# B.H. COLLEGE, HOWLY

## Department of Economics

# EXPLORING THE DISMAL SCIENCE

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# Exploring the Dismal Science

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# A message from the Principal

*It gives me immense pleasure to see the creative work of the students of Economics Department during lock down in the form of an e-magazine . It is the right time to look at the probable impact of* COVID-19 *on our economy. Our youth became jobless, so many firms and industries are closed down, goods remain unsold. So many labourers working at different places of the country have come back which gives rise to the problem of effective labour market management. Under such situation how to handle our economy ? I believe, this e-magazine will certainly be able to address such issues. Finally, I wish good luck to all who are involved with this magazine. Stay healthy stay safe.*

Thank you.

(Dr. Bhushan Chandra Pathak)
Principal
B. H. College, Howly

# From the Editors

COVID-19 *outbreak has driven the world to a standstill due to which schools and colleges are closed. The whole education system is affected from this pandemic a lot. Though we are compelled to stay at home but we can not let our thirst to learn, our desires to be productive and creative down. Hence, we, the Department of Economics, B.H. College, took it as an opportunity to enlighten ourselves with some more facts and knowledge and develop our writing skills. We decided to publish an e-magazine through which we can discuss various issues, topics and news updates related to our subject 'Economics'. Every single day there are numerous news updates and articles associated with economic or socio-economic issues. Students of our department tried to cover all the major updates through their articles.*

*We are very grateful to our Principal Sir for his immense support. We are also very thankful to Head of the Department Ranjit Bhuyan Sir, Abhijit Dakuah Sir and Dr. Rabinjyoti Khataniar Sir for their valuable advice and help. In addition, we, wholeheartedly thank all of them who have helped us directly or indirectly to publish this e-magazine. Hope this e-magazine will be helpful to acquire some knowledge and information and also explore the Dismal Science i.e. Economics.*

Thank you.

Dhritishmita Ray
Dipankar Das
Editors,
Exploring The Dismal Science

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# Reinterpretation of Gandhian Economic Principles in the Light of Global Pandemic (Covid-19)

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Covid-19 has turned out to be the worst pandemic that the human history has encountered ever since its genesis. The Spread of the disease is so profligate and panoptic that the World Health Organization (WHO) has declared it a global Pandemic. Almost all the nations across the globe have equally felt the untoward brunt of Covid-19 and it really jeopardized not only health security of the nation dwellers but on a larger scale economies have arrived to a situation of halt. The nations have taken up their best possible set of measures to extenuate the adversity of the situation, yet they are unable to stop or limit the spread of the virus to a satisfactory level. In order to check the rapid spread of the virus, India along with the major powers of the world had initiated a protracted '**Lockdown**'. The decision to declare a complete lockdown is really a very harsh choice on the part of the policy makers as it cumulatively destroys the economic strength & performance of an economy. This sequential economic downfall is vividly seen in case of India too in its present spell of recessionary trend. This downfall is caused by low aggregate demand as well as low aggregate supply in the economy and the situation carries a serious concern for an emerging economy like India. The lockdown has literally compelled the labour class and specially those who migrated to far off places in search for better earning opportunities to rethink about alternative sources of livelihood as they have almost lost their jobs and temporary settlements; and as a consequence they are obliged to move back to their native places with utter distress, pain and prolonged uncertainty. As lockdown could not be continued indefinitely hence the policy makers started acting strategically towards unlocking it in a phased manner but it is really difficult to reverse back the economy to the pre-pandemic position in a short span of time. The pandemic has really changed the entire course of global economic scenario of integration and interdependency. Many countries have questioned themselves over being a part of the contemporary globalization process. They have felt that being globalised may be the major factor that pushes them into the clutches of global pandemic. This sort of inquisitive is worthy since the whole world is moving towards close coordination and unification or towards making a global village. In this process of unionization, free movement of goods and services and human being from one country to the other will obviously take place. The outbreak of the virus initially was in China but due to the close connectivity the virus did not take much time to catch almost all nations around the globe. This incident is one of the glaring instances of adversity that globalization could pay off upon its firm believers. But the perception of blaming globalization all the way and questioning over its true spirit is partially true, as the mechanism of globalization never indicate countries to give up one's own sovereignty to others, it never directs a nation for suspending its own exercise over domestic economic activities or it is not the mechanism that stops countries to look into their own set of potentialities and entrepreneurial opportunities. Globalization is not actually an end in itself rather it acts as a mean towards attaining a set of diversified ends. Being globalised does not mean countries should blindly follow the other nations and to stop thinking their own in an entrepreneurial manner to maintain their sustainable existence in the world. Over dependency on others and realizing least of domestic potentiality is the major threat that is borne by the present course of globalization. Nations needs to restructure their courses of operation in economic and other fronts that will provide them more opportunities from within. The ideologies retained and instructed by M.K. Gandhi (the father of the nation) would be the ideal intellection in restructuring India's future courses of economic policies under currently prevailing situation. To address the situation and to arrive at some probable solutions, it is really necessary to reinterpret the decades-old Gandhian Philosophy on which the basic socio-economic structure of

India is based on. Reinterpretation is required on account of the cumulative deviation of aboriginal policy framework under the setting of Globalization. In contemporary period, globalization along with its inherited dynamism is inevitable; one nation cannot go in isolation from other nations due to the paucity of resources and its growing demand. But the Pandemic has made countries to realize the fact that globalization or more receptivity for an economy may not bring the desired solutions at times when it is needed the most. Taking all these factors into consideration, it is really a high time for India to opt for reinterpreting our innate norms and indigenous line of economic thinking. M.K. Gandhi had presented his practical views on almost all aspects of human life. He had provided an alternative development model for independent India. The model is entirely varied from the so called Western economic model of Development. It carries moral and ethical views, truth and nonviolence as the essential element that touches human activities and their decision making. The major emphasis of his model was on complete decentralization of basic economic structure and that was due to his chief advocacy over a village-centric economy in which all economic functions and powers would be controlled by the villages and villages would act as a self regulating and self sufficient unit for economic development. One of the major principles of Gandhian Economic thought is the '**Limitation of Wants**'. According to him people should limit their wants as much as possible with respect to their demand for goods and use of natural resources. Unless needs are confined and contained, it takes little time to get translated into greed, which is detrimental towards the entire humanity and nation building. Enormous needs for goods and resources create undesirable competition among countries and sometimes tie ups or consolidation formed amongst them that finally leads to a sense of globalization which was not required in factual sense. Therefore, the major thrust of a nation should be more on locally available resources rather going directly towards global support which ultimately helps turning it into a more self reliant nation in true sense. Apart from this, the other prominent principle of Gandhian economic thought is the '**Production by the masses rather than mass production**'. Gandhi was of the view that mass production is the sole cause for all economic and environmental crises in the modern world. He recommended promotion for Khadi and Village industries for providing employment to the villagers. He also favoured extensive cultivation for creating more self employment to the rural dwellers. If production by masses is not fostered by the policy makers by rejuvenating the lost prejudices of Khadi, village industries, cottage and small scale industries then it will not be easy for the victims of global pandemic to survive in their race for living. Agriculture, the backbone of our economy, should get its due importance at par with other two sectors of the economy (i.e. industry and services). Both these two sectors have performed meagrely due to the economic shutdown, but the only sector that borne the brunt more positively is the agriculture sector that might prove itself as a saviour sector during this hard time to uplift and regain India's lost economic growth momentum. But for this, the traditional way of treating agricultural operation need to be transformed and efforts from the mechanism will be required to inculcate agro-entrepreneurship among rural masses and reversed migrated youths, so that they could take it more seriously not only as a mean for sustenance but as mean for greater economic transformation. Another Principle of M.K. Gandhi i.e. '**Sarvodaya**' has also got great relevance in the present situation of crisis. Sarvodaya is the soul of Gandhi's social philosophy. The concept of Sarvodaya summarizes Gandhi's social thinking and provides an active set of services to bring welfare for all. Sarvodaya is not only concerned about majority but it is also concerned about the person who is in the marginalized position in the development trajectory. In a welfare economy both the marginalized and the privileged sections should get equal treatment in the society. The growing inequality is the serious repercussion of the sole denial of the principle of Sarvodaya. If this sort of negligence towards the concept of Sarvodaya is carried on then the situation will be much gloomier in coming days. Hence, it is suggestive that the future set of policy formulations should be guided more by the indigenous philosophy that was advocated by M.K. Gandhi. The principles do exist within our economic framework but they are either in dormancy or with minimal application, hence it will be a subtle challenge on the part of the contemporary thinkers and policy makers that how they would make those dormant principles and norms more applicable and active in our future economic courses of action so that we could get back to our status of hard defenders during this crucial stage of global pandemic.

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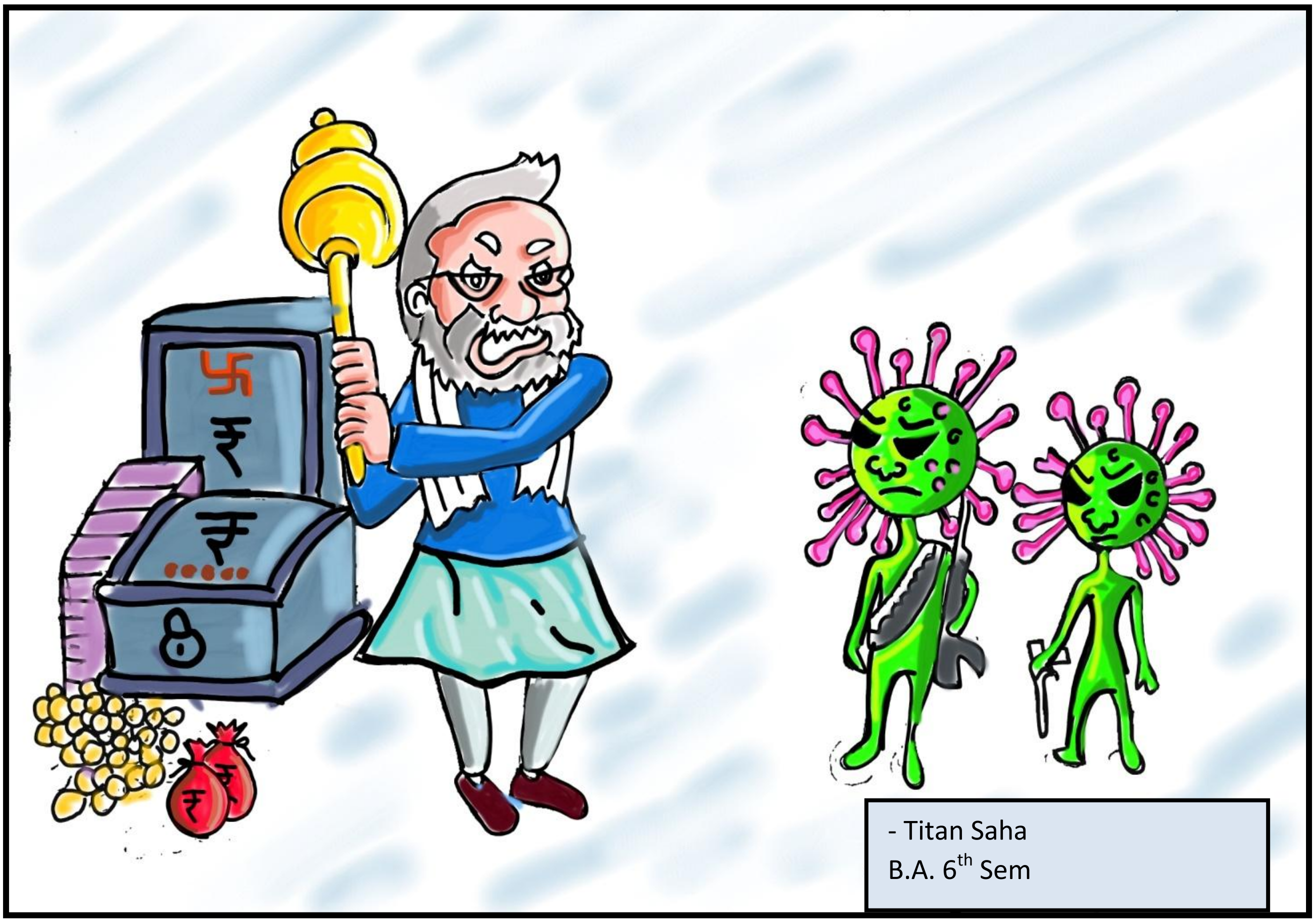

- Titan Saha
B.A. 6th Sem

# Reverse Migration due to COVID-19 Outbreak:

# Challenges to Northeast

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**What is Reverse Migration?**

Reverse Migration refers to the situation when people start migrating back to their original native place. Reverse migration takes place when the people lose their livelihood and job opportunities or face survival challenge.

**Background of the Problem:**

Northeast India is one of the biggest contributors to the migrant labour force in the country especially in the sectors of F&B (food and beverages), security, tea and coffee plantations, constructions, beauty, wellness and nursing. However, the outbreak of COVID-19 has brought into sharp focus of the massive reverse migration of Northeastern people from the rest of the country. Large numbers of migrant employees from the Northeast region have expressed a sense of insecurity and fear to return to work in places away from their native places due to "harrowing experience" they faced due to the coronavirus lockdown (All India Manufacturers Organisation, 2020). On the other hand, the Mumbai-headquartered organisation also said a large number of workers from the region were still at their place of work and were eager to return to their families once the lockdown ends, which would further deplete labour supply force in the workplaces in the country. In absence of job opportunities in the region owing to very poor industrial development, reverse migration has appeared as a big problem to the native states and communities as well.

