the contribution of industrial sector to the GDP has increased from16.19 percent in 1950-51 to 31.12 percent in 2016-17. At the same time, the share of service sector increased from 33.23 percent to 53.66 percent. Thus, the share of agriculture has consistently declined over the period and services have taken its place as the largest contributor to the GDP. Further, an analysis of the growth rate of the various sector over the same period suggest that Indian economy has registered highest growth rate during the period of United Progressive Alliance(UPA) period. The management of economy under the UPA government is far better than under National Democratic Alliance (NDA) government and the statistical data from official sources verifies that.

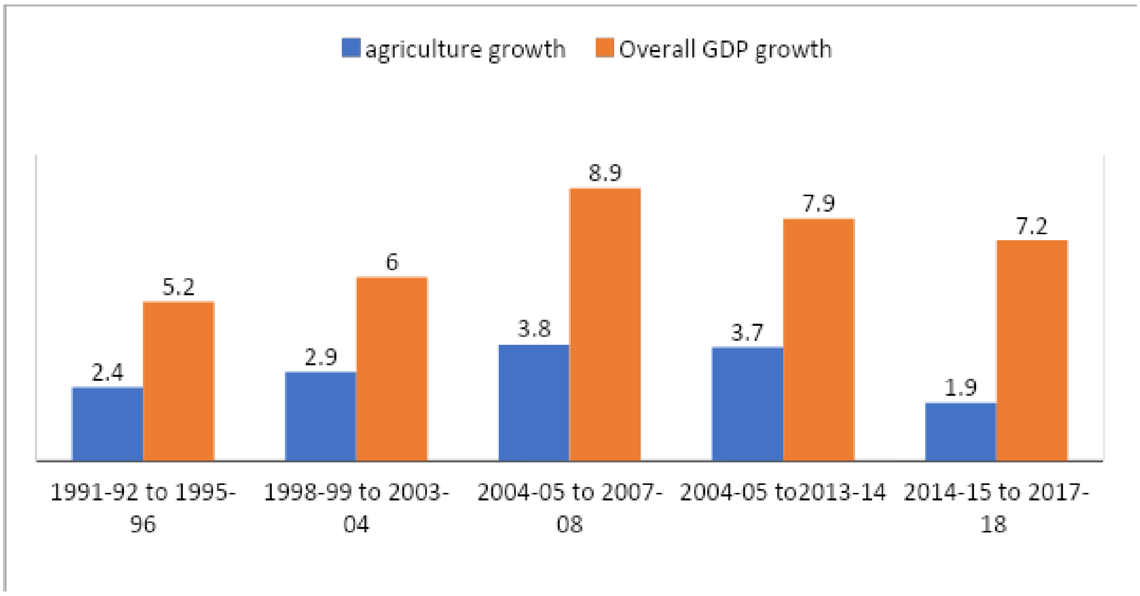
Table: Growth rate of different sectors over the period of time

Year	1960-61/ 1968-69	1968-69/ 1975-76	1975-76/ 1988-89	1988-89/1995-96	1995-96/2004-05	2004-05/2014-15
Agriculture and Allied activities	1.04	2.24	2.47	2.76	2.28	3.72
Agriculture	0.7	2.19	2.74	2.69	2.23	3.88
Industry	5.05	3.92	5.53	5.9	4.87	8.44
Services	5.03	3.37	5.4	6.15	7.86	8.96

Source: Doubling farmers income estimate, vol. 1.

The table shows that under the UPA regime growth rate of all the sectors exceeded the preceding period. The agriculture sector has achieved the growth rate of 4% per annum during the UPA rule which is highest in post independent period. An analysis of the performance of the economy and agriculture sector during the different regime in post reform period suggests that UPA government was the best performer. During the Rao government's tenure (1991-92 to 1995-96) the overall growth rate of the economy was 5.2 percent and agriculture grew at the rate of 2.4 percent per annum. The Vajpayee government was successful in achieving the growth rate of 6 percent and 2.9 percent for the economy and the agriculture sector. In the first part of UPA government, the economy as well the agriculture sector has grown at the rate of 8.9 percent and 3.8 percent per year. The overall growth rate of the economy and agriculture sector was 7.9 percent and 3.7 percent during the UPA time which is the best ever growth rate achieved in the economy. Despite of the tall claim by current regimethe data show a dismissal performance of the economy in general and agriculture in particular. The growth rate of the economy declined from the about 7.9 to 7.2 percent during the first four years of Modi government and the growth rate of agriculture has declined to all time low in the post reform period. The growth rate of the agriculture under the Modi government has come down to 1.9 percent from the 4 percent per year achieved from the previous decade of UPA government.

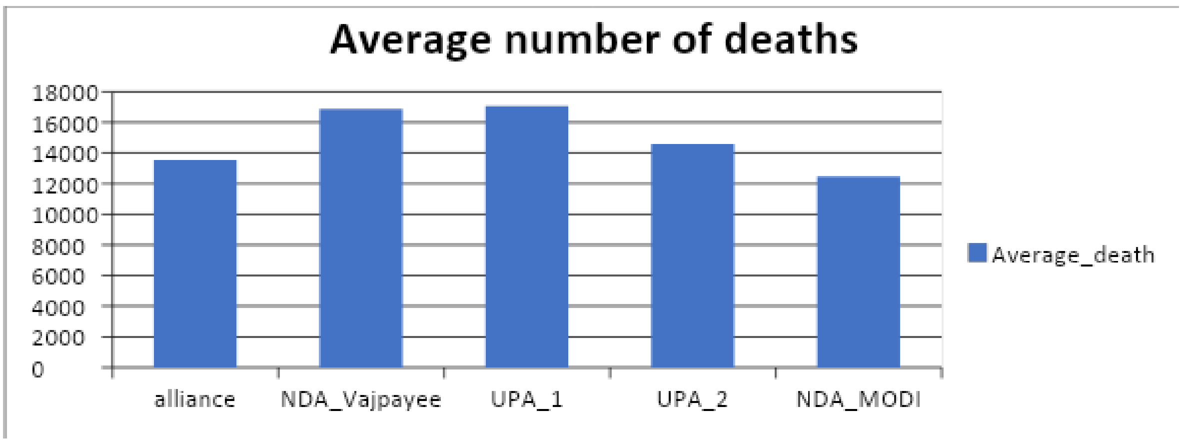
Figure1: GDP and Agriculture growth under different regimes in post reform period



Source: Central Statistical Organization (CSO).

Under the Modi Government, not only the growth of agriculture sector come down but the indicators suggest that rural distress has increased. Government ambitious plan to double the farmer's income by 2022-23 appears to be herculean task given the track record of Modi government during its first four year. In present governments' tenure of four years agriculture has registered the lowest growth rate since the liberalization period, unleashing the farmer's unrest and rural discontent. Rural distress is aggravated by delinking Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) wages from the minimum wages. Studies show that real wages under MNNREGA has more or less stagnated (Aggrawal, 2014). However, it may be noted that the implementation of NREGA in 2006 by UPA-1 government had led to the increase in the real rural wages which otherwise was stagnated for the last three decades. Public investment in agriculture during the present governments' initial two years has declined in the real term by four percent. After Modi government, there is net deceleration in India's net agriculture trade, primarily because of decline in export of agricultural commodities and at the same time the import of agriculture commodities are increasing resulting into decline in net agriculture trade. Another important ingredient of agrarian distress and most important indicator is farmers' suicides. It's unfortunate that farmers' suicides in India are in increasing trajectory since the national crime record bureau has started the keeping records. Data reveal that average number of deaths reached maximum during the UPA-1 regime and then under UPA -2 farmers' suicide was brought down drastically. Some people may infer from the figure given in below that NDA government under Vajpayee had better record than UPA-I, one should note that under UPA- I government transparency in record keeping was kept and agencies were strictly instructed to record each and every farmers suicide and that might be the reason behind a slight spurt in farmers death during the UPA-I regime. It Was the UPA -1 government which waved off the farmers loan of worth about Rs. 72000 crore at the end of the tenure and the net result has been recorded by sudden and sharp decline in the farmers' suicide in UPA-II. The farmers' suicide under Modi Governments' three year term shows less than the previous government. According to the NCRB report (2015), Maharashtra recorded the highest number of farmers' suicides (2,568) followed by 898 in Telangana and 826 in Madhya Pradesh, while West Bengal, Rajasthan, Bihar and Jharkhand reported zero suicides.Magsaysay-award winning journalist P. Sainath alleged "significant manipulation" in the report,"Confronted with a growing agrarian crisis, with mounting misery, the government is trying to get around it by fiddling with numbers. There is significant manipulation," Sainath argues. Sainath and others are not wrong when they question the authenticity of NCRB data in NDA-II regime, the numbers become questionable, when first two years of present incumbent were infested with the drought and year 2016-17 was a normal year with bumper crop but the farmers could not reap the benefit of bumper crops because of implementation of ill conceived policy of demonetization.

Figure 2: Average number of farmers' deaths during different regimes in Post-Reform Period.



Source: National Crime Record Bureau.

Presently, the daunting challenges before the policy makers in India are: 1) to make the small holding agriculture economically viable, 2) to make the Indian agriculture sustainable in lieu of climate change and global warming, and 3) to deal effectively with 'feminization' of agriculture in India. The small and marginal holding taken together(<2.00 hectare) constitutes 85 percent and operates 44.58 percent of total operated area. The average operational area has come down to 1.15 hectares in 2011-12. Thus, increasing productivity of small holding is a challenge before the policy makers. Economic Survey (2017-18) reads out the climate change would reduce the farmers' income by 20-25 percent in unirrigated areas. Indian agriculture is becoming gender sensitive owing to out- migration of the male member to urban area to have better opportunity. Recognizing the feminization of agriculture, current Economic Survey suggests for the 'gender specific intervention' to support them. The survey calls for an inclusive transformation agriculture policy that should aim at gender- specific intervention to raise productivity of small farm holders.

