



THE ECONO PRESS

THE ECONO PRESS

Department of Economics, Kalindi College

SUPPLEMENT

2020-2021

FEATURES

**Explore Econ-dynamics,
ranging from news,
public policies to
infotainment**

**NEP 2020, Draft EIA
2020, Enron**

**Everyday Economics,
Ecotainment**



Principal's Desk



The Economics bear the burden of Economy. Every country wants to grow and flourish for which the financial decisions should be positive and balanced. These decisions can have a fruitful impact only if the backbone of the economy is strong and powerful. Similarly, college can grow and flourish only if it is taken care of by the leading members of Economics department. This department must take care of not only its members but of everyone associated with the Kalindi family. I congratulate the department for taking out the first issue of its Newsletter.

Dr. Naina Hasija
Principal



Teacher-in-Charge's Note



It gives me great pleasure and pride to write this forwarding note for the 1st issue of our newsletter.

This is totally a brainchild of our talented students, who approached me with the proposal of publishing a newsletter. I thank Ms. Anita who voluntarily agreed to be the faculty advisor for the same.

I wish this newsletter to continue and attain the heights of excellence. My best wishes to everyone associated with this newsletter, and special thanks to the editorial team.

I hope in the years to come, our bright students and dedicated staff will add new colors and will ever be forthcoming with their contributions.

Dr. Anjali Bansal
Teacher-in-Charge
Economics Department



Faculty Advisor's Note



It is indeed a proud moment that the Economics Department has initiated to bring out its Newsletter namely 'The Econo Press'. When the world is witnessing the deadly Covid-19 pandemic, timing of the newsletter becomes increasingly important. Economists, environmentalists, researchers, politicians, and policymakers the world over are grappling with how to go about it, given the deep socio-economic and political implications the pandemic is causing. The students also are facing the challenge of the new normal of 'online teaching and learning mode' of education. Given this, the idea of

bringing out the Newsletter, 'The Econo Press' was not only a challenge but an opportunity also; providing students a platform to share their ideas, theoretical or practical. I feel immensely glad to tell despite being the first year of its launch, the newsletter received an overwhelming response. A special thank goes to all these budding economists, for contributing their articles; and so to the team members who worked patiently, enthusiastically, and tirelessly for inviting, collecting, and the final submission of articles. I sincerely congratulate the whole team for making it happen.

Ms. Anita
Faculty Advisor
Economics Department



From Editorial Desk

The concept of newsletter of the Economics Department of Kalindi College, University of Delhi has been on rounds of discussion for the past year, and with the relentless work of the entire team, we are here with the first-ever edition of our Economics Department Newsletter, '**The Econo Press**'. The Editorial team is grateful to the people who contributed towards turning this newsletter plan into a reality.

The motive of publishing the E-newsletter is to cover some of the economic aspects that are a part of a human's day-to-day life that he/she is sometimes unaware of. The newsletter has tried to cover the activities organized by the department throughout the year, major economic news, economic words that have become a routine in a person's daily life, and all such important aspects. We are beyond delighted to tell that we are, in addition to the newsletter, publishing a supplement that covers some famous economists and their incredible contributions, public policies that are shaping the political and social environment around us, economic ideas germane to our everyday life and various interesting aspects of economics.

The prime aim of the Editorial team is to facilitate the access of its E-Newsletter to the masses and hence, allows the readers from all domains to read the newsletter from the website.

The articles covered in this newsletter are an outcome of thorough secondary research from several books, journals, news portals, reviews, and other reliable sources. The motto of the Editorial Team behind the newsletter is to encourage its readers to know more about economics which is a part of every human's life.

Ultimately, we would like to extend our gratitude to all the people who have worked with utmost determination towards publishing the first edition of **The Econo Press**. This has been a sense of achievement not only for the Editorial Team but for the whole Economics Department publishing its first-ever E-Newsletter.

We wish that **The Econo Press** will continue to reach heights in years to come.

Regards,

Roopakshi Sharma
Editor in Chief

Deepana Bhattacharya
Co-Editor in Chief



Acknowledgement

Making a proper full-fledged Newsletter would not have been possible without the collective efforts of the entire team members. Firstly, we would like to extend our gratitude towards our Teacher - in - charge Dr. Anjali Bansal who has been a constant source of inspiration and encouragement to us. Secondly, we would like to thank our Faculty Advisor, Ms. Anita who not only helped us but also guided us at each and every step of the newsletter, thereby helping in organizing things in a systematic manner.

The newsletter would have been incomplete in the absence of the editorial team and the team members. It is completely their dedicated efforts on the articles that have been published. We would like to thank the Editorial Team for its valuable suggestions that they added to the articles. The sections decided to get included in the newsletter are the result of a detailed discussion amongst the entire team members whom we are thankful for. Last but not the least, we are thankful to the Graphics Team that made the newsletter completely attractive and meaningful with its apt theme. We thank all the contributors who have helped us in making The Econo Press a success.

With Regards,
The Editorial Board

THE EDITORIAL BOARD 2020-21

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TABLE OF CONTENTS

EVERYDAY ECONOMICS

Only, Not Yet 02

Now Streaming: Manifestations of Data and The Global Rise of Music Artists 12

ARTHNITI

Tracing Environment Policies: From 2006-2020 14

An Analysis of the Reformation in the Education Sector from NPE 1986-NEP 2020 25

KNOW YOUR ECONOIMSTS

John Maynard Keynes: Revolutionary Mastermind of Macroeconomics 36

Amartya Sen: Immortal Conscience of Economics 44



ECONOWORD

Budget Jargon 53

ECO-TAINMENT

Documentary Delight

The Third Industrial Revolution 57

Enron-The Smartest Guys in The Room 60

Quants-The Alchemist of Wall Street 64

Financial Flashbacks

The Dotcom Bubble (1995-2000) 68

Financial Crisis (2007-2008) 70

Board of Economists

The Role of Government in a Free Society 72

Poverty 75

Everyday Economics

**Explore the world through
the lens of economics**



ONLY, NOT YET

BY VANDANA MOHANDAS
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Procrastination; the thief of time has been on the run for quite a while and to conquer it rationally, has compelled many famous economists to wear the detective cape. This statement may well be explained with the help of an instance wherein, you buy a cheesecake at 10 in the morning from one of the popular pastry outlets and decide to consume it by 10:30, as and when you reach home. However, you take a glance at the clock and realize that it's already 11:30 and the pastry is still the way it was before. But this time, you're completely determined to finish consuming it by 12 noon. Eventually, as per the rule of human behavior, the consumption



**PROCRASTINATION : A
THIEF OF TIME HAS
BEEN ON THE RUN
FOR QUITE A WHILE**

of the pastry takes place only at the verge of its expiry and not at 12 noon as decided! Well, does this scenario sound similar? A bit absurd to imagine, right?

Swapping the cheesecake with a semester assignment will definitely make you fathom and relate to the scenario when expiry date of the cheesecake turns out to be the deadline for submission of the assignment. Now, I'm pretty sure that this example becomes relatable! The whole point of opting for these two instances is to get a distinction between the contrast scenarios. Procrastination of assignment seems to be quite natural as well as normal instead. Meanwhile, procrastinating at the time of consuming pastry sounds not only absurd, but also unimaginable. This distinction of procrastination in two different scenarios highlights a phenomenon, which is termed as

'Hyperbolic Discounting' in economics. In layman's language, Hyperbolic Discounting depicts the act of preference of short term gains over the long term ones by human beings. This can be manifested in the example above, as the satisfaction from cheesecake will be derived spontaneously as compared to the circumstance where completion of assignment will facilitate satisfaction at a later date. I would like to quote some of the very popular procrastinating statements that all of us have used, or at least heard of. "I am going to prepare for my exam, but maybe after an hour", "I've joined the gym to work out, but I don't feel like doing it right now, so I'll get started next morning.", "I've an assignment due in 2 weeks, but will get on it next week." All examples stated, depict hyperbolic discounting where

smaller and immediate rewards are being preferred by people rather than throwing light on the larger and later ones. The discounted present value of the future reward represents a mathematical curve known as a 'hyperbola'. In an experimental work conducted by the economists: Herrnstein, Prelec, and Ainslie, they put forth the argument that "the default inter temporal discount function for animals, including people, is given by a hyperbolic function as described by Mazur's formula:

$$V_i = A_i / (1 + kD_i)$$

where V_i , A_i , and D_i represent, respectively, the present value of a delayed reward (reward that you'll get at a later date), the amount of a delayed reward, and the delay of the reward; and the parameter $0 < k < 1$ is a constant that represents the influence of uncertainty and the agent's

idiosyncratic attitude to risk." As intimidating as the formula looks, on an elementary level, it connotes the fact that the present value of a task that provides a delayed reward decreases as we go on delaying the execution of the same. In a classical two-staged experiment conducted to illustrate the tendency of 'hyperbolic discounting'; in the first stage people were offered an option between receiving a hundred dollars today or hundred and twenty dollars tomorrow. Meanwhile, in the second stage, they had to make a decision between receiving hundred dollars a month from now or hundred and twenty dollars a month and a day from now. In reality, both the choices are identical, however, the outcome of the experiment showed that in the initial stage, a large proportion of people opted for receiving a hundred dollars

today, while in the second stage, much of the same set of people were skewed towards the choice of receiving a hundred and twenty dollars a month and day from now. In short, hyperbolic discounters have the ability to make rational choices when thinking about the future. Though, as the present gets closer, their short-term considerations overwhelm the long-term goals. The experiment highlights that the preferences are inconsistent over time and there is a shift in the desires as the long-run shifts to the short run.

The first research paper about procrastination in economics was written by the economist, George Akerlof, when he found himself procrastinating by mailing a bag of clothes to one of his friends in the USA. Though, it feels quite refreshing to know that a Nobel

prize winner is also a part of the procrastinating community! In economics, a prominent assumption is that all consumers are rational; however, the concept of procrastination and its depth of involvement in a large proportion of human life have made many question the authenticity of the rational consumer assumption. 'The thief of time', a book written by prominent economists and philosophers, has tried to address this problem and measure the rationality of procrastination. As we all can relate to a more than adequate amount of undone simple task in our daily life which does not only constantly nibble our conscience but proves quite costly to our lives. A survey conducted by Harvard economist David Laibson has shown that American workers have lost a lot of money due to their procrastinating nature on signing

up for a retirement plan. About seventy percent of patients suffer from glaucoma risk blindness due to their inconsistency in using their eye drops regularly- making procrastination a quintessential modern problem.

Now the daunting question arises, 'Why does this happen?' An economic human is expected to be self-interested and aims to fulfil its highest potential well-being, given full information of the relevant costs and benefits; under this case procrastinating must not be the long-term interest. The satisfaction of being on Netflix for those extra 10 minutes is more immediate than that of a complete assignment in the future, especially if the benefits are accumulated marginally as time goes on. As the deadline approaches, we get more compelled to accomplish it as the

risk of an incomplete assignment increases. This is a clear indication that the opportunity cost of time, today is more than the opportunity costs of time, tomorrow.

On the other hand, the famous game theorist Thomas Shelling has a different take on this. He is of the opinion that procrastination turns out to be a problem of self-divide or conflict of interest that occurs within oneself. Often, a conflict arises whenever we're confronted with a decision-making situation. The conflict is usually between short-term interests like watching TV, goofing off, etc., and long-term goals. The solution to this area of conflict, prescribed by the philosopher Don Ross is that, as one is constantly bargaining with short term and long term goals, the part of us that wants to watch T.V would

also like to do the same at a later date or in long term, so efficiency can thus be attained when long term goal self could strike a bargain with the short term interest self. Not succumbing to instant gratification and use of externalities, which is the essence of extended will: relying on an external tool to complete a task instead of trusting themselves to accomplish a task that they want to do, are another proposed solution. Externalities have become a very well known form of solution to procrastination that it has evolved into a commercial product. A famous externality: Freedom Software, which enables people to block their access off to the Internet for up to eight hours, other platforms and applications include stay focused, forest, old turkey and many more. So next time you put off a task thinking that only not yet to be done, I

hope you consider the cost and benefits of short term and long term benefits and strike a good bargain with yourself.

