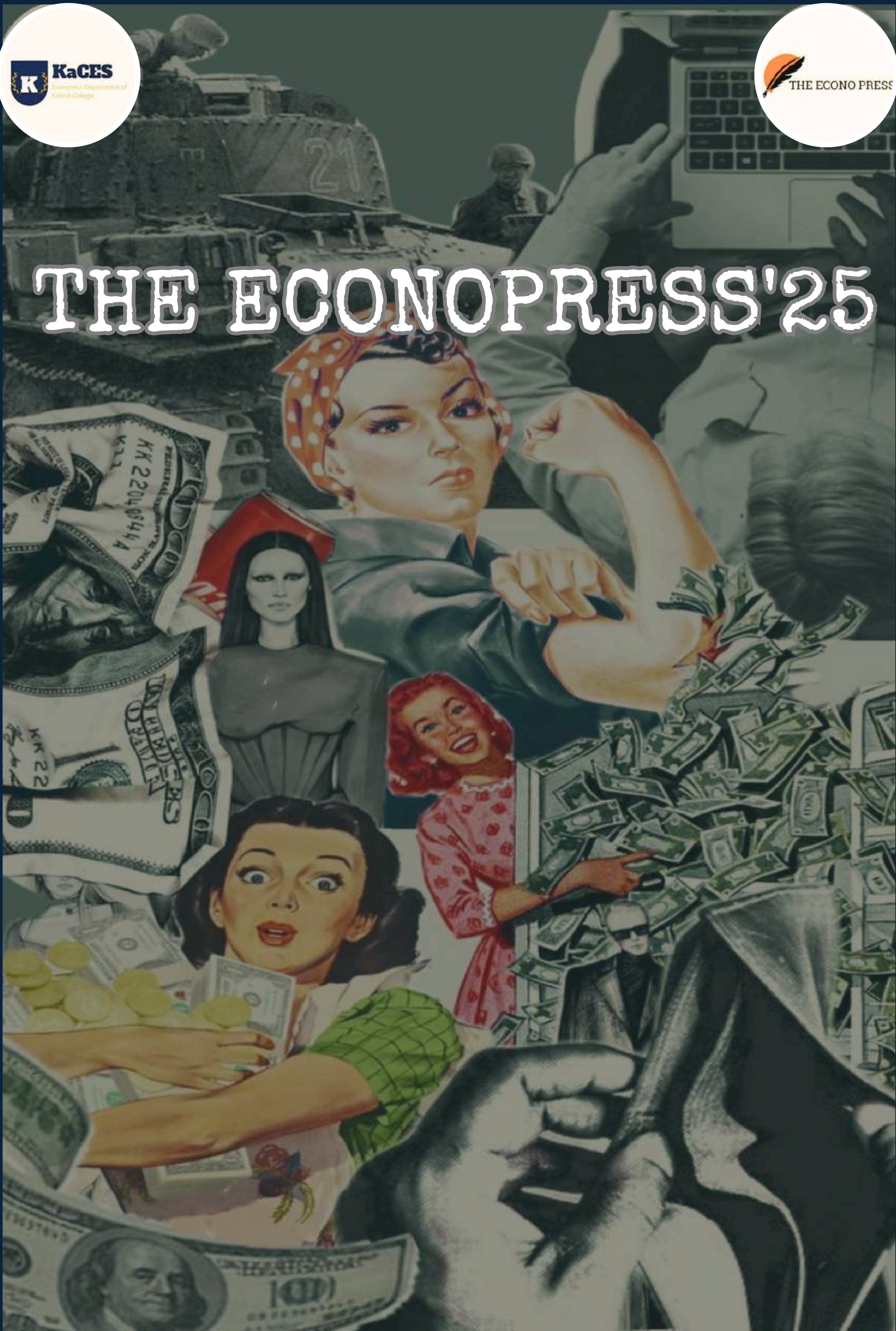
THE ECONOPRESS'25



FROM

Principal' s Desk

Dear Readers,

I offer my heartfelt congratulations to the Department of Economics at Kalindi College for successfully completing yet another enriching academic year and for publishing the latest edition of The EconoPress.

In an era marked by rapid economic and societal transformation, it is essential that we engage in meaningful dialogue and research. This year's newsletter impressively reflects the pressing issues of our time, spotlighting the department's commitment to addressing real-world challenges through rigorous academic inquiry and thoughtful scholarship. The dedication and intellectual curiosity shown by students and faculty alike are truly praiseworthy. I commend the editorial team for their tireless efforts in bringing this publication to life—their meticulous work not only broadens our collective understanding but also inspires us to think critically and act decisively in the broader world.

I also extend my heartfelt appreciation to every faculty member and student in the Department of Economics. Your unwavering dedication has not only enriched Kalindi's academic environment but also set a high benchmark for future aspirants of the discipline.

It is a source of great pride that your efforts contribute to both departmental excellence and societal betterment. I am confident that the ideas and discussions presented within these pages will motivate us all to contribute positively to our community and the world at large.

