



**YEAR: 2021-22**

**B.H. COLLEGE, HOWLY**

**DEPARTMENT OF ECONOMICS**

*EXPLORING*  
THE  
DISMAL  
SCIENCE

**2<sup>ND</sup> EDITION**

**EDITORS**

*Jurina Basumatary  
Dhanjita Sarma*

# **EXPLORING THE DISMAL SCIENCE**

**SECOND EDITION**

**Published by:**

**Department of Economics**

**B.H. College, Howly**

**2<sup>nd</sup> Edition: September 2021**

**The views expressed in this journal are those of the authors and not necessarily that of the editors. The editors are not responsible for the views of the authors, authenticity of the data in any way whatsoever.**



# Exploring the Dismal Science

E-Magazine of Economics Department, B.H.College, Howly.

Publisher: Department of Economics B.H.College, Howly.

Published in: 13<sup>TH</sup> September 2021

Session: 2021-22

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## *A message from the principal*

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*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 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, and goods remain unsold. So many laborers working at different places of country have come back which gives the raise to the problem of the 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





## *Message from the vice-Principal Cum HOD of Economics*

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*In the age of explosive use of e-resources and devices, publication of an e- magazine by the department of economics (B.H. College, Howly) is a relevant step. The stake holders of the department get an e-platform for sharing knowledge and experience, for upgrading their talent and skills. It will also enable others in the society to gather necessary information from it. I hope the beginning of e-magazine of our department since last year will continue forever.*

*Thank you.*

*(Shri Ranjit Bhuyan)*

*Vice-Principal*

*Cum*

*Head of the Department  
of Economics*

*B.H. College, Howly*





# From the Editors



*It is truly our immense pleasure that speaks about how inspiring and knowledgeable this was for us to be a part of the departmental e-journal. As our beloved seniors came up with this idea of creating an e-journal, we also came forward to go on their footsteps with the 2<sup>nd</sup> edition of “exploring the dismal science”. It is a platform where we can enhance our skills as well as develop the critical thoughts of our peers. It has also been a challenging duty for us to maintain a stable relation with our study. It is our proud privilege to receive and publish articles submitted by the authors covering various contemporary issues like GST, International affairs, Geopolitics, covid-19, digital marketing, sustainable development, India’s job market and so on and so forth. We are indebted to all the contributions for their valuable suggestion.*

*We are very grateful to our principal sir for his immense support. We are also very thankful to the Head of the Department Shri Ranjit Bhuyan Sir, Ritul Talukdar Sir and Dr. Rabinjyoti Khatanar Sir for their valuable advice to do such an inspirational job. In addition, we would like to thank our seniors as they had come with such an interesting idea to publish the departmental magazine virtually. And finally we wholeheartedly appreciate all the hard work and efforts of all the members who have helped us directly or indirectly. It is a pleasure to have your assistance throughout the work and that will always be appreciated.*

*Thank you.*

*Jurina Basumatary*

*Dhanjita Sarma*

*Editors*

*(Exploring the dismal science, 2<sup>nd</sup> edition)*



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# TRANSFORMATION OF INDIAN ECONOMY AND THE FUTURE JOB MARKET

**Dr. Rabinjyoti Khataniar**  
**Asst. Prof. in Economics,**  
**B. H. College, Howly**

## **Emerging Changes in the Job Market**

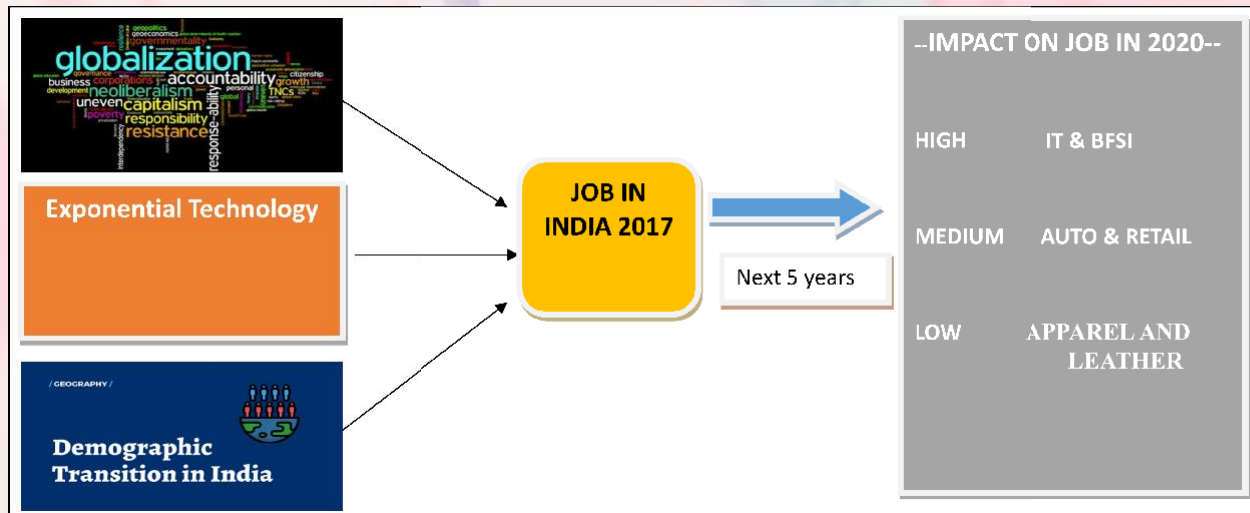
The world has entered into the forth industrial revolution. Now we can see that the emerging disruptive technologies such as Artificial Intelligence (AI), Machine Learning (ML), Robotics, 3D Printing, Internet of Things (IoT) and Blockchain, etc are flourish around us. Thus the globalization and the use of such a highly sophisticated and customized technology in business model have not only significantly alters the way that consumers, industries, or businesses operate but also imposed a great challenge to job market. The upcoming techno-based business startups are disrupting traditional industries and results in a sharing economy in place of a conventional economy. Globally, the sharing economy is estimated to grow from USD 14 billion in 2014 to USD 335 billion by 2025. Similarly, Tesla Motors is one of the robust examples of technological intervention which is trying redefining the underlying features of industrial competition. Technological explosion have also facilitating the emergence of an online labour economy popularly known as the ‘gig-economy’ which in turn facilitating outsourcing and offshoring of jobs beyond the boundaries of corporate towers in the form of short-term, contractual or freelance work arrangements. This is, however, one side of the story. The other side is the demographic transitions. There is a growing middle class, and millennial-dominated labour force which are embarking to reinvent the world economy. Age composition is another demographic phenomenon that is impacting economic system and industries across much of the world. By 2020, world’s population of people aged 65 years and older will exceed the number of children under the age of five years (FICCI). Under such a situation what will be the future scenario of the job market? The Federation of Indian Chambers of Commerce and Industry (FICCI) in their report “Future of Jobs in India – A 2022 Perspective’ in 2017’ tries to assert the answer for this.

## **Structural Transformation of India’s Job Market**

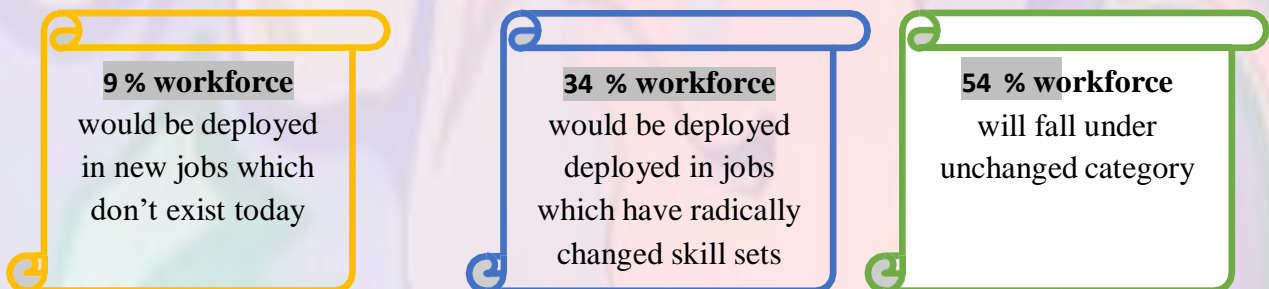
FICCI identifies three different forces that are primarily steering the transformation of the economy viz. globalization, exponential technology and demographic changes. These forces are expected to be disruptive on sectors such as IT-BPM and BFSI and relatively lower on core manufacturing sectors such as apparel and leather. Following diagram shows how primary forces in 2017 may impact 2022 job market in India.



Figure-1: Impact of primary forces on future job prospects.