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NOW STREAMING: MANIFESTATIONS OF DATA AND THE GLOBAL RISE OF MUSIC ARTISTS

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In September 2019, the Music App: Spotify released a report on streaming behaviour of its users in India post six months of launch in the country. This was perhaps the first time, when there was witnessing of a data based understanding of the patterns in consumption since YouTube, vital information for artists, producers and even consumers themselves. The entry of Spotify into the Indian market is no less than a revolution. The Sweden-based audio streaming giant, which has acquired the second position after Apple Music in the US, provides the best user experience for free of cost! (But definitely not without a trade-off: advertisement). The people with premium versions may find



**THE ENTRY OF
SPOTIFY INTO THE
INDIAN MARKETS
IS NO LESS THAN
REVOLUTION.**

themselves on the cons list as the monthly subscription will set back the user by ₹179 as compared to ₹99, as provided on Jio Saavn.

However, in the international market, it is the cheapest in India as compared to the USA (\$9.99 or ₹735) or UK (£9.99 or ₹997). While on the other hand, its biggest competitor, Apple Music facilitates the service free of cost only for a quarter, post which the users need to pay to avail the services.

However, the unique point that sets Spotify apart from its competitors, is its transparency; a fact that is heavily leveraged by the company itself, in its marketing communications. The data is posted officially on a regular basis for the public. First of its kind, this data gives reliable, understandable and cementing records of trends in 'mood' of the

users with respect to songs, artists, genre and regions.

The very first batch of this compilation arrived in September 2019. The Top 5 artists list included Bollywood playback singers Arijit Singh and Neha Kakkar along with global sensation BTS as well, being the sole international entry. Where the northern regions showed an appetite for Punjabi music, the more densely populated states preferred their music taste in Hindi; further south, users are more inclined towards English. The north-east's well-known love for K-Pop is now established in numbers. This was just the beginning.

In nearly two years of its existence in India, Spotify has already launched several campaigns. From launching 'Premium mini' to

attract paid subscriptions from a more price-sensitive audience to 'Home of K-Pop' promoting Korean entertainment in the youth, Spotify continues to record and measure its audience.

The business and economic impact is quite simple: consumers can establish demand and producers can determine supply thereafter. After all, numbers are much more acceptable in boardrooms than tweets and comments. Apart from music services, this also stimulates other allied activities such as tours, merchandise and increased copyrights and royalties.

Therefore, the benefits are reaped multi-fold by setting in a cycle of demand for goods and services. Consumers demand music and attention from artists, companies and labels of these artists identify demand and carefully churn out tailored products, often sold by

small and local distributors. Tourism has the potential to develop the economy and generate wealth for locals.

In 2013, University of Maine published a paper analysing the impact of popular music concerts in local economies. The study found that concerts by popular artists "capture local spending" and also "attract fans from other regions". Although the study was focused on concerts in Bangor, a city in the USA, between 2010 and 2012, but the results are easily replicable in other regions.

In May 2017, India saw the first ever live performance of Justin Bieber. The director of Whitefox India, the organizers of the concert, Mr.Arjun Jain claimed that the company had spent \$4 million dollars for this event. According to Hindustan Times, the

event was also supported by the Maharashtra Tourism Board. No numbers were officially released but in February 2017 when tickets went on sale, the concert was expected to generate 30% rise in business for the locals and 10% increase in the tourism sector. Sentiments recorded on Twitter reflect that a lot of people attending the concert came from various cities and states in and around Maharashtra. A similar outcome can be imagined if BTS were to perform in India as Spotify is aggressively promoting K-Pop in the country.

As the researchers put it, "Along with the money spent on tickets, concertgoers make expenditures on hotels and motels, food and beverages, and retail purchases."

However, Justin Bieber has been a

phenomenon in making for nearly a decade since the release of his hit song 'Baby'. Creation of a fan base is a long process, now spearheaded by the internet. This is where services like Spotify come into the picture, making content available and accessible to masses.

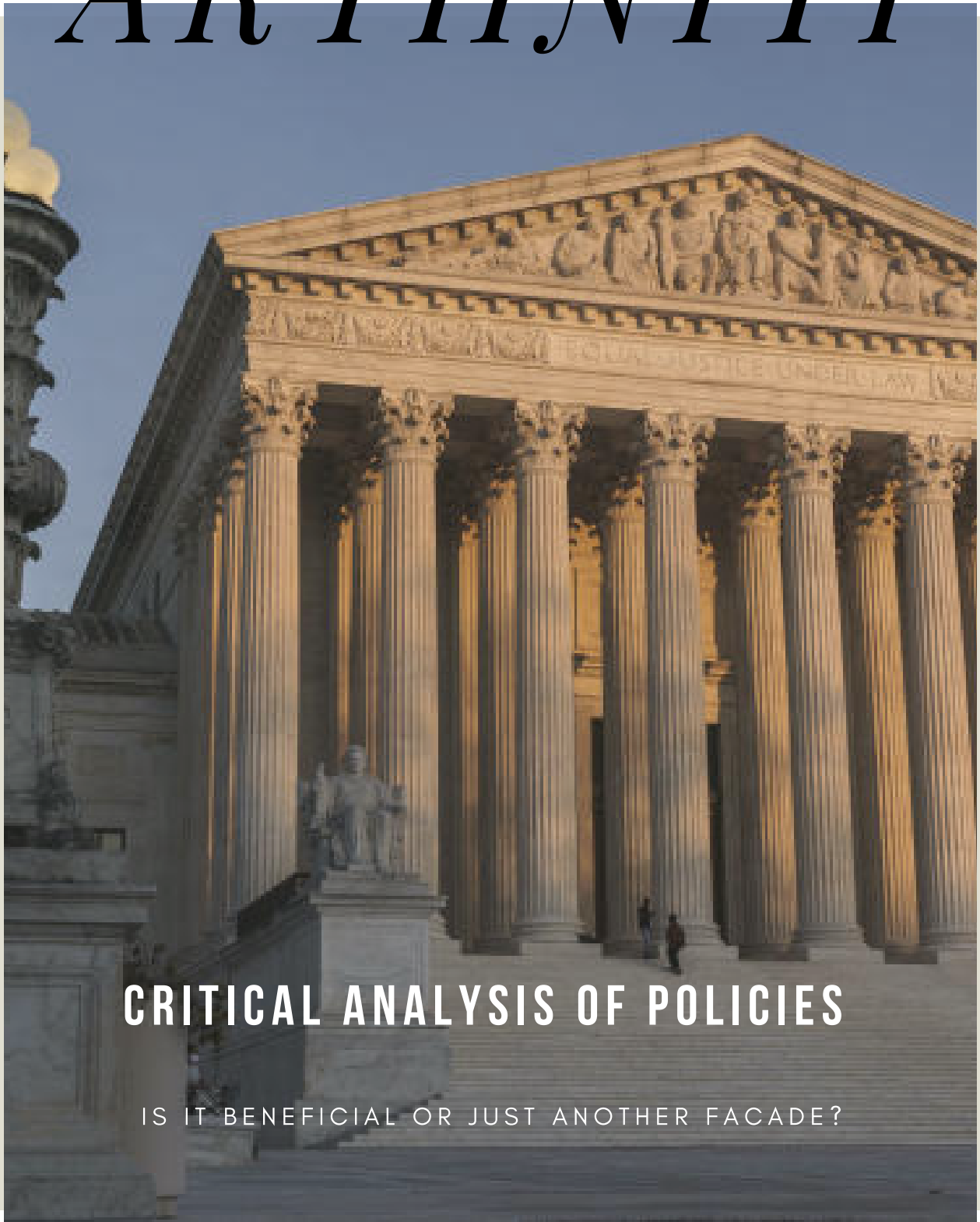
This phenomenon was captured in the conclusion of the study by University of Maine researchers, "These results suggest that popular recording artists bring economic activity, along with the music they play, to the places where they perform."

To conclude, the internet is making commercial activities quicker and easier while also opening new avenues like merchandise and personalised communication between producers and consumers.

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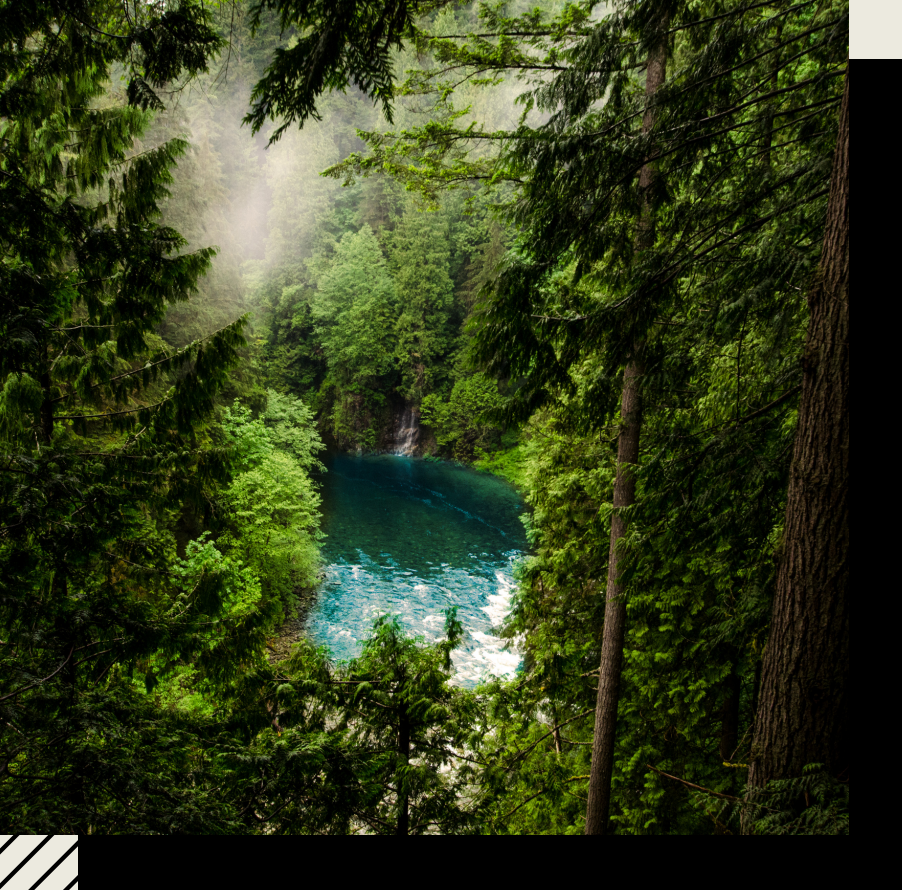
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ARTHINITI



CRITICAL ANALYSIS OF POLICIES

IS IT BENEFICIAL OR JUST ANOTHER FACADE?



Tracing Environment Policies: From 2006 to 2020

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*"The world is changed
I feel it in the water
I feel it in the earth
I smell it in the air*

Much that once was, for none now live who remember it."

The opening lines of 'The Lord of the Rings' series are highly irreverent, but looking at the current climate scenario each and every word befits our cause. In the 21st century, humans are quite capable of surviving on their own with the help of scientific inventions, however, it seems it won't be long when humans would succeed in creating an artificial ecosystem. This may sound advanced at first but just imagine how scary it would be to live in a world

operated by machines and artificial intelligence. In our elementary classes, we are taught how our grandparents lived in a world where natural resources were in abundance and having a machine in residence was a luxury only few could afford. How the affairs are reversed for our generation is alarming. It might not be a wild exaggeration to claim that future generations will have to visit a museum to merely get an idea of what exactly a forest looks like.

To forestall this rather grim and mechanized future, sustainable development is the goal humanity should be aiming for. It should be acknowledged that none of the institutions can prove to be a better catalyst than our regarded governments, if we truly desire the goal of sustainability to be accomplished in the near future. It is worth mentioning that our Indian Government has formulated a thoroughly researched and well balanced environmental policy which aims to tackle the challenges faced by our nation as well as to cater to the needs of a sustainable future. In the proceeding sections of this article, you will get an insight on the current environmental policy of India, how recent changes have stirred debates on environmental laws in our country and where India stands on the international grounds.