Best wishes for continued success in all your academic and extracurricular endeavors.

Prof. Meena Charanda
Acting Principal
Kalindi College

FROM

Teacher-In-Charge

Dear Readers,

It is with great pride that I present this year's edition of Econopress, the annual newsletter of the Economics Society. This publication continues to serve as a vibrant platform for students to engage critically with contemporary economic issues and reflect on the dynamic world around them.

The Society has, over the years, fostered a culture of inquiry and intellectual engagement that extends well beyond the classroom. Econopress is one of its many endeavours that encourages students to think deeply, write thoughtfully, and communicate ideas with clarity and conviction. This year's edition carries forward that tradition with a rich collection of articles, essays, and creative contributions that speak to the diversity of thought within the discipline.

I extend my warmest congratulations to the editorial team and all contributors for their dedication and hard work. I am also grateful to my colleagues in the Department for their guidance and encouragement throughout the process.

I hope this issue informs, provokes, and inspires - and stands as a meaningful record of the ideas and energies that animate our academic community.

Best Wishes,
Dr Punam Tyagi,
Teacher-in-Charge,
Department of Economics

FROM

Convener's Desk

It gives me immense pleasure to witness the growing momentum and creative energy of our students, who continue to enrich the academic spirit of our department. The Academic Year 2024–25 has truly been a season of exploration, learning, and collective endeavour marked not only by dynamic student-led initiatives but also by a deeper engagement with the evolving economic landscape, both within and beyond the classroom.

What we see reflected in this edition of THE ECONO PRESS is not merely a newsletter, but a vibrant tapestry of student voices, critical reflections, and original thought. Each article, insight, and perspective demonstrates the intellectual curiosity and rigour that we strive to cultivate in our students. This publication captures their ability to go beyond prescribed learning, to question, analyse, and reimagine ideas, and to contribute meaningfully to the wider discourse on economics and society.

As Convener, it has been a privilege to witness the enthusiasm and passion with which our students have approached this platform. Their efforts remind us that learning is not confined to textbooks or lectures but is an evolving process—nurtured through dialogue, collaboration, and the courage to explore uncharted intellectual territories.

The success of this edition owes much to the dedication of our students and the guiding support of our faculty, whose encouragement has enabled young voices to find confidence and clarity. I especially commend the editorial team for their meticulous effort, tireless enthusiasm, and unwavering attention to detail. Their work reflects a deep commitment to academic excellence and to the principle that knowledge must always be both shared and challenged.

I am confident that THE ECONO PRESS will continue to grow as a dynamic platform that nurtures student expression, fosters meaningful dialogue, and adds enduring value to the department's academic culture. May it inspire future cohorts to carry forward this spirit of inquiry, creativity, and collective growth, strengthening the vibrant intellectual community that defines our department.

Dr. Rakhi Solanki
Convener
THE ECONO PRESS

FROM

Convener's Desk

It is with great pride and satisfaction that I present this edition of **THE ECONO PRESS**, a testament to the vibrant intellectual life and collaborative spirit that defines the Economics Department of Kalindi College. Over the course of this academic year, the department has witnessed a remarkable synergy between creativity and learning, brought to life through diverse initiatives, seminars, and discussions arranged for our students.

As the Convener, I have had the privilege of observing our students step beyond the boundaries of classrooms, engaging deeply with economic ideas, challenging perspectives, and translating theory into meaningful discourse. This issue of the newsletter captures not only their academic endeavours but also their ability to weave curiosity, innovation, and critical thinking into every contribution.

The journey of putting together this publication has been one of dedication and teamwork. I extend my heartfelt appreciation to the editorial team, whose commitment and attention to detail have ensured that every page reflects both quality and thoughtfulness. I also wish to acknowledge the enthusiasm of our contributors, whose insights and voices give this edition its richness and depth.

I hope that **THE ECONO PRESS** continues to grow as a space where ideas flourish, debates are welcomed, and the academic community finds inspiration. May it serve as a reminder that the pursuit of knowledge is not a solitary journey but a shared voyage, enriched by the diverse perspectives and collective effort of our department.

Dr. Rashmi Chaudhary
Convener
KaCES

EDITOR'S DESK

PRABHNEET KAUR
EDITOR-IN-CHIEF

SAACHIKA BHAMBHRI
DEPUTY EDITOR-IN-CHIEF

EDITOR'S NOTE

It's with great pride that we present the latest edition of The Econo Press. Building on the energy of previous issues, this newsletter explores provocative intersections of economics, technology, society, and human behavior—delving into timely themes that challenge established narratives.

Section 1 examines how artificial intelligence transforms economies: Vani explores AI as the "new middleman," Anshita envisions a future shaped by mass automation, and Navi asks if AI renders classic economic theory obsolete in "The Death of Economic Theory."

