

# INTO A BRIGHTER WORLD

Department of Economics | KC College | 2020-21

## Principal's Desk



I am extremely happy that the Department of Economics is releasing its E-Circle Newsletter 2020-21. The Department has been consistently exposing the students of Arts, Science and Commerce to new frontiers of learning.

I congratulate the Department of Economics for encouraging the students in different ways to express themselves. The Department has organized National level Webinar, Essay writing Competition, Economics Quiz, Debate and Discussions. This Newsletter is a collection of short essays contributed by the students of Economics. The topics covered are varied which has made the newsletter interesting. I am happy to learn that the students have responded well by actively contributing for the Newsletter.

I extend my best wishes to the Department for all its future activities. May the department continue to do good work.

**Dr. Hemlata K Bagla**

*Thankyou for saving us*



By Akanksha Vaidya  
TYBA Eco-Comm

## Resiliency of India in COVID-19

*By Hiteshi Desmukh, TYBA Economics*

*Today, India is a nation appreciated by all for an outstanding performance during such a mess. Talking particularly about the motto of Atma Nirbhar Bharat, India is moving towards the path of success. It is said that small steps lead you to success. The first step India took towards its motto was by banning the Chinese Apps in India which is today turning as an opportunity for growth of the Indian Industries. The global market today looks forward to investing in India and not China.*

*The government through its policies and ideas made people realise the importance of Local markets or domestic markets for the development and growth of India. Today they are supporting the ideas of "Vocalforlocal", "startupIndia", "standupIndia" and "Make in India" drive. These ideas will help the nation grow and reach to its peak in the near future.*

*The pandemic made the nation realise the time to show its real power to the world. We as a nation have proved that when time comes we can stand up as a strong support for the whole world. Be it in providing vaccines or providing help to other nations or helping its own people to sustain in such a pandemic, India has made its position in the world today. Atma Nirbhar Bharat will change the entire economy of the nation and we as citizens can help this motto get successful in the near future. We as citizens play a major role in the economic development of the nation. So, let's join in together and work for our own nation for our own growth and development.*

*At last I would say that together we stand together we can succeed and together we can build a nation that would set an example for all others in the world.*

## COVID-19: Changing The Path of Education

By Michelle Gomes, SYBCom

When the pandemic started in March, everything was shut down. Well, that brought a stop in access to education too. With around 1.2 billion students across the globe losing access to education, it was a tough route to get back on track. Mumbai local trains can halt, but can education? Certainly not. Since physically nothing could be done, the world turned to the digital platform. Many called it a revolution. A revolution in the way we seek education, a revolution in the teaching system of the world. With more and more students gradually getting access to the internet, education has seen a boost. Of course, it has been difficult for all especially the teachers who lack certain technical skills. But with the cooperation of the trinity: students, teachers and education institutions, India was successful in carrying out lectures as well as exams through the online platform. Well, we don't know how long this is going to last but it has certainly overcome the physical boundaries faced by many students making it possible for anyone with a phone and internet connection to seek education from anywhere in the world. A lot of educational platforms such as BYJU's have seen a significant growth in their numbers. Even though in some parts of the world, there is a shift to the old normal yet their numbers have seen no significant impact. Also, certain online learning platforms such as Coursera and Udeemy have seen a significant growth in their enrolment numbers. But it all boils down to this major question: Is online learning effective?

For those who do have access to the right technology, there is evidence that learning online can be more effective in a number of ways. Some research shows that on average, students retain 25-60% more material when learning online compared to only 8-10% in a classroom. This is mostly due to the students being able to learn faster online; e-learning requires 40-60% less time to learn than in a traditional classroom setting because students can learn at their own pace, going back and re-reading, skipping, or accelerating through concepts as they choose.

It is clear that this pandemic utterly disrupted the education system that many assert was already losing its relevance. The next question that arises is whether online education can give justice to the traditional way of education? Well, only time will tell. While some worry that the hasty nature of the transition online may have hindered this goal, others plan to make e-learning part of their 'new normal' after experiencing the benefits first-hand.

## COVID-19: People at The Peripheries

By Sanjay Waghela, TYBA Economics

Something obnoxious invaded us in December 2019 which not just paralyzed and pulverized our then gushing rush hour but still continues to stay amidst us and is bound to leave deepest scars on the history of humankind. This horrendous monster is known to us as COVID-19, a pandemic, whose impact on us has been extremely deleterious. Our globe, the hub of international trade, has been still undergoing a recessionary phase. Dilapidated household finances, diminished industrial production, cost-cuts, pay-cuts, surging social stratification have been some of the draconian realities of our times. 'She' is retrenched from a job which has ultimately pushed up the demand for 'him'. Though hardly any element of our vast global village remains untouched by this unwanted hurricane, it has become significant to comprehend that individual experiences have not been homogeneous. The 'people' at the 'peripheries' have relatively experienced more tribulations than their counterparts.