1. National Environmental Policy (2006)

Citing official government documents of National Environmental Policy of 2006, "The National Environment Policy seeks to extend the coverage, and fill in gaps that still exist, in light of present knowledge and accumulated experience. It does not displace, but builds on the earlier policies." In layman terms, the NEP (2006) seeks to extend the coverage to all the previous environment policies such as **National Forest Policy (1988)**; the **National Conservation Strategy and Policy Statement on Environment and Development (1992)** and the **Policy Statement on Abatement of Pollution (1992)**.

The policy recognizes the three foundational aspirations that are generally agreed upon:

- First, that human beings should be able to enjoy a decent quality of life;
- Second, that humanity should become capable of respecting the finiteness of the biosphere;
- Third, that neither the aspiration for a good life nor the recognition of biophysical limits should preclude the search for greater justice in the world.

Key Points of National Environmental Policy (2006)

- The citizens of India are promised a clean environment as a right mandated in the Indian Constitution. In accordance with this, the Policy stresses upon the fact that maintaining a clean environment is a collective responsibility of both the state and the citizens.
- The Policy aims at the prevention of degradation of

natural resources and helps the population dependent on the environmental resources for their livelihood to obtain their sustenance by the means of conserving the resources rather than degrading them.

- The Policy stimulates the partnerships of different stakeholders, i.e. public agencies, local communities, academic and scientific institutions, investment communities, and international development partners, in harnessing their respective resources and strengths for environmental management.

Main Objectives of National Environmental Policy

- Conservation of critical environmental resources
- Intra-generational Equity: Livelihood security for the poor

- Inter-generational Equity
- Integration of Environmental Concerns in Economic and Social Development
- Efficiency in Environmental Resource Use
- Environmental Governance
- Enhancement of Resources for Environmental Conservation

Course of Action

- The Policy necessitates the dispersion of environmental knowledge concerning all the aspects through formal and informal education campaigns. It also mentions the integration of environmental education into the education systems at all levels.
- The policy empowers local communities, environmental NGOs, and community-based organizations to partner with the central government in the decision-making.

- *The Policy follows 'Polluter Pays' and the 'Precautionary' principle in accordance to which 'the cost of preventing pollution or of minimizing environmental damage due to pollution will be borne by those responsible for pollution*
- The policy encourages stakeholders' participation in remote areas such as wetlands, marine, and coastal areas.
- The policy ensures that information regarding the environment is accessible by the general public and is not confined to the government officials.

2. Draft Environmental Impact Assessment(2020)

One of the many things that caught attention of many people in 2020 was the Draft EIA (2020). Many of the environmental activists, concerned citizens,

academicians as well as few international forums voiced their discontent with this infamous draft. Several petitions were signed; campaigns were run on social media; mass protests and debates were held online, all in the midst of a global pandemic to stop the implementation of the Draft EIA. As they say, people are the hallmark of a democracy. Responding to all the ongoing protests, the Supreme Court rejected the Central Government's petition to print the draft and prolonged the implementation of the draft until further notice.

What was so controversial about this draft? First, let's see what exactly this EIA is all about. Environmental Impact Assessment is a process that analyses the possible adverse effects of industrial activities on the environment. It takes into account

the people's opinions and regards concerning the developmental projects. This Draft notification was introduced under The Environment Protection Act (1986) as an endeavor to "protect and improve" the quality of the environment.

The New Draft EIA (2020)

The newly introduced Draft by the government aims to increase transparency and to make processes more expedient.

The first major change was "**the post-facto clearance**". In India, all the developmental projects and industrial activities require a green card from the environment ministry in order to start functioning. Under the new draft notification, it was stated that now the industries or projects can start functioning even without getting clearance from the ministry. The violation of environmental safeguards has

been legitimized and the long-term implication might be waiving off of all the environmental hazards that these projects might cause.

The second major change is in the policy that permitted general citizens to report violations of the environmental safeguards.

Now the government will only see the reports prepared by the project developers, any government authority, appraisal committee, or the regulatory authorities. The implication of this change is that the onus of reporting is on the project developer.

The draft also exempts certain kinds of projects from being under the rules and regulations specified in EIA. The draft reads "All projects concerning national defense and security or involving other strategic considerations as determined by the Central

Government", in addition to "all linear projects such as roads and pipelines in border areas will not require any public hearing."

The Controversy

On 12th March 2020, the government put the new Draft EIA in the public domain and invited the opinions of the general public on the same. Since then, this draft has been attracting the attention of various politicians, students, environmentalists, activists from all over the country as well as from the international forums. They are agitated by the new changes introduced in this Draft, alleging that it is pro-industry and will have drastic consequences on the environment. This Draft eliminates the green clearance needed for developmental projects and industrial activities. It also takes away from the general public the right to report the violation of environmental safeguards. The

activists claim that this step will result in clearing whatever of the green cover is left in India, mostly impacting the north-eastern states and might result in uncontrolled urbanization and degradation of existing natural resources.

Current Status

After the Draft was up for feedback, hundreds and thousands of petitions came up by several environmental groups, students, and activists against the Draft EIA. The court ordered the government to translate the Draft in 22 vernacular languages so as to extend the umbrella of understanding and critically analyzing the effects of Draft EIA to all the Indian citizens. The government has failed to do so even after several extensions of the deadline. After the combined efforts of many people, the Draft EIA has not been implemented yet

and the future also doesn't look very promising for the critically criticized Draft.

3. Strictest Environmental Laws Around the Globe

- One of the most extreme plastic bans has been imposed in Kenya where you have to pay a heavy sanction of up to \$40,000 or in extreme cases, you might have to go behind the bars for 4 years!
- The idea of car-free zones has been implemented in European countries like Spain and Norway wherein the car parking spots have been replaced by bicycle lanes at places of major public attraction to restrict the use of cars.
- Bolivia's Law of Rights of Mother Earth: This is a very interesting as well as widely

appreciated law that gives our planet the same legal rights as any individual person would have. These rights include 'Right to Biodiversity' and 'Right to Clean Air'.

- Norway's Zero Deforestation Act: This law prohibits the import of materials in Norway which are linked to deforestation. The contract cannot be given to those companies which are linked to deforestation.
- The Island of Palau confronted the threat of overfishing by creating a '**No-Fishing Zone**' which is about the size of Spain! It has also created the first shark sanctuary in the world and it is all set to ban certain sunscreen to protect its coral reef from harm.

4. An Overview, Where Do We Stand?

India received 168th rank in the

Biennial Environment Performance Index published by Yale University on June 4, 2020. It sure is an improvement from the previous 177th rank in 2018. India was the 5th most polluted country in 2019. Harsh right? Now for the good news, we might want to celebrate the increase in the forest cover as reported by "India State of Forest Report (ISFR)" released by our environment minister, Shri Prakash Javadekar. The report revealed that the total forest and tree cover of the country is '24.56%' of the geographical area of the country in 2019, a minor increase from '24.39%' according to the 2018 ISFR Report. This is far from the desired 33% target that India has set, but from a developing countries' point of view; it's a milestone. It must be noted that while the national green cover has increased, the ISFR has reported degradation of existing forest

cover in northeastern states of the country. Guess this good news was not so great after all!

Every year, the onset of winter brings loads of green veggies to the market, different kinds of fruits, and the undesirable fog or 'smog' in New Delhi. The air pollutants make it difficult for the day-to-day activities to take place in the capital of the country. This bitter reality shows us mirror on how we are lagging behind in dealing with our environmental problems. At the time this article is being written, there has been a landslide in Joshimath, Uttarakhand. How can we so blindly ignore the ominous signs of environmental change in India? The indications are clear—we are in for worse calamities if this issue is not given due attention. The Ganga: touted as the holiest river in the world, has also been described as a gate to

heaven by the Vedas. This river is an interesting case of how big an issue climate change and improper waste management have become. The river which is our means of salvation is fighting for its own existence. This is not just about this particular river; sewage water along with various industrial waste flowing into the water bodies, livestock animals dying due to excess consumption of plastic—all this has become a common sight in India. Talking about plastic, how is our country dealing with the disposal of this affordable, useful yet hiding a villainous nature behind its not-so-simple appearance material? Guess it's not too late for a little bit of self-evaluation. As a matter of fact, the government has indeed made progress in tackling the problem of air pollution in India. The government has proposed several steps like

Ujjwala Yojna, which is an initiative for switching to clean energy sources for cooking purposes; measures have been taken to reduce road traffic by raising fuel taxes and parking fees and creation of vehicle-free zones as well as cycle paths. Along with government laws, millennial entrepreneurs are coming up with new innovative startups which tackle the problem of environmental degradation. On that note, you might want to check out Elon Musk's Twitter announcement that he'll award \$100 million to the person who gives the best carbon capture technology. However good these environmental policies look on papers for the government records, it is their implementation which sets the course for the country to look after its natural resources. Sadly, this implementation has proven to be

a far cry for our government. India has to walk a long road in order to attain environmental efficiency. The success of our journey depends upon the choices we make every day, both as citizens and lawmakers.

On the closing note,
*"The world is indeed changing
I can feel it in my lungs
I can feel it in my choking
breathes
I can see it through my blurry
vision"*

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An Analysis of the Reformation in the Education Sector from NPE 1986 to NEP 2020.

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The Indian education sector was governed by the National Policy of Education (NPE) 1986 for 34 long years. After the globalization of 1991, our education structure required a global outlook which it lacked and in approximately 3.5 decades, the world has transformed dramatically with rapid changes in technology, digitalization of almost all the aspects of human life, and evolution of artificial intelligence making umpteen impossibilities possible. The crises which the world is facing today in medical, environmental, and other fields requires logical and critical thinking, problem-solving

skills and innovation which is totally lacking in our current education structure. Long hours of teacher-centric lectures leave little scope for innovation, curiosity, and research.

Also, the traditional and outdated syllabi in different subjects which have no application and relevance in the 21st century make the students lose their interest and the sole objective of studying is diminished to scoring high marks or to pass an examination. This reduces the depth of the mission that education seeks to accomplish. On 29th July 2020, The National Education Policy was

announced which came out as a ray of hope promising to make adequate modifications in the education sector.

The global education development agenda reflected in the Sustainable Development Goal 4 (SDG4) of 2030 Agenda for Sustainable Development adopted by India in 2015 seeks to "ensure inclusive and equitable quality education and promote lifelong learning opportunities for all by 2030."

India will have the highest population of young people in the world over the next decade and its ability to provide high quality and relevant educational opportunities adhering to global standards to the future drivers of the country will determine the country's future. The National Education Policy seeks to fulfill this aim.

This article tries to bring out the major distinctions between the two policies, an analysis of the salient features, and the possible obstacles that lie on the road of this much-awaited policy turning into a reality.

NPE 1986 VS NEP 2020

- The current 10+2 structure of National Policy of Education 1986 has been replaced by a new pedagogical 5+3+3+4 structure. The first five years comprise two parts- the first 3 years of Anganwadi/pre-school or Bal Vatika for ages 3-6 and two years of class 1 and class 2. Currently, children of ages group 3-6 are not covered in the 10+2 structure. A strong base of Early Childhood Care and Education (ECCE) from age 3 is also included.

The inclusion of the pre-primary

the sector of the Education sector into formal Education is a welcome step as it will give the regulatory bodies the right to monitor what is being taught at the pre-primary level. This will also ensure uniform foundational and numeral literacy to all students which is a prerequisite for the rest and relevant part of the Policy to be turned into reality.

- NEP has extended the Right to Education Act (RTE) from 6-14 years of age to 3-18 years. This ensures free and compulsory education to all students from pre-school to class 12 which cannot be denied under any grounds.

NEP aims to increase the Gross Enrolment ratio(GER) from the current 26.3 % (as in 2018-19) to 50% by 2035. This looks impressive on paper but will need well-planned measures to materialize them. The National

Sample Survey Report (NSSR-71ST ROUND) reveals that more than 12% of the Indian Households have no secondary schools within 5km while in urban areas such cases are less than 1%.