Section 2 shifts to income inequality and psychological barriers to financial mobility: Riddhima discusses how the wealthy accumulate wealth in "Generational Wealth and Social Mobility," Shrishthy explores intergenerational saving approaches in "Bridging the Wealth Gap," and Anvesha examines cognitive biases that trap individuals in debt in "The Debt Trap."

Section 3 views fashion economics from multiple angles: Riya uncovers dynamics in global luxury fashion, Lawanya examines the business model and appeal of fast fashion, and Lakshita shines a light on how emerging technologies reshape fashion's economic landscape.

Section 4 covers diverse topics: Aliza writes on education economics, Mahi highlights shifts in entertainment economics, and Shivika offers a sobering analysis of the costs and consequences of conflict in "The Economics of War and Peace."

We extend heartfelt gratitude to our conveners—Dr. Rakhi Solanki, Dr. Punan Tyagi, Dr. Rashmi Chaudhary—our hardworking editors, writers, designers, and guest contributors whose insight shaped this issue.

A very special thanks goes to our graphics team—Aahna Jain, whose tireless dedication brought our vision to life in vivid detail, and Shivangi, whose creative flair perfectly complemented our narrative. Their combined artistry truly elevated this edition.

To you—our readers—we offer sincere thanks. We hope this edition inspires curiosity, fresh perspectives, and meaningful conversations at the intersection of economics and society.

Best regards,

Prabhneet Kaur
Editor in Chief

Saachika Bhambri
Deputy Editor in Chief

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ARTIFICIAL INTELLIGENCE AND ITS IMPACT ON THE ECONOMY

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ARE YOU A CONSUMER OR AI'S PRODUCT? HOW ALGORITHMS CONTROL WHAT WE BUY AND SELL

By Vani Buttan

THE ILLUSION OF CHOICE: ARE WE REALLY DECIDING?

Last month, I was casually looking up gift ideas for a friend's birthday. A few hours later, my Instagram feed was filled with ads for personalized mugs, scented candles, and quirky t-shirts. I hadn't searched for them on Instagram, hadn't spoken about them aloud, and yet, there they were—offering me exactly what I had vaguely considered. That's when it hit me: was I making a choice, or was a choice being made for me?

You open your phone to scroll through social media, and within minutes, you're bombarded with ads that seem eerily relevant—perhaps a jacket you glanced at last week or a book you casually mentioned in conversation. It feels like magic, but it's not. It's the invisible hand of AI, orchestrating your digital experience, predicting your desires before you even articulate them. But here's the unsettling question: when every choice is subtly influenced, is it truly a choice at all?

Take YouTube, for instance—70% of what users end up watching comes from its recommendation system, not from what they search. These platforms are not just reflecting our interests; they are actively shaping them through algorithmic filtering. Whether it's the Netflix homepage, your Amazon suggestions, or the Instagram Explore page, you are shown what the algorithm wants you to engage with, based on your past behavior, patterns, and similar users' data.

As the saying goes, *"If you're not paying for the product, you are the product."* Artificial intelligence is no longer just a passive tool—it has become the silent middleman of modern commerce, dictating what we see, what we desire, and ultimately, what we buy. The traditional marketplace was once driven by human intuition, negotiation, and demand. Now, AI ensures that demand itself is manufactured, curated, and manipulated through invisible algorithms working behind the scenes. We assume we're consumers, actively making decisions, but in reality, we are often just data points in an AI-controlled marketplace.

THE HIDDEN HAND OF AI: HOW ALGORITHM CONTROLS THE MARKET

The internet once promised unparalleled freedom of choice, but today, that choice is a carefully controlled illusion. Whether we are shopping online, searching for a restaurant, or deciding which news articles to read, AI-powered recommendation engines dictate what appears in front of us. The information we consume and the products we purchase are no longer simply the result of personal preferences but of meticulously engineered algorithms that shape our perception of what is desirable or necessary.

Take Amazon, for example. Its recommendation engine doesn't just show you products—it nudges you toward specific choices, often prioritizing items that maximize its own profits rather than what is best for you. Google search results aren't purely ranked by relevance but by AI-driven advertising models that push sponsored content to the top. Even something as basic as ride-hailing is controlled by AI, where companies like Uber adjust fares dynamically, ensuring that the price you pay isn't necessarily fair—it's simply what the algorithm calculates you're willing to accept at that moment.

The result? Consumers believe they're making independent choices, but in reality, they are being steered down a path designed by AI-driven profit models. What appears on your screen isn't a reflection of the best or most relevant option; it's the option the algorithm wants you to see.

This shift from organic to algorithmic curation means that we're not just consuming content—we're consuming predictions about ourselves. The platforms learn from our past behavior and show us more of the same, creating digital echo chambers that narrow our exposure rather than expand it. What appears to be "choice" is often just the algorithm's best guess at what will capture our attention—and it's usually spot on.

THE INVISIBLE WORKFORCE: ARE WE SECRETLY WORKING FOR AI?

Ever solved a CAPTCHA? Congratulations—you've worked for AI for free.