**Probable Challenges to Northeast:**

Reverse migrants are mostly from rural area of the region where human poverty is already higher than the National average. Labour absorption in the region is very narrow owing to poor industrialization. Under such situation reverse migration of millions of people will worsen the economic structure of the region and will invariably lead to increase in poverty, inequity and discrimination in the region.

Some of the notable specific changes may be as under-

I. There is every possibility that the workers who have migrated back will move towards the local cities in search of livelihood after few months. Cities will be overburdened and underprepared to provide guaranteed social protection to these migrants, often deny them access to adequate food and nutrition, quality healthcare, housing, or water and sanitation facilities.

II. This class of migrant workers is typically hand-to-mouth consumers, earning subsistence living and spending a large part of their income in consumption purposes. So there will be demand deficiency in the informal sector of the economy and the forward and backward linkages to the formal sector will be weakened.

III. FMCG (Fast-moving consumer goods) industries will suffer a lot as the reverse migrants are the primary consumer of such products.

IV. Reverse migration is a big issue for the native states. It will lose the remuneration flow from other states at the same time there will be a question of employability of returned migrants.

**Way Forward**

I. There is an urgent need of persistent and target oriented action plan which can stimulate the returned migrants back to their place of work. Such plan must have a provision of health insurance, employees' job assurance, unemployment insurance, etc.

II. AIMO (All India Manufacturers Organization) has made numerous suggestions to the government of India to aid migrant workers especially from the Northeast in the short, medium and long term, including ensuring payment of pending salaries, adequate food and a secure shelter for them.

III. There is a need of fiscal stimulus for the demand side so as to provide immediate monetary support to migrants in order to minimize forward and backward negative impact of deficient demand.

This is worth mentioning that while every people in India has been affected by the lockdown, the tribals of the Northeast India are facing a problem of different kind, namely racial discrimination based on their Mongoloid features because of the origin of the virus in Wuhan, China. On 26 March, 2020, the Rights and Risks Analysis Group (RRAG) stated that at least 22 cases of racial discrimination and attacks took place against the Northeast people in various parts of the country from 7 February 2020 to 25 March 2020. Such issue is to be handled with utmost care and indepth thinking.

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# The Bloomsbury Group and an Economist

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In the history of English literature the "Bloomsbury group" occupies an important place as it was the breeding ground of novelists like Virginia Woolf and E M Forster, biographer like Lytton Strachey, and other intellectual and cultural figures like Clive Bell, Leonard Woolf and Roger Fry. However, this apparently cultural and literary group assumes significance for the students of economics as well. The reason is that a young Cambridge student associated with the Bloomsbury group later became a world-famous economist. He is none other than John Maynard Keynes (1883--1946). It was his senior friend Lytton Strachey who attracted Keynes into the company of people who were later known as Bloomsbury Group or Society. This group introduced novelty and freshness in their approach to everything they dealt with. Virginia Woolf popularised a new technique in the writing of novel which is known as stream of consciousness mode. E M Forster, famous for his novel "A Passage to India", was a liberal democrat and his attitude to the colonised people was more humane than that of many others. Lytton Strachey developed a new style in the writing of biography in his "Eminent Victorians" and "Queen Victoria". His dispassionate approach in writing the lives of great people did not prevent him from revealing some of the inconvenient truths about those people. So it is clear that as an intellectual and cultural circle, the Bloomsbury Group patronised freshness, innovations, radicalism and originality in the pursuit of knowledge and the practice of aesthetics.

The famous economist J M Keynes was deeply influenced by the intellectual ambience of the Bloomsbury group. Throughout his entire life Keynes always cherished and felt proud of his long association with the Bloomsbury people. At Cambridge, J M Keynes started his journey as a brilliant and promising student under the famous economist Marshall. Later, he occupied many important positions. During the first World War, he worked as an economic adviser to the then British Prime Minister, David Lloyd George.

However, Keynes is now remembered more as the rescuer of world economy after the onset of the Great Depression during the 1930s. His theory of full employment and demand creation is still considered relevant whenever a crisis occurs in any capitalist economy. He believed that for the survival and growth of economy, the demands for industrial and other goods must be created. In order to create demand, it is necessary to increase and expand the purchasing capacity of the people. Due to growing unemployment, purchasing capacity remains limited. So it is the duty of the state to provide employment. If the state can not provide jobs, then artificial jobs or employment opportunities should be created so that money can be pumped into the hands of the common people which they would in turn spend in buying goods and services. When goods and services would be consumed by the common people then there would be a growing demand for them in the economy and that demand would increase industrial productions and strengthen the economy. This theory still holds good as the enhancement of the purchasing capacity forms the very basis of economic growth and development. If the purchasing capacity does not increase naturally, then it has to be increased artificially with the intervention from the state by increasing public spending. Keynes' theory was successful in rejuvenating the world economy after the Great Depression. So whenever similar crisis arises, people across the world look up to Keynes for a solution again. Due to the outbreak of Covid-19, the world economy is almost devastated. At this hour of crisis, the relevance of Keynes has increased manifold. Likewise, any remembrance or recalling of J M Keynes invariably brings to the fore the great literary and cultural contributions of the other equally accomplished members of the famous Bloomsbury Group that had its headquarters at 50, Gordon Street in London during the 1920s.

# COVID-19 and Its Impact on the Assam's Economy

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The year 2019 has already been a turbulent one in the economic front of the country because of disruptions in trade flows and weakened Global Economy as a whole, as the world economy by itself was facing deep economic turmoil. Amidst all economic slowdown, when the Global Economy was looking for signs of revival caused by the U.S -China Trade war, Geo-Political uncertainties, Declining Commodity Prices and Slowing Consumer Demand, yet another ' Invisible Severe Blow' came knocking at the door in the name of NOVEL CORONAVIRUS PANDEMIC (COVID-19) with its origin from Wuhan, in China which presently has affected more than 96,169 people in India and about 213 Countries and Territories around the World with a total of 4,850,210 confirmed case of Corona virus and a death toll of 316,732 as of May 18th,2020.

The tiny virus has suddenly disrupted humanity to such an extent that it has impacted lifestyles, business economies and has put a considerable ridge in global gross domestic products for months to come aggravated by demand, supply and liquidity shocks.

**Impact of COVID-19 on Assam Economy:**

Over the decades, Assam has been maintaining a dismal record of being one of the most backward states almost on all fronts – financial, employment, rural development, education, roads, irrigation and the list goes on.

It may be recalled that for about a year, along with the rest of India, Assam was marked by a rapid economic slowdown with the financial health of the state nose-diving towards the rock-bottom. The outcome being loss of jobs, growing unemployment and the like with the working class bearing the brutal brunt. Needles to state that sky-rocketing corruption which virtually constitute the order of the day, only served as a catalyst in accelerating the economic slowdown.

While Assam so long was in safe hands on the COVID-19 front, yet the dark cloud of coronavirus has been hovering over the state with cases of positive on the rise and the state is also facing a never-before crisis.

Assam, an important state in North east is also bearing the brunt of the COVID19 pandemic. Assam primarily nestles two main Industries--- Tea and Oil. The tea industry in Assam is a labour intensive one and has been dependent on migrated labourers since 1932, in the absence of the natives who preferred to engage themselves in indigenous farming. Tea is the official state drink of Assam. Assam is also the largest tea producing region in the world. There are 783 big tea gardens and 1.18 lakh small tea gardens, providing direct employment to over 10 lakh people. The Assam Tea sector with over 50% of women workers is the single largest employer of women in the country.

About 300 tea -garden workers of an established garden have left their job and gone back, along with their families to their ancestral place in Telengana. The owner of this 180 years old garden is contemplating that this fever of reverse migration will soon pick up with the other laborers as well aggravating the already existing problem of Absenteeism followed with shortage of supply of labour. It is reported that the tea industry has already lost about 1200 crores in six weeks.

It is also believed that reverse migration of the indigenous people in the post lockdown period could easily destroy India's tribal communities largely concentrated in the Northeast Region.

Another effect of COVID -19 would reflect in the large numbers of native laborers who had migrated to other places in search of job and better income. These laborers are returning to their roots either because of a fear-psychosis, lack of shelter, as many landlords have given up on them, lack of food, and lack of social security measures. There are cases reported in many leading newspapers where laborers have preferred to cycle back to Lakhimpur from Pune.

At a time, when we were already battling with the problems of unemployment, lack of skill and training, lack of proper industrialization, poverty, especially urban poverty, the reversed migrated laborers will only add to more of such burning problems, rather being productivity in the present scenario.

The lockdown has a severe blow on the State's coffers. Revenue collection has abnormally fallen down; the monthly crude oil royalty collection is down from 165 crores to just 50-60 crores only.

**Concluding Remark**

The COVID-19 Pandemic is an unprecedented phenomenon for the Globe as a whole. It is entirely a new experience for all infected countries around the universe and as such, one can only suggest some recommendations to provide some effective tools to move ahead for a resilient and sustainable recovery.

However, the pandemic has reinforced the links between health, environment and the economy and day to day life observation has validated that air pollution has contributed to higher COVID mortality rates. Hence right now people, government should plan of systematic actions for a sustainable and resilient economy.

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# Importance of Institutional Finance in Agriculture in Assam

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As we know that Assam's economy is basically rural and primarily agrarian in nature, the socio-economic condition of Assam largely depends on its agricultural production. Though the contribution of agriculture is gradually decreasing yet its importance in Indian economy and specially in Assam is very significant. According to 2011 census, the contribution of agricultural sector to the State Domestic Product (SDP) was 25 percent and it provides employment to more than 50 percent of the rural population. Though incomes from other sectors such as secondary sector and tertiary sector have increased steadily but agriculture still remains the main source of income to the vast majority of the people of the state. Almost 86 percent of the state's population live in rural areas as per 2011 census where the main livelihood is agriculture and allied activities. It also contributes in export earning. But due to declining public investment in agriculture, it is now confronted with deceleration in agricultural growth.

Since the incomes of most of the farmers are low, therefore, they have to depend on others for credit. Before 1969, there was not such popularity of institutional finance. Thus, they depended on non-institutional sources of credit which comprised loans from Mahajans, businessmen, relatives and friends. Majority of non-institutional credit was provided by Mahajans and money lenders who charged a very high rate of interest. As a result, the farmers have to face problems like selling of their product immediately after harvesting at low prices. But after nationalisation of commercial banks in 1969 and with the emergence of RRB's in 1975, the agricultural sector was provided with short-term credit. NABARD, the apex institution of agricultural and rural credit came into existence in 1982, formulated a Model scheme for issue of Kisan Credit Cards (KKC's) for the farmers. Thus, the KCC came into existence in 1998-99 as a credit product that allowed farmers the required financial liquidity and avail credit when it was absolutely needed. Though it is a very good step adopted by Governments, but in reality, the farmers have to face some difficulties in getting the KCC loan also. Because most of the farmers belong to marginal and small farmers and so their size of agricultural landholding is small. The bank officials are also seen to neglect the marginal and small farmers as their repayment capacity is very low. Natural calamities like flood, droughts etc. affect the agricultural fields. Therefore, insurance of cropping can compensate the loss of the farmers.

Recently, Covid-19 has adversely affected the agricultural sector as our economy is basically agrarian. So with the starting of lock-down period from 24$^{th}$ March, the farmers have to face a heavy loss in terms of damage of their agricultural products. They did not get the opportunity to sell their products. The few products they sell are also sold at a very low price. Thus, the poor farmers become very nervous. Thus, a recessionary phase stares in the economy due to low output, low price of the products, less employment and hence low income due to low yield. Hence, the consumers are also deprived from consuming the products which are necessary for their day to day life.

Thus, provision of adequate institutional credit is indispensable for the proper development of agriculture sector and to increase the income of the farmers. Because, the farmers get the institutional sources of credit at a low rate of interest and they can easily perform their agricultural activities. Hence, insurance of agricultural crops is equally important as it has to face fluctuation of weather. Sometimes floods completely damage the agricultural fields which are the only source of livelihood of the rural people. Thus, rural development will be possible when there is proper agricultural development along with infrastructural development. The farmers should be aware about various schemes announced by the Government and they should come forward to take its advantage. Institutional credit should be easily available to the farmers and it should be on right time i.e. during cultivation of crops. Governments should provide more subsidy for agricultural loans.

# Lockdown Letter to My Dear Students

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It is about the middle of March, 2020 when the students last went to their class room teachings. Thereafter about three months have gone by during which students and academicians are sitting or working from home only. Specially, students are in great trouble whether they are in right track, whether they will have classes in near future, or what about their examinations. It is a puzzled situation for each and every student of the country. Similar situations have arisen for all most all the students of the globe.