- The NPE-1986 Prioritised the education of women and minorities in its framework. Gender-based discrimination regarding education is still prevalent in the major part of our country. The proportion of female drop-outs of schools is greater than male drop-outs. In this case, the condition of rural areas is worse than the urban areas. Though successive policies in the subsequent years focussed on women's education, the situation has not much improved. The previous policies did not specifically mention any provisions for the LGBTQ

communities and their empowerment through Education

The NEP-2020 has introduced the Gender Inclusion fund and Special Education Zones to ensure equal opportunities and socio-economic equality to students belonging to Socially Disadvantaged Groups, women, and transgenders.

- NEP-2020 has aimed to increase the education expenditure from 4.5% of the GDP (as proposed by the NPE-1986) to 6% of GDP. The current infrastructure in the education sector is unsatisfactory. The deteriorating condition of rural schools and the non-availability of teachers are issues that need quick redressal. In the Budget of 2020-21, Expenditure on Education was just 3.5

percent of GDP (Budget estimate). In order to make Indian education adhere to global standards, investment and expenditure by the government on education need to be increased.

NEP-2020 aims to make the optimum use of technology to make the teaching-learning process interesting and thought-provoking. Technology-based education platforms, like DIKSHA/SWAYAM, will be better integrated across schools and higher education and will include ratings and reviews by users, so as to help content developers create user-friendly and qualitative content. These platforms will also be used for the online training of teachers. Moreover, technology-based quality options for Adult education like apps, online modules and courses, ICT Equipped Libraries, and Adult Education Centres will be

developed.

Under the NPE-1986, traditional methods of teacher-centric lecture systems were widely prevalent.

- NEP-2020 aims to standardize and make the quality and criteria public and private schools. The clauses of the policy are equally applicable to both the sub-sectors. Also, the policy seeks to adopt twinning of one public school with one private school across the country, and the best practices and measures to ensure optimum quality standards of private school will be documented and institutionalized in public schools and vice versa where possible. Under NPE-1986, there is a huge gap between the private sector and public sector education. The private sector is more efficient,

costly and provides quality education and infrastructure while the public sector fails to satisfy these standards. Also, absenteeism of teachers and lack of adequate infrastructure, and poor quality of education in government schools prevent parents from admitting their children to these and preferring private schools to public schools. This has given the private sector the opportunity to commercialize education and exploit the parents economically by charging high fees. Thus a uniformity was essential in both the private and public sectors of educational institutions.

An Analysis of the Salient features of NEP-2020

The use of regional or home languages till class 5 and preferably till class 8 will increase the understanding of children

while it may be troublesome for parents whose jobs require them to change cities at frequent intervals. India has multifarious regional languages and constantly shifting cities would create havoc in the understanding of their child. All schools public as well as private will have an option to learn a classical Indian language and its related literature at least for 2 years through experiential and innovative techniques. Also, foreign languages will be offered which will help students to enhance their knowledge about global cultures and mobility as per their aspirations.

The 10-day bagless period where students will do vocational internships in classes 6–8 with local experts like carpenters, potters, gardeners will help the students to explore multiple dimensions of occupations and not just be limited to bookish

knowledge. One of the primary reasons for demotivating the students with vocational subjects is that they often do not have well-defined pathways to continue with their chosen vocations in higher education. The admission criteria do not provide any provisions for students specializing in vocational courses leaving them at a disadvantage in comparison to students excelling in academics. This has discouraged children from taking up vocational courses under NPE–1986. The 12th Five-Year Plan (2012–2017) estimated that only a very small percentage of the Indian workforce in the age group of 19–24 (less than 5%) received formal vocational education whereas in countries such as the USA the number is 52%, in Germany 75%, and South Korea it is as high as 96%.

- There is greater flexibility in

the choice of skill-based subjects in secondary education like that in foreign countries. There is no hard demarcation between curricular and extra-curricular subjects.

Students would have the option of exiting after Grade 10 and re-entering in the next phase to pursue vocational or any other courses available in grades 11th and 12th. The dilution of compartmentalization in rigid streams and exposure to a wider range of subjects, including across the arts, sciences, humanities, languages, sports, and vocational subjects is also a welcome step. But the multidisciplinary approach will lead to specialization replacing the generalization of subjects.

- Introduction of contemporary subjects like Artificial Intelligence, Design Thinking, Holistic Health, Organic Living, Environmental Education, of

contemporary subjects like Artificial Intelligence, Design Thinking, Holistic Health, Organic Living, Environmental Education, Global Citizenship Education (GCED) at relevant stages will help the students to attain relevant skills to deal with and solve the problems of the 21st century. This will also increase the opportunities of entering into gainful employment.

- The reduction of content will ensure that students study relevant things with a deeper and analytical understanding. The vast syllabus often made studies a burden for the students. Moreover, revision of content will lead to the removal of irrelevant and outdated topics and inclusion of application-based topics
- The adjustment of length and structure of 3-years as well as 4-years undergraduate

degrees with multiple entries and exit options with appropriate certifications after completion of each year will allow students to exit before the completion of the entire course and the digital storage of academic credits earned from Higher Education Institutions (HEI) in the academic bank of credit(ABC) will help them to continue the course from where they left in the future.

- The removal of the University Grants Commission (UGC) and the All India Council for Technical Education (AICTE) and its replacement by a central regulatory body will lead to the centralization of higher education which will reduce efficiency and efficacy in higher education institutions.
- The reduction of the tenure of post-graduation from 2 years to 1 year will reduce the in

depth analysis and detailed knowledge of the subject matter. Removal of MPhil as a requisite before doctorate will remove the rigorous and long tenures required for attaining a doctorate.

- Despite the critical importance of research, the research and innovation investment in India is, at the current time, only 0.69% of GDP as compared to 2.8% in the United States of America, 4.3% in Israel, and 4.2% in South Korea. In order to promote research and development in multifarious fields, NEP-2020 has provided the National Research Foundation (NRF) which will competitively fund the research in multidisciplinary subjects.

ROAD AHEAD

The National Education Policy seems to address the majority of the issues with the current education system but as of now these are on paper and many instances from the past show that good policies have often failed to turn into a reality because of poor implementation

The policy aims to transform and restructure the entire system. Starting from restructuring textbooks in order to make them in synchronization with new teaching methods and regional languages to training teachers and educating them to teach new contemporary subjects like machine learning and others will require resources as well as time. The policy does not clearly define the milestones or propose financial commitments to execute this plan. Moreover, NEP is

inconsistent with the current policies. Clear financial commitments and phased implementation of the Policy are necessary.

The basic infrastructure such as clean drinking water, buildings, classrooms is unsatisfactory, especially in the rural areas. Corruption at the root level is one of the main reasons for this. In order to implement this revolutionizing policy, an improvement at the ground level is required. Strict regulation and measures to ensure that the funds allocated for the development of infrastructure are utilized to an optimum level by middlemen for without proper infrastructure NEP cannot be implemented. In India, teaching is not among the most aspirational professions. Most people pursue B.Ed or other required degrees in order to escape the pangs of

unemployment. Thus the passion to teach is lacking in the majority of cases and thus the quality of education suffers. To tackle this issue more recruitment of teachers along with new job positions which aim to bring educational enthusiasts and leaders together is needed. Also, an inclusive understanding of different domains like current social, economic, and political issues in teacher training courses will help to add multiple dimensions to the teaching profession. To ensure the growth of teachers, they can be promoted to a position in this after a fixed tenure. This will provide an incentive for teachers to be passionate about their profession. This is an absolute requirement for major clauses of NEP to turn to reality.

Thus the National Education Policy carries a lot of potential and

revolution. Undoubtedly with its right and effective implementation, the country can benefit and emerge out as a new age developed nation.

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KNOW YOUR ECONOMISTS



Dive in the lives of most famous economists of all times, their contributions in formulating famous laws and principles.

JOHN MAYNARD KEYNES: REVOLUTIONARY MASTERMIND OF MACROECONOMICS

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"The master-economist must possess a rare combination of gifts.

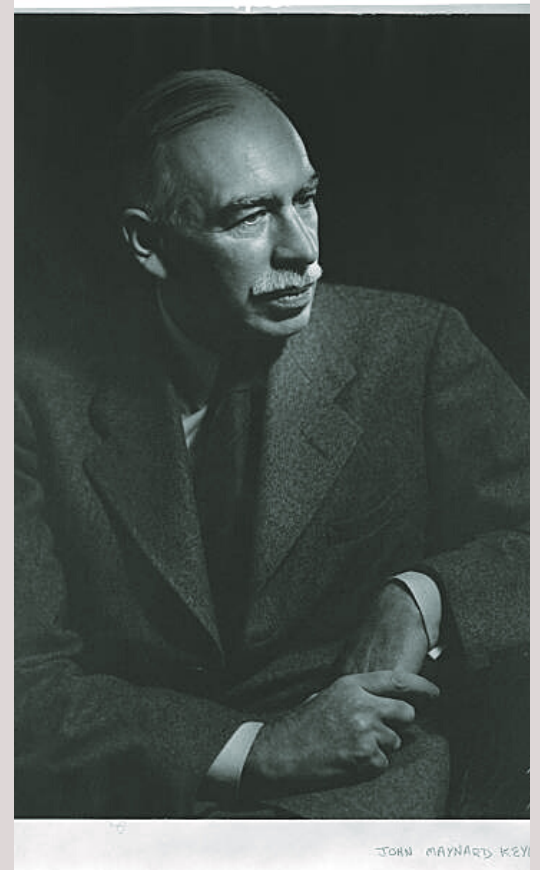
He must be a mathematician, historian, statesman, philosopher—to some degree. He must understand symbols and speak in words.

He must contemplate the particular, in terms of the general, and touch abstract and concrete in the same flight of thought.

He must study the present in the light of the past for the purposes of the future. No part of man's nature or his institutions must be entirely outside his regard.

He must be purposeful and disinterested in a simultaneous mood, as aloof and incorruptible as an artist, yet sometimes as near to earth as a politician."

The word economy comes from the Greek word 'oikonomos', which means



"one who manages a household". Just like how households make decisions and manage by dividing the work between their residents, similarly, does the world face many decision-related problems and the way they manage their resources and assets, to make fuller utilization and maximize their profit while contributing to social welfare is the

study of economics. Now, the people who take it upon themselves to study, observe and analyze all these monetary behavior are called economists.

One such great personality was John Maynard Keynes [1883-1946]. One of the greatest economists of the 20th century, and an English business analyst, he received the title 'Father of Keynesian theory. The above 'quoted' lines were part of the illustrations and views he shared with the world. Being raised up in an aristocratic family, his mother Florence Ada Brown was a successful author of her time, and his father, John Neville Keynes was a lecturer at the University of Cambridge where his area of

domain was logic and political economy. His father was an advocate of laissez-faire economics, which deals with restricting the intervention of government. This is something that led Keynes to get skewed towards the world of economics. Initially, he supported the theories his father came up with, however at a later stage, he started questioning them and making a strong opposition to them. He claimed that government intervention was a way to curb unemployment and resulting recessions.

He argued that a government jobs program, increased government spending, and an increase in the

budget deficit would decrease high unemployment rates. "The Overall Hypothesis of Work, Premium and Cash", a daily in which Keynes published his strong advocacy for government intervention as a necessity.

Some popular literary works by John Keynes

The Economic Consequences Of Peace After the outbreak of World War One, Keynes joined the treasury, and in order to spread awareness about the much needed Versailles peace treaty, he published 'The Economic Consequences of the Peace'. The book talks and openly criticizes the exorbitant war reparations demanded from a defeated Germany and

prophetically predicted that it would foster a desire for revenge among Germans. This best-selling book made him world-famous. Reviewing the book The book revolves around the rise of Hitler, hyperinflation in Germany, and economical problems for two decades in Europe. The literature makes a person contemplate the unfairness of the Treaty Of Versailles imposed on Germany. Keynes wrote about the aftermaths of the war and realistic approaches to deal with it. The book speaks about how keenly observations were made by him. This book is considered among the 'easy to read' ones of Keynes's creations.

Being a user friendly text it allows a reader to understand the context be it a person not of economic background as well.

Following are some of the famous citations from the book itself:-

"All classes alike build their plans, the rich to spend more and save less, the poor to spend more and work less."

"The power to become habituated to his surroundings is a marked characteristic of mankind."