Most of us don't realize it, but we participate in digital labor every day. Every time you confirm "I'm not a robot" by identifying blurry of traffic lights or selecting fire hydrants, you're training visual recognition systems used by self-driving cars and surveillance tools. When you tag friends in photos or correct Siri's mispronunciations, you're helping AI get smarter. You're working for it—for free. You are feeding AI with valuable behavioral data. This phenomenon is increasingly being referred to as algorithmic exploitation or data servitude.

This invisible labor force extends beyond everyday users. Many AI-driven systems aren't as autonomous as they seem—they rely on thousands of underpaid workers in developing countries to label images, moderate content, and train models. The AI revolution isn't just about replacing humans with machines—it's about disguising human labor as automation.

In 2018, a Reddit user shared their experience of working on Amazon Mechanical Turk. For six to seven hours a day, they would tag images, verify receipts, and moderate content—all to help train machine learning models. Their words were simple but haunting: "I train AI for a living, and I barely make minimum wage." That quote sparked conversations about an emerging class of digital workers—those who power the intelligence behind the AI but remain largely invisible and undercompensated.

According to a 2022 report by the Oxford Internet Institute, over 20 million people globally are engaged in this kind of microwork—the small, fragmented tasks that are crucial to powering modern AI systems. Yet, despite being the backbone of the digital economy, these workers remain in the shadows—without benefits, protections, or acknowledgment.

As George Orwell wrote, "All animals are equal, but some animals are more equal than others." In the world of AI, some individuals profit from its intelligence, while the rest unknowingly build it—without ever seeing a dime.

THE DEATH OF PRICE TRANSPARENCY: HOW AI CHARGES US DIFFERENTLY

Once upon a time, the price tag on a product was fixed—visible to all, fair to all. Today, that idea feels almost quaint. We now live in the age of dynamic pricing, where what you pay isn't determined just by product value, but by what an algorithm thinks you will pay.

So, how does dynamic pricing actually work? It's not a simple markup or discount. AI systems continuously analyze dozens of variables—your browsing history, location, time of day, device type, purchase behavior, and even how many times you've viewed a product. Based on this data, it decides the price in real-time. The same product could have five different prices for five different people—none of whom know what the others are paying.

Think of it like a digital auction you don't know you're in. Everyone walks into the same store, but the moment you show interest, the price silently adjusts. And just like that, fairness goes out the window.

Take food delivery apps. During peak hours, prices surge—not just for delivery, but for the food itself. A study in the U.S. showed that some users paid 20–40% more for the same meal depending on their order history and location. In India, many Swiggy and Zomato users have reported price hikes when ordering repeatedly from the same restaurant.

Then there's insurance. Two people applying for health insurance online might receive entirely different quotes—even if their medical histories are similar—because the algorithm factors in subtle behavioral cues from how long they stayed on a page or how they answered certain lifestyle questions. Online education platforms also experiment with personalized pricing, where the same course might be offered at a discount to one user and at full price to another based on engagement history or location.

CASE STUDY 1: WHEN DYNAMIC PRICING HELPED

Riya, a student in Delhi, kept browsing an online coding course but never enrolled. She left it in her cart and ignored multiple emails. A few weeks later, she received a 60% discount. Thanks to dynamic pricing, she got access to an expensive course at a price she could actually afford. For her, it worked.

CASE STUDY 2: WHEN IT DIDN'T

On the other hand, Aarav, a freelancer from Mumbai, booked a flight ticket late at night after checking prices multiple times throughout the day. The system interpreted his repeated visits as urgency and interest—and the price shot up by ₱2,000. He paid more, not because demand had risen, but because the system knew he was less likely to back out.

This shift away from fixed pricing to AI-powered pricing means we no longer walk into a store knowing what things cost. We walk in, and the store sizes us up first. In this new economy, **AI is the shopkeeper, the negotiator, and the strategist—all rolled into one.**

AI'S MONOPOLY POWER: CAN SMALL BUSINESSES COMPETE?

Last month, I ordered coffee beans from a small roastery I discovered on Instagram. A week later, when I tried to find their page again, it had nearly vanished from my search suggestions. In its place were sponsored posts from larger, better-known coffee brands. I hadn't changed my interest—but the algorithm had clearly changed its priority.

That's the reality for thousands of small businesses trying to survive in a marketplace that looks open but is algorithmically stacked. Platforms that once promised reach and visibility have turned into tightly guarded corridors where visibility is bought, not earned.

AI is not just helping big companies scale; it's helping them dominate. Search engines give higher ranking to brands with bigger ad budgets. Amazon subtly promotes its in-house products over independent sellers. Food delivery platforms often show restaurants that pay higher commissions more prominently—even if others are rated better.

For small businesses, offering a great product or service is no longer enough. They're competing not on quality, but on algorithmic favor. And the algorithm? It almost always favors those who can afford to play the game.