It is a period of pandemic. The virus-corona has been affecting the people in 215 countries and territories of the world. First in November, 2019 the virus has taken shelter in Wuhan city, Hubei province of China and officially took 4634 lives. Later on, World Health Organisation (WHO) identified it as Covid-19. From China to Italy, then the USA, Spain, Germany, India the virus is moving very fast. Already 4, 12,583 people have died and 72,55,960 are infected from the lethal disease in the world (as on 11$^{th}$ June, 2020). Medical professionals explained that the affects from the virus, SARS-Cov-2 (corona) is more severe than the other viruses' attack in the past period in the world as a whole. To control the spread of Covid-19, governments in all parts declared national lockdown and announced compulsory social distancing norms. Every type of transportation and international entry points are closed except the health emergencies in India. Thus the present pandemic is serious to look into and it has simultaneously affected the economy, social structure and feelings along with the green natural settings and geography.

Scenario affects in academics due to Covid-19 is just like mixed in nature. Students have been unfortunately sitting at home for the last three months and just remembering their libraries, friends and play grounds a lot. They may be crazy to sit and eat at their canteens and shops. They might be remembering their internal examinations as well. At this critical moment we the teachers must say sorry to our lovely students. We are helpless. As of now, we cannot help to fulfill your dreams. Uncertainties are everywhere in the society and academics. We would like to wish your bright future in the days to come. Stay safe my dear students!

Lockdown period on the other side of the academics has really become an opportunity to trace and crack for the students. While sitting at home you can access a number of studies or explanations related to your syllabus. You can consult with different references and e-books. Question papers and answer books are also available online that you can easily access. You have enough time, maintaining your scheduled online classes you can move to different digital platforms to use it in positive settings. Now it becomes very easy to talk and discuss with national as well as foreign academicians using different digital 'Applications' (Apps) like Zoom, Google Meet, Google Hangouts, Webex Meet, Microsoft Teams etc. Credit goes to the present lockdown but not to the present administrative mechanism for which the digital Apps become much familiar to us. The only caution is that you need to first install the safety and security measures before using the stated Apps. You can use your android mobile devices or the laptop or desktop for online access. Dear students please help each other; please take care of your class mates or friends who are unable to purchase a device for online access. This is a time of crisis, dear students, don't be in a hurry. Don't waste your capacity or existing product/s. If possible, contribute something to the society, society is looking up to you. By maintaining health immunity, first you finish up your topics of the syllabus. Situations have become so tough and complex that every one of you may not get chance to sit in examinations. Understanding of different topics contained in your syllabus is much more important than sitting in examinations, because you need to move towards future and run the long life with a self dependent social identity. Teachers and other administrators will take care of your examinations and promotions. Don't worry, go systematic and win the life.


-Nilkamal Nath
B.A. 6th Sem

# US-China Trade War

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A trade war is an economic conflict resulting from extreme protectionism in which states raise or create tariffs on other trade business against each other.

Wold's two largest economies are USA and China. China is the largest exporter and USA, on the other hand, is the largest importer. But in recent times, both of these pillars of global economy are locked in a bitter trade war.

The U.S. has faced its largest trade deficit with China in 2018 since 1975. In 2018, the US imported $540 billion primarily in computers, cell phones, televisions, clothing and other household items. Much of these is manufactured in china by U.S companies, but it is still considered imports. Whereas, US only exported $120 billion worth goods to China.

U.S president Donald Trump came up with an action. He decided to reduce that trade deficit. Reducing the deficit was part of Trump's strategy to create more jobs. As a result, he adopted tariffs policy aiming to encourage country to buy American products by making imported goods more expensive.

They supported tariff by saying that China was costing the American economy hundreds of billion of dollars a year because of unfair trade practices. He also accused China of stealing intellectual property from U.S firm.

Trump launched the trade war with China in 2018, demanding Beijing to reduce the massive trade deficit. In March 2018, the US imposed an across the board 25% tariff on steal and a 10% tariff on aluminium, on grounds of national security. The two countries so far have imposed additional tariffs and are continuing. The US has imposed tariff on more than $ 360 billion of Chinese goods and China has retaliated with tariffs on more than $110billion of US products. The trade war has been criticised internationally including U.S business and agricultural organisations.

Apart from China, the US is currently engaged in a trade war with the EU, Mexico and Canada. Because of this trade war, the affected countries have signed new trade agreements with other countries and have left America out of the loop.

President Trump's attempts at trade protectionism have already hurt the U.S economy. They raised the prices of automobiles, computer chips, soda & beer and heavy equipment. Companies have cut jobs because the cost of production with local materials is prohibitive. US exporters of agricultural products, bourbon cheese and auto parts are suffering as foreign markets disappear under retaliatory tariffs. Trump must resolve the trade war soon before it causes serious damage on the U.S economy.

Apart from internal economy of the US, some countries have benefited economically from the trade war; for example, Vitemam, Chile, Malaysia and Argentina; at least in some sectors whereas some countries face extreme economic damage. It also causes negative effect on the stock market, Global FDI etc.

After a 19 month long economic conflict, President Trump and Chinese Vice-President Liu He signed the long awaited 'Phase One' trade in January, 2020 signalling a step forward for a stronger relationship between the US and China.

The deal is about to cut some U.S tariffs on Chinese goods in exchange for Chinese pledge to purchase more of American firm, energy and manufactured goods and addresses some U.S complaints about intellectual property practices.

But the 'Phase One' agreement has come under threat as the U.S and China escalate dispute over a range of issues, including blame for the Corona virus pandemic, financial oversight of Chinese companies and new national security laws for Hong-Kong. Recently the Senate unanimously passed a new bill that would delist Chinese companies from the Nasdaq, NYSE and other exchanges for failing to follow U.S securities laws. President Trump also claims that China is the main culprit behind Corona virus, which he called "the plague from china". A group of Republican senators introduced a bill called the "COVID-19 Accountability Act" that would authorize President Trump to impose sanctions on China if it doesn't provide a full account of the events leading up to the outbreak of the virus.

With all these mess, where and how long this trade war will continue and how the rest of the world may get benefited or may get hammered, time will tell us.

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| If interest rate is higher than inflation | If interest rate is lower than inflation |
|---|---|



-Dipankar Das
B.A. 6th Sem

# Impact of COVID-19 on NBFCs

Sujata Das
B.A. 6th Semester

Non-Banking Financial Companies (NBFCs) are financial institutions that provides banking services without meeting the legal definition of a bank, i.e. one that doesn't hold a banking license. Generally, these institutions are not allowed to take deposits from the public, which keeps them outside the scope of traditional oversight required under banking regulations. NBFCs can offer banking services such as loans and credit facilities, retirement planning, money markets, underwriting and merger activities.

Recently the Governor of the Reserve Bank of India Mr.Shaktikanta Das quoted that banks should get themselves prepared to face the challenges amid the rise of coronavirus disaster, as the outcome will surely impact all sectors of the economy. The way COVID-19 is spreading from country to country and impacting business cutting across various sectors, the consequence will surely change the fortune of financial markets and consumer behaviour. The COVID impact has hit the country at the wrong time when the domestic economy has been on weak track on account of a global economic slowdown.

For the last couple of months the economy of India is under stress and the business movement is getting slower. And this situation is expected to continue for the days or rather months to come. With this situation the global slowdown is meant to impact the health of both banking and non-banking financial companies. NBFCs have been the reason of big worry in India's stock markets. For a long time they were seen as the fleet-footed alternative to staid banks; growing faster and subject to lesser regulation. But in the last couple of months that seems to have changed. The very critical sectors to NBFCs are going through shock for a while. Such sectors are like automobiles, manufacturing and retail business etc.

Now let's understand the major challenges in front of NBFCs amidst this pandemic which is heading towards a global recession.

Major Impacts on NBFCs due to COVID-19 :

• The markets, which were once known as the most preferred stocks are rolling down. In the last couple of months most of the NBFCs have lost close to approximately 30% to 40% value.

• As there is a significant drop in transactions, loan repayments etc. at all levels countrywide, it will hugely impact the revenue stream of all NBFCs. This means a less collection by the NBFCs impacting their day to day operations and profitability.

• Since importing countries like Korea and China are not operating their factories, the digital processing of transaction & bill where the NBFCs rely on, can get their process disrupted due to hardware shortages.

• MSMEs which is a crucial pillar to the Indian economy will now struggle to sustain business and this will impact the NBFCs asset quality requirements.

• Larger work pressure on NBFC employees to complete all the pending piled up work once the crisis is stable and stretched targets on each employee to grow business.

• New policy measures or accounting rules could make the NBFCs vulnerable as the coronavirus pandemic looms to push the world into a downturn.

On a positive side and being very optimistic, due to COVID-19 the weakening economy may force Indian government and regulators to take necessary measures. The government may introduce other policy measures to strengthen NBFCs. The critical thing to do now is to stabilize the system, give confidence to the consumers, businesses and industry with capital and reduce interest rates.

# Importance of Liquor Tax

Ipshita Modak

B.A. 4th Semester

Liquor tax plays an enormous role in the Indian economy. We all know that manufacturing and sale of liquor is one of the major revenue source for the government of India. According to a report of RBI which is about study of budget 2019-20 shows that state excise duty on alcohol account is around 10-15% of own tax revenue of a majority of states. State excise duty on alcohol is one of the major contributors to the states' own tax revenue and sales tax. RBI also shows in that report that 29 states along with union territories had collected a combine of Rs. 1,75,501.42 crore from state excise duty on liquor. According to that survey, during the financial year of 2018-19 five states of India collected highest amount of revenue from the excise duty on liquor. They are U.P. (Rs. 25,100 crore) followed by Maharashtra, West Bengal, Karnataka and Telangana.

At the present situation due to COVID-19 outbreak, an economic crisis took place. Therefore, government faces the increasing welfare burden on states and that is why government decided to re-open the liquor shops for financial support and from this decision we can clearly assume the value of liquor tax for our economy. Although many states impose heavy tax on liquor but in case of dry states like Bihar and Gujrat they can not take any benefit from it. Many activists argue that in dry states, sales and purchases of liquor are taking place illegally and the benefit goes to a third party. That is why, government must look into some alternative solutions.

It is known to all that excessive alcohol consumption is bad for health. According to a report of World Health Organization (WHO) in 2018, every year in India 2,60,000 people die due to excessive consumption of alcohol. During the lockdown period, department of excise and taxation of Punjab government allowed home delivery of liquor between 1:00 pm to 6:00 pm to avoid coronavirus spreading. These data show how much important liquor tax is for our economy and how it has affected our economy.

# Role of Microfinance Institutions in Rural Development of India

Dhrubajyoti Nath
B.A. 6th Semester

India is a huge country in terms of population having almost 1.3 billon people. Out of this 1.3 billion, 65.97% of the population lives in the rural areas (according to the World Bank collection of development indicators) and roughly about 21.9% of the total population lives below the poverty line. Most of the rural population in India is living below the poverty line. In rural areas, people are cultivating with the old, orthodox techniques of production, which results in low level of output. Financial services can lift up their initiative and can accelerate the process of building income which will lead them to a better life. But most of the commercial lending institutions deny to give loans to the farmers. So, for the financial improvement of the needy people, Micro-Financial Institutions play a great role.

Micro Financial Institution is basically an institution which offers small sized loans, savings, insurance or other financial services, usually to the low-income individuals and households.

Microfinance loans can be used for a wide range of activities including growing a business, building assets etc. India has been able to develop its own model of microfinance organizations in the form of savings and credit groups known as the Self Help Group (SHGs), which are bank-linked. These SHGs are usually formed and managed by women and this has become an instrument, which has led to women's empowerment and social change. Most of the microfinance institutions in India have gone beyond savings and credit groups to provide microfinance services in the form of savings and insurance. The scenario of Indian village area has been changed from the introduction of Microfinancial Institution. In India, microfinance has fueled the efforts of rural development, women empowerment and wealth generation by providing small scale savings, credit, insurance and other financial services to poor and low income households.

The concept of microfinancing and self-employment activities in rural areas have developed considerably over the last two decades. It is working neither on domain/charity nor on subsidy. It is basically rotational investment done to motivate the poor to empower themselves and practice the dictum 'Save for the future and use those resources during the time of need.' Theoretically, microfinance also known as microcredit or microlending that means making provisions for smaller working capital loans to the self-employed or self-employment seeking poor.

Still, Indian microfinancing faces several barriers that must be overcome in order to the programs to become the poverty alleviation tool it is intended to be. MFIs are proof that when structured correctly, financial relief is entirely possible. Although several questions remain in regards to the well-being of the microfinance industry in India, its practices promote a social and economic change that will continue to have a lasting impact.