The national commission on agriculture under Dr. Swaminathan had recommended for the fixation of MSP 50% over the C2cost. The commission for agriculture cost and prices (CACP), which suggests the government on the fixation of MSP defines three types of cultivation cost, i.e, A2, A2+FL, and C2. The A2cost covers the actual expenses incurred by the farmers, A2+FL includes the A2 plus an imputed value of unpaid family labor and C2 costs are more comprehensive and it includes the rental or the interest foregone on owned land and fixed capital assets. The present MSP is almost 50 percent of A2 cost for most of the crops except a few. The government is unlikely to use the C2 cost for the MSP Calculation as they could have implemented the same since giving returns to farmers more than 50 percent was there in the BJP agenda. Former agriculture secretary, Siraj Hussain adds, " By saying that MSP will be fixed at 50 percent over the costs, the government is misleading farmers as they are unlikely to use comprehensive or C2 cost as the benchmark for calculating returns". Even if MSP is fixed on the basis of C2 cost it would be inflationary writes renowned agriculture economist and former chairman of CACP,Dr. Ashok Gulati.

The Dalwai committee on the doubling of farmers' income suggests that farmers' income ought to increase at compound average growth rate(CAGR) of 10.4 percent to achieve the target of doubling farmers' income by 2022. In the history of Indian agriculture,farmers' income never increased at this rate and the calculation by Gulati and others points that farmers income has increased by CAGR of 2.5 percent during 2012-13 to 2017-17. So, it appears to be Himalayan task to be achieved within the stipulated time frame.

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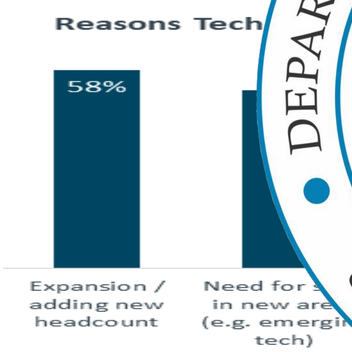
Economic Slowdown: Emerging Technological Disruptions and Governance

By Arnav Das, MBA (BE) 1st year

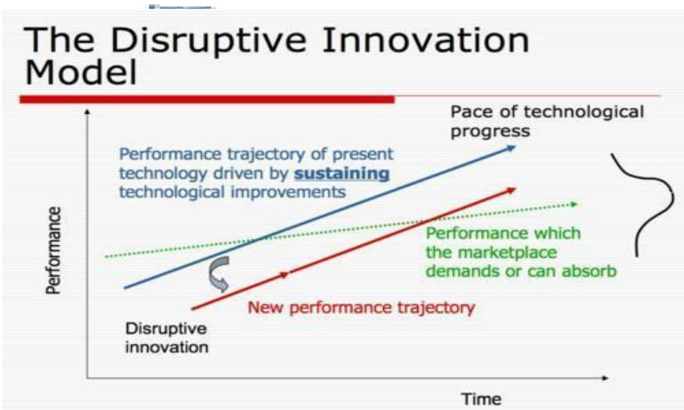
Are we heading for a recession or is it just another economic slowdown in the Indian context? It is generally known that if an economy declines notably for at least six months, or shows a negative GDP growth for two or more consecutive quarters, with a slowdown or a colossal contraction in economic activities, we can assume that we are heading for some recession. India's exposure to using technologies and global economies has increased significantly over the years. The Indian Automobile sector, Real Estate sector has been hurt very badly, facing a plunge in their sales and the declining demand. The growing tension related to the US-China trade war has spread havoc and is creating a lot of turmoil in the stock markets of many economies. India is also one of them which has been hit hard.

According to the Business Standard, "A large number of states are running fiscal deficit beyond the upper limit of 3 percent of gross domestic product, laid down by the Fiscal Responsibility and Budget Management (FRBM) framework. Furthermore, we see a combined effort of the failing manufacturing industry, the automobile sector, the growing NPAs, the languor of the consumer demand, all of which have equally led to an economic slowdown causing the GDP to slip to its lowest at 5% in the first quarter of FY20 and is continuing to slip further.

Moreover, even if the global economy is hit by a recession in the coming years, European countries would be affected the most and the political uncertainty that is surfacing over the Brexit issue would also reverberate the cause. Now according to India Today, "considering India's increased global exposure and present economic status, strengthening the fences by striking a balance between growth and reserves would not be a bad idea." On October 4, the Reserve Bank of India issued its monetary policy statement and the RBI Governor, Urjit Patel told business daily Mint that "for the current fiscal year, the GDP growth is expected to pick up in the third and fourth quarters to above 7%."



We are also witnessing the Industry 4.0 which is all about the digitization of physical assets and integration of the same into digital ecosystems. Technologies are evolving at an exponential rate, the coming up of the automation, advanced robots, Artificial Intelligence (AI), Data Analytics, Internet of Things (IoT), cloud computing, human-machine interfaces, augmented reality(AR), 3D printing, advanced geo-tagging devices, has disrupted the whole world. People are trying to cope



up with the daily innovations in the technology domain and many countries and companies are finding it hard to deal with the change.

The increase in automation with the increased tension of the growing economic slowdown is also implying displacement of labor, the job market is already bleak and could be hit hard if proper measures were not taken judiciously. Skills and training have become a crucial attribute for the recruiters and nevertheless, the growing tech advancements are surely going to disrupt the employment market reducing the number of usual jobs into increasing skill-based jobs to tackle the future technologies. The younger generations of the country have to develop and learn these skills to survive and sustain in the market.

Source: wikimedia

The automobile industry which contributes to around 15% of the GST collection, along with the highest slab of 28% in its dominion has been shaken up by the recent disruption being created by advanced technologies and also by a few government policies. State government policies such as the revision in vehicle registration charges and the road charges and reduction of 5% in the GST on electric vehicles(EV). This is resulting in widening the gap between this and conventional vehicles. The result would be losing thousands of jobs.

In addition to that, the up-gradation to Bharat-VI emission standard that would allow only the BS-VI compliant vehicles to register from 1st April, the succeeding year. That could also affect a decline in demand due to the increased cost of cars in the future.

The cars demand is also going down with the swift expansion of metro trains, Ola, Uber, people are moving towards time-efficient and cost-efficient techniques. People's choices are also being affected by this and so do their preferences. While the shortage of parking space is still hovering over, and the traffic congestion from time to time has induced an overall impact on the humans thereby also ameliorated the popularity of the likes such as Uber and Ola. However, these cab service providers are also getting hit by the emergence of EVs, and now an up-gradation to EVs is seemingly not so distant. Likewise, government can also try to approach these clouds of downfall in a more scientific way and despite this prevailing economic slowdown, India retained its tag of the fastest growing economy alongside China as reported by the IMF's World Economic Outlook.

Unemployment Crisis: Where India stands?

By Shashi Kumar, MBA (BE) 1st Year

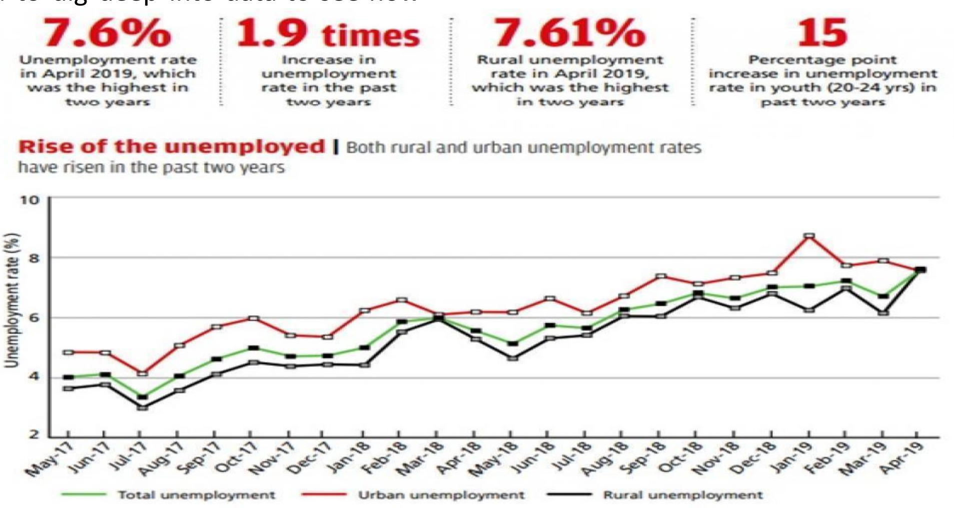
In economic theory innovation should make workers more efficient — they can produce more for less — but it comes at the cost of lower skilled jobs as fewer people are required to produce the same amount of output. Disruptive innovations, of the kind that drove the Industrial Revolution, require widespread economic restructuring to allow those who are being pushed out of an industry to locate alternatives. Markets often do not manage such restructurings well leading to long periods of high unemployment and increased inequality. A recent study by Mercer Consulting estimates that over 7 million jobs could be lost by 2020 due to various global disruptions — digitalization, AI, automation, robotics, longevity, IoT, etc. At the same time, about 2 million jobs will be created in specific sectors.

No statement on global workforce, economic growth drivers, and world economy analysis is complete without mentioning India and technology in the same breath. India has cemented its status as a global technological powerhouse. The Government's determined push on expanding the penetration and use of technology through a slew of policy and executive actions hopes to ensure that technology becomes an integral part of the growth story. Believed that technology would be the bedrock of India's transformation into a modern society and trained workforce.