Because of these primary forces some traditional jobs will disappear from the market and some new jobs will be created as well as a section of jobs will require significantly new skill sets. EY report's prediction about 2022 can be presented as under:



Overall there will be a structural change of demand by the year 2022 in favour of more skill based labours.

#### **Future Job Prospect Area**

One can see two direct impact of rapid technological advancement. Firstly, it is changing the workforce composition. More skilled personnel are available in the workforce due to technological advancement. Secondly, some of the most popular skill sets and jobs are becoming obsolete. Example includes travel agents, cashier, mail carrier, bank teller, printing press operator, etc. It is, however, very difficult to predict about future job prospects. Yet, we can guess certain areas of professionalism as very potential and having scope for grater employability. These include Cyber Security, Data Scientist, Data Analyst, Content Creators, Digital Marketing, App Developer, Management Consultant, Doctors, and Chartered

Accountant. However, this list is not an exclusive one. There may have many more areas with a scope of huge employment.

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# **SOCIO ECONOMIC PROBLEMS OF RURAL MAID SERVANT OF ASSAM**

**Ritul Talukdar,  
Asst. Prof. in Economics,  
B.H. College, Howly**

*The maid servants are taking an important role in the modern family life of our society where educated women are going out for job. Maid servants are engaged to take care of baby and other household activities. This section of our society are working as maid servant in a pathetic conditions having not any other alternative mean to survive. They are suffering from numbers of problems like job insecurity, unprotected by any labour lagislation etc.*

*The maid servants are hardworking in nature but they are uneducated and unskilled .In Assam maid servants are suffering from some special problems like seasonal unemployment ,low wage level etc. During the pandemic period maid servants in rural area of Assam also effected by lockdown as declared by government of Assam. They lost their jobs during this period and their problems to maintain their family expenditure become difficult. It is observed that some maid servants are suffering from some family problems like bad habit of husband, mental and physical torture created by other family members*

*and torture created by employer in the working fields. Some maid servants are landless .some of them are also suffering from physical problems also. They work too much but not able to take care of their health properly. As a mother she has to give birth of child and take care of it. As a housewife needs to perform all day to day activities of their own family, than after she has to go out in search of job. In the working field also she faces with different types of problems like working for too long hour with too less wage.*

*Another problem is observed that maximum maid servants are taking loan from some source with high rate of interest like micro finance, personal money lenders etc. They fall in debt trap as a result for such loan. A major portion of their daily income is spent to return the loan as taken by them. They can save less, spend less for upgrading their standard of living.*

*At present time both their central and state governments are providing different types of assistants through some schemes like Arunoday scheme for poor women, Ujjwala scheme etc. It is very urgent to study in deep on this ground that how much such types of schemes are implementing in true sense for the benefit of this economically weaker women section of the rural area of Assam. In this section, women are generally unconscious on the facilities provided by the government through different scheme.*



*At present time we put concentration on women empowerment. For this, the women section must be economically empowered. With a view to this the socio-economic status of maid servant needs to improve. We should improve the educational status, health service facilities, and judicial protection etc. for the upliftment of socio economic status of maid servant in our society.*

\*\*\*\*\*



**ART BY: - Rahul Daimary,**

**B.A 6<sup>th</sup> Sem (Dept. of economics)**



# IMPACT OF AGRI-EXPORT ON ASSAM'S ECONOMY

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*Amidst Corona pandemic that took the entire nations economic Assam state economy too face a lot more negative impacts, while the state agriculture and allied sector has something to celebrate. There has been continuous rise in the export of agricultural and allied products from three consecutive years in the state. Exports from the state stood at US\$341.59 million in FY21 (Until January 2021). Assam exported key items such as tea, petroleum products, coal, coke and briquettes and other products. In FY21, the total tea exports from Assam accounted for US\$217.89 million, which was 64% of the total exports. Exports of agricultural product from Assam has gained momentum since November, last year, when the government of India launched direct custom clearance facility for agri-export from Guwahati airport to foreign destinations. Prior, between December 2020 and January 2021, a massive consignment of "Kazi Nemu" weighing almost BMT was exported to the European business sectors. In*



June, “Leteku” the Burmese grapes, grown in the Darang Districts of Assam were exported to Dubai by APEDA (Agricultural and Processed Food Products Export Development Authority) from LGBI Airport in Guwahati through Delhi. The agri-export policy announced in January this year will prove the way for organizing the supply chain of agri-exports from Assam, benefitting the farmers from grassroots.

In recent times, Assam government has given great thrust for promoting exports of horticulture and agriculture. At the same time, we also want a system that will ensure that we can export our farm produces, more so during peak season. When we witness excess production and lower market demand. Assam is rich in natural resources, socio-political strife has kept the state from achieving its true potential. However, on a range of indicator the rate of development is on the rise, with notable improvements in agriculture, commerce and trade, health, education and industry

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# Tribal Economies of North Eastern India

Jurina Basumatary  
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Northeast India is the easternmost region of India representing both a geographic and political administrative division of the country. It comprises eight states, the Seven Sisters and the brother- Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura and Sikkim. Northeast India is giving shelter to more than 200 tribes, living in absolute peace. It is famous for indigenous and authentic culture and traditions. Among the number of tribes consisting, let's take a look about some highest residing tribes in Northeast.

1. BODO TRIBE: Bodo tribe is a heroic tribes of Northeast India which spread all over the country and shares a great number of people from Assam. They are famous for rearing silkworms. Women make their own dokhonas, the traditional dress of the bodos. They can also make beautiful bamboo crafts.
2. KUKI TRIBE: They are just migratory bird. You will find them everywhere throughout the vast Northeastern part.
3. ADI TRIBE: It is one of the famous tribe in Arunachal Pradesh who lives on hill and have own village council.



4. **NISHI TRIBE:** Originated from the Indo-Mongloid stock, Nishi tribe is largest of Arunachal Pradesh.
5. **ANGAMI TRIBE:** They are one of the major tribal communities of Nagaland and has a population of more than million.
6. **BHUTIA TRIBE:** Bhutia tribe belongs from Sikkim that has migrated from Tibet. And they are inhabited now in laches and in lachung area of North Sikkim.
7. **GARO TRIBE:** Garo tribe is the second largest tribal community of Meghalaya as they occupy 1/3<sup>rd</sup> from the total population.





*The tribal people face immense source of problem in their life like poverty, indebtedness, illiteracy, bondage, exploitation, disease, and unemployment. Widespread of poverty is the major issue among them. According to the 2011 census the literacy rate of ST was 59% as compared to the whole rate of 73%.*

*Measures should be taken for the welfare of the tribal economy like facilities of education, credit and banking, employment, income, etc. mostly focus should be made on poverty alleviation. They should be recognized for who they are. Equal opportunities should be given.*

*The tribal people have contributed must to the economy of the state. They have been developing socially and economically through their various economic activities like hunting, fishing, cultivating, weaving, etc. Presently the tribal of the country have developed in much better way and started contributing a lot to the counties economy like handcrafting different kinds of materials, forest resources like rubber production, piggery, and lately the major opportunity in industrialization, tea farming is one of the most famous and world wide spread activity done by the people of northeast. Northeast India is indeed a land of rich culture and tradition.*

**\*\*\*\*\***

# SELF-RELIANT INDIA: THE BOUNCE OF VOCAL FOR LOCAL

Nakul Saha  
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*Now-a-days Vocal for Local has become a point of discussion everywhere since Indian Prime Minister encouraged people to use local products and support local manufacturers.*

*Vocal for Local message was given by our Prime Minister Shri Narendra Modi to encourage the local products for the speedy progress of the country and to achieve the goal of 'Aatmanirbhar Bharat'. Indian Prime Minister Shri Narendra Modi encouraged people of the country for 'Vocal for Local' while delivering his seventh consecutive Independence Day Speech from the rampart of Red Fort on 15<sup>th</sup> August 2020. He said that the mindset of free India should be vocal for local to achieve the goal of Aatmanirbhar Bharat. We should appreciate, promote and use our local products.*

*Vocal for Local also encourage people to start producing all the necessary products locally and reduce the use of imported products. During the countrywide lockdown when all the mediums of transport were on halt, entire world realize the value of vocal for local and usefulness of local products. We should learn the lesson from this also and promote local products.*

*The positive effect of Vocal for Local has been seen during the Durga Puja, Dussehra, Diwali and other festival season. People of the country appreciated local*



products and purchased local made clothing, jewellery, diya, candle, lights, decoration items and many other things used in Durga Puja, Diwali instead of Chinese products. From the support of such large number of people in Vocal for Local during this festival season it can be anticipated that this new initiative will strengthen the local market an economy of the country.