# COVID-19 Crisis and Unemployment

Chayanika Pathak
B.A. 6th Semester

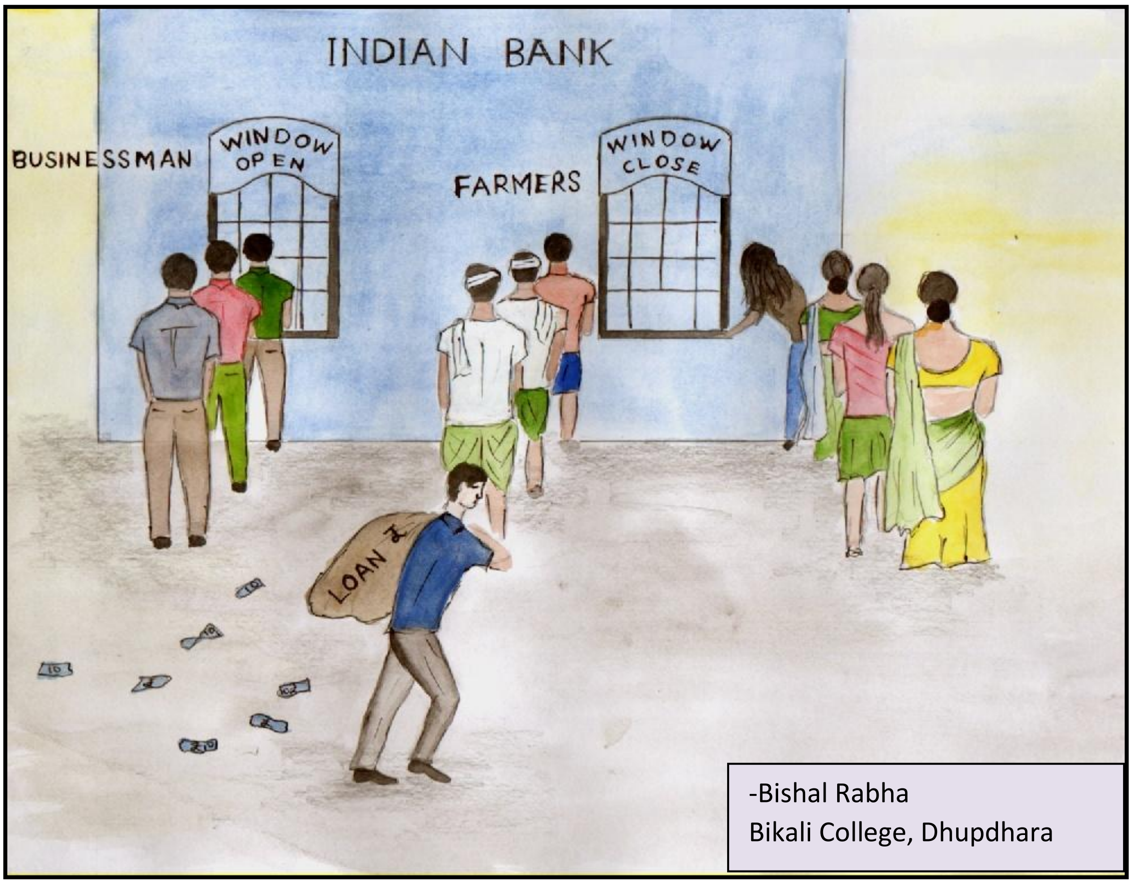
COVID-19, a global pandemic and its effect on world economy is unprecedentedly execrable. From the biggest economies of the world to the smallest one COVID-19 has taken its toll all over the world.

Hundreds and thousands of people have lost their jobs due to nationwide lockdown. According to International Labour Organization almost 1.6 billion informal economy workers are significantly impacted by the COVID-19 pandemic leading to a 60 per cent decline in their earning. For those workers unable to do work or working remotely at home is not an option, staying home means losing their jobs and for many, it also means losing their livelihoods.

After the Great Depression-era of 1930, it is the harshest downturn for the American workers in history. Employers cut an unprecedented 20.5 million jobs in April tripling the unemployment rate to 14.7%.

But in India, as per CMIE's data, the monthly unemployment rate on May 17 stood at 23.88%, up from April's 23.52%. The labour markets are under equal stress both in rural and urban areas. The rate of Urban unemployment stood at 26.5% against 22.9% at rural in May. The number of voluntary unemployment in urban areas is sharply increasing day by day. But for the workers those who went to urban areas or suburbs in search of opportunities were now forced to leave their jobs. And they are moving to their villages as they're now finding it hard to afford their foods and rents. And because they can't afford the train tickets they are trying to walk back to their villages.

With current scenario it's hard to predict the future, all we can do is wait for the cure.




-Bishal Rabha
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# Yes Bank - The Whole Story Behind Its Downfall

Bikon Nath
B.Sc. 6th Semester

Crisis in the banking sector does not seem to end. Everyone knows that there was a crisis in YES Bank. The crisis had been increasing for the 3 consecutive years. Finally, RBI has taken over YES Bank on 5th March, 2020 and imposed a moratorium of 30 days. But RBI's scrutiny came too late. RBI could take or prompt corrective actions earlier, if RBI had taken this initiative even 6 months ago then things would have been better for YES Bank. The action taken over here is delayed and inadequate too. But government also does not want to show that it is helping such a private sector bank directly. Since the crisis was deep, so there was no way out from it.
After PMC Bank, it is Yes Bank that crashed down. It was India's fourth-largest private bank due to which many questions were raised on the whole banking system. The first thing we need to understand is that in comparison with PMC bank, the crisis of YES Bank is far bigger. PMC Bank is a cooperative bank. The reputation of cooperative banks is not that much high. But YES Bank is not only a private bank, but it is also the fourth largest private bank of India. There is a lot of companies that depends on these banks. For example, in the case of YES Bank, there were several companies which had YES Bank as the sole banking partner for UPI transactions ( For example, PhonePe, Bharat pay, Flipkart, Swiggy and Red Bus etc.). Experts say that when it comes to digital payments YES Bank had a futuristic business model. 35% of the UPI transactions in the entire country happened through the YES bank. Moreover, PMC bank had deposits of worth 11,000 crores, but the YES Bank had the deposit book of Rs. 2.09 lakh crore at the end of September, 2019. That is why when a bank fall like this way it does not only affect its depositors, but it also affect those companies, and a lot of people gets affected if their companies and their services are tied up with this bank.

**A Brief History of YES Bank :**

The story commences in 2004 when Rana Kapoor and Ashok Kapoor co-jointly set up YES bank company. It offers wide range of banking and financial products for corporate and retail customers through retail banking and asset management services. But unfortunately in 2008, Ashok Kapoor was killed in the attacks of 26/11. After that Rana Kapoor ran the YES Bank. But the important thing is that after 2008, it had been alleged that Rana Kapoor was aggressively giving loans at high-interest rates, and he was giving loans to those companies, who had very low chances of repaying them. So, Rana Kapoor was playing a very high-risk game.

A global financial services company named UBS pointed in 2015 that the accelerated growth of YES bank was happening because it was giving loans to stressed companies. Stressed companies refer to those companies that have a high risk of non-repayment of loans. So these are the major reasons behind the crisis of YES bank i.e. bad loans and NPAs. Loans are given to those companies that cannot repay them back, and these loans become bad loans/NPAs, NPA means Non Performing Assets. If the repayment of anyone's loan is delayed by 90 days or more, then it becomes an NPA. The NPAs of the YES bank kept rising gradually. And in 2017, the Reserve Bank of India noticed this and they started monitoring the YES bank more strictly. In fact, RBI not only noticed the rise of NPAs, but they also saw that YES bank was concealing its real NPAs.

In September 2018, the RBI ordered that Rana Kapoor would have to vacate the chair of the CEO of YES bank is to be saved. In November of the same year, a chairman and two independent directors of the Bank resigned. Along with this, the ratings of the bank continued to fall down. CARE Rating Firm, a firm of rating records a very poor rating to YES bank. Another one Reputed Rating Firm, Moody's degraded the outlook of YES bank from stable to negative.

In March 2019, Ravneet Gill became the new CEO of the Bank. But the problems had grown so much that the YES bank posted its first-ever quarterly loss in April 2019. After which their stock fell by 30% the next day. In November 2019, Rana Kapoor sold away almost all his shares of the YES bank. This is despite the fact that last year he had tweeted in September, 2018 and said, "Diamonds are forever, my promoter shares of YES bank are invaluable to me". That is, he considered the shares of YES bank as valuable as diamonds, and he had also written that he would pass these shares to his three daughters and their children by requesting in his will stating that not to sell a single share. So, imagine how terrible the situation was, even after promising that he will never sell the shares because they were so valuable, but he sold them only one year later. After this event and at a point of time, customers understood that the condition of YES bank is going to deteriorate and we all know what happened next. On 5th March, 2020, RBI took up the entire matter into its own hands and declared a moratorium. Next day, stock of YES Bank totally fell down. The news came around that SBI might invest on this bank. Then, the stock of SBI also fell and on 8th March, 2020. ED arrested Rana Kapoor under the allegation of fraud and money laundering. But if steps were taken earlier this situation would not have arrived.

**Who took the loans?** Let us come to the root cause of this problem. The companies which took the loans and could not repay them were: Café Coffee Day, DHFL, Cox and Kings, Anil Ambani's Reliance, Essel Group; where YES bank lost most of its money. The government alleged that this happened due to the UPA government. In response to this, P Chidambaram has given a simple report. If we look at the report, then we can see that the majority of loans given by the YES bank were given after 2014. The loan book states that loans worth 1,40,000crore rupees were given out in Financial Year 2017. By FY 2019, these loans increased to 2 lakh 41 thousand crore rupees. So, a question arises that despite being under the scrutiny of RBI since 2017, so many loans were handed out between 2017 and 2019. Despite knowing that the condition of the bank is deteriorating, they keep giving loans to such companies. A month before the declaration of restrictions by the RBI, Adani company stopped using the YES bank. One day prior to the declaration of the restrictions by the RBI, Vadodara Smart City Development Company in Gujarat withdrew 265 crore rupees from the Bank. So obviously looking at all these things, another question arises whether the people close to the government knew beforehand that the government was going to do this and hence, they withdrew their money beforehand or it was just a mere coincidence?

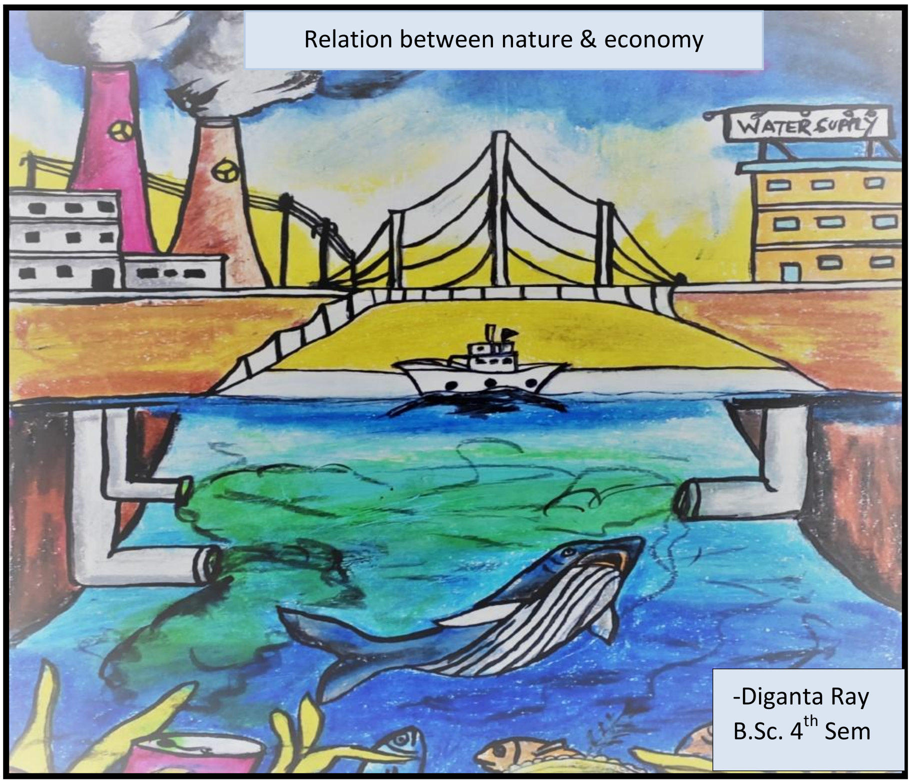
**NPA Crisis in Indian economy :** The problem of NPAs in our country has risen to such extent that there is no such major economy in the rest of the world where conditions are so terrible. NPL ratio is non-performing loan ratio which simply means how many bad loans are there in a ratio of the total number of loans. In case of YES bank, the ratio has reached 8%. In India, NPL ratio touched 11% in 2019, which is the world's worst NPL ratio. The major economies including the USA, UK, Germany, the NPL ratio of these countries generally is less than 2%. Furthermore, the NPL ratio of India is already deplorable. Recovery rate refers to the chances of recovering the money of the bad loans. In India, these chances are nearly 30%. In the rest of the major countries, these chances are around 80%. So, due to these reasons the investors are hesitant to invest in India and it impacts the Indian economy overall.

**Rescue Plan of YES Bank :** If any large bank is in crisis such as YES bank, government cannot afford it to fail under any circumstances. In the banking sector confidence is everything. Because so many people depend on it and if the depositors do not get their money back, then this will lose their confidence in the banking system. The people will feel that their money will not be safe in any bank no matter how big the bank is. The entire banking system will collapse. However, when a bank is in crisis, then often people want to withdraw their money in panic. This is called "Bank Run". In order to avoid this, the RBI puts a restriction that not more than a certain amount of money can be withdrawn at a time. Because if everyone goes to withdraw their money, there would not be enough money and it would lead to a bank run. In the case of YES Bank, the RBI put a restriction that who have deposited their money in this Bank cannot withdraw more than 50,000 Rupees per person, except in emergency cases.