"The glory of the nation you love is a desirable end, but generally to be obtained at your neighbor's expense."

"Men have devised ways to impoverish themselves and one another; and prefer collective animosities

to individual happiness."

The General Theory of Employment, Interest and Money

Published in 1936, which is one of his best-known works to date, it became a futuristic pillar and inspiration for aspiring economists all around the world. The work bragged of Keynes, Britain's most influential economist. Reviewing the book "General Theory of Employment, Interest and Money", is arguably considered one of the finest pieces of classical work dealing with political economy in the 20th century. The book is written during The Great Depression era precisely presents the

idea of how increasing government spending and reduction in taxes can help curb the economy. It also talks about revolutionary ideas such as 'supply creating its own demand.' The book also helps in understanding human nature as in psychological and social of that era. It is a non-fiction reading about classical economics and problems. Even though this being a masterpiece in itself is difficult to go through because of its professional way of writing.

Following are some of the famous citations from the book itself:-

"Worldly wisdom teaches that it is better for reputation to fail conventionally than to

succeed unconventionally."
"The ideas which are here expressed so laboriously are extremely simple and should be obvious. The difficulty lies, not in the new ideas, but in escaping from the old ones, which ramify, for those brought up as most of us have been, into every corner of our minds."

"If human nature felt no temptation to take a chance, no satisfaction (profit apart) in constructing a factory, a railway, a mine or a farm, there might not be much investment merely as a result of cold calculation."

"A monetary economy, we shall find, is essentially one in which changing views about the future are

capable of influencing the quantity of employment and not merely its direction."

Contribution of John Keynes

- Post the completion of his education, John Keynes took up a job as a civil servant, in India Office in the Whitewall. His major work was to examine Indian currency and Finance in 1913.
- He was a teacher of economics in Cambridge.
- He was there in the treasury during the time of World War I, where he further studied Britain's foreign relationship and found ways to sustain the foreign currencies during the crisis.

- He also accompanied UK former- Prime Minister David Lloyd George to France as his personal economic adviser.

What is Keynesian theory?

- Demand is the number of goods that a consumer is willing and able to purchase during a particular interval of time. John Keynes was a visionary , he claimed that the economy was governed by demand , and increase in demand would lead to boon in the economy.
- John Keynes stated that the government should address the issues of unemployment

rather than letting market powers settle things over the long run.

- John Maynard Keynes was of the view that government intervention would speed and stabilize the economy also helping the government to cut deficits and save for future prospective.
- Keynesian model governs around the concept of Expansionary fiscal policy, which happens when the government expands the money supply in the economy using budgetary tools such as subsidies, which provide consumers and businesses with more money to spend.

Drawbacks of Keynesian Economics

- Keynesian proposed model of economics is stated to cause inflation if overdone and hence slowing down economic growth.
- Keynesian theory deals with an increasing budget deficit causing the government to borrow , with higher borrowing the interest rate would eventually lead to higher inflation and discouraging investment of private sectors.
- It is time consuming as it would take years to increase consumer demand.
- Researchers and economists suggest increasing consumer

growth instead of consumer demand and the Government has a role to play but fiscal policy should target companies instead.

Some Facts about John Maynard Keynes

- Keynes was the creator of both the IMF and World Bank.
- During the 'Great Depression' era the former President of the USA used Keynesian economics to build his famous New Deal program.
- He predicted the age of the robots.
- He was a keen supporter and a passionate collector of art.
- He was a member of the Bloomsbury Group.
- He turned down the opportunity of becoming an MP.

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AMARTYA SEN: IMMORTAL CONSCIENCE OF ECONOMICS

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“A society can be Pareto optimal and still perfectly disgusting”

- Amartya Sen

Being referred to as the ‘Mother Teresa of Economics’, Amartya Sen was an Indian Economist and Philosopher who was born and brought up in a Hindu family in Bengal. From the beginning only, he had been raised up in an intellectual atmosphere as his father Ashutosh Sen was a Professor in the Chemistry Department at Dhaka University followed by being the Development Commissioner in Delhi and eventually the Chairman of the West Bengal Public Service Commission. The Economist’s mother on the other hand was a close associate of Rabindranath Tagore. She was the daughter of Kshiti Mohan Sen,



who is known to be an eminent Sanskritist and scholar of ancient and medieval India. He has been facilitated with the title, ‘the Conscience of the profession’ in recognition for his work on famine, human development, welfare economics, gender inequality and political liberalism. In the book ‘How to read Amartya Sen’, Lawrence Hamilton has identified five

keywords – **Choice, Capability, Freedom, Justice** and **Democracy**. Apart from his contribution to the Indian Economy, Sen has also made vital contributions to crucial economic theories such as welfare economics, social choice theory, economic and social justice, economic theories of famines, decision theory, development economics, public health and measures of well-being of countries. Being recognized as the **‘youngest chairman’**, Amartya Sen became the First-Head of the Economics Department of the newly created Jadavpur University in Calcutta.

THEORY AND RESEARCH BY AMARTYA SEN

The following points sum up the contributions made by Amartya Sen in his career.

POVERTY & FAMINES [The Bengal Famine]

- In this work, the economist not only emphasized on theoretical work but also created an applied work. A thorough study was made about various famines from their original angle. Through this piece of work, Sen has related the head-count ratio of poverty to the measure of inequality and deprivation of people below the poverty line.
- Apart from the relation, an explanation about rise in prices of commodities has also been carried by him wherein he discussed the adverse effects on the poor due to the inflation of the currency.
- The Bengal Famine of 1943 is marked as the major famine which claimed lives of

- around 2.1 million people for which studies blame starvation and diseases like malaria, cholera, poor sanitation and paucity of health care.

POVERTY AND INEQUALITY

- Inequality has always been a priority in Sen's list. While conducting research and carrying his area of interest forward, he wrote various books on economic inequality.
- Through his studies, he has explained about the unequal distribution of income among people below the poverty line, for which he created a formula which is termed as 'Sen index'.
- $P = [1 + (1 - I) G] H$, where P is denoted as poverty index, I is the measure of distribution, G is the coefficient and H is the

head count ratio.

- While conducting his research on this domain, he even recommended certain measures such as removal of illiteracy, poverty, malnutrition and unemployment.

CAPABILITY APPROACH

- The capability approach, another name for which is 'capabilities approach' is a normative approach to human welfare that concentrates on the actual capability of persons to achieve their well-being rather than on their mere right or freedom to do so.
- He has made a huge contribution to important paradigm shifts in economics and development – away from methods that focus only on income, growth, and utility

- to more focus on individual entitlements, capabilities, and rights.
- His research spreads over a number of fields in economics, philosophy, welfare economics, social choice theory, development economics, gender studies, theory of measurement, public health, and the economics of peace and war.

ENTITLEMENT

- The concept refers to “legally enforceable rights against the state like those of old age pension”. Through his study, he has thrown light on concepts of entitlements like food, health care, medical, etc.
- He recognized the capability of the market to provide entitlements, given all the

people can get work at a reasonable wage, which according to him can be accomplished by expansion of the market.

It could be a major force for prosperity only if it is backed by national policies.

WELFARE ECONOMICS

- Amartya Sen was facilitated with the prestigious Nobel Prize award for his effective contribution to Welfare economics, wherein he stated that welfare must be based on Individual efficiency and utility.
- According to Sen, Utilitarian and Pareto efficiency can be categorized into three elements:
 1. Act Consequentialism, so that a decision is evaluated according to the resulting state.

2. Welfarism, decisions are evaluated according to the social welfare function defined over individual utility.
3. Some ranking, sum of individual utilities.

According to him, DEVELOPMENT is the process of expanding human freedom. It is **“the enhancement of freedoms that allow people to lead lives that they have reason to live”**.

Some books which explains his economics concept briefly:

- Choice of Techniques: An Aspect of the Theory of Planned Economic Development (1960)
- On Economic Inequality (1973).
- On Ethics and Economics (1987).
- On Poverty and Famines: An Essay on Entitlements and Deprivation. (1981).

- The Argumentative India(2005).
- The Idea of Justice(2009).

Besides these books, here we discuss two of his works in detail

1) **ETHICS & ECONOMICS**

In this remarkable critique, Amartya Sen supports a closer contact between welfare economics and modern ethical studies so as to enhance the development of both disciplines. He further explains that considering welfare economics can be beneficial in the explanation of behavior in predictive and descriptive economics. Sen has thoroughly elaborated the concept of rational behavior with more emphasis on social interdependence in this context. In developing his general theme, Sen has delved into the following

related matters: the misinterpretation of Adam Smith's outlook on the role of self-seeking and the credibility of the objectivist approach. Sen also investigates how predominant freedom is for the choice and well-being of an individual. His extraordinary contributions to ethics and welfare economics have greatly strengthened the growth of both these disciplines.

2) POVERTY & FAMINES: An Essay on Entitlements and Deprivation

In this book, Sen discusses the causes of starvation with particular focus on famines. He has put forward the relationship between famines and poverty. According to him, multifarious economic and social factors, such as unemployment, reduced wages, inflated prices of food, and uneven food distribution system, are responsible for

famines. Furthermore, he reveals that in most of the famines food supply did not plummet. He has openly criticized the "FAD hypothesis" that considers food supply as the only reason behind the famines. He claims that this method is misleading and flawed. He further suggests an alternative "entitlement approach" that emphasizes on exchange and ownership. Sen vividly examines characteristics of poverty and puts forth an analysis of measurement of the same. His impressive understanding of food crises and poverty has influenced researchers and policymakers all around the globe. Governments and international organizations understood the significance of measures to restore the lost income of poor along with quick-fix solutions to ease the ordeal of the populace during famines.

ACHIEVEMENTS

Till date, the Economist and Philosopher has been greeted with 90 honorary degrees from universities around the world. Amartya Sen is popularly known for his significant contributions to welfare economics (for which he was awarded the 1998 Nobel Prize in economics), including his development of more sophisticated measures of poverty, and for his work on the causes and prevention of famines.

- Adam Smith Prize, 1954
- Nobel Memorial Prize in Economic Sciences, 1998
- Bharat Ratna, the highest civilian award in India, 1999
- National Humanities Medal, 2011

INTERESTING FACTS ABOUT HIM

1. A 56-minutes documentary titled **AMARTYA SEN : A Life re-examined** , directed by Suman Ghosh shows a detailed description of his life and work. A special emphasis has been provided to Welfare Economics and Social Economics Theory that led to Sen winning the Nobel prize in 1998.
2. He is the first Indian to be awarded US Humanities Medal, an honour typically reserved for Americans.
3. Every year, he enjoys his winter holidays at Shantiniketan.
4. The Bengal Famine of 1943 piqued his interest in famines at a very tender age.

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BUDGET JARGON

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1) ANNUAL FINANCIAL STATEMENT

Under Article 112 of the Constitution of India, the Government is required to present before the parliament a document that contains estimated receipts and expenditures of the Government for the current year, the present year, and budget year. This document is known as the Annual Financial Statement. It is further divided into the Contingency Fund of India, Consolidated Fund of India, and Public Fund of India.

2) CONSOLIDATED FUND OF INDIA

Formed under Article 266(1) of Constitution of India, Consolidated Fund of India is the most crucial part of government accounts. It



comprises the revenue that the government gets through income tax, customs duties, central excise and non-tax revenue and the expenses it incurs (excluding the exceptional expenses). Approval from parliament is needed to withdraw money from this account.

3) CONTINGENCY FUND OF INDIA

The contingency fund of India, constituted under Article 267(1), is an imprest account placed at the disposal of the President of India to facilitate the meeting of urgent unforeseen expenditure in the time of crisis.

Parliamentary approval is required to withdraw money from it and an equivalent amount is drawn from the consolidated fund so as to keep the contingency fund intact. The corpus of the contingency fund as authorized by parliament stands at Rs.500 crores.

4) PUBLIC ACCOUNT

Money held by the government in trust is kept in a public account. Provident funds, small saving collections, the income of the government set apart for expenditure such as road development, primary education are examples of money kept in public accounts. Here, the government is acting as a banker. The public account funds do not belong to the government and have to be finally paid back to their owners. Therefore, it does not require permission from Parliament for withdrawals.