### *Rise of swadeshi movement in India.*

'Vocal for Local' is a concept which dates back to the era of the 'Swadeshi movement' which started in 1905 as part of the Indian independence movement. As an economic strategy, it helped develop Indian nationalism at the time. After 1947, in the 1950s and 60s we followed a conscious, socialist pattern of consolidating inventories, the movement of goods and services across the world came to a virtual standstill. Nations were struggling to meet their basic requirements and to substitute for products which are generally imported from other countries.

*There is also another reason why the vocal for local movement is so essential.*

Vocal for local gives unequivocal importance to the domestic industries and the small-scale Kirana stores. In a time where we are struggling to maintain liquidity and regular cash flow, the vocal for local movement can also be seen as an impetus to reawaken demand and hence, to throw a lifeline to the small and marginal domestic industries which are struggling to survive in the wake of the pandemic.

### *PM Modi's version of the Swadeshi Movement*

*The Prime Minister's 'Vocal for Local' clarion call is to help in expanding the startup ecosystem by multi-folds, thereby aiding the country's aim to become a \$5 trillion economy by 2025. The idea is to create more local brands and take those to the global arena. It is only possible with a focus on technology-based companies that can be scaled-up faster.*

### **CHALLENGES**

*Now, the vocal for local movement or the quest to become self-sufficient does not mean we have to completely cut down on all imports and all consumption of foreign products. For instance, there are certain raw materials, like petroleum, which have to be imported as India does not have enough reserves to service the demand locally. The idea is to promote local industries and consume local wherever possible so that the long term effects of an increase in demand can be used to develop the domestic industries and make them gradually self-reliant. This will help in the scale-up of production, and eventually, make India a manufacturing centre for the world.*

*Vocal for Local can only be successful if it learns from the mistakes in the 'Make in India' campaign, and adjusts its ambitions and policy implementations accordingly. So, let's do it by purchasing and promoting local products and make our India self-reliant.*

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# INTRODUCING OF TWO-CHILD POLICY IN UTTAR PRADESH

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*The name of the policy is UP Population Control, Stabilization and Welfare Bill, 2021. Two-child policy in UP was drafted on 19<sup>th</sup> July, 2021 that proposed by State Law Commission, Uttar Pradesh (Vidhi Aayog). Uttar Pradesh's Law Commission has come up with a proposal where any person having more than two children will be barred from getting government subsidies.*

*The proposal is on the lines of what the Assam government already has a person with more than two children can't apply for a government job or contest local body election.*

## ***Reason for this bill:***

*We know that Uttar Pradesh has been the most populous state in India (in 2021 is estimated at 24 crores). So, it is important to explain the reasons for bringing out the draft Bill. For this, the Commission is structured that headed by Justice Aditya Nath Mittal. He said, there are limited ecological and economic resources at hand in UP and it was necessary to control and stabilize the population. Whereas it is necessary to control, stabilize the population of the State for promotion for sustainable development with more equitable distribution. It is necessary to ensure healthy birth spacing through measures related to augmenting the availability, accessibility, and affordability of quality reproductive health services to achieve the goal of population control, stabilization, and welfare in the State.*

*Another reason for this Bill, it is necessary to provide for measures to control, stabilize and provide welfare to the population of the state by implementation and promotion of twochild norm per eligible couple in*

*the state employing incentives and disincentives. The fertility rate of the state is 2.7 percent which should be 2.1 percent only.*

***Benefits for public servants who adopt the two-child policy:***

- i) Public servants who adopt the two- child policy will get two additional increments during the entire service.*
- ii) Maternity or as the case may be, paternity leave of 12 months, with full salary and allowances.*
- iii) Three percent increase in the employer's contribution fund under the national pension scheme.*
- iv) The subsidy will be given to purchasing a land or building house from DA and housing board.*

*Under this proposed bill, the government will set up maternity centers in primary healthcare centers that will distribute contraceptives, sensitize people about family planning. They will also ensure mandatory registration of pregnancies, deliveries, births, and deaths within the state. A state population fund will be formed to facilitate the implementation of the act. Govt. will introduce a compulsory subject related to population control in all secondary schools. This policy was imposed on only married couples.*

*On the other hand, if any couple has no baby and they adopted a maximum of two children then the couple is not under any contravention. If the couple have two children and adopted more than one child, then they are under the contravention of two-child policy in UP.*



*When will it come into force?*

*The provisions will come into force one year after the date of the publication of the gazette, the draft says.*

*However, it is interesting to see that in what extent the bill will function effectively after full-fledged implementation in UP. The Govt. needs to look carefully at such sensitive topics without political interest.*

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3. <https://youtu.be/-XSyGPOcFes>

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# INDIA'S RAISING FOREIGN EXCHANGE RESERVE

Jina Das

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*Foreign exchange reserves are the foreign currencies held by a country's Central Bank. They are also called foreign currency reserves or foreign reserves.*

*India's foreign-exchange reserves surpassed Russia's to become the world's fourth largest, as the South Asian Nation's Central Bank continues to hoard dollars to cushion the economy against any sudden outflows.*

*India's reserves, enough to cover roughly 18 months of imports. Experts say that this is due to the rare current-account surplus, rising foreign direct investment and inflows into the local stock market.*

*"India's various reserves adequacy metrics have improved significantly, particularly in the last few years," Kaushik Das, Chief India Economist at Deutsche Bank, said before the latest data were released. The healthy FX reserves position should give enough comfort to the RBI for dealing with any potential external shock-driven capital-stop or outflows in the period ahead.*

*The RBI bought a net \$88 Billion in the spot forex market last year, central bank data show. That helped*



*make the rupee the worst performer among Asia's major currencies last year and earned India a place on a U.S. Following this, RBI Governor Shaktikanta Das in the latest interaction had stressed the idea of emerging market Central Banks to build reserves to prevent any external shocks. The RBI even focused on further strengthening foreign exchange reserves.*

*With foreign exchange reserves increasing to \$608 Billion as of 11 June, India now has surpassed Russia to be in Fourth position. The first three are China, Japan, and Switzerland. In May, India's forex reserves stood at \$59 billion.*

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# UNCONVENTIONAL MONETARY POLICY DURING PANDEMIC

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*For several decades, central banks in advanced economies typically used a policy interest rate as their tool for conducting monetary policy. In response to the global financial crisis (GFC) of 2007-2009 and the deep recession it caused in parts of the world, central banks in many advanced economies lowered their policy interest rates to near-zero levels. As economic growth remained weak, interest rates persisted at near-zero levels and some central banks used 'unconventional' monetary policy to stimulate economic activity. These unconventional measures have again become prominent as central banks around the world respond to the severe economic consequences of the coronavirus (COVID-19), a global pandemic.*

*Unconventional monetary policy tools (UMPTs) significantly differ from conventional instruments in terms of the nature of policy actions, their rationale, the channels through which they work and the scale of operations. The Reserve Bank of India undertook several unconventional measures in the wake of COVID-19; specifically, long term repo operations (LTROs) were introduced to facilitate monetary transmission and support credit off take while targeted long-term repo operations (TLTROs) provided liquidity to specific sectors*



*and entities experiencing liquidity stress. Special OMOs (Operation Twist) were conducted to compress the term premium while explicit forward guidance complemented other UMPTs in restoring normalcy, easing financial conditions while maintaining financial stability.*

### *Unconventional monetary policy tools- The Indian experience*

- *The RBI introduced long term repo operations (LTROs) in February 2020 to facilitate monetary policy transmission and support credit off take. These are intended to prevent short-term interest rates in the market from drifting away from the policy rate. The pandemic induced nation-wide lockdown that was announced by the government. This ignited large sell-offs in the domestic equity, bond and forex market leading to spike in the liquidity premia on corporate bonds and commercial paper.*
- *In order to mitigate adverse effects on economic activity leading to pressures on cash flows, the RBI announced TLTROs to push the credit flow in the economy. Four TLTRO auctions (Rs.25,000 crore each of three years tenor) were conducted during March-April 2020 providing Rs.1,00,050 crore to banks for deployment in investment grade corporate bonds, CPs, and non-convertible debentures. Moreover, TLTRO 2.0*

*was introduced to provide relief to the small and mid-sized corporates, including NBFCs and micro finance institutions (MFIs).*

- *In view of tightening financial conditions, all India financial institutions (AIFIs) were facing difficulties in raising resources. To alleviate their liquidity stress and meet sectorial credit needs, special refinance facilities of ₹75,000 crore were provided to All India Financial Institutions (AIFIs) like NABARD, SIDBI, NHB and EXIM bank during April-August 2020.*
- *Fallout of COVID -19 pandemic, lockdowns announced by the central and the state government had brought economic activities to a near standstill. The high quantum of market borrowings by the state government along with concerns over their fiscal deficit increased the cost of borrowing for it. An innovation has been the inclusion of state government securities in October 2020 - commonly known as state development loans (SDLs) - as a special case for 2020-21. Since October 2020, the RBI has undertaken three auctions each amounting to Rs. 10,000 crore, aggregating Rs. 30,000 crore.*
- *The Reserve Bank announced special OMOs (Operation twist) in December 2019, predating the COVID- 19 outbreak in India. The RBI has been undertaking Special OMOs since December 2019. Up to end-February 2021, the Reserve Bank conducted 20 such operations of Rs. 10,000 crore each.*