A rescue plan was chalked out by the RBI to save YES bank. SBI took 49% equity in this bank. YES Bank is currently on SBI's control as an investor. According to their plan, they will try to rebuild trust in YES Bank. Then the prices of share may rise and sell those shares to another partner at a higher price to reduce its equity to 26%.

Andy Mukherjee, who is an expert in banking and economy, according to him the government had created a crisis through the rescue plan. Government can adopt some better ways to save YES Bank, that there was no need to spread panic via moratorium. Although the decision of moratorium is usually taken by the RBI, but we all know that such a big decision is not taken without any consultation of government. The rescue plan led to an increase in mistrust among the public about the banking sector. Due to this reason, the one month moratorium was withdrawn on 18th March, 2020.

But the pressing question is that despite introducing IBCs (Insolvency and Bankruptcy Code, 2016) to save banking sector, we are still seeing crisis one after another. The matter started from IL&FC and reached DHFL, PMC bank and the recent case is YES bank. If the mess stops here, then that's great. But it doesn't look like it will end here. So, it is necessary to warn that there is no discussion on the regulatory overlap. Here I want to end up the topic in very simple words : the knowledge and efficiency with which RBI is monitoring and regulating the banking sector, there are some short comings in it. The reason for that - RBI is an academic and constituent body. Their cadre lacks banking and NBFC experts who can come up with innovative methods to run the business and constantly tweak the business model. So, it is imperative to increase the regulatory and autonomous power of the RBI. Because despite so many irregularities in the YES Bank's balance sheet, no red flags was raised. In Mumbai, this is one bank which has its fair share of controversy for last five years. It was clear after Rana Kapoor's sacking, that there were many problems. But there was no swift action. It is necessary that RBI fixes its operative measures and methods and RBI needs to regulate its operations more efficiently. Otherwise, there will be no guarantee that such bad news may stop. In in a tweet of Harsh Goenka, he wrote, "I always flew on JET AIRWAYS, banked with YES Bank, had fixed a deposit in DHFL, a real estate investment in a company with IL&FS as a creditor, shares in VIDEOCON and made phone calls on VODAFONE! Just wondering about my choices?"



Relation between nature & economy

-Diganta Ray
B.Sc. 4th Sem

# Positive Impacts of Lockdown

Barshasree Das
B.A. 6th Semester

Coronavirus disease 2019 (COVID-19) is an infectious ailment because of intense acute respiratory syndrome coronavirus 2 (sars-cov-2). It turned into first recognized in December 2019 in Wuhan, China and has due to the fact spread globally, resulting in an ongoing pandemic.

**Positive aspects of lockdown and this pandemic :**

Economic system has been affected in many approaches. Many sectors of economy were affected. However, those related to heath services have done plenty. Also, those factories who make Alcohol had been given to make sanitizers. Even the demand for dangerous addictive products has been reducing.

The lockdown has additionally brought about improved air quality. In keeping with the World Air Quality, the average concentration of PM 2.5 in New Delhi came down by way of 71%. New Delhi was ranked as the maximum polluted city of the world by means of WHO in May 2014, but as Delhi's 11 million registered cars were taken off the roads and factories and construction have been ground to a halt, Air Quality Index levels have frequently fallen beneath 20. The health of Ganga river has visible extensive improvement given that enforcement of the national lockdown that has caused reduction in dumping of industrial wastes into it. The river Ganga's water quality has improved with the growth in Dissolved Oxygen (DO) and decreased Nitrate concentrations. The tributaries of Ganga have also refined due to the concentration of DO rise. The Delhi Pollution Control Committee (DPCC) in its file submitted to the Yamuna Monitoring Committee (YMC) has also stated that the absence of industrial effluents and reduced human activities has improved the water quality of river Yamuna. With human beings self-isolating in their houses, animals that usually live far away from urban regions now have space to roam. Environmental degradation simply is a part of the cost that must be incurred to achieve higher economic growth rate. According to anti-growth school of economic thought, the objectives of economic growth are to be reviewed because it has negatively affected the quality of life, pollutions of the environment, the wastes of natural resources and its failure to solve socio-economic problems. Since almost all the economic activities are at halt, the environment has started reviving itself.

Simultaneously, a large number of cases of coronavirus have put pressure on healthcare service providers. Medical facilities of hospitals have been developed a lot in a short span of time due to this pandemic and PPE kits form a lot (2 lakh approx.) every day. It has also endorsed people to get themselves checked by doctors. That apart, the healthcare advisories issued to prevent the coronavirus spread has had human beings revise simple hygiene practices inclusive of washing hands well and often, sanitising their surroundings and following right coughing etiquettes.

E-Commerce has prospered in this lockdown. As people cannot get out of their home, so the grocery delivery and other delivery services have increased. Online Banking transaction also has increased because of this lockdown. People are going into digital ages.

# Stock Market

Shilpa Das
B.A. 6th Semester

The stock market are basically public markets for issuing, buying and selling stocks that trade on a stock exchange or over-the-counter. Stocks, also referred to as equities, mean fractional ownership during a company and therefore the stock exchange may be a place where investors can purchase and sell ownership of such investible assets. An efficiently functioning stock exchange is taken into account critical to economic development, because it gives companies the power to quickly access capital from the general public. However, besides shares of companies, other insruments like bonds, mutual funds and derivative contracts too are traded within the stock exchange.

There are two kinds of share markets :

**Primary share market :-**

A company enters the primary market to boost funds. It is within the primary market that a corporation gets registered to issue shares to the general public and lift money. Companies generally get listed on the stock market through the first market route. In case a corporation is selling shares for the first time, it is called an Initial Public Offering or IPO, after which the corporate becomes public. While going for an IPO, the corporate has got to provide details about itself, its financials, its promoters, its businesses, stocks being issued, price band then on.

**Secondary share market :-**

Inside the secondary market, buyers exchange already listed shares by way of buying and promoting them. Secondary marketplace transactions are transactions in which one investor buys shares from any other at the winning cost. Commonly, those transactions are carried out via a dealer. Secondary market gives investors a possibility to promote all its shares and exit the financial marketplace.

**Current stock trading – The converting face of worldwide exchanges :**

An ever-growing American economy primarily fueled the growth of the New York Stock Exchange (NYSE) which domestically shows limited competition for more than two countries. The European market has been continually dominated by the LSE(London Stock Exchange), but the NYSE became home to a continually expanding number of large companies. Other major countries, like France and Germany, eventually developed their own stock exchanges.

During the technology sector boom of the 1980s and 1990s, the National Association of Securities Dealers Automated Quotations (NASDAQ) became a favourite home of burgeoning technology companies and gained increased importance. The NASDAQ emerged as the first exchange operating between an internet of computers that electronically executed trades which made the whole process of trading more time-efficient and cost-efficient. Along with increased trades in NASDAQ, the NYSE confronted increasing opposition from stock exchanges in Australia and Hong Kong, the center of Asia. The NYSE eventually merged with Euronext, which changed into shape in 2000 through the merger of the Brussels, Amsterdam, and Paris exchanges. The NYSE/Euronext merger in 2007 installed the primary trans-Atlantic exchange.

Financial disturbance related to the COVID-19 pandemic has a great influence upon financial markets, including stock, bond, and commodity (including petroleum and gold) markets. Major events are such as Russia–Saudi Arabia oil price war after failing to reach an OPEC+ agreement that resulted in crude oil price crisis and a stock market crash in March 2020. Ever since COVID-19 strike, markets loomed up with fear. Following the crashing of markets, BSE Sensex and Nifty 50 fell by 38 per cent globally. The total market cap lost a staggering 27.31% from the start of the year. The stock market has reflected the sentiments this pandemic unleashed upon investors, foreign and domestic alike. Companies have scaled back; layoffs have multiplied and employee compensations have been affected, resulting in negligible growth in the last couple of months. Certain sector such as hospitality, tourism and entertainment have been impacted adversely and stocks of such companies have decreased by more than 40%.

## Economic Effect of the COVID-19 Pandemic in India

Prayashi Kalita
B.Sc. 2nd Semester

The economic effect of the 2019-20 coronavirus pandemic in India has been in large part disruptive. In India up to 53% of organizations have specified a certain amount of impact of shutdowns triggered because of COVID-19 operations. Numerous commercial enterprises along with hotels and airlines are cutting salaries and shedding personnel.

Unemployment rate in India persisted to be high at 23.88% on May 17. But, with industries opening up step by step, there's a growth in labour participation rate and the unemployment rate has declined to 23.55% on May 31 and 22.70% on 3rd June. More than 122 million employees lost jobs in april, in line with a report launched by an economic research house. More than 45% households throughout the nation have stated an income drop in comparison to the previous year. Live events industries has estimated an expected loss of Rs. 3000 crore. A number of young start-ups had been impacted as investments have fallen. A data lab's report suggests a 45% decline in the total growth-stage funding compared to Q4 2019. In keeping with a KPMG report, venture capital in Indian start-ups has decreased more than 50% in Q1 2020 from Q4 2019. On 4 April, former Governor of Reserve Bank of India RaghuramRajan stated that the coronavirus pandemic in india may also simply be the greatest emergency since independence. The Former Chief Economic Advisor to the Government of India has said that India must prepare for a negative growth rate in the financial year 2021 and that India might need a Rs. 720 lakh crore to conquer the contraction. Several companies are exercising some measures inside their businesses to ensure that staff's anxiety is kept at minimal.

Night lights and economic activities are correlated. Night light radiance fell by 37.3% in Delhi compared to 1st to 31st March, 2019. This was the largest fall for only metro in India. It decreased 32% in Bangalore, even in Mumbai dropped by 29%. India's demand for fuel in April 2020 compared to the previous year declined nearly 46%. An International Energy

Agency reports in April, predicted that India's annual gas intake will decrease 56% in 2020.

It is hoped that the recently announced stimulus package of Rs. 20 lakh crore will boost the supply side with the intention to drive economic recovery.

# Statue of Unity: From an Economic Point of View

Bijit Das
B.A. 4th Semester

On the 143rd birth anniversary of Sardar Vallabhbhai Patel, also known as the 'Iron man of India', PM Narendra Modi inaugurated the Statue of Unity - the tallest Statue of the world. Since 2014, 31st October is being observed as the National Unity Day or Ekta Diwas. The Statue of Unity is depicting the 182 metres (597 ft) height iconic figure of Iron Man of India, Sardar Vallabhbhai Patel. It is located in Narmada District of Gujarat at a river Island facing the Narmada Dam. This project was first announced on 7th October, 2010, while construction was started on 31st October, 2013 and completed in mid-October, 2018. The statue stands as the Pride of Nation but there are many who think that incurring Rs. 2990 crores on it, has been a wastage of money. The statue has been included in 8 Wonders of SCO (Shanghai Cooperation Organisation). Since its inauguration, it attracted 2.9 million tourists and earned 82 crores of rupees. It is 23 metres taller than China's Spring Temple Buddha Statue and almost double the height of the Statue of Liberty (93 metres tall) in the US. The viewing gallery for the Statue, at 153 metres, can accommodate 200 people at a time and offers an expansive view of the Sardar Sarovar Dam.

Vallabhbhai Patel was a political and social leader who played a major role in the country's struggle for independence and subsequently guided its integration into a united, independent nation. He was also the first Home Minister and Deputy Prime Minister of India. He is widely considered to be the architect of modern India. The Statue was built within three and a half years by more than 3,000 workers, including 300 engineers from infrastructure major Larsen & Toubro (L&T). The Statue of Unity was designed by Padma Bhushan recipient Sculptor Ram V. Sutar and intricate bronze cladding work was done by a Chinese foundry, the Jiangxi Toqine Company (JTQ).

TajMahal is the most visited tourist attraction in India, which earns an annual revenue of Rs. 25 crore from 8 million tourists. It would be optimistic to hope that the Sardar Patel Statue of Unity will get even a tenth of that number. The entire Sardar Patel statue project costs approximately $ 430 million (Rs. 3000 crore) of which, the cost of just the Statue(182 metres) is nearly $ 200 million (Rs. 1,347 crore). The Spring Temple Buddha Statue had cost $ 18 million (128 metres). Even with inflation, it is unfathomable why it is 10 times higher here.

**Pride of India : Pros**

• Since the Statue has been built on PPP model, the public money spent on it is less than the private money spent on it.

• Statue of Unity, is not only a tribute to the Iron man of India, but also is the first such tourist attraction located in India and is termed as 'Pride of Nation'.

• The statue reflects the sense of patriotism and united India but also estimated to remain as it is for 1000 years, it will continue to contribute to the national income of India through tourism for 10 centuries.

• The Statue of Unity will help in increasing tourisms income and a large area with Hotels, transport and other services will develop fast.

• Thousand of people in Narmada District and nearly areas will get employment opportunity directly and indirectly.

• It is estimated that more than 10 lakh tourists will visit the Statue of Unity every year. Entire money spent on the construction is expected to be recovered in the next 35-40 years through tourism, transportation and other services.