5) REVENUE BUDGET

Revenue Budget consists of revenue expenditure and revenue receipts

which are related to the everyday functioning of the government. Revenue expenditure is considered an unproductive expenditure for it doesn't create any asset or decrease liability.

6) CAPITAL BUDGET

Capital receipts and capital payments together form a capital budget. The objective of the Capital Budget is to assess the source of capital expenditure, prospects of capital investment in projects or schemes, profitability of capital expenditure, and how much capital is required.

7) MACRO-ECONOMIC FRAMEWORK STATEMENT

Present under Section 3(5) of Fiscal Responsibility and Budget Management Act, 2003 Macro-economic Framework statement is presented in the Parliament at the time of Union Budget. It helps the government to gauge growth prospects of the economy and predict GDP growth rate, fluctuations in price, fiscal balance

of the central government and the external sector of the economy.

8)OUTPUT OUTCOME MONITORING FRAMEWORK (OOMF)

The OOMF with the itemized expenditure of the schemes is prepared by the respective ministry/department and the same is represented in parliament along with detailed demand for grants. The OOMF for central sector schemes and centrally sponsored schemes have a financial outlay of 500 crores each.

ECO-TAINMENT

EXPLORE OUT OF
TEXTBOOKS, THE WORLD
OF ECO-TAINMENT!

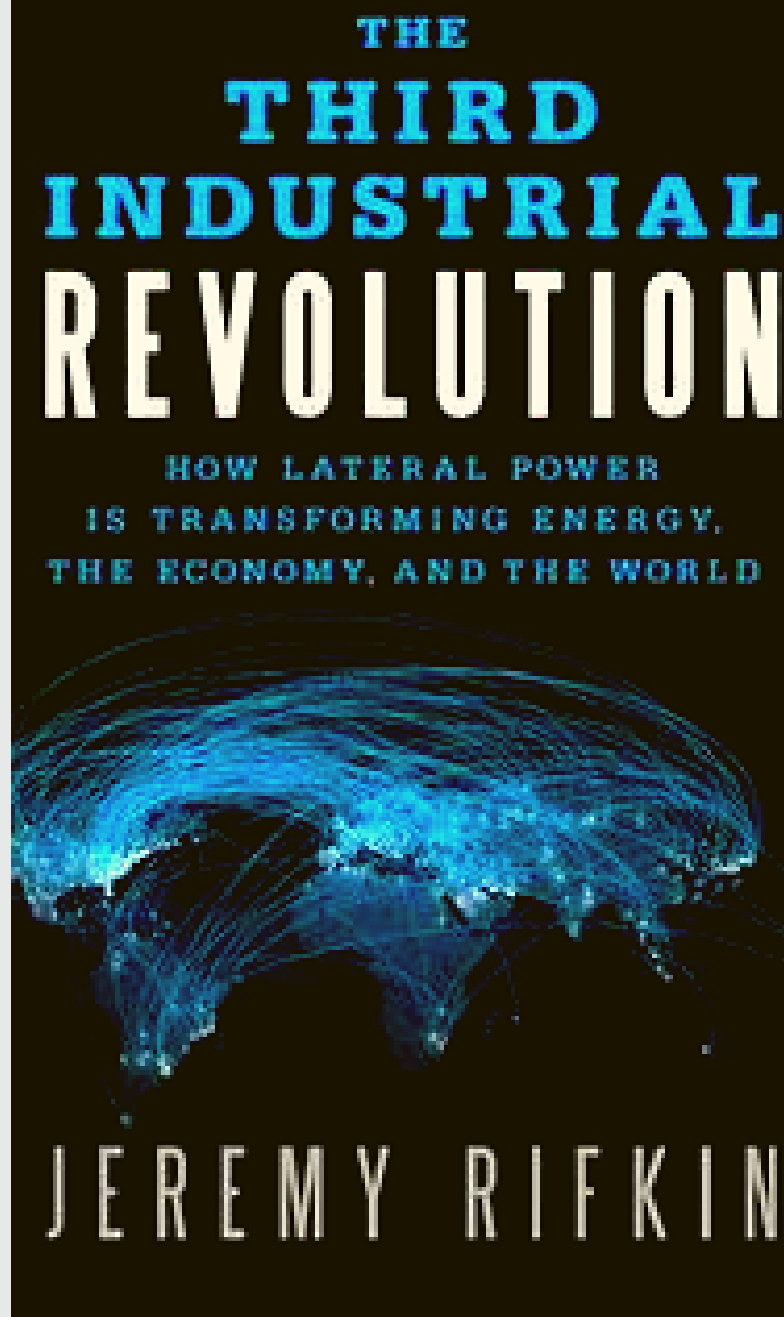
THE THIRD INDUSTRIAL REVOLUTION

WHAT'S
NEW
ON THE
BINGE
LIST?

By Nandita Rai
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ABOUT THE AUTHOR

'The Third Industrial Revolution' features author Jeremy Rifkin, an American economic and social theorist, who is a writer and a public speaker as well. Apart from this, he works as the political adviser to the Chancellor of Germany, Angela Merkel. He made a special mention of the economic and social impact of new technological advances such as renewable electricity and the internet. The Documentary begins with some casual, yet informative facts that have been put forth by the writer.



He has thrown the light upon a realistic image of a near-future world that is continuously getting destroyed due to detrimental effects such as climate change, slow economic growth, mass extinctions, and rising levels of inequality. The author has made sure to keep alternating between the concepts of grim reality and the cheer possibility to make things all the more clear.

INTERNET OF THINGS

Post a reasonable amount of damage caused in the past 200 years over the course of two Industrial Revolutions, according to Economic theorist Jeremy Rifkin, he has just the plan by creating what he calls the Third Industrial Revolution. The beginning of the revolution will witness harnessing of renewable energy and enabling automation

followed by the 'Internet of Things' that will comprise of ultra-fast 5G communication and a driverless mobility internet to result in a prosperous new economy fuelled solely by clean energy.

SUSTAINABLE WORLD

The Third Revolution is different as creating a more sustainable world within the next two generations is not only necessary, but also mandatory for mankind's continued survival. His statement that we need to be off carbon within the next four decades if we want a better chance of survival was felt more like a warning instead of just a mere statement. He threw a glance on the interconnection between people, places and objects being the primary goal of this sustainable world in the long run.

ECONOMIC PERSPECTIVE

From this point of view, he has a clear depiction of the history of economics and its relation with Newton's Law of Physics to the next-generation model of a new sharing economy which he depicts, as questionable as it sounds, as the first real new economic system since capitalism and socialism. While addressing a crowd of interested onlookers, he emphasizes maintaining open access to the internet for the benefit of the globe and the relevance of net neutrality. As controversial as it may sound, he is of the opinion that such open access to information will eventually prove to be beneficial for everyone. As far as aggregate efficiency is concerned, he provides a glimpse on facts with instances such as Japan leading the world with aggregate efficiency of 20%, while the U.S.

struggling to cover the height with only 14%. In this one-hour forty-five minute long documentary, at no point does the discussion feel absurd or ambiguous. Jeremy Rifkin gives an insight into a world that is near extinction because of the unstable climate and our inability to adapt to change. What is more alarming is the fact that humans, being anatomically the youngest species, have almost zero odds of surviving this.

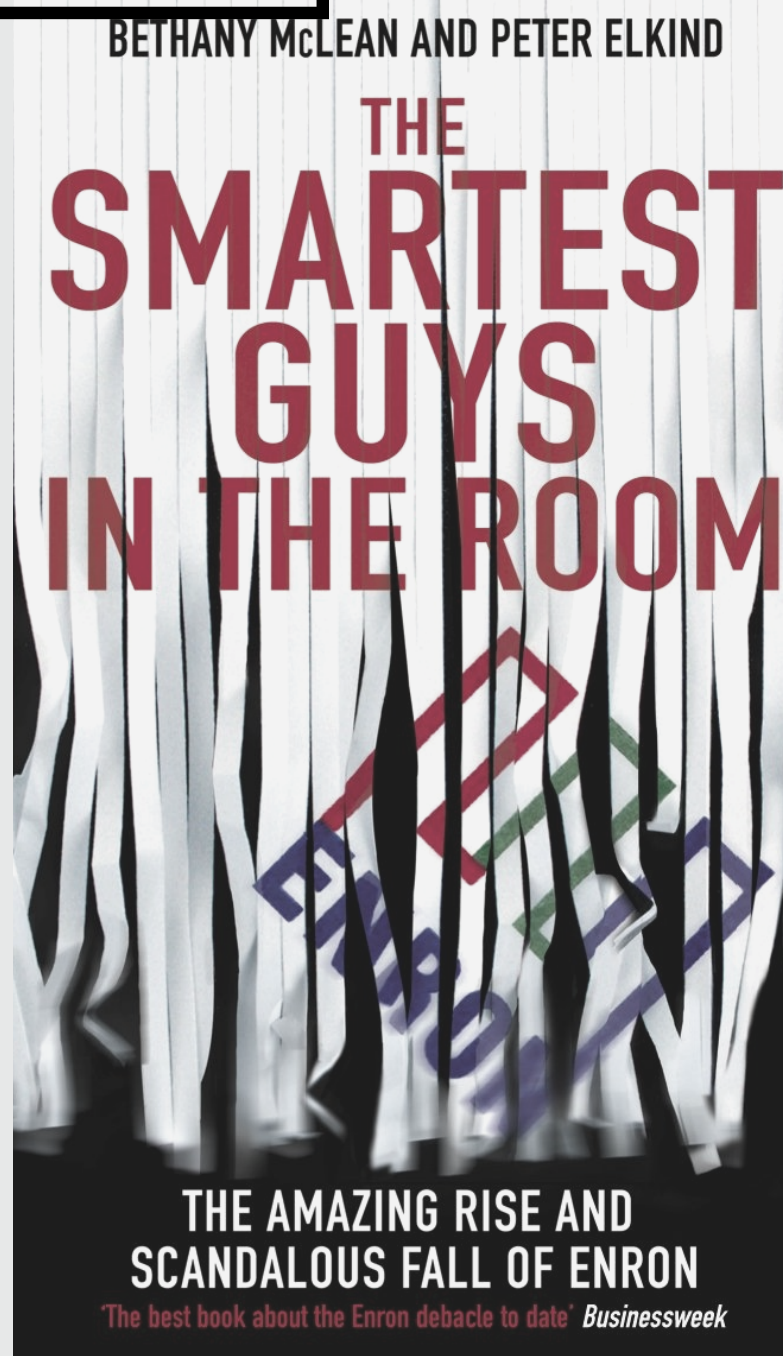
However there is still a ray of hope for our world and as said by Rifkin, **"No other generation has had this weight, one generation called upon to save the species. We need to join together in the virtual and physical world to make this happen."**

ENRON - THE SMARTEST GUYS IN THE ROOM

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ABOUT THE AUTHOR

Bethany McLean is a very persistent journalist, whose continued efforts proved in extending a helping hand in the investigation, and thus unveiled what is considered as one of the most bizarre scams of the 21st century. Thanks to her, the public could uncover the fact that the huge US energy corporation, Enron was a fraud, inflated by deceitful accounting, the manipulation of public utilities, and Maxwell-style raiding of pension funds. The story has been narrated wonderfully in the thrilling documentary which is



directed by Alex Gibney, based on the book that Mclean co-wrote about the Enron Scandal.

The protagonists of the documentary remain the Chairman and the Chief Executive Officer of Enron, Kenneth Lay, and Jeffery Skilling, both of them being arrogant and hostile, who believed themselves to be the 'smartest guys in the room'.

ENRON'S ORIGINS

This Oscar-nominated documentary was released in 2005, at the peak of the housing bubble and its story revolves around the surge of Enron to become the seventh-largest Corporation in America only to face a dizzying fall characterized by the looting of the retirement funds of its own employees to buy some more time and finally its collapse followed by both Lay and Skilling being taken away in

handcuffs. During the initial phase of the documentary, we see Kenneth Lay's childhood and his humble beginnings and how at a very early stage of his life, his goal was to build a large and powerful organization, that led him to become the CEO of Enron's Corporation which gambled and manipulated energy future markets.