- *The RBI engaged in forward guidance, with this being a combination of state-based and time-based guidance. The governor stated that policy stance would remain accommodative till the revival of growth. Moreover, the Governor assured financial markets that the Reserve Bank will maintain comfortable liquidity conditions in sync with the monetary policy stance and highlighted the need for cooperative solutions.*

### *Impact of unconventional monetary policy*

- *With injection of durable liquidity in the banking system by way of LTRO, TLTRO 1.0 and TLTRO 2.0, liquidity increased considerably with net outstanding liquidity ranging between Rs. 4-5 lakh crore during April-December 2020 from Rs. 2-3 lakh crore prior to March 2020.*
- *The OMO purchase of SDLs announced in October 2020 lower the cost of borrowing for the state government (measured as weighted average yield on SDLs) by nearly 80 basis points to 6.55% in December 2020 from its April 2020 levels (7.34%).*
- *Commercial paper issuances, however, remained subdued during 9M FY21 at Rs.12.2 lakh crore, 30% lower than Rs. 17.3 lakh crore in the corresponding period of last year. This can be ascribed to relatively high borrowing cost for these short term papers.*

- *Commercial paper issuances by NBFCs account for nearly 25% of total CP issuances on an average. During 9M FY21, the issuances by NBFCs increase by 12% to Rs. 3.8 lakh crore compared with Rs. 3.4 lakh crore in 9M FY20.*
- *Corporate bond issuances increased in the month of April 2020 and May 2020 as a result of LTRO and TLTROs. The cumulative corporate bond issuances during 9M FY21 totaled Rs. 5.6 lakh crore, 23% higher than Rs. 4.51 lakh crore in 9M FY20. Corporate bond issuances by NBFCs/HFCs also increased from Rs. 1.4 lakh crore in 9M FY20 to Rs. 1.7 lakh crore in 9M FY21 - a growth by 24%.*

*However, there are potential side effects of unconventional monetary policy, for example:*

- *The willingness of central banks to provide liquidity may reduce the incentive of financial institutions to hold adequate buffers, which could make future episodes of financial stress more likely.*
- *Political or social tensions can arise if the central bank's asset purchases are seen to disproportionately benefit some groups in society despite the evidence that these purchases have supported economic growth and employment for the entire community.*
- *Persistently low interest rates can damage bank profitability and reduce the capacity of banks to lend.*



## *Concluding remarks*

*Proactive and timely measures by the RBI have helped tide over the economic disruptions caused due to pandemic while ensuring gradual restoration of financial conditions. The RBI has reiterated its commitment to maintain adequate liquidity conditions in the system. Although the economic conditions are on recovery path, the pre-pandemic levels of economic activities are still some time away. The extension and introduction of such unconventional measures by the policymakers cannot be ruled out in the future if the situation demands.*

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# GST- COMPLETION OF 4 YEARS (ACHIEVEMENTS AND DRAWBACKS)

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*The Goods and Services tax (GST) is an indirect multi-level, comprehensive tax levied on the supply of goods and services in India. On roll-out, GST subsumed almost all other domestic indirect taxes in the country (petroleum, alcoholic beverages and stamp duty being the major exception) under one head, and in perhaps the biggest tax reform in the history of independent India. The GST is levied at every stage of the production process but is collected from the point of consumption, refunding all parties eventually other than the end consumer.*

*India marks the fourth anniversary of the GST on Thursday, July 1, 2021. The date 1<sup>st</sup> July has been designated by the Central Govt. as GST Day, which is celebrated every year to mark the roll-out of the history tax reform.*

*Completing 4 years of GST, Finance Minister Nirmala Sitharam mentioned the journey of GST. Finance Minister stated the success of GST and measures taken to give relief to taxpayers, especially at the time of COVID.*

## Success of GST



India tax base has almost doubled from 66.25 lakh to 1.28 crores in the last four years. GST revenue collection in India has been over the Rs.100,000 crores mark for Eight consecutive months in a row with as much as Rs.102,702 crores. Collected in May alone, the Union Finance Ministry said earlier last.

### Relief Packages

Stating that the relief measures worked out amid the pandemic, which has wreaked havoc in the world and adversely affected the global economy is proof of such an approach.

### Achievements and Drawbacks of GST\ Advantage and Disadvantage

After the implementation of GST the Govt. received several feedback on the advantages and disadvantages of GST. Though GST serves as to be historical tax reform in India, it also includes some demerits.

#### Achievements of GST

- GST is a transparent tax and also reduces the number of indirect taxes.
- In the GST system, when all the taxes are integrated, it would make possible the taxation burden to be split equitably between manufacturing and services.
- GST will not be a cost to registered retailers therefore, there will be no hidden taxes and the cost of doing business will be lower.

- GST will also be backed by the GSTN, which is a fully integrated tax platform to deal with all aspects of GST

### Drawbacks of GST

- Some economists say that GST in India would impact negatively on the real estate market. It would add up to 8% to the cost of new home and reduce demand by about 12%
- GST is an online tax system. From GST registration to filling GST returns every aspect of this new tax regime is done online.
- It has increased the tax liabilities for small and medium enterprises. This is because, in the past the excise tax was only paid by businesses with an annual turnover of above Rs.1.5 crores.

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# Climate change: A global issue

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*Global climate is projected to continue to change over this century and beyond. The magnitude of climate change beyond the next few decades depends primarily on the amount of heat-trapping gases emitted globally, and how sensitive the Earth's damage is to those emissions.*

## *The Effects of climate Change:-*

*Global climate change has already had observable effects on the environment. Glaciers have shrunk, ice on rivers and lakes is breaking up earliest, plant and animal ranges have shifted and trees are flowering sooner.*

*Effects that scientists had predicted in the past would result from global climate change occurring: loss of sea ice, accelerated sea level rise and longer, more intense heat waves. Scientists have high confidence that global temperatures will continue to rise for decades to come, largely due to greenhouse gases produced by human activities. The Intergovernmental Panel on climate change (IPCC), which includes more than 1,800 scientists from the United States and other countries, forecasts a temperature rise of 2.5 to 10 degrees Fahrenheit over the next century.*

*The IPCC predicts that increases in global mean temperature of less than 1.8 to 5.4 degrees Fahrenheit (1 to 3 degrees Celsius) above 1990 levels will produce beneficial impacts in some regions and harmful ones in others. Net annual losses will increase over time as global temperatures increase.*



*Temperatures will continue to Rise because human-induced warming is super imposed on a naturally varying climate, the temperature rise has not been, and will not be, uniform or smooth across the country or over time.*



*Frost-free season (and Growing Season) will Lengthen:-*

*The length of the frost-free season, (and the corresponding growing season) has been increasing nationally since the 1980s, with the largest increases occurring in the western United States, affecting Ecosystems and agriculture. Across the United States, the growing season is projected to continue to lengthen. Lengths of the frost free and growing seasons are projected across most of the U.S. by the end of the century, with slightly smaller increases in the northern. Great Plains. The largest increases in the frost-free season (more than eight weeks) are projected for the Western U.S, particularly in high elevation and coastal areas. The increases will be considerably smaller if heat-trapping gas emissions are reduced.*

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## PLASTIC BAN:

### ECONOMY VS. ENVIRONMENT

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*The global environment is changing day by day and now it has become a challenge to living life. Due to ugly fact that every nation is trying to develop their country without taking into consideration of environment impact. However for the past year, we have been detracting the environment for our economic gain and this is a critical point where we can't undo the damage. The reform in order to same life on earth we should let go of our economic gain.*

#### **Economy Effect**

*Due to plastic ban business and profits are negative effects they add unintended consequences. It provides untain advantage causing increase price for consumers, decrease profit for producers and decrease Economic activity in the area affected by the plastic ban. Banning plastic bags reduce retails employment. As per FICCI, One -third of India's plastic consumption goes into packaging. The energy and resources used to produce it go in vain after a single - use. As per estimated that annual losses of \$80120*

billions are caused to the world economy causing negative effect on sales and profits from ban.