Unfortunately, the overwhelming perception amongst some sections of stakeholders is that greater induction of technology will only lead to job losses. The total number of workers in the economy was 472.5 million in 2011-12, which fell to 457 million in 2017-18. The absolute number of workers declined by 15.5 million over six years . In the past two years, India's rate of unemployment doubled according to the State of India’s Environment (SoE) In Figures, 2019.

Most indicators of the Indian economy in recent months confirm that it is slowing. There is also a consensus that the economic slowdown is largely a result of weakening demand, most notably in rural areas. While slowing demand has obviously affected the overall growth rate, it has also contributed to declining availability of jobs in an economy already struggling with the spectre of jobless growth.

Is this fear of Unemployment crises is real? One need to dig deep into data to see how these fears may be unfounded. Rather than causing job losses, technology has created new businesses, processes, products and systems which couldn’t have been imagined before. They improved productivity, which led to a rise in wages and that drove the purchasing power upwards. This expanding purchasing power further created new business opportunities. According to one report, the internet created 2.4 new jobs for every one job lost.



India is well positioned to benefit from job creation on the back of greater technological penetration. some of the largest economies in the world — the US, the UK, Japan, South Korea — will face a significant gap between talent supply and demand with a net talent deficit position.

India stands out as the country with likely the largest talent pool surplus. When put together, these estimates position India uniquely to capitalize on the opportunity that will be created through technological and other disruptions given India's surplus talent pool and strength in the identified job segments.As India is the world's top exporter of ICT(Information and Communications Technology) according to the Global Innovation Index.

Technology has also enabled connectivity and provided increased access to opportunities. This in turn has led to a robust growth in consumer spending. This is a virtuous cycle which will further create demand for more goods and services and thereby create more business opportunities across all tiers and segments of jobs. The rise of the middle-class in India is the result of such a phenomenon wherein the portion of population categorized as the poorest will have reduced to 22 per cent by 2025 (as opposed to 93 per cent in 1985) with the middle-class comprising over 40 per cent of the population.

It cannot be denied that unemployment crisis is real but India has both capacity and capability to create millions of jobs.Thus it depends on the Government's ability to orchestrate an ecosystem that helps businesses to benefit from technology to drive innovation and growth.

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The current Economic slowdown in India "Cyclical" or "Structural"?

By Purnima Varun, MBA 2nd Year

Indian economy has hit a rough patch and is indeed passing through a phase of Economic slowdown as confirmed by the latest annual report by the RBI for FY19. The GDP growth was at 5.8 per cent in the last quarter of FY19 , the lowest growth rate in the last 6 years (25 quarters). The GDP growth rate for the first quarter of FY20 is expected to be lower than 5.8 per cent.

While there are common consensus that the economy is in slowdown but the real question is whether it is Cyclical or Structural?

Before debating on this question let us first understand the difference between Cyclical and Structural slowdown.

A cyclical slowdown occurs at regular intervals based on the changes in the business cycle having its peaks and troughs. The economy in this scenario move in cycles with a period of peak performance and then a trough of low activity. These slowdowns last for short-midterm. Generally, interim fiscal and monetary measures, temporary recapitalisation of credit markets, and need-based regulatory changes are required to revive the economy.

A structural slowdown is a deep-rooted phenomenon, it occurs when there is a dynamic shift in the market functionality due to disrupted technologies, changes in customer behaviours and resource availability , new economic developments and global shift in capital and labour market. These changes last for a long-term.

As per the recent study the slowdown is cyclic but consist of structural components as well. The structural components are constraints in agriculture that keeps the food inflation high. To fight food inflation the industry paid a disproportionate and unnecessary cost as the real interest rates were raised to the highest ever historical levels.

"Better liquidity and lower rates will help the recovery of the cyclical component, but the structural recovery will be moderate as the propensity to consume has to revive. We are already seeing policy responses, in terms of lower rates and selected fiscal measures, to initiate the recovery process" said Axis Bank chief economist Saugata Bhattacharya.

It is evident that monetary and fiscal stimulus will not be enough to revive the economy, the government has to undertake some structural policies. Now, the question is whether the Indian economy requires structural policies or a stimulus package through monetary and fiscal policy.

We can analyse the performance of various indicators that would help us in assessing whether the slowdown is cyclical or structural. The economic growth of any country is driven by a virtuous cycle of savings, investment and exports. Of all the three, investment is considered to be the key driver of growth. To quote the Economic Survey (2019), investment, especially private investment, is the 'key driver' that drives demand, creates capacity, increases labour productivity, introduces new technology, allow creative destructions and generate jobs.

Recession can be short-lived if corrective actions are taken immediately, failure of which can have a prolonged effect on the health of an economy. Amidst the news of slowdown, rise in FDI inflows from $12.7bn (FY19) to $16.3 bn (Q1 FY20) brought respite for the government. In a welcoming move, government revised GST for the automobile sector, opened up FDI in contract manufacturing sector and even announced the recapitalization of the banking sector. Together with these, it should also focus on optimum utilization of funds granted by RBI and direct them to boost investment in the economy both infrastructural and research investment.

Further, structural shifts over the long run can be achieved through tapping into the health and education sectors that long for quality improvements. Only such long-lasting structural changes can improve the growth potential of the Indian economy and deter the possibility of three slowdowns within the short span of a decade.

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Global Trade War: Is there a silver lining for India?

By Raquib Adnan Akhtar, MBA (BE) 1st Year

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In recent months most indicators confirm that the Indian economy is slowing. There is also a consensus that the economic slowdown is largely a result of weakening demand, mostly in rural areas. While slowing demand has obviously affected the overall growth rate, it has also contributed to declining availability of jobs in an economy already struggling with the spectre of jobless growth. How serious is the employment problem in India? Official economists and politicians shrug off any such idea of jobless growth with claims of jobs having been created. However, evidence from multiple sources points to a far more serious crisis of employment generation than is accepted.

Most of the decline in employment has happened due to the fall in the number of workers in agriculture and a sharp fall in the absolute number of female workers. Roughly 37 million workers left agriculture in the last six years. During the same time, 25 million women workers were out of the workforce. While the trend of workers moving out of agriculture is seen since 2004-05 and is welcome, it also points to the rising vulnerability of farm production. The crisis in agriculture in the last six years has only accelerated the process. What is surprising is the trend of declining women workers, which has absolutely no parallel in any developing or developed country of similar per capita income. In most East Asian countries, the period of rapid growth was also accompanied by a rising number of women workers.

Instead of crying over spilt milk, let us move ahead and discuss how we could solve the above problem and reap out benefits from current global scenario. Economic analysis suggests that bilateral trade wars are not winnable in a globalized world. The US trade policy is unpredictable about both existing and expected agreements. Trump's tactics have helped to disrupt the technology sector's global supply chains and portions of the auto industry. An increased risk of sustained adverse effects on global GDP growth is also expected.

Good news for us is India could increase its trade footprint in the midst of the US-China trade conflict, particularly under categories on which Washington has imposed tariffs on Beijing, according to a research report by Singapore's DBS Bank.The research report is authored by the bank's economist Ms.RadhikaRao, explains five reasons why the trade war matters to India.

India's exports to China have grown much faster than to US post the trade war between the two largest economies, State Bank of India stated,while overall exports to US grew by 9.46% to $52.4 billion in FY19, for China the growth was 25.6% to $16.7 billion. "Looking at the products on which China and USA have imposed tariffs on each other, India has made modest gains in capturing such market," said Soumya Kanti Ghosh, Group Chief Economic Adviser, SBI in a report.

"Thus India has benefitted from US-China trade war by exporting more to China like plastic, cotton, inorganic chemicals and fish. Interestingly, India has a revealed comparative advantage in some of these commodities," Ghosh said. As per the report, to further give a boost to exports, easy availability of credit is of paramount importance. Certain measures including extension of Interest Equalization Scheme to all categories of exporters and end to end digitization of the export process among others should aid our export credit growth.

Trade tensions between the U.S. and China have given India an opportunity to ramp up exports to both countries, according to Ajay Sahai, director general and chief executive officer of the Federation of Indian Export Organisations. India’s exports to the U.S. grew at the fastest pace in six years in the year ended March 2018, while exports to China surged 31 percent, the second highest annual pace of growth in more than a decade, shows data from Commerce Ministry. China is more willing to give market access to India than ever before, said Sahai, pointing to increased access for products such as rice, fruits and vegetables, with potential for greater exports of pharmaceuticals and automobile components to China.

Stagnant wages and jobless growth are not just indicators of a weakening economy, but also a recipe for political instability and a crisis in the countryside. The least that is expected of the government is an acknowledgement of the extent of the problem and then try to address it.The Indian trade ministry needs to notice ‘silver lining in the dark cloud’and take quick steps if it wishes to emerge as the winner from the on-going trade war. India could potentially add another 1-2% to the country’s already growing GDP base and cement its status as the fastest growing economy for the next 10 years.