**Wastage of money: Cons**

Although it had many positive aspects then also from the economic point of view it is just wastage of money because of following reasons:

• The release of Rs. 200 crores by the government of India for the project attracted the anger of several people and political parties. They criticised the expenditure on the statue over other priorities like women's safety, education and agricultural schemes.

• Social Activists have opposed the project on the ground that India is suffering from calamities like flood and cyclone in many parts of the country e.g. Kerela, Odisha, Assam. Accordingly, the money could have gone to address these problems of common people.

• India has one of the largest global burdens of hunger, malnutrition and poverty. Investing such a huge money in making statue has not gone well for a section of society.

• There are other pressing needs in India- like education, health, safety, employment. The money could have been utilised in these sectors.

• Local tribals were dislocated as their land was acquired for the construction of the statue. However, they were offered cash and land compensation and have been provided job.

• The Statue of Unity is being criticised due its very low return on investment which is estimated around 2.7%. Return on investment refers to ratio between net profit and cost of investment. With just 2.7% return on investment it will even take much more time to recover its investment on it.

• From last 10 years, India's average inflation rate is around 5%. It is worth noting that, if the return on investment on anything is lesser than the inflation rate, it means it is bearing loss there. The same thing prevails with the Statue of Unity i.e. inflation rate is 5% and return on investment of the Statue is 2.7%.

Moreover, this return on investment may further fall in future and it will be difficult to recover its cost due to inflation.

However, for Statue of Unity to be the world's best tourist destination some more concrete steps are required. The government will need to take a sustained worldwide and inter-country advertising campaign to inform and educate about the new marvel, to attract visitors from all over the globe and from all states of India. Easy connectivity by trains, road and air is also necessary. Finally, it had both positive and negative impact on the development process of our country.

## Underdeveloped Countries During the Pandemic

Gaurabita Das
B.A. 6th Semester

The unprecedented COVID-19 pandemic is first and foremost a humanitarian disaster. Expectedly, its effects go beyond the health of populations as it impacts most economies across the globe. For the Least Developed Countries (LDCs), as for others, a swift response is required. Most LDC economies rely on external demand. Successful integration into the global economy brought many LDCs closer towards graduation from the LDC category, whether through tourism, light manufacturing, remittances from workers abroad or oil and other commodity exports.

Manufacturing, in particular of garments, has been a main development driver for LDCs approaching graduation, such as Bangladesh, Cambodia and Myanmar. These countries benefit not only from low production costs and effective domestic policies supporting the sector, but also from trade preferences in most developed and major developing markets. COVID-19 has caused a demand shock through a massive cancelation of orders as fashion retail in developed countries collapsed. At the same time, the garment sector is undergoing a domestic supply shock caused by mandated factory closures.

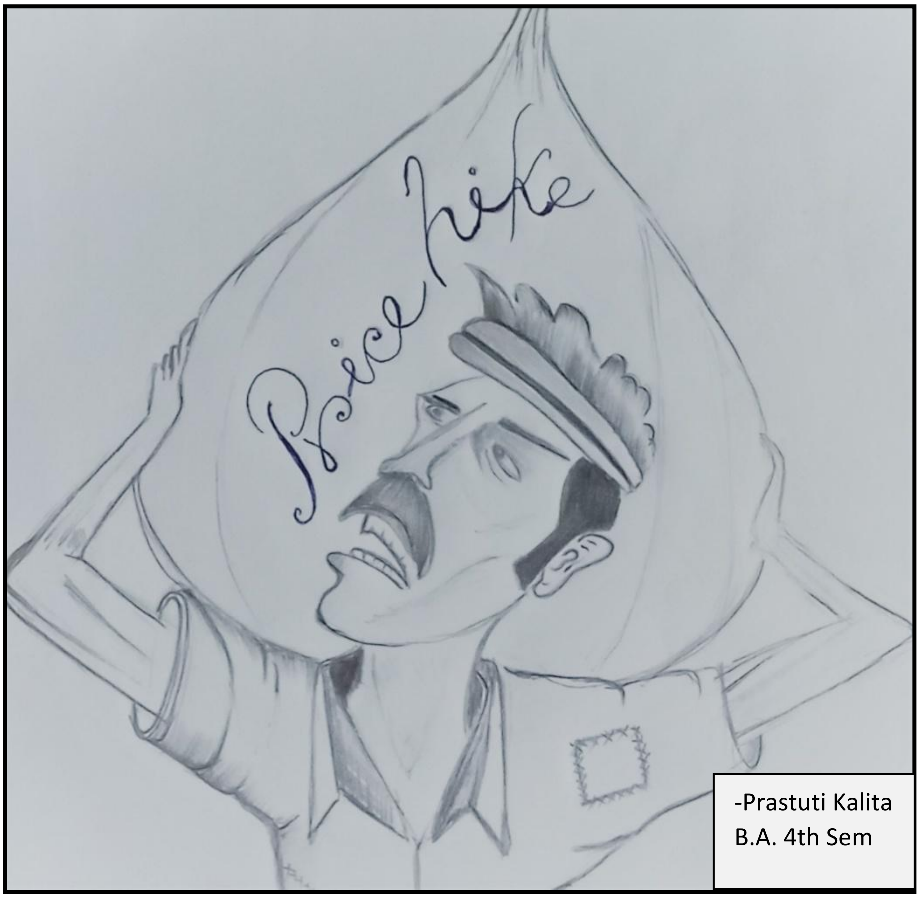
Tourism is the main export of many LDCs, particularly Small Island Developing States (SIDS). Travel restrictions and advisories by authorities in foreign tourist markets, as well as the income loss of consumers in these markets, have reduced demand, almost completely.

Reduced demand for migrant workers and travel bans imposed by receiving or sending countries will drastically reduce remittances, which are essential in many LDCs. The return of migrant workers who have lost their jobs due to the crisis abroad can put further stress on limited social protection and health systems.

A decline in domestic incomes and economic interdependence may impact sectors that remain at first unaffected, causing additional economic hardship. For instance, even if the transportation sector is exempt from lockdowns and ports remain open, additional controls and decline of auxiliary services will hamper trade and the distribution of goods. Currently, COVID-19 is a health and economic crisis. If firms and households start defaulting on payments and loans, the pandemic risks will turn into a financial crisis. Preliminary forecasts from the World Economic Situation and Prospects as of mid-2020 point to a global recession with a 3.1 per cent decline in global GDP. LDCs are expected to grow by only 0.8 per cent in 2020, followed by a strong rebound of 4.6 per cent in 2021. However, given the massive downside risks, far more negative and lasting outcomes are plausible. Evidence from the 2008 global financial crisis indicates that it took more than five years for LDCs, particularly small island LDCs, to recover from that and the completely external demand shocks.

Moreover, lower fuel prices would help the developing countries, most of who are net importers of energy. The severity and duration of the short term demand and supply impacts depends on the measures various governments take to contain the spread of the virus. If the pandemic shows signs of spreading rapidly as it is doing in Europe and the USA, governments will start to close factories and shops selling non-essential items. In India, due to the lockdown stranded millions of migrant workers who were forced to walk hundreds of miles to their home villages after public transport was shut down. Half of the population in India lies below the poverty line. "There was a lot of hope generated for this decade. Now that picture is looking quite bleak", Ahunna Eziakonwa, Assistant Secretary-General and Director of UNDP's Regional Bureau for Africa, told Al Jazeera. In India and parts of Pakistan a lockdown has already been imposed. In such a scenario the cut in GDP and incomes would be severe. It may even reach the 3-5% projected for Italy. Such a fall would cause severe hardship on the poorest section of the population, such as day-labourers in cities and in rural areas. Many developing countries do not have government run social safety nets. In times of need most people turn to friends, neighbours and relatives for help. Private charity tends to rise sharply in situations such as the current one. Private help includes direct assistance in cash and food items to affected people, continued salaries despite the inability to come to work and assistance with medical expenses. The health responses, in terms of lockdowns and social distancing, are also less compelling in most developing countries, sometimes as a matter of choice and sometimes as a matter of practicality. Social distancing is hard to apply or enforce in the slums of many developing country cities, and the safety net is not sufficiently well developed to allow people to stay at home without working and still feed their families.

A lockdown may seem like a good strategy to halt the spread of coronavirus but for masses of people in developing countries, it is simply not an option.




-Prastuti Kalita
B.A. 4th Sem

# Privatisation: Advantages and Disadvantages

Prastuti Kalita
B.A. 4th Semester

Privatisation involves selling state-owned assets to the private sector. It is argued that the private sector tends to run a business more efficiently because of the profit motive. Actually, the main aim of a private sector is to earn profit, that is why critics argue that private firms can exploit the monopoly power and ignore wider social costs. Privatisation is often achieved through listing the new private company on the stock market. In 1989 and 1990, the UK privatised many previously state owned industries. The process of privatisation was entered in Indian economy in 1991.

Every process or plan has some advantages and disadvantages. Similarly, privatisation has some advantages and disadvantages too. The benefits and problems of privatisation are discussed below :

**Advantages:**-

The main argument for privatisation is that private companies have a profit incentive to cut costs and be more efficient.

Most of the times the government sectors are motivated by political pressures rather than sound economic and business sense. But private sectors are not motivated by political pressure as they are always motivated by business sense. Elections may influence a government's investments and ideas. Therefore, they may be unwilling to invest in infrastructure improvements which will benefit the firm in the long run because they are more concerned about those projects that benefit before upcoming election but the private sectors are not influenced by such thoughts. By promoting privatisation, common people of a country are also benefited. Since many industries come into the markets which create a competition among all the companies. As a result, all of these try to produce best quality products with minimum cost which will attract the consumers.

**Disadvantages:-**

Like advantages there are some disadvantages of privatisation.

A natural monopoly occurs when the most efficient number of firms in the industry is one. Therefore, there is no scope for having competition amongst several firms. In this case, privatisation would just create a private monopoly which might seek to set higher prices which will exploit the consumers. Secondly, there are many industries which provide important public services, for example : health care, education and public transport. In those industries, the profit motive should not be the primary objective of those firms and the industries. Privatisation should not be preferred for such services. Sometimes, government loses out on potential dividends for selling state owned assets to the private sectors. For example, many private companies in UK are quite profitable. This means the government misses out on their dividends, instead of going to wealth shareholders.

Despite of having such disadvantages privatisation plays a significant role in the economic growth of a country. So, it should be considered properly that by privatising which sectors a speedy economic growth can be achieved and privatisation of those industries should be focused on.

At present, when the whole world is fighting against COVID-19, ONGC is going to privatise total 49 oil and gas companies of India. The companies which are interested, have to participate in international tender process. According to ONGC, privatisation of those 49 companies will lead to more profit. But critics argue that even after having modern technology when ONGC could not raise the production of these companies, then how the private companies will yield or give more profit to ONGC.

# Globalization: Positive and Negative Views

Parismita Das
B.A. 6th Semester

Globalization means opening up the domestic economy towards the world economy. In other words, it is a process by which domestic economy integrated through a global network of communication, transport and trade. India undertook its globalization process in 1991 following a major macro-economic instability and crisis. The new policy radically pushes forward the Indian economy towards a more open and market oriented economy. A number of policy measures were initiated as a part of liberalisation and globalisation strategy after 1991. It changes many of industrial licensing policy, reduction of the numbers of PSUs, amendment of the MRTP act, privatisation programmes, trade policies etc.

Due to globalization someone can easily communicate and sell their products in the foreign market. Due to globalization we can see major changes in the telecommunications and transportation industries. Globalization allows goods and services to be provided not only inside a country but also it helps to explode all over the world. Through globalization, different cultures can meet and people get to know and understand the various ways of life. So, it includes cultural aspects also.

**Positive impacts :** There are various positive impacts of globalization, which are as follows -

1. Gives Access to a larger market :-

Globalization helps companies to sell their product outside the country as a result they access bigger consumer base. Due to globalization business can expand to other regions very easily which help to make more money.

2. Provides cheaper goods to consumers :- Because of globalization companies can move easily and they can shift their branches to that area where cost of production is very low. Competition among different producers have also increased as a result consumers can experience a better product with low cost.

3. Leads to better economy :-

Globalization helps MNC's to create more jobs by investing on foreign countries. This investments by these multinationals or foreign countries also help to strengthen the economy of these countries with the foreign exchange they bring in.

4. Better quality and varieties :-

Competition between different companies and countries drives firms to improve their products as much they can. Consumers have more options as a result companies try to provide best quality product at a lower cost.

**Negative impacts :**There are some negative impacts of globalization, they are as follows -

1. Causes environmental damage :- To fulfill the global demand companies increase their production which means use of more natural resources and leading to a negative impact on the environment. Also in developing countries rules and regulations on environmental protection are not as much

strict as in developed countries. Due to which some multinationals leave their countries to set up in developing countries to take advantages of this lax regulation.