### Environmental Effect

Ban on plastic can surely help in saving our non-renewable resources which it once lost might not be retrieved later. The two major harmful effect of plastic usage are carbon dioxide produced by it adding to the greenhouse effect and other being the increasing collection of waste in the land and ocean. It takes 500-1000 years for plastic to decompose it is a permanent pollutant. Plastic are composed of long-chain polymers of carbon and are developed from more petroleum products. However there are no environmental benefits to banning plastic bags, because plastic bag requires less energy to produce and recycle, whereas cloth bag need to be used long time before they have an

environmental advantage over plastic bag. Reusing cloth bag also has potential negative health effects this practice can lead to a cross contamination and disease if not sanitized properly after each use. They harbor dangerous viruses and bacteria. Microbiologists have found *E. coli*, salmonella, and fecal coliform and other harmful bacteria in reusable bags.



### Conclusion:

*As studies have shown, there is much evidence of using plastic bag over reusable bag because it cause negative impact on the economy and environment itself.*

*But it is also a high time because of the changing global environment. The reform I, in favor that use shift to alternative of plastic, as well as recycle most of the plastic. And thoroughly sanitized our alternative reusable bag to curb its effect.*

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# CHINA – THE EMERGING SUPER POWER

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*In recent times, consensus has concluded that China has reached the qualifications of super power status, citing China's growing political clout and leadership in the economic sectors has given the country renewed standings in the international community.*

*There is no doubt that China has already become the global power house economically and is expected to surpass the US as the world's biggest economy by 2028. Like the Soviet Union in the past, China now faces several geopolitical and cultural challenges before it can reach global super power status similar to the US. China has emerged as a global economic super power in recent decades. It is not only the world's second largest economy and largest exporter by value, but it has also been investing in overseas infrastructure and development at a rapid clip as part of its Belt and Road initiative.*

*The Belt and Road initiative (BRI) is a global infrastructure plan conceptualized in China 2013 and which has been implemented in more than 70 countries.*



*Under the BRI, China works with partner countries to design and implement large infrastructure projects.*

*The BRI in Pakistan, termed the China Pakistan Economic Corridor (CPEC) will bring in investments of \$62 Billion over a ten years period. The projects include transportation, communication and energy investments that are located in overlapping zones, enabling comprehensive economic development.*

*Moreover, China become the only major economy to grow of 2.3%. Helen Qiao head of Asia Economics at Bank of America Global Research, told CNBC last month China's economy would surpass the US around 2027 to 2028.*

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**ART BY: - Dixita Devi**

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# QUAD: A NEW IDEA TO CHALLENGE CHINA

Dhanjita Sarma

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*The Quadrilateral Security Dialogue (QUAD) is a strategic dialogue between the USA, Japan, Australia and India is maintained by talks between the member countries. The first summit of QUAD was held in the shadow of Beijing's growing influence so what can they achieve and can the four nation with very different priorities will be work together. It was an extremely significant geo-political event.*

*The idea of QUAD was first initiated by the Japanese Prime Minister 'Shinzo Abe' in 2007. In 2017, US president Donald Trump gave shape to the long term pending QUAD situation. This time Foreign Ministers of the four countries have met but each time failed to issue joint statement and came up with separate statement. It was in the 12<sup>th</sup> March, 2021 when for the first time the leaders of world's four largest democracies came together through a virtual meeting. This is the first time the QUAD is trying to speak in one voice. The leaders discussed over various aspect but the major aspects were Economic and Defence and there comes a joint statement "the spirit of the QUAD is a shared vision for a free and open Indo-Pacific and a rule-based maritime*



order in the East and South China seas which are needed to counter China's maritime claims”.

One of the major agendas of QUAD is to ensure that the Indo-Pacific region remains inclusive, free and open. Most countries in the region like Taiwan, Japan, Philippines, Vietnam, Malaysia, Brunei and India have territorial or maritime security issues with China as it has been particularly aggressive in South China seas and refused to honour internationally accepted maritime laws and agreements. So, while the QUAD may discuss economic, development, pandemic and other issues, the core issue will always remain security and defence to counter the growing military might of China that it is not averse to flexing from time to time.

The pandemic taught us that the world must diversify. The QUAD wants cooperation in many aspects -

The first is maritime security and cooperation. So a considerable headway is made in this area during the Trump administration. All four countries took part in the Malabar Exercise last year.

The second area of collaboration will be on covid-19 related issues. QUAD is looking to launch an expansive vaccine programme where vaccines will be developed in the US, manufactured in India, financed by Japan and supported by Australia.

The third area of cooperation is climate change. This is one area where the QUAD will try to corner China into delivering more.

The last area of cooperation is economic and technological significance. It indirectly recognizes China as an economic and technological threat. China produces 60% of world's rare earths (from smart phones to computers and batteries). So, the QUAD joint hands to build a rare earth procurement chain and counter China's dominance.

The QUAD symbolizes a different meaning for India as it is

- ✓ A strategic win
- ✓ A boost to Aatmanirbhar Bharat
- ✓ A global leadership role
- ✓ Help India to become a blue economy

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# PRIVATIZATION OF AIR INDIA:

## PROS AND CONS

Pallabi Basumatary

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Privatization broadly refers to inducing private sector participation in the ownership and management of the Public Sector Enterprise (PSU). The process involves transferring ownership of an enterprise, business, or public property from the government to the private sector, which generally operates to earn a profit.

Air India, 1<sup>st</sup> Indian airline founded in 1932 which was originally named Tata Airlines by J.R.D Tata, flying passengers and mails between Karachi, Ahmedabad, Madras, Bombay, and Bellary. However, after World War II, in 1946, Tata Airlines was turned into a public company, named Air India. In 1948, it made its first international flight to London.

But in 1953, the Central Government came up with the Air Corporations Act with the intention to merge and nationalize all existing eight airlines operating in our country. The act gave monopoly power to Indian Airlines to operate domestically, ruling out any other operators. The act created two corporations- Indian Airlines and Air India International. The previously called Air India's name changed to Air India International, handing all the international flights and its domestic services were transferred to the Indian Airlines.

In June, 2017, the Government of India finally approved the privatization of Air India. In March 2018, 'Expression of Interest' was issued by the government in order to sell a 76% having the decision making power because of the 24.

### Economic Impact

In India, both enterprises operate as per the regulations forming a mixed economy the sale of minority shares to private partner and also selling the loss-marking units to the private sector.

The possibility of improvement in profitable after Air India's privatization is quite high. Moreover, currently the funds being used to revive the airlines can be used in the development of various other sector like education, healthcare, and infrastructure, if it is sold off.

The government, on the other hand, does not have the resources to keep up with advanced technology. Thus, the privatization of Air India will ensure the technological upgradation of Air India.

### Major Pro's & Con's

- Obligation weight will be diminished. Right now Air India has more than Rs. 50,000 crores obligation because of up keep costs.
- Privatization will build rivalry and thus nature of administrations will be improved.



- All India's piece of the pie in Aviation industry is simply 14%. Thus, it isn't shrewd to spend Rs. 50,000 crores public cash on Air India.
- Privatization allowing self-governance that can lift Air India from misfortunes as indicate by representative associations. They believe that an excessive amount of government control made misfortunes Air India.
- Air India needs to clear the pay rates because of its staff. Privatization move without clearing these contribution will make vulnerability.
- As Indian government is keeping up with BSNL as a National telecom station, it ought to keep up with Air India too as a National transporter.

Air India, being India's first airline, plays a really important role in the history of the aviation sector. It reached great heights till the 1990's under the successful leadership of J.R.D Tata, who was the founder of the airlines. However there a truth that Air India could not survive with the growing competition leading to wide options to choose from and because of other factors like increased oil price, corrupt officials and wrong decisions speeded up the process.