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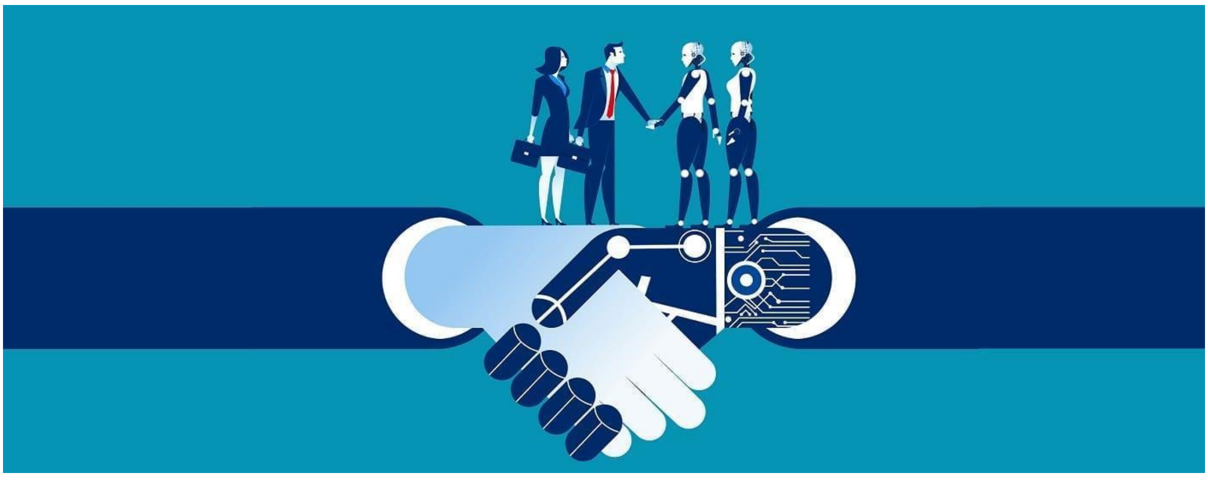
The Potential of Artificial Intelligence

By Sampat Mishra, MBA (BE) 1st Year



Any conversation about AI is a Pandora's box waiting to be opened. On one hand Artificial Intelligence has broken the bottleneck of human efficiency, reduced repetitive work and changed the scope of the amount of work that can be feasibly undertaken at the same time, creating new jobs. Even though it makes many jobs redundant, it also creates a lot of occupational opportunities. On the other hand, there is a somewhat justifiable apprehension that one day AI will render human-beings redundant. A survey conducted by Pew Research Internet found that Americans are roughly twice as likely to express worry (72%) than enthusiasm (33%) about a future where robots and computers are capable of doing many jobs that are currently done by humans. It is estimated that by 2027, 23% of the jobs in China's financial sector will be cut by AI, the rest 77% jobs will not be replaced but their efficiency will increase. Integration of Artificial Intelligence in every sphere of our lives is, more or less, inevitable.

Human beings for a long time have occupied the top position of their food chain, not because of brute strength or dexterity but because of their intellect, their ability to reason and their ability to learn from their mistakes. We, of course, haven't been humble about it, in process of naming all the species of the genus Homo, we kindly called ourselves 'Homo Sapiens' which quite literally means the 'Wise Man'. So, the idea that another entity which is far superior than us in intellect, the very quality that helped humans conquer the world, may one day achieve sentience makes most people slightly uncomfortable to say the least.

Every industrial revolution leaves in its wake, several people who were unable to adapt to the change, there has always been push-back about the social cost of progress, it held true for weavers who went on strike to protest power loom in British textile factories, it held true for people left unemployed by the advent of Assembly Line method of manufacturing, it holds true for about 3 million Truck drivers in the US who will be left without a method of earning a living within the next decade with the integration of AI with automobiles. In the larger scheme of things, automation will imply safer roads, more efficiency, and a significant reduction in the margin of error without human involvement. All good things for everyone, everyone but the now redundant truck drivers. There, of course, will be more work, new jobs and occupations that will be come into existence as AI gets more and more integrated into every aspect of our lives. But how many of those will be meaningful jobs. The English Episcopal priest, lecturer and writer Alan Watts, back in the 1960s made some predictions regarding the same, 'You *can say, but it always creates more jobs, there'll always be more jobs. Yes, but lots of them will be futile jobs. They will be jobs making every kind of frippery and unnecessary contraption, and one will also at the same time beguile the public into feeling that they need and want these completely unnecessary things that aren't even beautiful.'*

A surprise proponent for pro-active regulations in the field of AI is billionaire entrepreneur, Elon Musk. *"I have exposure to the most cutting-edge AI, and I think people should be really concerned by it,"* Musk said at the National Governors Association. *"AI is a fundamental risk to the existence of human civilization in a way that car accidents, airplane crashes, faulty drugs or bad food were not — they were harmful to a set of individuals within society, of course, but they were not harmful to society as a whole."* Given volatile and uncertain world that we live in, it is quite possible that none of these doomsday scenarios ever come to pass. That's the thing about predictions most of them never come to pass. But if we were to consider the economics of Artificial Intelligence, there is just a single question that needs to be considered: What does it reduce the cost of? Professor Ajay Agarwal of University of Toronto's Rotman School of Management posits that AI, economically speaking, serve a single purpose: it significantly lowers the cost of predictions.As the price of prediction drops, the value of its substitutes possess will go down and the value of its complements will go up.The main substitute for machine prediction is human prediction, as mentioned earlier, very few of these predictions come to pass and are generally unreliable as they are usually based on unquantifiable things like intuitionsnot to mention thathumans have all kinds of well-documented cognitive biases. AI will become a much better predictor than humans are, and as the quality of AI prediction goes up, the value of human prediction will fall. But, at the same time, the value of prediction's complements will go up. The complement that's been covered in the press most is data, with people using phrases such as "data is the new oil." That's absolutely true—data is an important complement to prediction, so as the cost of prediction falls, the value of a company's data goes up.

A 2017 study by PWC calculated global GDP will be 14 percent higher by 2030 as a result of AI adoption, contributing an additional $15.7 trillion to the global economy.

This hold true across industries, in manufacturing top use cases are research and development (29.6 percent), predictive analytics (28.4 percent); and real time operations management (25.9 percent). In healthcare, Top use cases are risk management and analytics (22.5 percent); social engagement (21.3 percent); and knowledge creation (21.3 percent). Eventually, advances in AI will leave the clinical workforce free to focus on and solve more challenging problems like high-complexity diagnostics. In retail, Top use cases are predictive analytics (32.9 percent); andcustomer service (30.6 percent). For example, Lowe's, a home improvement chain, worked with Fellow Robots to deploy LoweBots, five-foot-tall autonomous robots powered by Microsoft Azure that scan shelf inventory and assist store personnel with inventory data, metrics and shelf intelligence.

It's too early to predict the sort of disruption that AI will bring into our already volatile world. But one thing is for sure: it is inevitable.

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The Dynamics of India’s Growth Slowdown

By Yatinder and Prateek Taneja, MBA (BE) 1st Year

Indian economy grew at its slowest pace in six years in Q1 2019 due to a sharp drop in consumer demand and tepid investment. The slowdown in growth is due to both exogenous and endogenous factors. Consumer confidence dipped to six-year low in September as sentiment around income, employment and discretionary spending worsened according to Reserve Bank of India’s monetary policy.

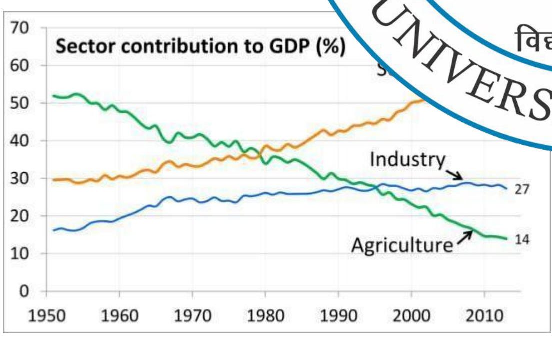
The Current Situation Index (CCI) fell to 89.4 in September from 95.7 in the July round of the survey, the data showed. In September 2013, it had touched 88. India’s unemployment rate increased to a three year high of 8.4 percent in August 2019.

India is largely a young country with more than 50% of its population below the age of 25 and more than 65% below the age of 35. This can be a source of great benefit for the economy with a large working- age population contributing to the economy, which many people term as the “demographic dividend”. But this dividend can turn into a nightmare if the people in power can’t frame policies and run the country to provide jobs to large segment of the population. About 70 percent of India lives in the rural part of the country and distress in agriculture has caused rural wages to fall in recent years. This has shown up in the rural demand which seems to has gone down after demonetisation. With about fifty percent of India’s workforce employed directly or indirectly in the agriculture sector, agriculture sector is very important for the revival of the economy. The spurt in instances of job losses from automobile manufacturers to biscuit makers has led to the general acceptance of the downturn. The technical term for the same is growth recession.

The growth of the Indian economy had been mostly predominated by the consumption including -- Private Final Consumption Expenditure (PFCE) aswell as the Government Final Consumption Expenditure (GFCE). Over the last five years, the total consumption expenditure by Indian households had accelerated with an average growth rate of 7.8 percent compared to an average of 6.1 percent in 2011-14. But the recent sharp decline in

PFCE in the June quarter to 3.1 percent compared to 7.2 percent in the March quarter has significantly contributed to the recent slowdown.

That being said, any fall in the consumption expenditure, as and when it would happen, would only escalate this crisis even more. If consumption spending falls, then output and employment levels also fall since consumption expenditure directly impacts the other two. As a consequence, the economy would stagnate, and prices deflate. Concerning the lower prices, if unable to recover the costs, it would halt the operations of any firm and would initiate the layoff process. This, in turn, reduces earnings further. And hence this vicious cycle keeps on repeating itself until the economy slips further into a deeper state of shock.



Source: wikimedia

In addition, another major component of India's GDP is investment, induced by both -- private and government sectors. It has been a key driver of growth since the liberalization of 1991. Though gross fixed capital formation (GFCF), the main constituent of investment in the economy, increased, yet its contribution to growth fell by 6.2 percentage points in 2014-19 than in 2011-14. The slackening of investment lowers the level of infrastructure development, causes hesitation in creating small businesses, stop entrepreneurs from investing in research and development, and thus stagnates technological development. Capital Investments are long-term gains that generate profitability for many years by improving operational efficiency and boosting innovation. It goes without saying that for the holistic growth of the economy and to gain a competitive edge over others, the economy must innovate.