The incident started to take off when Ken Lay found some Enron traders making aggressive bets, and he encouraged them to continue making more money through illegal practices rather than prohibiting them from doing so. He even recruited men who were visionary in his understanding and had a radically different approach and placed them at very powerful positions in the company for the purpose of carrying out the unethical activities.

HOW ENRON CONCEALED ITS DEBT

The shocking part of the documentary comes as the creation of a phoney energy crisis in California by Enron. Everyone was compelled to believe about the shortage of power in California which led the company increase the price of electricity, by almost nine times higher. Alex Gibney's documentary is a clear depiction of the top ranking people at Enron being aware of the unethical practices, but still carrying it out like a mad and flawed cult. Nobody wanted to be disloyal or question the practices as they knew it would eventually get them fired. The ones at the worst, were the employees who didn't have any option except putting their entire life savings into Enron's stocks. Subsequently, when the company was declared bankrupt and they were all fired, it

left them with zero assets. Since they were fired from a company with such a massive scandal, it also left their work history and future career prospect with a black spot.

Another tactic Enron used was, forming of shell companies to conceal the debt that they were taking and then Lay made sure he had his ownership stake in that company, allowing him to double dip and generate his own profits.

SHOCK AT WALL STREET

Enron created a deceptive picture by inflating its own value for a number of years until it went bankrupt. They marketed products ranging from internet bandwidth to (shockingly) even weather. All the major corporations were bought into the myth of Enron's new ways of making profits out of thin air. This went on for a while till Mclean started enquiring about

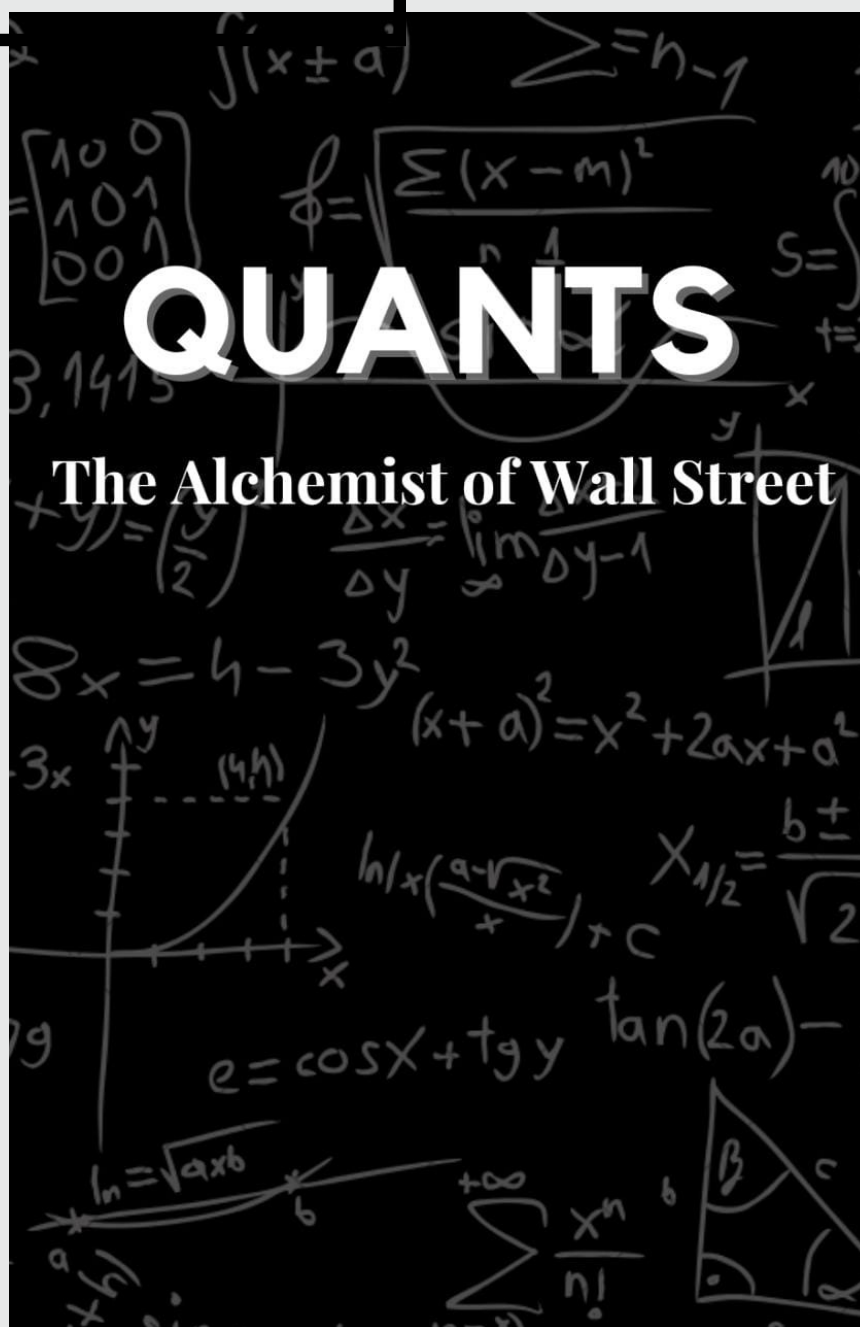
Enron's quarterly statements which did not seem to add up. Everybody's eyes were on Enron fortuitously, and this led to the company declaring bankruptcy in 2001 that affected thousands of employees and shook the Wall Street to its core. At its peak, Enron's shares were worth \$90.75 and just a moment before declaration of bankruptcy, they were trading at as low as \$0.26. The amount that shareholders lost in the four years leading up to Enron's bankruptcy was a whopping 74 billion dollars. It is very difficult to understand how Enron's leadership managed to fool the regulators for quite a long time with fake and deceptive holdings and off the books accountings. The documentary does a commendable job in leaving the events to be interpreted by the viewer and helps the audience make its own conclusion and judgment.

QUANTS - THE ALCHEMIST OF WALL STREET

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ABOUT THE NARRATORS

The documentary consists of various people working in close relation inside the money-minded lanes of Wall Street comprising of programmers, mathematicians, and most importantly quants. In the list of people interviewed, there are some famous names such as Paul Wilmott, often described as the smartest quant in the world, and Emanuel German, who is termed as the 'Einstein of Wall Street' who left the world of theoretical physics for a job at Goldman Sachs, while Mike



Osinski who is a computer programmer, allowed banks to turn billions into trillions through the software he created.

THE GEEKS OF WALL STREET

Quantitative analysts popularly known as Quants are the math wizards and computer programmers in the engine room of our global financial system who work behind the scenes creating mathematical models and programs that are used to trade in financial markets. A significant amount of daily volume is generated because of these programs. Quants are also seen as one of the major reasons behind the flash crashes of 2010 and 2015. Emanuel German has also talked about a shift in the finance world and said that quants which previously had a reputation of being the 'geeky type' and were considered as

somewhat below the hedge fund managers and investment bankers in the business are the 'business' at present. The documentary stretches about the daily exchange of huge profits amongst big companies and how the global economy has become undoubtedly dependent on mathematical models trying to quantify human (economic) behavior. The 45 minutes long documentary definitely gives us a clearer understanding of the various responsibilities that quants have on Wall Street and also draws young minds towards the fields of computer science and mathematics. It gives you a closer look at some of the people who really influence the market and how they come to do so.

FINANCIAL MODELS – ARE THEY REAL?

Paul Wilmott comes up with an interesting question for one of his students that if a beer costs \$1 what would the buyers have to pay for 100 beers? To this, the students instantly replied, \$100 followed by Wilmott correcting them and saying, that it would be entirely wrong as they are omitting the role of taxes and how sellers having monopoly might affect the price and change it from \$100 to \$80 or \$120.

Through this instance, he tries to prove his point that in the real world, relationships are hardly ever linear and there can never be a set formula in economics and it works very differently in the real world as compared to a textbook. But sadly 99.9% of Financial Models do not take this into account. He feels that a major modification is required in our financial models at

this point if we wish to be able to relate it perfectly with the real world. In Paul Wilmott's words, **“One of the problems with finance at the moment is almost all equations you get are linear, which is boring and not realistic”**.

HIGH FREQUENCY TRADING

The quants have now brought a new model into the world of machines through the convergence of economy and technology where trades are conducted at the speed of light. High Frequency Trading (HFT) has changed the world of trading, as we know it. Human traders are becoming more and more dispensable and machines are now capable of doing trades within the blink of an eye. HFT is not all bad, it definitely increases liquidity, lowers prices, and improves pricing efficiency but

but what does it cost? These new techniques require a lot of decision making such as who gets to be closer to the servers, is it through lottery or by simply paying more. Because of this new way of trading companies and their value hold very little importance now. The only thing that matters is the way their stocks move. Price is given preference over value. Not to forget the systematic risk that is involved as so much of this trading just takes place so automatically and quickly. The human element just keeps on getting more and more divorced from it. It is due to this reason that banking has taken over the entire world and is having such a big impact on the common man. The main purpose of a bank used to be taking from the haves and giving to the have nots, but that's not what it is about any more. Gambling on numbers has become the new trend without

without realizing that behind these numbers there are actual human beings with jobs. The question definitely arises whether this complex machinery really eases our task out or is it just another step in the direction of a big market crash. Wilmott has very rightly said, "A major rethink is desperately required if the world is to avoid a mathematician led market meltdown".

The documentary is a complete fit for those who might find the world of quantitative finance overwhelming and need a good contextual example to understand the system of quants, as well as, various subjects to give diversity in perspective.

THE DOTCOM BUBBLE (1995 - 2000)

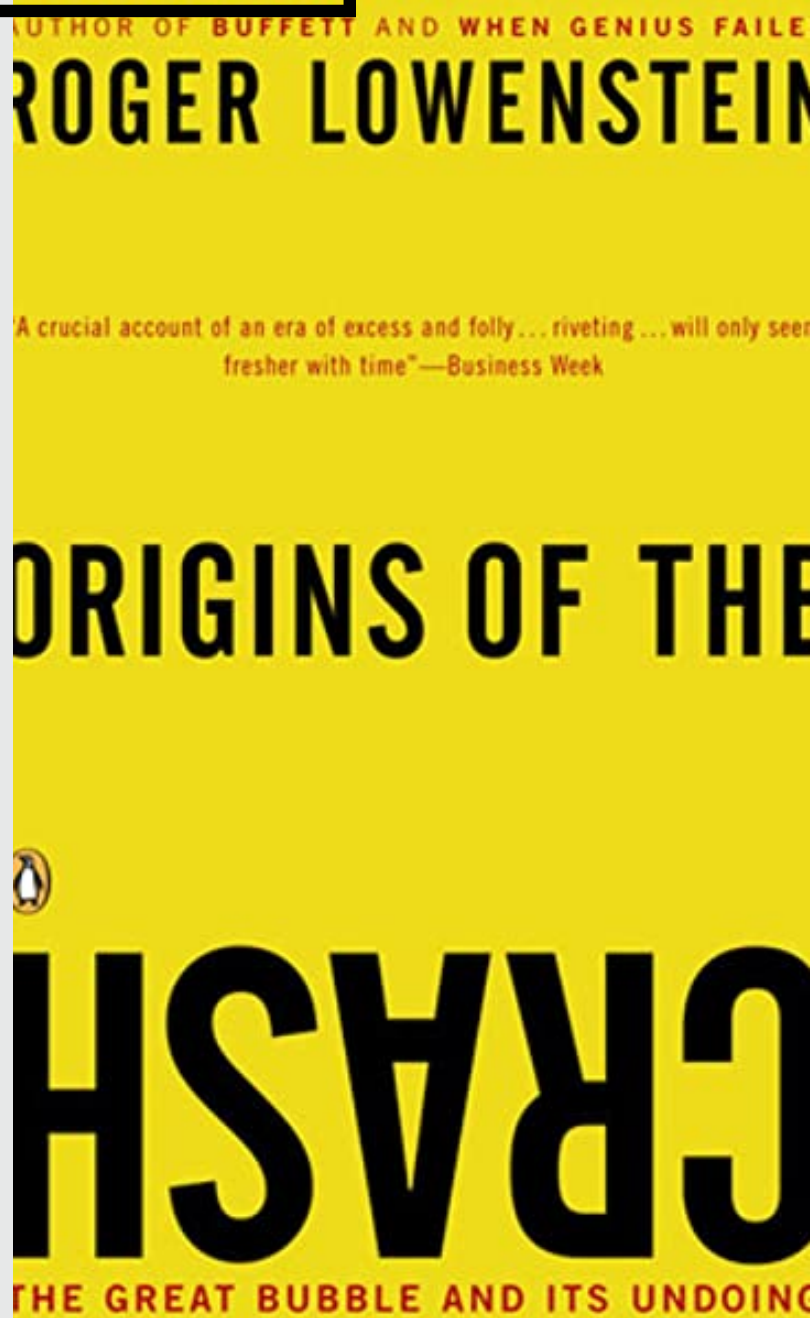
UNCOVERING
THE
FAMOUS
FINANCIAL
TRAGEDIES

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**Book - "ORIGINS OF THE CRASH
- The great bubble and its
undoing"**

Author - Roger Lowenstein

Renowned financial journalist, Roger Lowenstein's - "ORIGINS OF THE CRASH - The great bubble and its undoing" seems to be the most accurate and simplified account of the stock market crash of 2000 and the ensuing corporate scandals. Back then, internet was a new avenue, as interesting and attractive as it is today. While the online businesses were just cruising around, it was this



internet charm that led to a multitude of speculative investments. The investors were so convinced by the potential of internet that they started investing in almost any other tech company or better say a company with a “.com” domain irrespective of the company’s growth status.