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## **A New Growth Formula for Manufacturing in India**

**Sangita Saha**

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*Manufacturing is the processing of raw materials or parts into finished goods through the use of tools, human labor, machinery and chemical processing. It is a value-adding process allowing business to sell finished products. The manufacturing industries in India has emerged as a fast growing sector owing to rapidly increasing population in the country. Manufacturing industries not only help in modeling agriculture, they also reduce the heavy dependence of people on agricultural income by providing them jobs in secondary and tertiary sector could become the global supplier of choice if they specialize in the future.*

*Covid-19 represents one of the biggest opportunities for India to spur economic growth and job creation. McKinsey & company identify 11 manufacturing value change in their report. 'A New Growth Formula for Manufacturing in India' which will have strong potential for the country to operate in international markets, power growth and provide long term employment. The latest PMI results for Indian manufacturing sector continued to point an economy, as a supportive demand environment and firm's effort to rebuild safety stocks underpinned another sharp rise in production.*



*Manufacturing accounts for only 15% of country's GDP compared with the service sector nearly 52%. In fiscal year, 2020 manufacturing generated 17.4% India's GDP. Manufacturing has the potential to provide large scale employment to the young Indian population and there by enable a significant sector of the population to move out of poverty.*

*A number of fundamental steps can improve manufacturing productivity such as, lean plant, layout, etc. 'Ultra Tech Cement Ltd', 'Maruti Suzuki Ltd', 'Tata Steel Limited', 'Tata Motors', 'Mahindra & Mahindra' etc. are the top companies of 2020 in India. In addition, manufacturing can drive incremental innovation and leverage know-how of vendors and industrial groups to their manufacturing practices. It provides many jobs at all levels. India has an opportunity to raise its manufacturing competitiveness and become a supplier of choice not only for its large consuming class but also for global markets.*

*Only the development of modern forms of industry can guarantee the country's most rapid and steady movement along the road of progress. In our view, the present role of small-scale industry is that it makes not possible to hurry with the development of certain branches and enterprises. The country's large number of well trained workers lend strength to skill-intense value chain such as pharmaceutical formulations, capital goods and manufacturing value chains in India operate in close proximity to strong domestic markets.*

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# FLIPKART- WALMART DEAL: IMPACT ON INDIA

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Flipkart is an e-commerce company, headquartered in Bangalore, Karnataka, India, and incorporated in Singapore as a private limited company. It was founded in the year 2007 by Sachin Bansal and Binny Bansal. The company initially focused on online book sales before expanding into other product categories such as consumer electronics, fashion, home essentials, groceries, and lifestyle products.

Walmart has struck a deal with Flipkart in May 2018 and is buying 77% stake in it.

## *Positive impact:*

- Walmart trusted the potential of Indian E-commerce sector. This deal will raise confidence on Indian Ecommerce market and thereby will attract more investors.
- Flipkart is giving a good competition to Amazon but still it's struggling with several bottlenecks such as drying up of investment, lack of infrastructure etc. Walmart - Flipkart deal will be a boost to Flipkart and it will give a tough competition to Amazon.
- This deal will end the monopoly of Amazon in the Indian E-commerce Industry.
- More competition leads to more benefits to customers in the struggle of attracting customer base.



- More investments will result in attracting best talent to E-commerce sector.
- Till recently, business model of Indian E-commerce companies are not sustainable. Walmart is very efficient in managing supply chains. Since 1980s Walmart is buying products directly from manufacturers. If the efficiency of supply chain is replicated in India, Indian E-commerce companies will turn into profitable.
- Walmart has access to global supply chains.
- With this deal, employees of Flipkart are benefited, because they have 'Employee Stock Ownership Plan (ESOP)'. This will encourage ESOPs culture.
- A significant percentage of fruits and vegetables spoiling due to inefficient logistics and warehouses. With more investment and modern technology, this problem will be solved.
- At present, there are specific problems to deliver products to rural areas such as lack of warehouses etc. This investment will help in overcoming this problem.
- A few people are opposing the move by saying that it is FDI and it will dominate domestic players. But the fact is that this stake that Walmart is buying was with Softbank pvt ltd. till now. Softbank is a Singapore company. So FDI is already there.
- Walmart is the World's largest retailer. So we can adopt the best practices. This results in knowledge transfer and thereby benefits us.
- More jobs will be created especially to semi-skilled workers in logistics, delivery, back office operations etc.
- Better supply chain strategy results in benefits to traders and farmers.



- There is so much potential in Indian e-commerce sector. The number of consumers will grow exponentially in the coming days. Walmart-Flipkart will make retail E-commerce sector ready for the future demand.

### *Negative impact:*

- India still does not have national E-commerce policy. Indian government is planning to bring one by the end of 2018. As we are in the nascent of policy regulations for E-commerce, this sector in India is susceptible to exploitation by foreign players.
- Both Walmart and Amazon are US companies. This means no Indian E-commerce company is in the first two places. British also came to India in 16th century in the name of doing business with India, but eventually they ruled India. Taking lessons from that, we need to be careful. No country can colonize India in the present times, because democracy and sovereignty have worldwide support but we need to be careful to avoid digital colonialism.
- There will be no level playing field for other E-commerce companies.
- Big data of Indian customers such as buying history, personal details, search history etc. can go into the hands of US Company. This can be misused by vested interests. We already witnessed Facebook - Cambridge analytica incident recently.
- This deal is against to the spirit of 'Make in India' program.
- Walmart has its branches in several countries. It buys products mainly from China. If it does the same in



*India, it will be a loss to Indian manufacturers and thereby to Indian economy.*

- Developed countries like China, US, EU are not allowing foreign companies to dominate their digital economies. We need to observe these things too.*
- This deal will result in lower prices which is a threat to physical retail stores.*

### *Conclusion:*

*Both Flipkart and Walmart will be benefited by this deal. More investment will help Indian economy and Ecommerce sector. But to prevent exploitation, bringing the best National E-commerce policy is a must.*

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# EFFECTS OF COVID-19 ON SUSTAINABLE DEVELOPMENT GOALS (SDGs)

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*The world has committed to implementing the 2030 Agenda for Sustainable Development with 17 Sustainable Development Goals (SDGs) adopted by United Nations (UN) Member States in September 2015. The unusual situation created by COVID-19, in early 2020, is influencing this commitment and undermining the general approach toward suitability by slowing down the process toward achieving the 17 SDGs and changing the trajectory of development. The overarching aim “leave no one behind” is threatened by the current growing inequalities. While the multiplied global challenges, Economic and financial shocks associated with COVID-19 make financing for sustainability even more default.*

*This socio-economic crisis has affected many Countries, leading to Massive losses to the Economy and the global Development. World had faced major Challenges on SDG 2 (Zero Hunger), SDG 3 (Good Health and Well-Being), SDG 8 (Decent Work and Economic Growth), SDG 10 (Reduced inequalities). At the same time, the pandemic had brought “immediate relief” in areas related to SDG 12 (Responsible consumption and Production), SDG 13 (Climate action), SDG 14, 15 (Life below Land and Water). This pandemic has very tremendous effects on the global Economy. The*



unavailability of the vaccine in 2020, forced countries to impose Lockdowns. People were facing financial challenges, mental anxiety, unemployment, lack of resources. But this pandemic situation significantly improves air quality in different cities across the world, reduces GHGs emission, lessens water pollution and noise, and restoration of the ecological system. The global economic growth faced a large Impact, the annual GDP has declined of around 6%. With no Income people also died due to hunger and poverty. The most affected SDG was 3, as it had become very hard for the people to take care of their health and well being when no vaccine is available. The impact was more severe for children and families, causing interrupted learning, and adaptation to digital Study classes. The Industries, stock markets, productions, and infrastructure, presently has recovered from the COVID-19 impact but had suffered a lot. With an increase in environmental health the number of accidental deaths reduced. On increasing facilities in digital field like digital marketing, online payments, digital education, work from home got a boost. These threats have definitely increased the timeline within SGGs goals are to be achieved. All countries should co-operate on adaptation of best practices reducing the poverty, hunger, promoting vaccine and factors that promote healthy lifestyles in days to come.

The UN HLPF (2020) drew attention to the importance of global solidarity via multilateral institutions because the impacts of COVID-19 have been most devastating for the poorest and most vulnerable. This signifies a need for a strong commitment to accelerating policies that will facilitate the achievement of the SDGs to

ensure that no countries are left behind in the Global recovery effort. Stronger alliances between nations are needed, and cooperation is needed to oversee resilience building in global supply chains and to support lower- and middle-income countries with fiscal and monetary policies.

*The 17 sustainable development goals (SDGs) are given below:-*





# IS RISING CRUDE OIL PRICE A NEW WORRY TO INDIAN ECONOMY?

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*Recently, Brent crude price crossed the \$75 per-barrel mark after a year. Crude oil price rises due to the production cuts by oil-producing countries and due to the expectation of improvements in global demand as the covid-19 cases falls due to the vaccine rolled out across the world. Last time, the highest increase in Brent crude prices was on October 29, 2018.*

*In April 2020, the West Texas Intermediate (WTI) crude slipped below zero for the first time in history, to a negative \$40.32 per-barrel. Two crude oils which are either traded themselves or whose prices are reflected in other types of crude oil include WTI and Brent.*

*Generally, the Organization of the Petroleum Exporting countries (OPEC) works as a cartel and fix prices favorable to all member countries. OPEC is led by Saudi Arabia, which is the largest exporter of crude oil in the world (exporting 10% of the total global demand). OPEC has a total of 13 member countries. OPEC could bring down prices by increasing oil producing and raise prices by*

cutting production. As crude oil prices rises as major oil producing countries cut oil production last year amid a sharp fall in demand due to covid-19 pandemic. Moreover, Saudi Arabia pledged extra supply cut in February and March 2020 following reducing by other members of OPEC. In early January 2021, the OPEC and Russia (as OPEC+) agreed to cut production to increase prices. The mass production and rolled out of vaccines and the rising consumption after easing Covid lockdown last year have led to the increase in International Crude oil prices.