We must take urgent steps to reverse the slowdown. Though the government has taken several steps including lowering of the corporate tax rate to 25%, demand revival is important for the increase in growth rate. Structural reforms must be brought to agriculture including transitioning the farmers from two crop producers to diversifying the crops which can generate more income and use fewer resources. Land and labour reforms should be implemented which can make the manufacturing sector contribute more for job creation. India should provide incentives for firms which are moving from china due to trade war to move to India. Finally, the government should prepare a roadmap for the technical disruptions which are happening and will happen in future which are weakening the correlation in growth and job creation. An alternate form of welfare like Universal Basic

Income and other redistributive mechanisms should be thought of so that fruits of growth can be distributed equitably. Further, structural shifts over the long run can be achieved through tapping into the health and education sectors that long for quality improvements. Only such long-lasting structural changes can improve the growth potential of the Indian economy and deter the possibility of three slowdowns within the short span of a decade.

The US- China Trade War: Much More than Trade

By Aakshit Nangalia, MBA (BE) 2nd year

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Donald Trump has considered China an "exchange cheat." It is totally obvious that under the umbrella of its Made in China 2025 arrangement, China offers endowments to its detail claimed and state-contributed firms to make their items increasingly focused on world markets; an immediate infringement of WTO. It has been assessed that this training alone has cost America a large number of occupations. Adversaries of the exchange war demand that facilitated commerce would be better for the two economies. And keeping in mind that this could conceivably be valid, the US has never appreciated unhindered commerce with China. China has generally collected high taxes on US items which were at least multiple times those exacted by the US on Chinese imports. The president is requiring these, pre-exchange war levies to be evacuated. Corresponding business sector access is another purpose of conflict. For quite a long time, basically all US showcase areas were available to Chinese firms, while US firms were limited or even banished from entering certain divisions of the Chinese economy. Only one straightforward case of confined market access would be that Chinese firms can and do purchase land in the US, while US organizations can't purchase land in China.

The Trade War So Far

While American purchasers who keep on purchasing Chinese items are paying the levies, they are affecting China significantly more, through value flattening, cash downgrading, and a disturbance of stock chains. China's GDP development rate has missed the mark concerning forecasts, hitting a 30-year low. Mechanical generation in China developed by just 4.8% in July, the most noticeably terrible development in 17 years. Urban joblessness has expanded to 5.3%. What's more, the yuan has hit a 11-year low. In China, purchaser spending has missed the mark regarding projections, with car deals dropping for the ninth straight month. On the off chance that the exchange war proceeds, buyer spending is relied upon to diminish further. One motivation behind why customer certainty still remains to some degree high is on the grounds that, since a year ago, the Chinese government started supporting for the impacts of the taxes by supporting the economy, a similar way they did during the Global Financial Crisis. This incorporates government upgrade, through expansionary money related strategy, tax breaks and foundation burning through, totaling4.25% of GDP. Tried and true way of thinking proposes, in any case, that a legislature can just spend out of trouble for such a long time until it comes up short on cash. China as of now experiences monstrous open obligation which stands at 300% of GDP, speaking to 15% of the world's aggregate. In the meantime, Beijing has educated banks to build loaning to keep the economy above water.

Why the US Must Prevail

China regularly sets necessities for its business and help accomplices, for example, repealing acknowledgment of Taiwan or rejecting visits by the Dali Lama. They require dear "companions" to cast a ballot in support of them in instances of worldwide mediation, for example, in the South China Sea debate. To get Chinese speculation, Hollywood movies have enabled themselves to be blue-pencilled by the Chinese government. The Chinese government asks remote online networking organizations to impart clients' close to home information to them, and squares media which distribute notions which they see as against China.

They likewise ask "agreeable countries" to drop visit by the leader of Taiwan. In the meantime, both creating and created nations have been known to agree to China's requests, because of their expanding financial reliance on China. During the majority of this, these nations basically acknowledge similar sorts of unequal and out of line exchange which the US is currently facing. In the event that the US loses the exchange war, China's triumph will turn into a wakeup call for different nations who wish to restrict Beijing's requests.

Moreover, in the event that one of those nations stood up, Beijing could draw on their experience of standing up to the US for hints on the most proficient method to overcome any of the world's other/littler economies.

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India’s Financial Architecture – Are we getting It Right?

By Honey Agarwal, MBA (BE) 1st year

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A shadow banking system is the group of financial intermediaries like Non- Banking Financial Companies, facilitating the creation of credit across the global financial system but whose members are not subject to strict regulatory scrutiny . A default from infrastructure financier IL&FS, one of the largest nonbank lenders, sent shockwaves through the economy and prompted scrutiny of the precarious loan books of many other shadow credit providers.

Recently, RBI has issued a statement that government and RBI are working closely to prevent any collapse of large shadow financial institution. Many experts also suggest that if soon this credit lending sector of Indian economy is not revived then India may face a situation like 2008 Lehman Brothers collapse [1] which not only will affect India's prospects of projecting itself as a world leader but it will affect certain foreign partners as well.

Here, the question arises that is it for real? Is India really staring at a banking crisis? Which may lead to recession among sectors. If we need to answer these questions then experts suggest watching past data and project future. Recently, it has been coming to light that NBFCs are the biggest loserson National Stock Exchange and Bombay Stock Exchange because of the raising concerns of liquidity crunch among investors. This slowdown among the financial credit sector has forced people to re-plan their spending on assets like real estate and automobiles, leading to slowdown in these sectors which ultimately forced companies to cut jobs and contribute in the economic slowdown.

Well if we go back to 2008, during world economy crisis, India survived world economic crisis not because of some genius. It was sheer dumb luck of 7th Pay commission arrears which created a windfall for Govt employees and in turn triggered house and auto sales. The real act by Indian Government to handle crisis was rescheduling of NPAs and imagining them to be normal loans. This continued greening of the book has to end some day and it chose to end in 2017 but saved by huge cash flow in to the banking because of demonetisation.

Like any other economy, Indian economy has been killed by Housing. Today unsold houses inventory is anywhere between INR 9 lakh crore to INR 10 lakh crore [2] based on various sources. INR 9 lakh crore to INR 10 lakh crore capital locked! Interestingly this reported figure is only from formal side what about numbers on informal side.

But what if we look through another side of this slowdown, what if the total dynamic of global economy is changing and importance of sectors contributing the most in GDP is changing. Recent bonanza sales among e-commerce platforms like Amazon and Flip-Kartare proof of this theory that on one side in economy we are finding consumers reluctance to spend and is struggling where as another side (E-Commerce) we are spending billions.

Is it similar to Industrialisation? when classic old sectors died and re-skilling workforce was not an option anymore. This slowdown may hint that demand of reskilling is at its peak and like at the time of industrialisation, the whole dynamics got changed, this is sort of the same era at which we are looking and it is not about economics slowdown but it is more about changing preferences among the masses.

Before choosing the actual reason, let's have a look at some of the corrective measures our government has actively initiated like reducing the interest on loans by reducing repo rate, slashing corporate tax rate, exemption of buy-back tax for deals done before 5 July and increasing spending by government agencies to purchase new vehicles. These steps indeed seem attractive initially but these steps are not able to maintain the desired level of growth and here we are forced to think, which of the above mentioned two reasons can be the real culprit?

I prefer to choose the later as the reason for recent economic slowdown and patience in terms of auto-corrective measures is the most important thing which at present a consumer is need to maintain in this aspect of changing dynamics.

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Indian Public Sector Units: The Road Ahead

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In this economic slowdown where the economic growth is creeping the condition of India's public sector units cannot be described as being 'good'.After PSU banks, the government is likely to infuse capital in two chronically ill telecoms PSUs BSNL and MTNL, and the Union Cabinet is likely to take a decision on 4G spectrum allocation to them by the third week of the current month after DoT places the note before it for consideration. The BSNL has not paid salaries to its 1.76 lakh employees for August and MTNL has not paid for the last two months. The employee cost of the BSNL is 75.06 per cent and that of MTNL is 87.15 per cent of their total income, while the same for private telecom companies varies between 2.9 to 5%.

On the other hand, the government is merging banks to let them survive in this environment. In its bid to create "Next-Gen banks", the finance ministry has decided to merge 10 public sector banks into four. The merger of United Bank of India (UBI) and Oriental Bank of Commerce (OBC) with Punjab National Bank (PNB) will give birth to India's second-largest public sector bank after the State Bank of India (SBI). The amalgamation of 10 public sector banks into four has nearly ended the consolidation process and created almost the right number of banks to cater to the needs of the aspirational and new India, Finance Secretary Rajiv Kumar said

This exercise will create six global size banks and will bring down the number of nationalised public sector banks to 12 from 27 in 2017.

Talking about LIC

Moreover, of the total investments made by LIC worth ₹26.6 trillion, as of March 2019, ₹22.6 trillion went into the public sector and only ₹4 trillion went into the private sector, showed data from the Reserve Bank of India. While this may work in favour of some of the public sector undertakings (PSUs), it's not clear how it will impact the customers of the insurer

Recently IRCTC has issued IPO among the public to raise its capital. IRCTC is a subsidiary company of Indian railway which takes care of catering and online ticket booking. Over the past two years, though, IRCTC has clocked 10.3% annual growth, with revenues rising to ₹1,868 crores in the fiscal year 2019. Profit after tax margins has shrunk from 14.3% in FY17 to 13.9% in FY19 on higher expenses. Union minister Piyush Goyal Friday batted for continued government ownership in banks and other key industrial areas saying privatisation is not the panacea for all the ills facing the economy as the private sector is plagued with more scandals than their state-run peers.