'Income Inequality' has been a vexed question since its very inception and continues to remain even in the third decade of this 21st century. What has been the cause of concern for us economists is its resurgence in the midst of a pandemic. India has not been an exception to this gruesome truth. Ours is an economy where the poor do not own sufficient money to spend on consumption. This consumption has further declined drastically. On the other hand, the marginal propensity to consume of the rich is low. Such a divide has led to 'consumption inequality'. The gap between Lorenz curve and the line of equality in most of the developing economies has been widening.

The Gini Coefficient for developing countries will rise to 42.7 when compared with the year 2008 (IMF, 2020). While online working culture might be a boon for many, it is to be noted that everyone is not fortunate enough to have this 'privilege'. We have a larger proportion of the population employed in the informal sector. We cannot forget the plight of migrant labourers in early 2020. There has also been a sharp decline in the per capita income of many Indians. It is an abysmal yet a very true fact that a vast majority of people are unable to feed themselves even once a day, let alone building immunity. On the other hand, with Indian stock market now plodding towards recovery, it has been a heyday for the rich, with all their wants stated. Even the technology sector has witnessed a panoply when compared with other sectors. The firms in the technology sector have been able to optimize even in the midst of this predicament. All these instances have widened the income gap between the rich and the poor, thus stimulating economic inequality. Globally, it has been observed that the inequality between developing economies and their developed counterparts has been surging.

A manoeuvre of redistribution can help to reduce this gap if not completely eliminate it. Introduction of progressive taxation policies can pave a way for reducing the gap. Huge investment in retraining and re-skilling people is required for their reemployment. Supply of food grains can help in lowering down the hunger crisis. Last but not the least, individual sensitization matters. If there is an economic problem, it is significant to acknowledge it and make an attempt to solve it rather than merely ignoring it. This element can go a long way in developing a nation. Unfortunately, ours is an economy where this component is invisible. Dreams of the poor are sacrificed at the rigours of this so-called neo-liberal economy.

## Impact of COVID-19 Pandemic on Migrant Workers in India

By Komal Patni, SYBA Economics

On 23rd March, 2020, Prime Minister Narendra Modi entered the country into a period of lockdown to manage the spread of COVID-19. Activities not contributing to the production and supply of essential goods and services were completely or partially suspended.

This had acutely impacted migrants and due to the precarious nature of labour jobs in India, many daily workers, who are often migrants, lost their livelihood during lockdown. This created issues like starvation, separation from family and no alternative form of employment. During the lockdown, several inter-state migrant workers tried to return to their home state, many of whom started walking thousands of kilometers.

Since then, the government announced relief measures and made arrangements for the labour force. On June 9, the Supreme Court directed central and state governments to complete the transportation of remaining stranded migrants and expand the focus of relief measures to facilitate employment for the returning migrants.

Due to wide and sudden spread of COVID-19, the economy faces the threat of a serious recession. There is a fear that recession in India can take an extraordinary human toll that extends well beyond temporary earnings losses for these unemployed migrants. These impacts are most troubling for low-income households, which are less positioned to cope with earning losses, have no alternative earnings and any kind of social security available.

It is observed that though the intentions of the lockdown imposed was aimed at curbing the spread of coronavirus; the high opportunity cost of labour exodus was neglected.

## Investment Avenues For Millennials

By Navya Menon, SYBA Economics

As millennials, we have big dreams and often tend to focus on living them, however with no or little planning for the future. In fact, the pandemic has compelled us to re-think our finances and map out routes to achieve our goals systematically. In the yester years, the only possible investment avenues one had access to were primarily restricted to fixed or recurring deposits. Today when fixed deposits yield a 6%-7% interest, stock markets and mutual funds yield almost double or triple the returns. With inflation, investments in FDs with meagre returns would be extremely difficult for one to sustain with, in this dynamic world.

Although fixed and recurring deposits are fizzling investment avenues, particularly among millennials and business class, they are considered to be one of the safest options compared to the fragile, quick return yielding areas of parking one's money. Hence, in this article, we navigate the alternatives that one can choose and make profitable returns, only if one possesses a decent risk appetite of the possibility of losing their capital too.

### 1. Equity/Stocks:

Lately with the bulls charging and both Sensex and Nifty (indices of the BSE and NSE respectively) touching record highs, there is definitely a party on the Dalal street. However, its always better to wait for corrections or dips and buy the right stocks and sell them when they yield fruitful returns. Equity markets are considered to be the highest return yielding form of investment for the retail investors with yields ranging from a meagre 5% to even 60-70% per annum. 'Higher the risk, higher the profit' holds true for the equity markets. Here, investors should also be prepared for loss of capital as the markets are extremely volatile. Hence, it's suitable for those who have a bigger risk appetite and a capacity to incur huge losses or windfall gains.