The increase in the crude oil price will raise the country's import bill and hence led to current account deficit. As one dollar increase in crude prices raises the oil bill by 1.6 billion rupees per year. India imports 80% of its crude oil requirements. The increase in crude prices could also increase inflationary pressures that have been building up over the past few months. Moreover, the government imposes central taxes on petrol and diesel by Rs 13 per litre and Rs 11 per litre in 2020 to boost revenues. The increase in taxes had prevented consumers from getting the benefit as international price crashed of fuel prices. However, Union Minister Dharamendra Pradhan blamed "surge in global Crude oil prices" for the rising domestic prices of petrol and diesel. Petrol crossed the Rs 100 mark in at least six states as a result of Rs 4-9 per litre hike in its price since the beginning of May.





*Annual Consumer Food Index (CFPI) inflation in India stood at 5% in May was far lower than 39.7% year on year rise in the UN Food and Agriculture Organization's (FAO) World Food Price Index (FPI) for the same month. The relatively low domestic inflation in food items other than edible oils and pulses is attributed to two factors i.e. the munificent monsoons that have ensured no supply side shortage in most crops and collapse of demand from successive Covid-triggered lockdown.*

*If oil prices continue to increase, the government shall be forced to cut taxes on petroleum and diesel which may cause loss of revenue and deteriorate the fiscal balance. As. Slowdown in the country's growth rate was due to the tax revenue shortfalls. However, there could be some positive side for India from the oil price hike. The value of Indian oil and gas companies could be positively impacted. The government could get greater value from disinvestment in Bharat Petroleum Corporation Limited. Moreover, remittances from Gulf could increase.*

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**ART BY: - Soma Saha**

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# India and the evolving Geopolitics in the Middle-East

Pragya Ranjan Ray

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*India's "Link West" policy has seen both continuity and change.*



ART BY: - Rahul Daimary

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*The geopolitical dynamics of the Middle East have been changing in an unprecedented manner over the past few years. These changes pose multiple challenges for India with respect to New Delhi's agenda for a stronger cooperation with the Middle East under the ambit of the Modi government's "Link West" policy.*

Some of the changes in the Middle East brought countries closer to India, reciprocating the Link West policy, but fluctuating regional stability has been a concern for New Delhi.

For both military and civilian purposes, India is energy hungry. In 2013 India had already become the third largest energy consumer in the world. Such a condition has always directed India to the Middle East, which is both geographically close and strategically important. As per a report by India spend, more than 63% of India's oil imports are from the oil rich powers of the region, and the Middle East is also home to more than 7 million Indians. Considering these factors, a strong India-Gulf Cooperation Council (GCC) relationship has been mooted by several scholars considering India's rising economic interests and India's aspirations to exert its influence beyond the Indian Ocean. The fact that, amid all the regional tensions, Indian migrants in the GCC countries alone generated remittances worth \$40 billion in 2018 highlights the need for India to stabilize its interests in the region.

One of the most important pillars for India's great power aspiration is widened strategic influence. New Delhi has to increase the bandwidth of its foreign policy and find more areas of mutual interest and strategic convergence in the Middle East without disrupting the balance it has created in the region in terms of both bilateral and multilateral engagements.



So far India has been engaging with Saudi Arabia, Iran, and Israel simultaneously without making any political comments that could affect any bilateral engagements.

The Middle East region has seen a series of important changes in the last decade. The rise of Saudi Crown Prince Mohammed Bin Salman and his Vision 2030 plan has gained much momentum in an attempt to diversify the Saudi economy, improve its education and health sectors, and develop the overall infrastructure. The plan also seeks to improve the overall image of the conservative kingdom to an outward-looking, prosperous, and growing regional power. Yet amid the efforts of the Prince, the murder of Saudi journalist Jammal Khashoggi and the Saudi-led war in Yemen have received a lot of flak from the international community.

The unprecedented turn of events in the region raised concerns for India. The Indian government refrained from offering aid to any military or political coalition amid the conflict. As the crisis escalated, the government carried out an evacuation operation in Yemen named Operation Rahat in 2015. India began evacuating and rescuing hundreds of citizens on April 2, 2015 with the help of a commercial liner docked in the port of Aden. These citizens were evacuated from Sana'a to Djibouti and from there more than 4,600 Indian citizens and more than 900 foreign nationals were rescued.

India responded to the Qatar situation by stating it was an “internal matter of GCC,” as External Affairs Minister Sushma Swaraj put it in a tweet. The Ministry response also focused on its efforts to enable smooth and uninterrupted travel for the Indian diaspora in the country, which included the initiation of additional flights services and subsequently an Indian-Qatar express service for the shipment of food products and other essentials from India.

Deepening engagement with Saudi Arabia and the UAE could be noted as a galvanizing point for India's Link West policy. The decision of ADNOC (Abu Dhabi National Oil Company) and Saudi Aramco to jointly invest \$44 billion in a refinery in India was a major leap forward. Aramco signed the agreement to develop nearly 1.2 million barrels per day in the Ratnagiri refining and chemicals complex. India's engagement with the UAE has also moved to other areas like defense and strategic partnerships. In May 2016, Manohar Parikkar became the first Indian defense minister to visit the UAE. Experts pointed out a new momentum in the relationship between the countries after the inking of a Comprehensive Strategic Partnership. Under this, the two sides have forged a strong strategic partnership while highlighting counterterrorism cooperation and defense partnerships.

India's elevating strategic partnership with Saudi Arabia affirms New Delhi's priorities in the region. In July 2018 when Indian Prime Minister Narendra Modi visited Riyadh and met King Salman



bin Abdulaziz al Saud, it was reported that the two leaders engaged in talks that lasted for more than two hours. Five key agreements were signed that addressed issues ranging from anti-money laundering to drug trafficking. Both the countries also agreed on the need to strengthen bilateral defense cooperation primarily through the exchange of visits by experts and military officials and suggested conducting joint military exercises and supplying arms and ammunition.

The fact that India has been one of the world's fastest growing economies since the 2000s helped New Delhi get leverage in dealing with Saudi Arabia, Iran, and Israel simultaneously without being criticized by any countries. Countries like Iran and Saudi Arabia have slid their regional agendas under the carpet while dealing with India since they ascertain that Asian markets like China, Japan, South Korea, and India are going to be their premier customers in the coming years. India is also investing in large natural gas fields and is developing the Chabahar port in Iran, which is expected to be a major turning point in the Iran-India trade relationship and a strategic counterbalance to the Chinese-run Gwadar port in Pakistan.

Maintaining a close relationship with the Sunni monarchs of the Arab world without disrupting the relationship with Iran, and refraining from getting politically involved in any conflict in the region, could be seen as continuity in terms of India's engagement with the Middle East. However, there have also been major changes in the form of deepening strategic



*partnerships and accelerated economic and trade ties with the UAE and Saudi Arabia in recent years. The engagement with Israel and the mutual visits by Modi and Israel's Prime Minister Benjamin Netanyahu also can be seen as changes in India's Middle East policy.*

*The much hackneyed "balancing" policy of New Delhi in the region has so far made sure that India sets its priorities to ensure energy security and accelerate economic ties in the region. Nevertheless, the sectarian-based conflicts and the proxy wars that constantly weaken the Middle East's security and stability make it extremely complex for India to stabilize its interests in the region, much less venture into new domains of engagements.*

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## The trade Agreements of India and Future of its Trade Policy

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The Indian economy has come a long way from the depths of the 1970s when an extremely regressive trade regime had rendered India a near autarky when trade in goods had dropped to less than 10% of GDP and the stranglehold of the state over economic activity had plunged growth rates to very low levels averaging just over 3% in the years 1965-1980. With subsequent domestic and external reforms, the most dramatic of which were initiated in the early 1990s and which have continued nearly monotonically ever since the Indian economy took off. With growth rates rising rapidly and reaching a high of over 8% during the 2000s and averaging around 7% in recent years. India is now the 3<sup>rd</sup> largest economy in the world.

### Trade and India's Development Trajectory:

Despite these impressive achievements in the preceding decades, India's development trajectory now faces significant pressure. India possesses an abundance of low skill workers, a large fraction of which is employed in agriculture. This is a sector where a large portion of country's total population is engaged

but contributes only 17-18% of the total GDP (as per 2018).

The rapid growth in IT exports rather than manufacturing exports reflects an important self-contradiction. In a manner of speaking, while we would expect India's production patterns and exports to reflect its relative abundance of low skill labor, as is the case for instance in China-India's growth has been strongest in the IT sector, which requires relatively scarce high skill workers instead. Taken together the global economic environment offers significant challenges but also some opportunities for Indian policy making in the area of international trade and investment in the coming years.