AI BIAS: THE SILENT DISCRIMINATOR

We often think of technology as objective. But AI inherits the flaws of the data it's trained on—and that data comes from us. Bias doesn't just exist in courtrooms or job interviews. It's built into the very systems we interact with every day.

When a woman searches for jobs online and only sees roles in support or HR while her male counterpart gets executive roles, that's algorithmic bias. When facial recognition struggles more to identify darker-skinned individuals, that's a data gap turned into a digital injustice. When a credit card company offers higher limits to men than women with the same income, that's not a glitch—it's a pattern AI has learned and amplified.

These aren't abstract issues. **They're shaping real decisions with real consequences,** often at lightning speed—faster than any human system could be reviewed or regulated.

As physicist Niels Bohr put it, "Prediction is very difficult, especially if it's about the future." But if we let AI learn from our past, we risk repeating the worst of it—at scale.

THE FUTURE: CAN WE RECLAIM CONTROL?

AI is already embedded in our daily lives, but that doesn't mean it's beyond our influence. We don't need to reject technology—we need to reshape our relationship with it.

People are already beginning to fight back. Regulators in the EU are passing frameworks to demand transparency and fairness in AI systems. Grassroots movements are pushing back against surveillance capitalism. Developers are creating ethical AI tools and privacy-first alternatives to data-hungry platforms.

But the most powerful weapon we have is **digital literacy**. The more we understand how algorithms work, the less likely we are to be manipulated by them. Recognizing how and when we're being influenced—by personalized pricing, by targeted ads, by filtered content—is the first step toward reclaiming agency.

We need to teach ourselves and each other not just how to use technology, but how technology uses us. Only then can we challenge the systems shaping our choices, pricing our attention, and filtering our opportunities.

Because if we don't question the algorithm, it will keep rewriting the rules without us.

CONCLUSION: THE MARKETPLACE OF THE FUTURE

AI isn’t just influencing the economy—it’s quietly rewriting its rules. It curates our choices, alters our prices, and reshapes competition, all without us noticing.

But systems built in silence can be challenged in awareness. If we want a fairer digital future, we must question what’s shown to us, how it’s priced, and who benefits.

Because in the age of algorithms, the real power lies not in the data collected—but in how we choose to respond to it.

So, are we still consumers? Or are we just **AI’s most valuable product?**

A WORLD WITHOUT WORK: UTOPIA OR DYSTOPIA?

By Anshita

In recent years, the nature of work and employment has been undergoing a profound transformation, driven by rapid advancements in automation and artificial intelligence. Real-world examples abound-self-driving trucks are beginning to replace long-haul drivers, while Al tools are taking over roles in customer service, content creation, and even legal research.. The advancement in technology is putting machines in control of tasks previously thought impossible.. This development prompts a curious inquiry:

Would a world where humans no longer need to work be a utopia—offering freedom and creativity—or a dystopia, stripping away meaning and social cohesion?

THE CASE FOR UTOPIA: A WORK-FREE PARADISE

Diverse visions arise when considering a world without work. Proponents of technological advancement imagine a utopia where humans are liberated from the mundane tasks of labor by machines.

1. Freedom for Creativity and Intellectual Pursuits

Without the constraints of a 9-to-5 job, people could pursue artistic expression, scientific innovation, and intellectual exploration. History reveals that leisure sparks creativity—consider the Renaissance, it was a product of societies that valued knowledge and curiosity. These days, we witness people quitting traditional jobs to pursue their passions: digital artists creating lucrative careers on Patreon and Behance, independent game developers releasing ground-breaking titles, and content creators flourishing on YouTube and Instagram. These illustrations show the promise of a flexible or work-free future in which contributions and creativity, rather than jobs, determine purpose.

2. UNIVERSAL BASIC INCOME (ENSURES SECURITY OF EVERYONE)

For a future anticipation that lacks work structures in place, few ideas prove to be more solid than a universal basic income (UBI). As every citizen is able to live within a specific budget, it is assured that under a universal UBI allowance, it would be available throughout the day in receiving encapsulations of food or a secure bed to sleep in. This condition would work as long as the productivity of mechanized systems and artificial intelligence didn't worsen beyond expectations. Payment for serviced systems would pose no cost on finance if stupidity from responsive people wasn't sought.

However, despite its appeal, UBI has received notable criticism. Many economists argue that providing unconditional income could disincentivize work, reduce productivity, and strain national budgets. There are also concerns that funding UBI might divert resources away from crucial public services such as healthcare and education. Furthermore, the outcomes of short-term pilot projects cannot yet predict the long-term social and economic impacts of large-scale implementation.

In Finland and Canada, UBI showed a lot of promise within its pilot projects. It was proven to remove poverty and aided citizens around the country. If bottom-line funds aren't a concern, people could pour their energy into fresh endeavors, entrepreneurship, or artistic goals without restrictions, resenting how you are sustaining needs.