Solution:

The finance ministry's bid to disinvest over ₹1 trillion worth of shares in public sector undertakings (PSUs) has been met with protests from workers, trade unions and opposition parties. Privatization is widely believed to improve PSU performance but new research suggests that there may be other ways to do this.Specifically, granting greater managerial autonomy to the board of PSUs could significantly boost their performance. A paper published by the National Bureau of Economic Research, explores the effect of managerial autonomy in PSUs in India. It examines the impact of an earned autonomy programme introduced in 1997 that grants different levels of financial and operational autonomy to profit-making PSUs.

Using data from the government's Public Enterprise Survey report and the Centre for Monitoring Indian Economy (CMIE), financial performance, expenditures and labour composition of 193 firms between 1992-2009 was analysed.

Under the programme, the board of PSUs were allowed to take strategic decisions on matters that did not require government funding such as capital expansion and formation of subsidiaries, without seeking government approval. Kala finds that this decision-making autonomy significantly improved PSU profits and productivity.The study also finds that PSUs with managerial autonomy hired more people while maintaining profitability. Autonomy also ensured that governments are less likely to interfere in hiring decisions, especially before elections for potential electoral benefits.

Interestingly, PSU managers are not motivated to grow profitability by their potential progress within the organization. Instead, they are driven by the need to showcase their ability for their career prospects in the private sector.

Because of all these effects, we can conclude that there are ways beyond privatization to bring efficiency into the public sector and increase public sector employment.

Source:

https://www.livemint.com/Opinion/ZxVQBVNoq8UbqDwVhCMY6M/Divestment-More-than-just-revenue.html

CRUDE OIL IMPORT AND ECONOMY: THE WAY FORWARD

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India's current account deficit has widened from 1.8%in FY 18 to 2.1% in FY 19 and a high import bill on oil had been the major contributor for this. As per government reports, thecountry's oil dependency had increased from 78.3%of total consumption in 2014-15 to a new peak of 84% in FY19.a large CAD can in turn weaken the rupee which can in turn adversely affect the economy.

As a result of the increasing population, the advancement of technology and infrastructure, India's demand for oil has always been in an upward trajectory.It has reached to around 212 Million tonnes in 2019, an increase of 2.6 %when compared to the previous year. While the oil output has been in the downfall with around 37 Million tonnes in 2015-16 to 4 million tonnes in 2018-19. Despite the state run and private oil exploration companies which had invested highly in search of new oil reserves, the Indian geography has not yet been so rewarding. The high cost involvement in the exploration of reserves also stands as a discouraging factor.

Since India is geographically not that blessed with abundant reserves of oil, the dependence of India's oil import can only be reduced by investing in alternate fuel sources and making a long-term strategy for their implementation. The share of transport vehicles in consumption of petrol and diesel are 99.6% and 70% respectively. Among the diesel consumption agriculture and industry follows with 13% and 10% diesel consumption respectively. It is evident from the above stats that it is the automobile sector that accounts for maximum consumption and thereby the initial steps to curb the crude oil import should be aimed towards the same.

Favourable incentive mechanisms like subsidy up to 60% for electric buses to come up are already in place. Therefore, building supportive infrastructure to catch up with the addition of new EVs should be done in parallel. There should be multistage adoption in identifying specific set of routes where there are maximum services of Electric buses and expanding to other routes gradually. Also, within the transport sector

28% of diesel is consumed by trucks. Thus, creating dedicated electric corridors for trucks on highway is a long-sighted measure in reducing oil imports.

Increasing the blending proportion of domestically available biofuels in transportation fuel is yet another way to reduce crude oil dependence. Since ethanol production is mostly subjected to cyclic weather patterns, Methanol which is produced from coal should be given more weightage in blending.

When it comes to segments other than Automobile which uses derivatives of crude oil are Agriculture (13% of total diesel production) followed by industry (10%). Therefore, making use of more renewable sources of energy like Solar, Wind and hydropower in power generation can be suitable way to decrease the present usage of diesel.

Despite India's plan to generate 100 Gigawatts(GW) of solar energy capacity by 2022,Rating agencies like CRISIL had reported that India will only be able to manage some 60 GW by 2022.It is mostly because of the addition of anti-dumping duties in 2018 which led to a price hike in the imported solar panels that were being used in India. Even though this high import duties were imposed in order to help the domestic industry, in had only affected the consumers in a negative way. Therefore, the government should foresee the long-term goals before making economic policies like these.

Tapping the huge hydro electric potential from the Himalayan and north eastern can significantly add to India's Energy mix but issues regarding resettlement of affected population and infrastructure development are the main constraints. However, with the scrapping of article 370 in Jammu and Kashmir by NDA government, many industrial experts are optimistic that hydropower is not yet out of India's playbook of energy mix.

To sum up, we have seen how India's CAD is widening in proportion with the increasing oil imports and how it affects the economy. The causes for the high dependence are general ranging from India's geographical disadvantage to increase in demand. The only solution to reduce imports is to invest more in the upcoming EV saga and to develop long term strategies that can reduce oil imports significantly.

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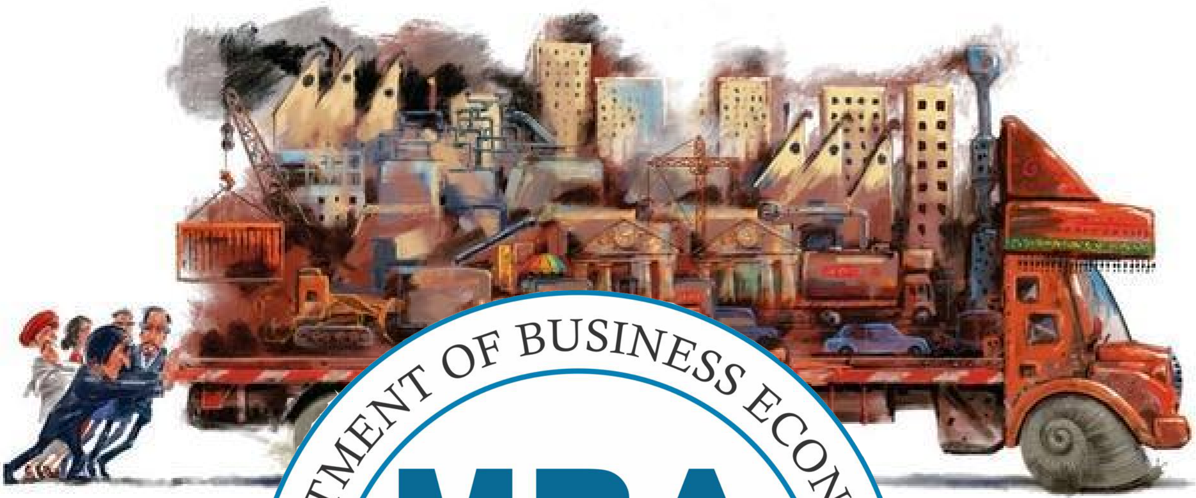
Current Policy Priorities for the Indian Economy

By Yash Bhan Singh, MBA (BE) 1st year



India is a country of huge dynamics, under current circumstances as States are worried that continued economic slowdown will cut the tax revenues from GST, Centre must have plans to fulfil its commitment at the time of adopting GST. For the past, this economy has significant history of dependence upon trade, be it overseas or not and we see the example of the same in current economic analysis as well. The current slowdown is accounted to be unprecedented in the last 70 years of independence, and the reasons of which are labelled under categories of policy interventions and corporate governance, effects of which are visible on National Employment downturn, taking hits on National growth rate standing at 6.1% (Highest since 1972-73), decreasing the overall purchasing power of an average citizen, not to forget the social cost of unemployment which seems difficult to be calculated, but are no less real.

While working on measures that cater to the supply-side of operations, the demand creation has been ignored, this raises the concern of supply growth with no demand.

Which is again a worse off. The government need to look at new ways of reviving the micro, small and medium enterprises sector to create more jobs, it has to come up with new policies to enhance growth, which declined due to previous policy reforms, which ultimately will require more cash flow into the system. The move of merging non-performing banks with anchor banks could turn out to be fruitful, but may also increase complications.

Not to forget about spectrum policy, which has not been upgraded with any price based mechanism for allocation in terms of telecom licensing. It was working on mere first -come-first-serve basis until recent telecom spectrum distribution.

At this time, central banks are aware of the importance of stimulating the economy with expansive monetary policy, by lowering interest rates, cut in basic repo rate, pumping cash on credit and liquidity into the global financial system, similar to one in October 2008. With current macroeconomic environment of the country financial markets will probably experience considerable flux for this fiscal year.

In terms of technological reforms, there is an urgent need to establish “digital blocks” which includes basic infrastructure and skills to harness positive disruptions for education and health services.

Aadhar, is one of the examples of how government is preventing abuse of different policies, ensuring subsidies are extended to each citizen in need once in a period, showcasing how effectively we are managing the risk that arise from collecting and using digital data.

With the hype around the idea of Make in India programme, our exports are still at same level as in 2011 and have not grown with increase in imports from China worth of 6000 rupees of goods for every Indian, which has only doubled from 3000 rupees in 2014. With latest shiny innovations our focus has shifted from investment in infrastructure for data maintenance. We need to focus our policies towards improvement in ease of doing business, increase in production scale, capitalising on opportunities opened up by the heightened trade tensions and faster execution of capital expenditures by public authorities. A sector which must be focused upon in this scenario is manufacturing and industry as a whole and particularly labours, whenever we talk of manufacturing, we hear about artificial intelligence, high level industry etc. but what about those industries which employs a lot of people like consumer goods clothing, textiles, furniture.