Moreover India's engagement with the world trade system has been somewhat asynchronous one. After the end of World War II, the Breton woods institutions, International Monetary Fund (IMF), World Bank and The general agreement for on tariffs and trade (GATT) provided the necessary underpinning for the global economic system. Ironically those years of pre 1990s in which India was one of the most closed countries, were the years in which the world's trade system in a sense was the most open and showed the greatest momentum towards further liberalization.

Looming over the horizon, the "mega-regional" agreements such as Regional Comprehensive Economic Partnership (RCEP) which is a free trade agreement was launched in 2011 and is currently being negotiated between ASEAN nations and ASEAN's FTA partners. The



RCEP includes 16 countries (Australia, Brunei, Cambodia, China, India, Indonesia, Japan, Laos, Korea, Malaysia, Myanmar, New Zealand, Philippines, Singapore, Thailand and Vietnam) a grouping that constitutes about a third of the world's trade with a population of 3 billion and a GDP of about \$20trillion.

Following the global trends, India has signed a number of preferential trade agreements. Regardless of past outcomes it is clear that going forward India needs to use global markets to propel its economy. Market access is important but domestic productivity and competitiveness is also crucial. So how India manages both these issues will crucially determine its development trajectory over the coming years.





# THE RISE OF CRYPTO CURRENCIES AND INDIAN CRYPTO EXCHANGES

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*Crypto currencies are digital cash designed to be quicker cheaper and more reliable than our regular government issued money. The word 'Crypto' comes from ancient Greek word 'Krypton' which means hidden or private. It is virtual currency and digital means of exchange that uses cryptography for security. Crypto curries don't require you to trust a bank to hold your money. You can actually see money being sent, received, verified and recovered by thousands of people.*

*The emergence of crypto currency was after the financial crisis of 2008; when the trust in bank financial institutions just melted away especially amongst population of Europe and USA. It is from amongst this group of people a person named "Satoshi Nakamoto" created Bit coin in 2009. It is the first decentralized crypto currency right after many other crypto currencies were created like Name coin, Lite coin etc. This cuts out the need for banks as third-party gurantors of transactions. Finally the growth of crypto currencies has been fuelled significantly by the activities of speculators, who can harness the volatile prices that crypto currencies of ten exhibit to make large profits. It is clear that crypto currencies are an important and rising element in today's digital economy. Bit coin has been on a rampage during the pandemic - its price crossed a record of \$59000 on*



April, 2020. The steep rise in value of virtual currency has made of payment including PayPal, Visa and many more.

With more and more people participating in the crypto currency frenzy that has now gripped the world, India isn't far behind. There is now growing belief that there will be no outright private crypto currencies in India. Crypto currencies are likely to be treated as tradable assets like commodities or art. Several Crypto currencies in India had parked nearly \$6.6 Billion (49,189 Crore) in crypto currencies until May this year, as compared to around \$923 Million until April 2020. The country ranks 11 out of 154 Nations in terms of crypto currency adoption, as per block chain data firm chainalysis. Crypto currency exchanges in India are - WazirX, CoinDCX, Zebpay, Coinsarfch, and Unocoin. Today investors and traders keen to buy and sell various digital assets available in the market can simply use the different crypto exchanges run by Indian crypto startups.

Crypto currency in India may attract tax liability but the rules are still unclear as the Reserve Bank of India has not yet granted this asset class the status of a legal tender. The fact that it is technical and has financial impacts in the economy. All the regulations are connected to the financial domain but not technology domain. For Indian economy it is also going to be challenging to regulate this market.

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# NOBEL PRIZE IN ECONOMICS 2020

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*The Nobel Prizes regarded as the most prestigious awards given for intellectual achievement in the world are awarded annually from a fund bequeathed for that purpose by the Swedish inventor and industrialist Alfred Nobel. It is announced every year for excellence in Physics, Chemistry, Medicine, Literature, Economics, and a distinguished achievement towards humanity - commonly known as the Nobel Peace Prize.*

*The Royal Swedish Academy of Sciences awarded Sveriges Riksbank Prize in Economic Sciences, 2020 to Paul Milgrom and Robert Wilson (both from the USA) for improvements to auction theory and inventions of new auction formats. It was first awarded in 1969 to Dutch economist Jan Tinbergen and Norwegian economist Ragnar Frisch "for having developed and applied dynamic models for the analysis of economic processes".*

*Sveriges Riksbank Prize in Economic Sciences, 2020 is given in memory of Alfred Nobel and is popularly (but incorrectly) known as Nobel Prize for economics. As it is not one of the five Nobel prizes that Alfred Nobel established in his will in 1895, it is not a Nobel Prize. It was created in 1968 by a donation from Sweden's central bank Sveriges Riksbank to the Nobel Foundation to commemorate the bank's 300<sup>th</sup> anniversary and includes a 10 million Swedish kronor award money – roughly Rs 8.33 crore. It is officially titled the "Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel".*



Mr. Wilson's work showed why rational bidders tend to bid under their own estimate of the worth due to worries over the "winner's curse". Mr. Milgrom, also at Stanford, then came up with a more general theory of auctions, by analyzing bidding strategies in different auction forms.



**EKONOMIPRISET 2020**  
**THE PRIZE IN ECONOMIC SCIENCES 2020**



**KUNGL. VETENSKAPS-  
AKADEMIEN**  
THE ROYAL SWEDISH ACADEMY OF SCIENCES

Photo: Stanford Graduate School of Business



**Paul R. Milgrom**

Photo: Stanford Graduate School of Business



**Robert B. Wilson**

## What is Auction theory?

Auction theory is a branch of economics that deals with, as the name suggests, auctions. Auctions are important to economists because they are the most widely used and also the most efficient mechanism to allocate scarce resources. In particular, auction theory deals with the various ways in which auctions can be designed to improve seller revenues, increase benefits to consumers, or even achieve both these goals at the same time. Auction theory studies

how auctions are designed, what rules govern them, how bidders behave and what outcomes are achieved. The oldest form of auction is the auction of a bankrupt person's property to pay off his creditors. This simple design of such an auction is the highest open bidder getting the property. Currently, not only household objects, art and antiques, but also securities, minerals and energy are auctioned. Public procurements can also be conducted as auctions. The outcome of an auction (or procurement) depends on three factors -

- 1) The first is the auction's rules, or format. Are the bids open or closed? How many times can participants bid in the auction? What price does the winner pay - their own bid or the second-highest bid?
- 2) The second factor relates to the auctioned object. Does it have a different value for each bidder, or do they value the object in the same way?
- 3) The third factor concerns uncertainty. What information do different bidders have about the object's value?

## Conclusion

Using auction theory, it is possible to explain how these three factors govern the bidders' strategic behavior and thus the auction's outcome. The theory can also show how to design an auction to create as much value as possible. However, Poet and writer Rabindranath Tagore was the first non-European and Indian to get a Nobel Prize in 1913 in literature. Recently in 2019, The Indian-American



economist Abhijit Banerjee was awarded the Nobel Prize in economics along with Esther Duflo and Michael Kremer. The trio received the award for their “experimental approach to alleviating global poverty.”

Source-1)

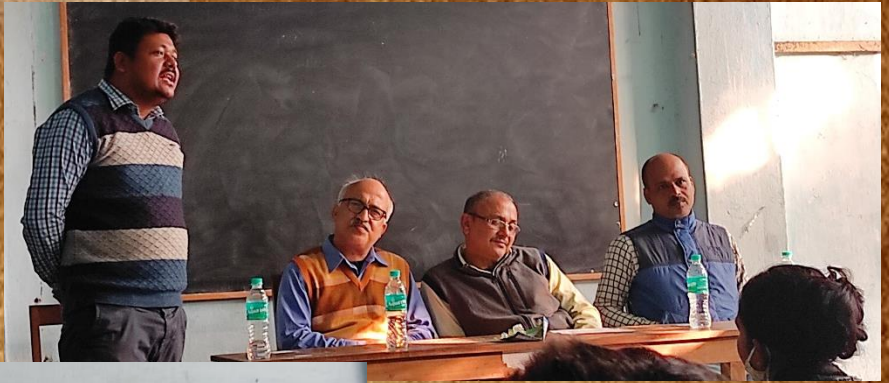
<https://www.thehindu.com/business/Economy/the-hindu-explains-what-did-the-2020-economics-nobel-winners-discover-about-auction-theory/article32883922.ece>

2) <https://www.drishtiias.com/daily-updates/daily-news-analysis/nobel-prize-in-economic-sciences-1>

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# Departmental Memories











**Art by:** Nikita Nasrin

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