3. REALITY WITHOUT WORK IS ALLOWING TO TAKE BETTER CARE OF MENTAL AND PHYSICAL HEALTH

Stress and burnout, along with self-inflicted mental well-being concerns, are increasingly common in the modern world associated with working at jobs. According to a 2021 Indeed survey, over 52% of workers reported feeling burned out, with 67% saying the feeling worsened during the pandemic. A 2022 Gallup report found that 43% of employees globally experienced high levels of stress—the highest in over a decade.

In Japan, the term "karoshi" literally means death by overwork, highlighting the extreme toll of toxic work culture. In the U.S., companies like Nike and LinkedIn gave employees paid mental health weeks in response to widespread burnout.

In a reality where work is no longer necessary for survival, such chronic stress and burnout would slowly fade away. There would be no need for meditation apps or rigid exercise routines just to feel stable. People could instead pursue creative, restorative, and meaningful activities—art, nature walks, community bonding—that support both mind and body without being driven by exhaustion or survival anxiety.

4. Environmental Sustainability

Automation and AI could minimize environmental damage by optimizing resource use. Reduced human-centered industries could lower the ecological footprint, while automated systems might improve energy management and waste reduction. By shifting societal values from productivity to sustainability, long-term environmental regeneration could become a reality.

Real-world examples already hint at this potential:

- Smart cities like Singapore and Amsterdam use AI-driven systems to manage traffic, energy consumption, and waste, leading to more efficient and sustainable urban living.
- In agriculture, AI technologies such as precision farming, autonomous tractors, and crop-monitoring drones help conserve water, reduce pesticide use, and enhance yield—all while minimizing environmental harm.
- These innovations demonstrate how automation, when aligned with ecological goals, could support a future where both nature and society thrive.

The Case for Dystopia: The Dark Side of a Work-Free World

Although the idea of a utopia without labor is appealing, critics warn it could lead to a dystopia marked by loss of identity, inequality, and social disintegration.

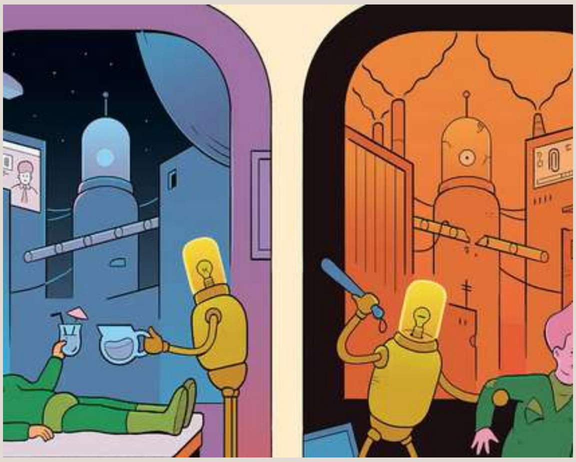
1. Loss of Identity and Purpose

For many, work serves as a source of identity and purpose in addition to being a means of subsistence. Structure, social interaction, and a sense of achievement are all provided by jobs.

People might find it difficult to find purpose in their lives without these pillars.
According to philosopher Hannah Arendt, human dignity is inextricably linked to labor. People may experience an existential crisis if they are unable to make a meaningful contribution. The challenge in a society without work would be to redefine value beyond labor, acknowledging that productivity is not the only factor that determines a person's worth.

2. AI MONOPOLY AND ECONOMIC INEQUALITY

The economic advantages of AI run a serious risk of being concentrated in the hands of a select few, notwithstanding the potential of universal basic income. Controlling AI infrastructure could allow tech giants to amass previously unheard-of wealth and power, thereby escalating already existing social disparities.



3. MENTAL HEALTH CONCERNS AND SOCIAL ISOLATION

Social cohesiveness and community are fostered by work. Coworkers become friends, and offices are frequently used as forums for group collaboration and problem-solving. These social ties might erode in a society without employment, which would result in a greater sense of loneliness and isolation.
Research indicates that mental health issues like anxiety and depression are more common among those who are unemployed. People who are unemployed may become even more estranged from society and struggle to find meaning in their lives.

4. SURVEILLANCE AND PRIVACY VIOLATIONS

A work-free society might require large-scale surveillance to ensure fair resource distribution. This could lead to increased government monitoring and potential abuse of power. Without strict ethical governance, AI systems designed for resource allocation could become tools for social control, threatening personal freedoms.

STRIKING A BALANCE: CREATING AN AI-POWERED FUTURE

The future does not have to be a choice between utopia and dystopia. With responsible planning and ethical leadership, humanity can harness AI to enhance life while preserving dignity and equity.

1. New Opportunities and Reskilling

Although conventional employment might vanish, new ones stressing social involvement, emotional intelligence, and human creativity will arise. Education systems have to change to provide people tools for an AI-driven society.

Investing in lifelong learning can equip society for jobs in digital ethics, mental health, and environmental sustainability—fields where machines cannot readily replace human insight.

2. Governance of Ethical AI

Regulating artificial intelligence is absolutely essential to stop monopolization and safeguard human rights. Policymakers have to create systems for ethical artificial intelligence deployment, privacy protection, and fair wealth distribution.