Altogether we have seen situations which could have led to no turnaround from worse offs but with small steps India is aligning its powers for a stronger front. With US-China trade war, exports from Asian countries to US rose by 10% over the previous year in the first half of 2019, reshaping the global supply chains. With focus on structural reforms in line and right policies in effect for productivity plans, this trade war can only positively affect Indian economy. Rollback of measures including the one of enhanced super-rich tax on foreign and domestic equity investors, exemption of start-ups from 'angel tax' will prove to be an incentive for budding industries.

All in all, government's accommodative monetary stance, given the economic slowdown is understandable. As the efficacy of our different policies depends upon transmission, the government needs to take steps like syncing interest rate on savings with market rate, maintaining macroeconomic, financial and price stability with incentives for domestic production and manufacturing activities.

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Fascinating Business Facts That Will Blow Your Mind

1. Economics was originally called 'political economy'

Economics is politics and it can never be a science. Yet the dominant neoclassical school of economics succeeded in changing the name of the discipline from the traditional 'political economy' to 'economics' at the turn of the 20th Century. The Neoclassical school wanted economics to become a pure science, shorn of political (and thus ethical) dimensions that involve subjective value judgments. This change was a political move in and of itself.

2. The Nobel Prize in Economics is not a real Nobel Prize

Unlike the original Nobel Prizes (Physics, Chemistry, Physiology, Medicine, Literature and Peace), established by the Swedish industrialist Alfred Nobel at the end of the nineteenth century, the economics prize was established by the Swedish central bank (Sveriges Riksbank) in 1968 and is thus officially called the Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel. Members of the Nobel family are known to have criticized the Swedish central bank for giving prizes to free-market economists of whom their ancestor would have disapproved.

3. There is no single economic theory that can explain Singapore's economy

This is what I call the 'Singapore problem'. If you read the standard account of Singapore's economic success in places like the *Economist* or the *Wall Street Journal*, you will only hear about Singapore's free trade and welcoming attitude towards foreign investment. You will never hear about how almost all the land in Singapore is owned by the government, while 85% of housing is supplied by the government's housing corporation. 22% of GDP is produced by state-owned enterprises (including Singapore Airlines), when the world average in that respect is only about 9%.

To put it bluntly, there isn't one economic theory that can single-handedly explain Singapore's success; its economy combines extreme features of capitalism and socialism. All theories are partial; reality is complex.

4. Britain and the US invented protectionism, not free trade

Britain had the most protected economy in the capitalist world in the late 18th and the early 19th century. Much of this protection was provided in order to promote British manufacturers against superior foreign competitors in Europe, the Low Countries (what are Belgium and the Netherlands today) in particular.

The US went even further. Taking inspiration from British protectionist policy, Alexander Hamilton, the first Treasury Secretary of the US (that's the guy on the ten-dollar bill) developed a theory called the 'infant industry argument' - the view that the government of an economically backward nation should protect and nurture its young industries until they 'grow up' and can compete in the world market. Hamilton died in 1804 in a pistol duel, but the US adopted protectionism in the 1820s and remained the most protected economy in the world for most of the next century.

5. Free trade first spread mostly through un-free means

Free trade spread around the world throughout the 19th century. But its spread mostly owed to something that you would not normally associate with the word 'free' -force, or at least the threat of using it. Colonisation was the obvious route to 'unfree free trade', as the colonial masters forced the subjugated countries to open up their trade completely. But even many non-colonized countries were forced to adopt free trade. Through 'gunboat diplomacy', they were forced to sign unequal treaties that deprived them of, among other things, tariff autonomy (the right to set its own tariffs). The most infamous unequal treaty is the Nanking Treaty that China was forced to sign in 1842, following its defeat in the Opium War, but all the Latin American countries, the Ottoman Empire (Turkey's predecessor), Persia (Iran today), and Siam (today's Thailand), and even Japan were subject to such treaties .

6. It was arch-conservative Otto von Bismarck who introduced the first welfare state in the world

Contrary to what many people believe, the welfare state was originally a 'rightwing' invention. It was the arch-conservative Otton von Bismarck who first introduced it. Bismarck hated socialism, but he wasn't an ideologue. He basically figured out that if you don't provide a minimum safety net to workers, they will be persuaded by the socialists. So he kept workers happy by creating the first welfare state in the world. This suggests that, contrary to their own self-image, those who want to destroy the welfare state may be the biggest enemies of capitalism.

QUIZ

Q1. Which five year plan is also known as “Gadgil Yojana”?

(a) Second Five Year Plan
(b) Third Five Year Plan
(c) Fourth Five Year Plan
(d) Fifth Five Year Plan

Q2. The first bank managed by Indians was?

(a)Oudh Bank
(b)Punjab National Bank
(c)Oriental Bank of Commerce
(d)State Bank of India

Q3. Export-Import bank of India was established in?

(a)1981
(b)1982
(c)1983
(d)1984

Q4. Gross domestic capital formation is defined as

(a)flow of expenditure devoted to increased or maintaining of the capital stock
(b)expenditure incurred on physical assets only
(c)production exceeding demand
(d)net addition to stock after depreciation

Answer key 1) b 2) a 3) b 4) d

ECONOMICS CROSSWORD- AGGREGATE DEMAND-AGGREGATE SUPPLY

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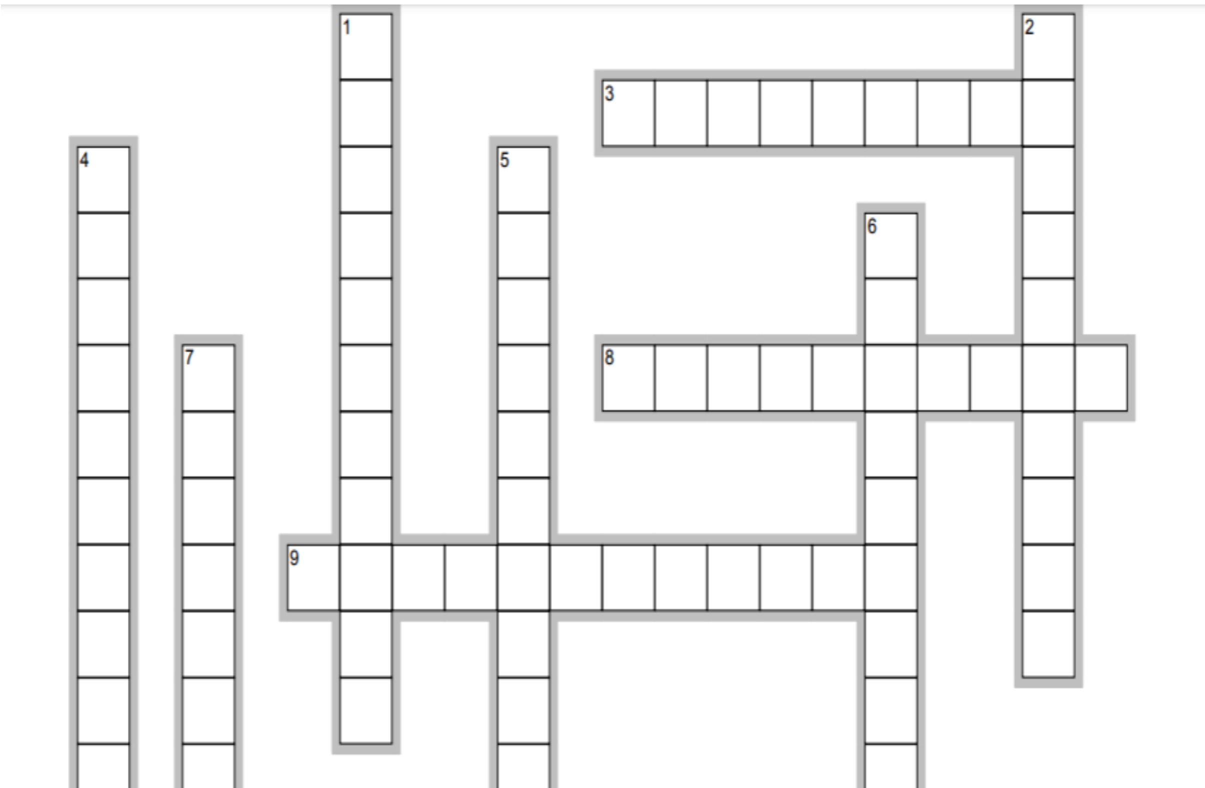

Across

3. ____LRAS curve shows three possible phases along the shape of the curve.
8. Exports minus imports and a component of AD.
9. Set of government policies relating to its spending and taxation rates.
10. Set of official policies governing the supply of money in the economy.