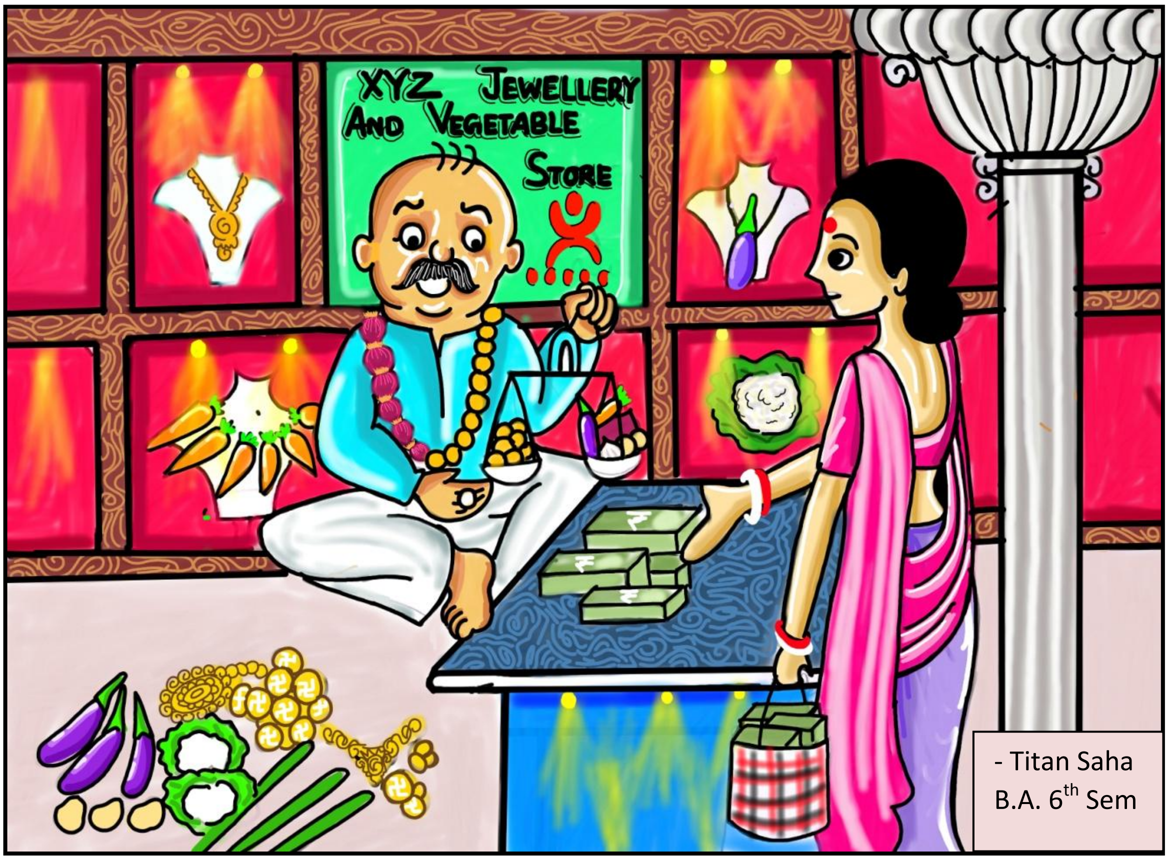
2. Causes fluctuation of prices :-

Due to competition prices are always fluctuating, for example, the USA reduces its prices of their product often to compete with the same product coming from China. China's production costs are lower than that of the USA, hence they can have ridiculously low prices. But for USA's companies reducing prices may have a negative impact on profit, which may lead to actions like laying off workers.

3. Job insecurity :-

It creates jobs for people in developing countries because they are ready to work with minimum wages. For example, many companies are setting up in India and China because wages and manufacturing jobs are cheaper that means less opportunities in developed countries. This can be negative or positive depending on what part of the world you are living in.

Since globalization help to grow an economy of a country so we can say that globalization process will continue in the future. As a process of integration, globalization affects every aspect of human life ranging from economic, cultural, and political to social activities. Being part of a society, every individual daily experiences the impact of globalization. Globalization is a process which keeps on increasing; due to some reasons increasing rate may fall or decrease but it never ends. Human beings cannot live in isolation. They interact with each other, help one another and share knowledge and experiences with each other.




- Titan Saha
B.A. 6th Sem

# Crude Oil: Price War and Price Crisis

Pragya Ranjan Ray

B.A. 4th Semester

The Gulf War (2nd August, 1990 - 28th February, 1991), codenamed as Operation Desert Shield (2nd August, 1990 - 17th January, 1991) was a leading operation to the buildup of troops and defence of Saudi Arabia and Operation Desert Storm (17th January, 1991 - 28th February, 1991) in its combat phase, was a war waged by coalition forces from 35 nations led by the US against Iraq in response to Iraq's invasion and annexation of Kuwait arising from oil production disputes and pricing. With Iraqi resistance nearing collapse, Bush declared a ceasefire on February 28, ending the Gulf war. According to the peace terms, Iraq would recognize Kuwait's sovereignty and get rid of all its weapons of mass destruction (incl. Biological & Chemical).

Currently, the COVID-19 pandemic and lockdown across the world reduces the demand for crude oil. According to the International Report of Oil and Gas industry, two of world's largest oil producers Saudi Arabia and Russia are set to increase production dramatically this time, after an agreement between Organisation of Petroleum Exporting Countries (OPEC) and its allies to lower output expired at the end of March. The crude oil prices have fallen more than 60% since the beginning of 2020.

On 8th March, 2020, Saudi Arabia initiated a price war with Russia, facilitating a 65% quarterly fall in the price of oil. In the first few weeks of March, the US oil prices fell by 34%, crude oil fell by 26%, and BRENT oil fell by 24%. The price war was triggered by a break-up in dialogue between the Organisation of the Petroleum Exporting Countries (OPEC) and Russia over proposed oil-production cuts in the midst of the COVID19 pandemic. Russia walked out of the agreement, leading to the fall of the OPEC+ alliance. Oil prices had fallen to 30% in the month of March, since the start of the year due to a drop in demand. Currently global stock-market crash is also a result of crude oil price war between Russia and OPEC countries.

Due to the Russia-Saudi Arabia oil price war of 2020, an economic war was triggered in March, 2020 by Saudi Arabia in response to Russia's refusal to reduce oil production in order to keep prices for oil at moderate level. This economic conflict resulted in a sheer drop of oil price over the spring of 2020. Just after crude price war due to low demand and lockdown, price crisis took place. Even price of crude oil fell to negative. Oil production can not be stopped completely, but even the lowest possible production level generates much more supply than demand, thus oil industry has nowhere to store oil and is ready to pay for it being taken away.

Since India is not an oil exporting country, so India got a benefit from this price war and price crisis. Every year India import oil in huge quantity. It cost more than 100 billion US dollar per year. But with compared to other countries India got very less profit because of its low capacity of storage. All over the country India had only 39 million barrel storage. Since India import oil from BRENT not from WTI it is the another reason due to which India do not get much more benefits from these all.

# Economy of Assam

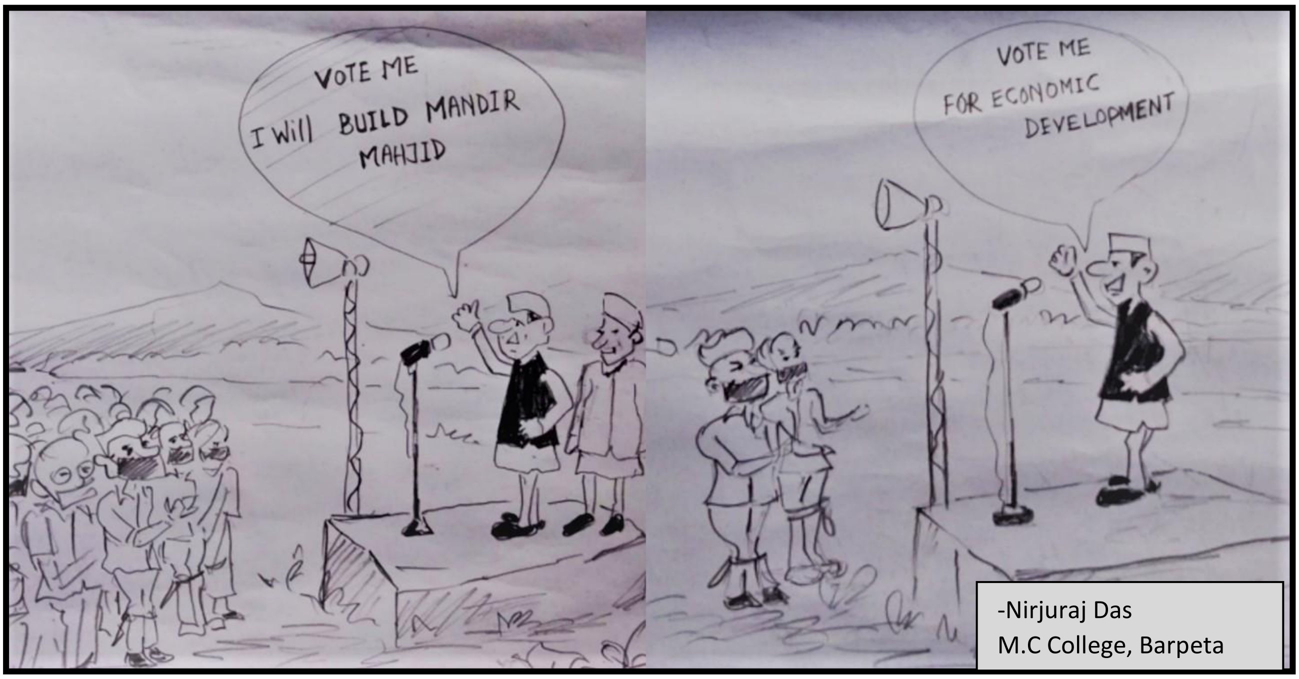
Hemangini Pathak
B.A. 6th Semester

The economy of Assam is largely agriculture based as most of the population are engaged in it. Agriculture is the backbone of Assam's economy. Principal Bhabananda Deka was the first Assamese Economist and Research Scholar to initiate formal extensive research on economy of Assam covering five centuries right from the time of Srimanta Sankardeva.

Assam is the largest state in Northeast India. Its economy mostly depends upon agriculture. Tea is the major crop which have the major contribution in Assam's economic growth. It accounts for more than 50% of India's production of tea. More than 40% of the states income comes from agriculture. Nearly 70% of its population depends on agriculture for their livelihood.

Besides rice (the primary food crop), cash crops like tea, cotton, jute, oilseeds, sugarcane and potatoes are grown in Assam. Also small scale cultivations are done here such as coconut, orange, guava, banana, pineapple, areca nut, mango, jackfruit etc. Though primarily dependent on agriculture, the literacy rate of Assamese population is 72.19% according to census survey of 2011 which is close to the national average of literacy rates.

Aside from its share in world tea production, Assam also holds the distinction of being the oil hub of India (Digboi). During the British rule in the late 19th century Petroleum Oil was also discovered in Digboi, Assam. It is today a major headquarter of Indian Oil Corporation (IOC) which made a major contribution to its economy.




-Nirjuraj Das
M.C College, Barpeta

## Impact on Agricultural Sector of Assam due to Lockdown

Bandita Ray
B.A. 6th Semester

As an agrarian economy since time immemorial, agriculture contributes the major portion to the state economy of Assam. It also provides livelihood to a significant proportion of the population of the state.

Farmers in the state are facing a tough time due to closure of markets following the nationwide lockdown to stop the spread of coronavirus. The state, that produces a total of 66 lakh metric tonnes of vegetables every spring has allowed limited agricultural farming. However, because of the lockdown, there is a sharp decline in demand and the state was expected to lose around 3580 metric tonnes of the total winter crops by the first phase of the lockdown period.

According to estimates, 75 per cent of Assam's 3.10 crore population depends upon agriculture making farming the primary source of income for its residents. Assam's tea industry is badly affected due to lockdown. An association of planters has estimated that Assam's tea industry would end up losing at least (80million kg's, 152.26per kg's) (Avg.) Rs. 1218 crore (Avg.) due to COVID-19 lockdown. Much of the projected loss has been attributed to the removal of overgreen tea leaves that are not fit for harvesting.

Among the worst hit on agriculture market during the second phase of the ongoing lockdown is state banana market in Darangiri (Goalpara District). The cultivation of banana is spread over 3,700 hectors of land, it is dubbed as "Asia's largest banana market". But during the lockdown, every farmer incurred losses at an average of Rs. 1 lakh and there are about 7000 farmers associated with the Darangiri market. The market produces about 40,000 metric tonnes of bananas. The bananas are exported out of the state to Bihar, Bengal, Odhisa and parts of U.P. etc. In 2019, with the initiative of the Assam Agricultural Department, it was even exported to Dubai. Darangiri bananas are also exported to Bhutan, Nepal and Bangladesh with a monthly turnover of Rs. 4 crore during September-October. But for the last three months, the market has been incurring heavy losses which has affected the whole economic system.

According to a report of 20th May published on 'The Economic Times', Assam Chief Minister Sarbananda Sonowal said that the state's farmers and agri-entrepreneurs did business of worth Rs. 357 crore during the lockdown.

The lockdown has brought the entire agricultural sector, manufacturing supply chain and marketing to a halt and it has laid a huge impact on the state economy.