Establishing worldwide norms to stop any one organization from obtaining unequal control over AI infrastructure will be greatly aided by international cooperation.

3. Redefining Value and Work

Value in a post-work society has to go beyond compensated labor. Contributions such as artistic creation, volunteering, and caregiving merit acknowledgment. Changing society's emphasis from productivity to holistic well-being will help to create a culture in which individuals are appreciated for who they are rather than only for what they create.

THE DECISION IS OURS: UTOPIA OR DYSTOPIA?

A world without work offers both utopian and dystopian prospects. Although artificial intelligence and automation could free people from drudgery and promote a new era of creativity and leisure, they also run the danger of increasing inequality and compromising human purpose.

The future we build is shaped by our present decisions. Ethical governance, inclusive policies, and a dedication to human dignity will help us to use artificial intelligence's changing power to create a society where purpose, equity, and freedom coexist. The issue is whether we are ready to mold a world without labor for the common benefit, not whether such a world is unavoidable.

THE DEATH OF ECONOMIC THEORY: IS AI MAKING TRADITIONAL ECONOMICS OBSOLETE?

By Navi

WHAT ACTUALLY IS ECONOMICS?

The curious task of economics is to demonstrate to men how little they really know about what they imagine they can design - Friedrich August Von Hayek.

F.A Hayek, born in 1899, was a British economist, famous for his criticism regarding Keynesian welfare state and also shared the Nobel Prize for Economics with Swedish economist Gunnar Mydral.

The quote was given by him in his book-The Fatal Conceit, aimed at criticizing the socialist economic theories and concentrated on the significance of private role.

Economics, the branch of knowledge concerned with production, wealth transfer and consumption, besides its literal and well-read explanation, has different definitions and significance in the viewpoints of different individuals. Some see it as the behavioral study of human consumption, whereas some may simply see it as a model used to predict future human needs and wants. Some may have a deeper understanding about economics whereas, some only have surface level knowledge about it. Whatever it may be, the intersection between all these perspectives lands on one major aspect, as you might have already guessed-human.

ECONOMICS USING AI- CAN AI CATCH UP WITH THE DYNAMIC NATURE OF THE HUMAN WANTS?

If we go deeper into the discussion, one might arrive at the intriguing confusion of the way of knowing how an average human will react to certain conditions presented to him/her. Well, let's just say the best way to get to know someone is to put oneself in their shoes, even better and easier if you're already one of them.

But what will happen if someone or something that has had no human experience once in their existence tries to overcome humanistic problems merely on the basis of theoretical human interactions demonstrated to them?

That sounds quite strange and impossible if we're being honest. And it is happening in the present right now, with the evolution of AI, which again is a little hard to believe.

Let's look deeply into this scenario and try to find out if AI in the field of economics is a boon for the economies or just another way of replacing humans.

AI comprises computer systems that allow machines to perform tasks that generally require human intelligence; it includes functions like reasoning, decision making and problem solving. The introduction of AI in the field of Economics has led to Greater efficiency making it easy to analyse trends, anticipate certain preferences in products using consumer data and what not.

AI AND ECONOMIC MODELS

As far as we know, economic models are purely based on human behavior, which is often unpredictable and ever-changing—the quality that makes economics interesting and not everyone's cup of tea. AI, with its proactive features can recognize patterns and similarities in the vast historical economic data provided to us, which is honestly a tiring task for any human or even groups of humans to perform. AI can also help in behavior identification by analysing past preferences charts of human consumption. Unlike this, economic predictions require the current and anticipated situations of the country as well, something that a rigid and constant tool like AI may not withhold due to its limitations in training on data.

The primary feature of AI is that it feeds on data and information provided to it and not the practical aspects of studies.

Human study involves a very fine observation of human interactions that can't always be put into theoretical theses and can only be detected by another human being, which limits the perspective of AI, which increases the chance of solutions that look perfect on paper but can't really be put into practice.

Although, if we look at the positive side, AI can grasp the smallest information from presented data that the human eye may not notice. Undoubtedly, AI has been very successful in a lot of ways in the field of economic modelling. Ml models that include neural networks, decision trees or ensemble methods help capturing non linear relationships and as we have already acknowledged, AI processes huge amounts of data within no time and accuracy exponentially increasing the productivity.

PERSONALISATION OF TRADITIONAL SUPPLY AND DEMAND MODELS- THE CATCH BEHIND THE AUTOMATED THEORIES

The development of AI has exponentially helped businesses and organizations keep track of past trends in the demands of their active and potential customers, explaining consumer demands and preferences deeply, the changes in consumer taste and needs, and giving out new information on the relation of prices, technology, and other factors to demand as well as the supply of the particular businesses. AI, in a way, has spared businesses a lot of shortcomings using the past consumer data to forecast their preferences.