Down

1. total spending by consumers on domestic goods and services
2. The addition of capital stock to the economy.
4. The total spending on goods and services ina period of tie at a given price level
5. Total amount of goods and services that are produced in an economy at a given price level.
6. policies that increase the potential output of the economy.
7. ________fiscal policy leads to an increase in the Aggregate demand in the economy

ECONOMICS CROSSWORD- AGGREGATE DEMAND-AGGREGATE SUPPLY

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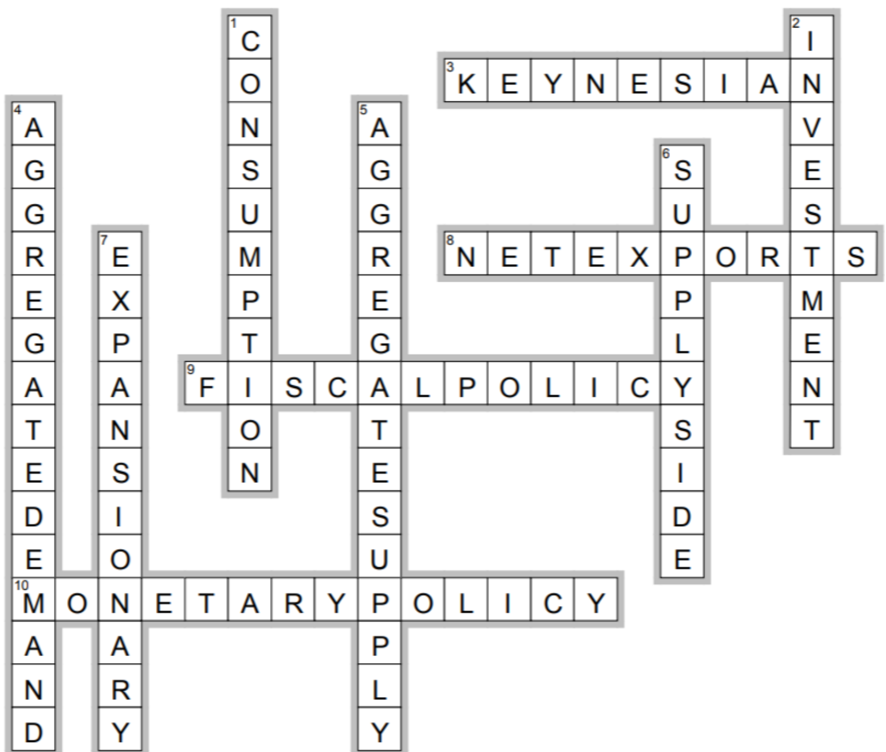
KEY

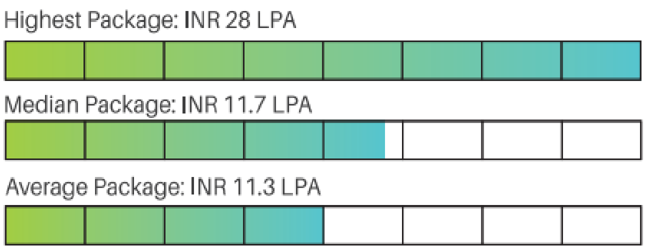


Economics Vocabulary Words

P	G	O	Q	R	T	R	A	S	N	F	E	R	P	A	Y	M	E	N	T	D	D	V	W
D	F	R	E	E	E	N	T	E	R	P	R	I	S	E	L	V	N	P	R	V	H	Y	G
F	D	I	I	M	A	C	R	O	E	C	O	N	O	M	I	C	S	X	B	F	B	K	N
B	C	Y	Z	P	I	H	S	R	O	T	E	O	R	P	O	R	P	E	L	O	S	A	F
M	U	L	N	N	U	D	E	H	X	C	O	M	M	A	N	D	E	C	O	N	O	M	Y
N	G	C	Y	L	O	P	O	N	O	M	L	A	C	I	G	O	L	O	N	H	C	E	T
T	N	B	D	N	K	M	Q	A	F	W	T	K	G	W	O	H	T	A	H	W	O	H	W
A	I	S	V	H	B	O	G	I	S	H	K	Z	L	C	T	E	U	V	Y	E	P	Y	M
F	L	F	T	Y	T	I	C	I	T	S	A	L	E	D	N	A	M	E	D	T	H	H	W
Y	I	A	K	D	X	X	Z	X	K	C	C	F	Y	D	X	M	V	N	H	X	F	L	E
H	E	W	E	A	B	Z	Z	N	P	M	T	A	X	T	F	Q	J	G	Z	M	I	B	L
A	C	E	V	X	Q	L	X	P	F	Z	M	A	P	O	I	H	N	R	R	W	L	L	A
R	E	R	E	G	R	E	M	H	E	T	S	U	V	I	O	C	L	J	X	K	G	N	W
T	C	B	I	W	K	Q	X	N						I	T	A	R	O	K	R	R	L	O
L	I	R	N	S	K	I										A	Y	A	M	U	A	T	F
E	R	B	J	Y														O	C	L	N	T	D
Y	P	X	O	F															D	S	T	G	E
A	T	E	G																S	X	I	F	M
C	X	A	T																	M	N	K	A
T	P	E																		X	A	I	N
C	O	R																		S	I	S	D
X	O	F																		D	D	E	S
Y	N	J																		E	H	S	T
A	B	O																		F	C	O	T

Capitalism		...on	Demand
Demand Elasticity		...erprise	Grant In Aid
Individual Income Tax	La...	...roeconomics	Merger
Paternership	Perfect Compe...	Price Ceiling	Scarcity
Sherman Anti-trust Act	Shortage	Skilled Labor	Sole Proproetorship

FINAL PLACEMENT STATISTICS

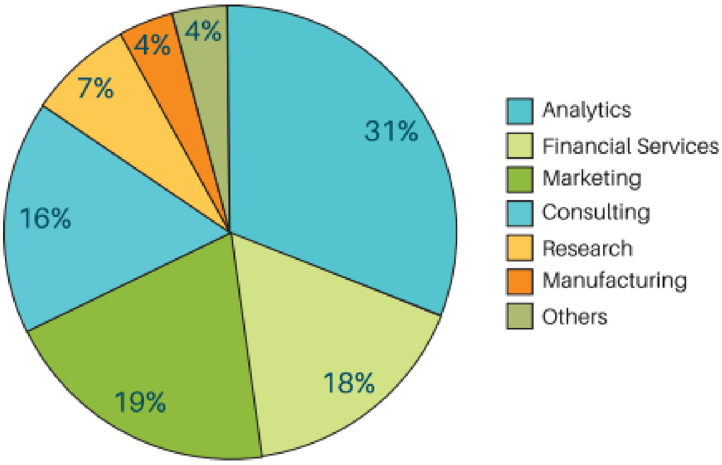


Top 15%: INR 17.73 LPA

Top 25%: INR 16.46 LPA

Top 50%: INR 12 LPA

Sector Wise Split



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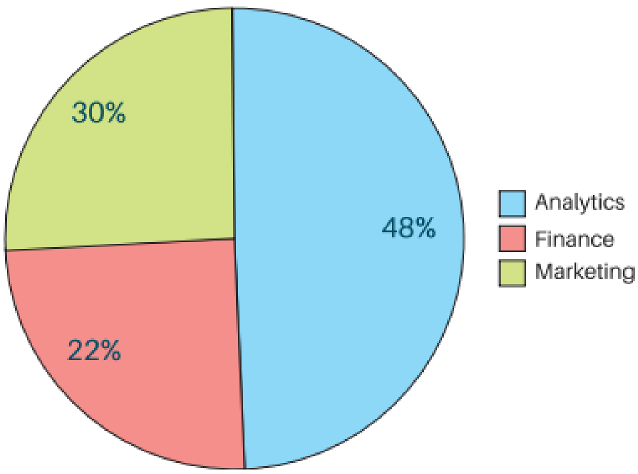
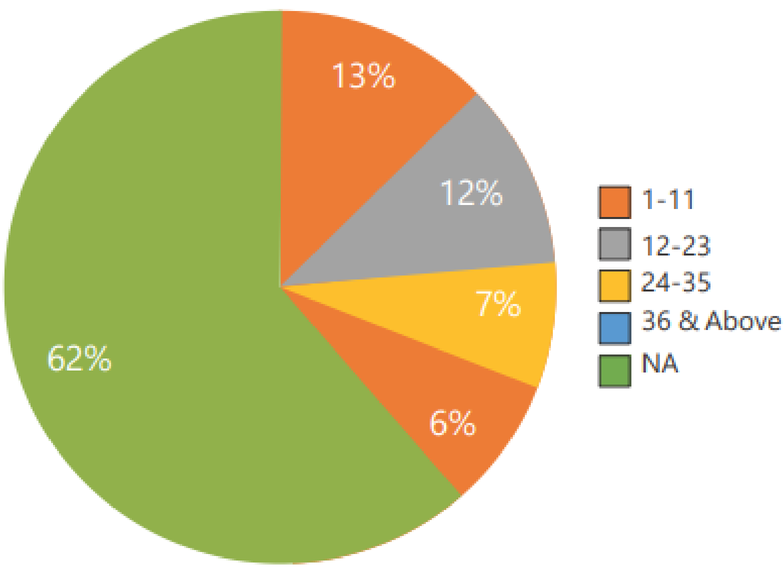
Function Wise Split



SUMMARY BATCH 2017-19

Work Experience



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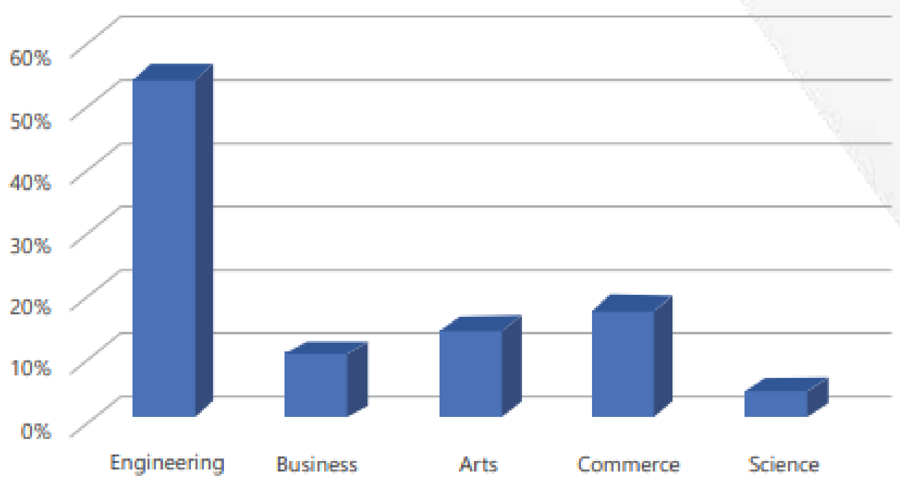

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PAST RECRUITERS

NEW ADDITIONS