### 2. Mutual Funds:

You must have heard the tagline-'Mutual funds sahi hai'. Well, these are funds which are managed by professional fund managers who pool in money from investors and invest them in a basket of securities. The advantage with mutual funds is that they inculcate a habit of 'mandatory savings', at an early age. The amount could be as meagre as Rs.500 to start with, which makes this quite popular among students and millennials. There are multiple types of funds such as Equity, debt, hybrid, balanced, tax saving and many more.

### 3. Bonds:

By adding bonds, one can create a more diversified and less volatile addition to their portfolio. Bonds are typically a loan taken out by the company to get money from investors who buy their bonds. In exchange for the capital, the company pays interest coupons which is the annual interest rate paid on a bond. Bonds can be short term, medium or long term. They act as a safety net because even if the firm goes bankrupt, the bondholders are given the first priority of getting paid.

### 4. Insurance:

We all know, health is wealth. Hence having health insurance is a great investment to face any contingencies. In fact, starting a life insurance at a younger age gives one the benefit of having access to lower premiums and a secure financial future. Life insurance also offers tax saving benefits and can act as incredible wealth creation opportunities.

## Cryptocurrency Market in India

*By Pranav Khandelwal, SYBA Economics*

Cryptocurrencies are digital money in electronic payment systems that generally do not require government backing or the involvement of an intermediary, such as a bank. Instead, users of the system validate payments using certain protocols. Since the 2008 invention of the first cryptocurrency, Bitcoin, cryptocurrencies have proliferated. Recently, the price of Bitcoin crossed the record high of \$54,000. The historic feat was achieved after a leading electric carmaker announced that it bought \$1.5 billion in Bitcoin and would accept the currency as the mode of payment. The steep rise in the value of the virtual currency has made it a hot topic among analysts and investors all over the world.

While many enthusiast crypto investors are riding the waves of this global phenomenon, the investors in India are facing ambivalence regarding the credibility of cryptocurrencies. In 2018, the RBI had banned banks from conducting transactions related to cryptocurrency. However, in March 2020, the Supreme Court of India lifted the ban, and cryptocurrencies have been operational in India ever since. The government, keeping the benefits of cryptocurrencies in mind have added the Cryptocurrency and Regulation of Official Digital Currency Bill, 2021 in the list of bills to be presented in the parliament session.

Punkit Shulka, Project Lead Blockchain and AI at World Economic Forum believes, "That question of the credibility of cryptocurrencies is to be solved by a multi-stakeholder approach and can't be just one sector. Government and Civic societies have to be brought on board to decide the future of cryptocurrency and how it will look like and what kind of policy levers and technology standards encourage the adoption of cryptocurrency and blockchain technology. A multi-stakeholder approach is required."

That being said, positive regulations will give crypto adoption a big boost in India, leading to more job creation and increase in the tax revenue for the government. It will also foster innovation and fight crime at the same time. The government should take notice and hold discussions with the crypto industry of India before moving ahead with regulations for this sector

## Aftermath of the Pandemic: Technology and Demand Revival

*By Samvita Haridas, TYBA Economics*

Growth of any country gets affected adversely when aggregate demand of the country falls to a great extent. For the last few years consumption demand has reduced, consumers are focusing on needs for daily survival. People are in no situation to buy luxury goods on loan and EMIs, even after banks have been luring them with low interest rates. In such a situation technology can provide a solution to this depressed consumption demand.

A few years back cashless economy was a mere dream in India. The pandemic situation has given a big push to digital payments mechanism. According to Reserve Bank of India, "India is clocking around 100 million digital transactions a day". This figure is five folds greater than the numbers in 2016. As per the RBI's predictions they are expecting these numbers to increase by making it 1.5 billion transactions a day. Unified Payment Interface (UPI), a real time payment system developed by the National Payments Corporation of India and monitored by RBI has made a technological advancement laid the foundation for "Digital India". This is the opportunity when the Government of India should increase technological base in rural areas to make them a part of this platform.

The pandemic has made it clear that the rural areas are way behind when it comes to the question of availability of digital technology. The government should decrease the widening gap between Rural and Urban areas. With the advancement in digital technology in rural areas aggregate demand can get the required push. Online shopping and digital platforms will help rural areas to enjoy the amenities and services similar to urban areas. Technological development will help reducing exploitation in rural areas. Providing technological education to rural areas will help increase employment of people with technological knowledge. Coverage and demand for IT engineers will increase with advancement in rural areas.

Thus technology can now be used in an equitable manner to revive aggregate demand in the economy and increase growth.

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*Teacher In-charge - Dr. Nandini Sengupta*