# Unemployment

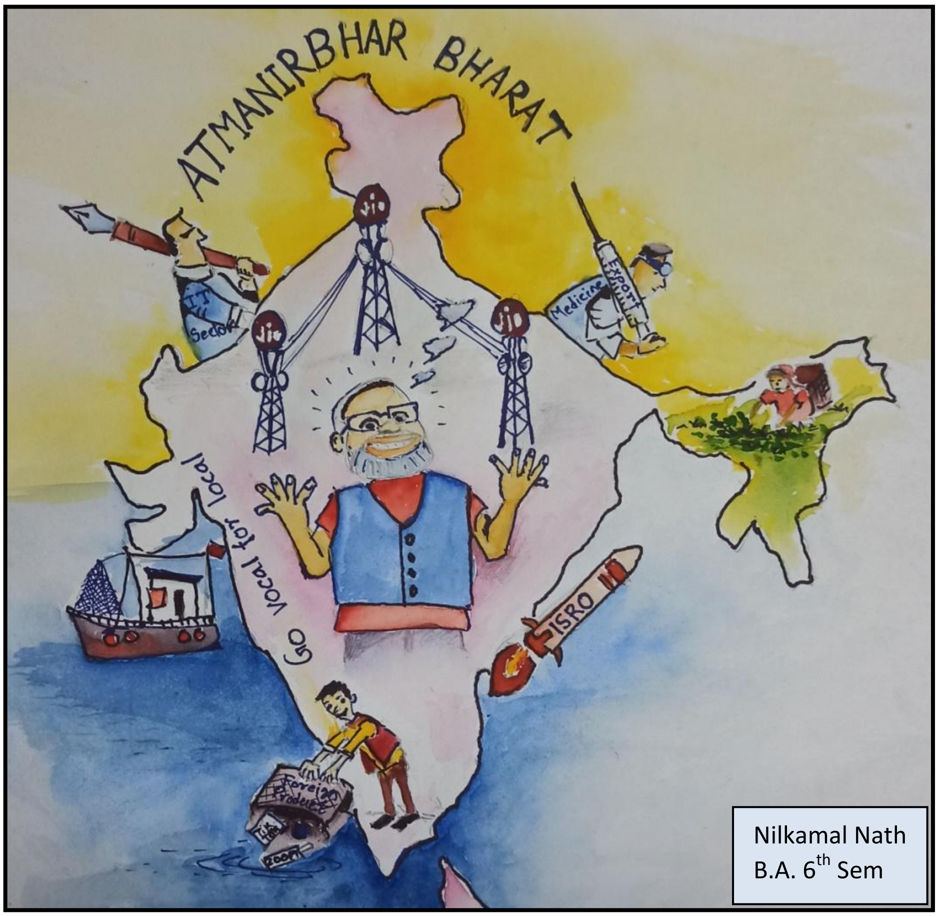
Sanidul Islam
B.A. 4th Semester

In this contemporary time unemployment is one of the main problems of our country. Every year a huge portion of our population remains unemployed. According to International Labour Organisation (ILO) unemployment rate of India was 3.5% in 2018-19 which increased 0.1% compared to the previous year. At the present situation due to lockdown it has increased to the 23.52% in the month of April 2020 and 23.88% in May. The poor class of our country is willing to work but they do not get any job because of less skills or sometime government fails to offer jobs. But in recent time, due to lockdown the migrant workers are returning home because of lots of difficulties they have faced. If this situation is not controlled quickly then it will be a barrier in the development process of our country.

Government should play a significant role to solve this unemployment problem. Government may take some short run as well as long run policies to solve this problem. Government must look towards industrial sector to solve this issue. Government of India has invited many companies of the USA those who want to shift to other countries from China. It will come to know in the upcoming days how it will be beneficial for us.

Another measure to increase employment is to reduce interest rate which has been done by RBI already. It may help small industries of our country. Government must promote banking habits of rural people by which they can easily take loan and invest.

Another important way to remove unemployment is to promote direct selling. Developed countries follow the model of direct selling for example: the USA, UK, Australia etc. They give importance to direct selling where as Indian government ignore this model. So, government of India should look forward to implement this model which may help our country to develop at a faster rate.




Nilkamal Nath
B.A. 6th Sem

# ATMANIRBHAR BHARAT ABHIYAN: Rs. 20 Lakh Crore Package

Dhritishmita Ray
B.A. 6th Semester

Economic turmoil associated with coronavirus pandemic has a tempestuous impact on Indian economy. The coronavirus has hit at a time when the economy was already facing its worst downturn. On 12th May, Prime Minister Narendra Modi announced the long-awaited stimulus package of Rs. 20.9 lakh crore naming it as 'Atmanirbhar Bharat Abhiyan : Self-Reliant India Movement' for businesses and workers to soften the devastating blow from the coronavirus lockdown that has pushed several firms to the brink of bankruptcy with revenues and money flows disappearing overnight.

The Prime Minister did not share the whole information in his speech but later Union Finance Minister Nirmala Sitharaman took five days to spell out the details of each sector. The mega stimulus package comprises of five tranches including the earlier measures, for instance, revenue lost due to tax concessions since March 22nd, 2020 worth Rs. 7,800 crore, Pradhan MantriGaribKalyan Package (PMGKP) of Rs. 1.7 lakh crore and PM's announcement for health sector worth Rs. 15,000 crore. It also includes monetary policies formed by RBI which is worth Rs. 8,01,603crore.

**First tranche :**

The primary set of relief measures targeted on enabling the Indian Economy's backbone - MSMEs that hire around 11 crore people and have a GDP share of approximately 29per cent. The six announcements which were dedicated to the MSME segment to infuse liquidity included Rs. 3 lakh crore collateral-free loans and Rs. 50,000 crore liquidity infusion for MSMEs. Liquidity relief measures worth Rs. 30,000 crore had been additionally introduced for NBFCs, HFCs and so on. And Rs. 90,000 crore for power distribution companies.

**Second tranche :**

The second tranche of measures catered to migrant employees and street vendors. The minister brought 'one nation one ration card' to permit migrant employees to buy ration from any depot in India. A special credit facility of Rs. 5,000 crore was declared to help around 50 lakh street vendors who will have access to an initial Rs. 10,000 working capital. The minister also stated that close to Rs. 2 lakh crore will be provided to farmers through Kisan Credit Cards while 2.5 crore farmers along with fishermen and animal husbandry farmers, would be capable of getting institutional credit at a concessional rate. Rs. 3500 crore will be spent on providing free food grain supply to migrants. Central Government allowed states to fund the food and shelter facilities to migrant workers from the disaster response fund for which Rs. 11,002 crore was released in advance to all states on 3rd April, to augment funds in their SDRF.

**Third tranche :**

The third tranche of the measures worth Rs. 1.5 lakh crore focused on the agriculture and allied sectors together with dairy, animal husbandry and fisheries as the government introduced steps to bolster the whole farm sector. Sitharaman announced Rs. 1 lakh crore agriculture infrastructure fund for farm-gate infrastructure consisting of using it for setting up cold chains and post-harvest management infrastructure. Other important announcements made by the minister included Rs. 20,000 to be given to fishermen through Pradhan MantriMatsyaSampadaYojana, and

Rs. 10,000 crore to formalize micro food organizations. The minister also promulgated other programs which were Rs. 4,000 crore for herbal cultivation, Rs. 15,000 crore for Animal Husbandry Infrastructure Development Fund and Rs. 500 crore for bee-keeping related infrastructure improvement.

**Fourth and fifth tranches :**

The fourth part of the Rs. 20 lakh crore package consisted of reforms for sectors inclusive of coal, minerals, defence production, air space management, airports, MRO, distribution groups in UTs, space sector and atomic energy. Rs. 8,100 crore had been allocated to viability gap funding. NirmalaSitharaman on 16th May introduced easing utilization of the Indian air space to lessen air travel cost. The minister additionally declared commercial mining inside the coal sector and privatizing discoms in metros to streamline their functions for higher responsibility. On 17th May, the minister allotted an additional Rs. 40,000 crore for the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) for employment generation in India’s hinterland. Sitharaman also promulgated the formulation of a new Public Sector Enterprises Policy that would allow for consolidation of the PSU firms in strategic sectors. Each sector would have as much as four such firms at the same time as state-owned enterprises will be privatized. For progressed ease of doing business among MSMEs, the minister extended the initiation period of fresh insolvency proceedings against MSMEs with the aid of six months to up to twelve months along side excluding COVID-19 related debt from the ‘default’ category under the IBC Code.

**Criticism :**

The stimulus package has been widely criticized by the oppositions and financial experts for its several loopholes. In Prime Minister's vision it was said that the special economic and comprehensive package of Rs. 20 lakh crore was equivalent to 10% of India’s GDP. But as monetary and fiscal policies were merged and the earlier measures like PMGKP were also counted, many had opined that the package is not actually 10% of country's GDP. The Congress accused the government of misleading people and said the measures announced by the centre amounted to only 1.6% of India's GDP i.e. Rs. 3.22 lakh crore. Preliminary estimates peg the Centre’s fiscal outlay at 0.75 - 1.3% of the GDP projected at Rs. 210 lakh crore in FY21. In absolute numbers, the Centre’s financial outgo this fiscal might be Rs. 1.5 - 2.73 lakh crore against the whole Rs. 20.9 lakh crore, according to different estimates by Barclays and Care Ratings. Economists are slashing their forecasts to factor in as a minimum 5% shrinkage in Indian economy after the fiscal stimulus package which is not likely to reinforce demand to offset for misplaced growth in addition to provide a sparkling impetus. While Nomura has forecasted three consecutive quarters of recession but Goldman Sachs, Bank of America, UBS and HSBC have been less harsh with economic contraction forecast starting from 0.1% to 3.5%. On the other hand, Nobel laureate Abhijit Banerjee voiced hope that it would boost the supply side with the intention to drive financial restoration.

## Travel Bubble

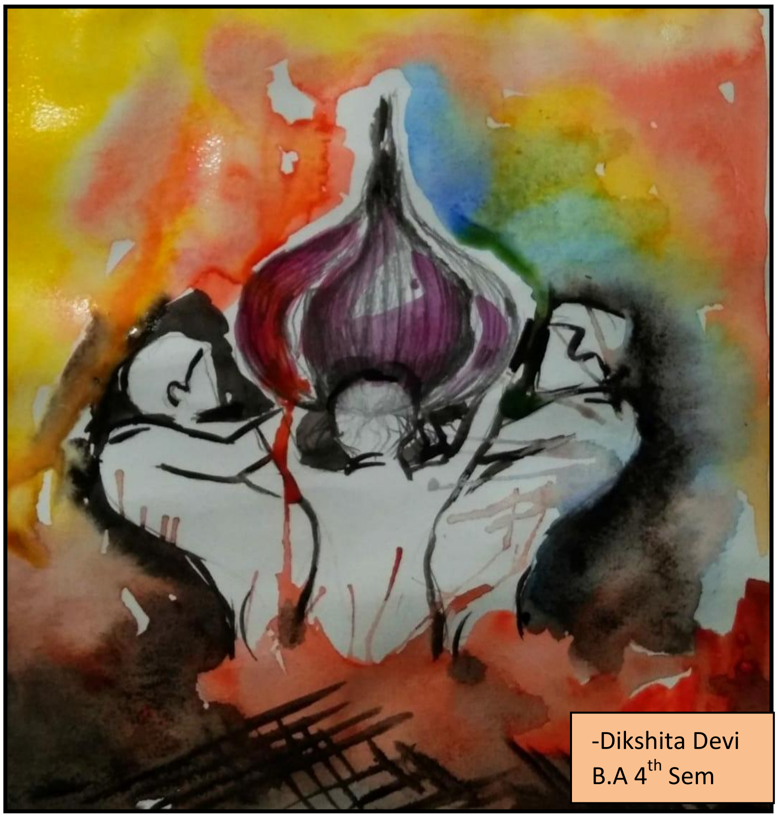
Dipankar Das
B.A. 6th Semester

Travel Bubble is a new concept developed by three European countries - Estonia, Latvia and Lithuania. For the first time it came to news on 15th May 2020. In an article of BBC News they wrote about this matter. This model is definitely going to help their economies.

The term 'Travel Bubble' means opening up of an economy of a country with a group of countries where there are restrictions for other countries but the countries which have come under this bubble can do trade with each other and its citizens can move or travel freely from one country to another. It is possible with neighbouring countries and if currency is also same then it is quite easy to follow this model.

Since the whole world is fighting against COVID-19, nationwide lockdowns have been declared in most of the countries. Therefore, international flights are banned and it affects global economy a lot. It is almost impossible to continue international trade in a large scale because of coronavirus outbreak. This is the main reason behind rising of this model. Countries like Estonia, Latvia and Lithuania are less populated countries and cases of corona virus is much limited that is why they came together to open up their economies. They also invited Poland and Finland to join them.

It seems that many other countries will also discuss about this concept and in upcoming days we may see various countries start 'Travel Bubble' with their neighbouring countries. For India, it is quite difficult to follow this concept. Because cases of corona virus is increasing day by day and our diplomatic issues with our neighbour countries like China and Pakistan are not suitable at all. Due to some geo-political issues, international relation with Nepal is also becoming very poor. Since it is a new concept and we have very limited knowledge about this. So, it will be interesting to know how much it will succeed and how it will work.



-Dikshita Devi
B.A 4th Sem

# SAVE DEHING PATKAI


#STOP_COAL_MINING

Pranjal Medhi
Birjhora Mahavidyalaya
6th Semester