Common sense was a rarity back then. Some investors were investing even without knowing about the business model of the company. The share prices of these firms were booming which further attracted more investors to the list. But at the same time, the interest rates were quite low which played another important role in encouraging these investors to invest their money in the dotcom boom.

The author uniquely adjoins factors like executive overcompensation, irrational shareholders, overvaluation of the

of the startups and tries to present a very understandable description of the burst.


FINANCIAL CRISIS (2007 - 2008)

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MOVIE- THE BIG SHORT (2015)

This Adam McKay's Oscar winning film gives a sneak peek into the lives of several American financial professionals who profited from the housing bubble in 2007-08. The film is an adaptation of Michael Lewis's best-selling book - The Big Short. It not only throws light on the events that led to the financial crisis but in fact talks blatantly about the immortality of hedge fund managers and traders who foresaw the crisis well in advance but preferred filling their



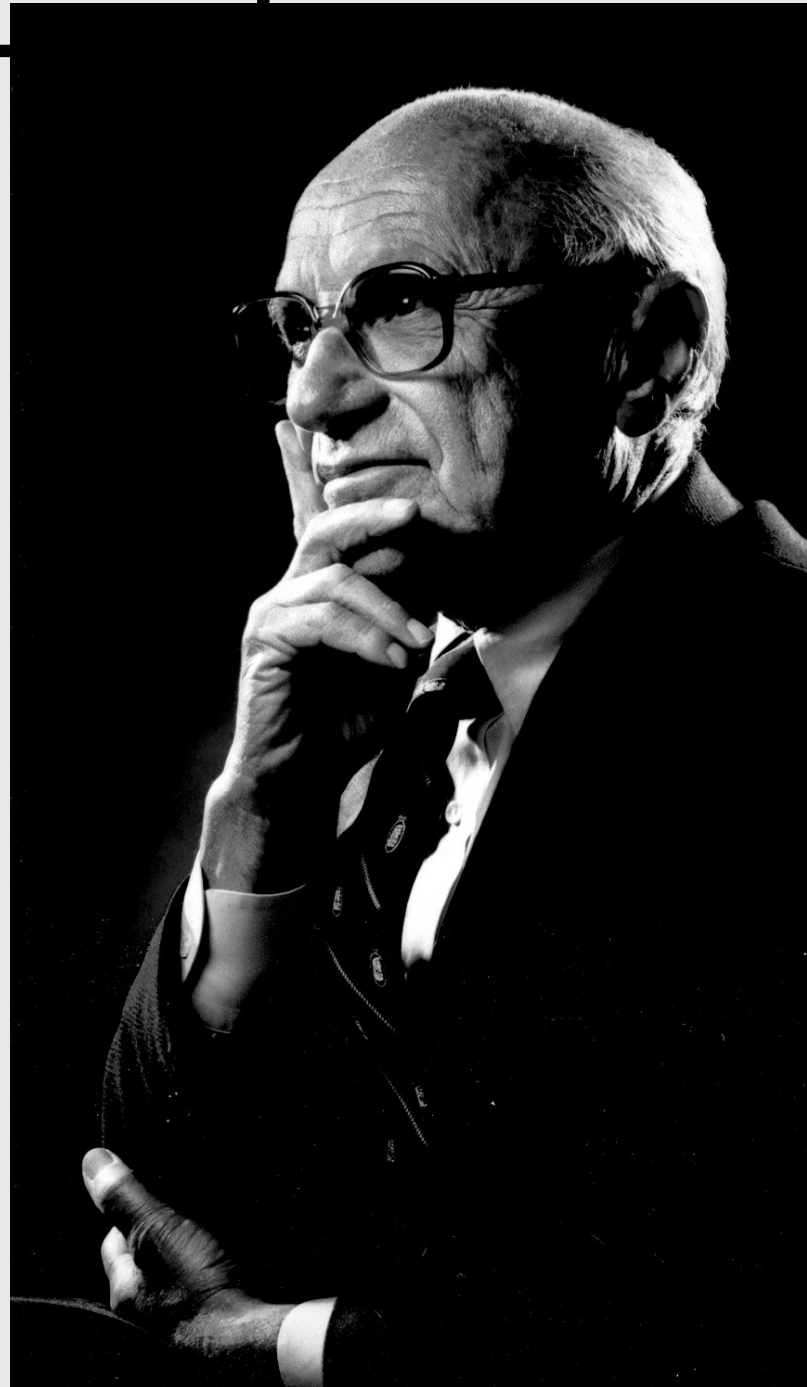


pockets knowing that the housing market's decline would collapse the excogitate bonds from subprime mortgages. It's an astounding narrative on how bad greed becomes when taken to the extreme, how politicians trumpeted their part in expanding the American dream of homeownership, the moronic economic assumptions that made the investors believe that geographically diversified pools of mortgages were risk-free when they were not.

THE ROLE OF GOVERNMENT IN A FREE SOCIETY

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Milton Friedman was an American economist who received the 1976 Nobel Memorial Prize in Economic Sciences for his research on consumption analysis, the complexity of stabilization policy and monetary history, and theory. He is known as the father of income tax and was born in Brooklyn in 1912. He graduated from Rutgers University, Chicago. During his Ph.D, the world suffered from second world war so he became part of a think tank that introduced income tax withholding as a "temporary" measure to help fund the war.



He gave a very renowned and interesting theory of "ROLE OF GOVERNMENT IN FREE SOCIETY". He discussed the free market in his 1998 speech at Chicago School, Milton. He was a staunch believer in the free market system without government intervention. According to this renowned economist, Milton Friedman "the two basic functions of a government are to protect the nation against foreign enemies and to protect citizens against its fellows". He tried to answer a very important question "Why are free markets and freedom inseparable?" Freedom requires individuals to be free to utilize their resources in the way they want and cooperate with the people and this can be done through the free market. He was against the Keynesian theory-what Keynes wrought, Friedman undid. Friedman directly attacked

Keynesian theory of consumption. Keynes supported short-term solutions to stimulate consumer spending and the economy. But according to Friedman, the idea is by giving a temporary tax break like a stimulus check, the government can induce spending without giving up future tax revenues by making a meaningful tax cut. Friedman along with other economists at the Chicago school condemned concepts proposed by Keynes such as the Keynesian multiplier and the damage of saving. According to Friedman, in order to boost the economy government involvement should be minimized. And this could be done by reducing taxes in long run and quitting inflationary policies. Friedman pointed out that the more the government borrows to spend, the more pressure there is to inflate the currency to meet the payments in the future.

Friedman supported free trade, smaller government, and a gradual expansion of the money supply in a growing economy. He believed in a nation state and in a free society people should be able to take risks but should not be able to force others to pay the consequences. He was a vocal critic of government power and was convinced free markets operated better on grounds of morality and efficiency. To Friedman, government policy is created and carried out through force, and that force creates unintended consequences that do not come from voluntary trade. The valuable political power of government force creates an incentive for the wealthy and devious to misuse it, helping generate what Friedman dubbed **'government failure'**.

POVERTY

ABHIJEET
BANERJEE
& ESTHER
DUFLO

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"If the rules make such a difference, then it becomes very important who gets to make them." "Economics is too important to be left to economists." "Talking about the problems of the world without talking about some accessible solutions is the way to paralysis rather than progress." Some famous words of Abhijeet Banerjee extracted from his famous best-seller book 'POOR ECONOMICS' - Rethinking Poverty & the Ways to End it. Abhijit Vinayak Banerjee is a well-renowned economist, educated from the University of Calcutta, Jawaharlal Nehru University, and Harvard



University and is currently the Ford Foundation International Professor of Economics at MIT. This book *Poor Economics* is a combined contribution of two well-renowned economists, Abhijeet Banerjee and Esther Duflo.

A French economist, Duflo got educated at the Ecole Normale Supérieure, in Paris, and at MIT. She is rewarded with many gongs like John Bates Clark Medal for the best American economist under 40 in 2010, a MacArthur “genius” Fellowship in 2009.

Together with Abhijit Banerjee and Sendhil Mullainathan of Harvard University, she founded the Abdul Latif Jameel Poverty Action Lab in 2003.

For their incredible

work against poverty, they were awarded the Nobel Prize in Economics in 2019 at a ceremony in Oslo. For more than fifteen years Abhijit V. Banerjee and Esther Duflo have worked with the poverty-stricken people in dozens of countries covering many continents, trying to understand the specific problems that come with poverty and to find proven solutions. Their book is radical in its rethinking of the economics of poverty, but also entirely practical in the suggestions it offers. The authors have set upon its views laconically **"To the extent that we know how to remedy poverty, there is no reason to tolerate the waste of lives and talent that poverty brings with it."** Poverty or privation is ingrained in our society and has left a lingering effect upon it. They got themselves engaged in fieldwork among the poor in order

to research upon their lives, physical conditions, and their level of welfare, how policies could be moderated a bit to make a difference. They tried to ponder upon some real questions in their paper "THE ECONOMIC LIVES OF POOR". This paper crisped upon some brainstorming questions and some surprising aspects of poverty including 'How poor disburse their money' 'How they earn their livelihood', 'Why the poor don't eat much', 'Why don't they spend on education', 'why are they poor', 'why don't they migrate for longer'. 'Does having lots of children make them poor'. For the past 15 years, Dr. Abhijeet Banerjee and his mate Dr. Duflo tried to focus upon too many questions to reach the deep end of this social issue and find pragmatic solutions. The book 'Poor Economics' argues. why so many anti-poverty policies applied in dozens of countries

have failed over the past few years. The reason given was an inadequate understanding of poverty. This battle against poverty can only be won with knowledge, understanding, and willingness to grasp from evidence. Many times it is assumed that there is nothing important about the existence of the poor as they possess very little and here we lag in fighting against poverty. To win this battle against poverty, we ought not to belittle the existence of poor and utilize the time to really understand their living conditions. The nature of this work requires data that has to be collected from villages, working with NGOs, activists, health workers, micro-lenders, etc. which he tried to generate. The focus of the study was upon the world's poorest and calculated that the average poverty line in

the fifty countries where most of the poor live is 16 Indian rupees per person and per day. People who earn less than that are classified as poor. Living a life with this much amount implies that they have limited access or no access to information, awareness, news, new policies. They are just blindly fooled. But they are the easiest ones to be manipulated by political leaders who take advantage of their foolishness and promise them with false hopes. Poor economics is a boom of well-known economists who try to understand the economic lives of the poor and describe how they can in turn their lives by paying a bit of attention. It is not at all simple to evade poverty but can be reduced by a push on the right lever i.e. relevant knowledge of the social issue.

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