Indirectly, AI has resulted in more personalised supply chains which in turn improved consumer satisfaction. However, such personalisation between demand, supply and their factors can contradict the traditional approach towards demand and supply, disregarding the decades of efforts put into these models by experienced economists and also hampering the universally applicable laws of demand and supply that support the working of the economies. It's best if the core principles of Traditional Economics are used as base for the predictions and forecasts made for the businesses as those principles have made it out in the practical world and thrived, which explains that the principles are in accordance with human experience that AI lacks.

If AI actually takes over the working of demand and supply, it can cause a massive dysfunction in the present overall economies of the world if even one step turns out to be the wrong one.

AI DRIVEN ECONOMY- CAN IT THRIVE?

AI, as we assume, is highly accurate and precise with the provided data and the analysis done with them, which is undeniably beneficial for prediction and forecasts. AI can help increase the analytical productivity of the workforce by taking over the data-driven tasks, allowing the workforce to focus more on policy making and execution. It is quite inevitable that AI will displace a lot of jobs as predicted, but on the brighter side there is a positive chance for creation of new jobs due to the involvement of AI. For instance, as the popularity of AI takes over, the need for teaching basic AI skills will also arise in the market, giving a helping hand to the teaching sector. Again, AI is a whole separate area of study which indicates required supervision and new laws preventing the misuse of AI, generating more scope in the field of law.

But on the other hand, if we let AI work across all sectors, it most probably will come with severe drawbacks that aren't affordable for any economy. Now, even though we all love highlighting how accurate AI's analysis can be, there is still no way of knowing how AI's algorithm is set to process the data provided to it and how it arrives at the conclusion that it presents. In short, there is little to no transparency on the inner workings of the AI. Some secondary issues like the data being biased or compromised possess concern with conclusions as well.

If we look broadly into this case, we'll see that AI is presumed to abolish inflation, recessions, and all other problems in the economy that act as obstacles to economic growth and development. The relevance of analysis done by AI is above satisfactory and hence is supposed to improve the current conditions of the economic models. Somewhere along the way, we are forgetting that one of the major problems of the economy, i.e., unemployment, has been adversely impacted by the launch and overuse of AI.

The over-dependence on AI for innovative as well as repetitive tasks has reduced human potential to a very concerning level. The challenges and competition in jobs have now extended due to the arrival of AI and them tackling humanistic creativity and naturally winning at it. The severity of this scenario will enhance in the upcoming future because the income gap within the people will increase; the individuals well capable of upskilling and working with AIs will proportionally earn way more than the less skilled crowd, which will be left behind due to a lack of the same opportunities.

CONCLUSION- ARRIVING AT A MIDDLE GROUND

In the end, it's really essential to understand that AI, when used with careful consideration, can significantly reduce the problems our current economy is going through, but it cannot help humans by robbing them of their own jobs. Specially when AI is a foreign concept for most of the people, there is a dire need to aware the citizens about the existence of AI. AI will only be positively accepted by society if it doesn't pose a threat to their livelihood; otherwise, no rational-minded person will think of AI as an impactful resource. That's one of the reasons why we need AI literacy, the sooner, the better. AI in itself can't be relied upon, as it itself depends on the data and information that once was discovered by humans. Even if AI guarantees precision, it still cannot operate without proper human oversight. Ignorance in these matters can easily lead to an undesirable situation where conclusions are compromised in most of the cases.

From one way or the other, AI is dependent on humans, and that's what makes this situation interdependent for both machines and humans, or as one may call it, perhaps an ecosystem!

SECTION II: *WEALTH KALEIDOSCOPE*: GENERATIONS, WEALTH AND DEBT

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FROM INHERITANCE TO INEQUALITY: OLD MONEY , NEW DIVIDE?

By Riddhima Sapra

Why do some families remain wealthy for generations, while others struggle to break the cycle of poverty?

As individuals progress in life, they encounter various financial inequities around them, from disparities in access to quality education to later experiencing difficulty in arranging college fees , managing loan repayments, and struggling with retirement reserves.

Financial life for some individuals seems unfair. Whereas others are seen to have more financial stability and a secure future. This disparity between individuals is largely influenced by the wealth gap and the generational wealth, which holds the power to determine who has the financial stability and who will have to struggle through the ground to build it . The wealth gap is simply the disparity in net worth and financial assets between the richest and poorest segments of a population, and one of the reasons causing the wealth gap is generational wealth : assets and financial security inherited from previous generations, allowing descendants to maintain or grow their economic status.

This article explores how generational wealth perpetuates economic inequality, widening the gap between those who inherit financial stability and those who must create it on their own.

Wealth is not just the possession of money or valuable physical assets but also the access to quality education and world-class healthcare . However, not everyone has equal access to wealth, and the wealth gap is widening worldwide.

The global wealth distribution is highly skewed. According to the World Inequality Report 2022 , wealth is highly concentrated, with the richest 10% of the population holding 76% of the total wealth, whereas the bottom 50% of the population holds only 2% of the world's wealth. The wealth gap is seen in almost all the countries, both developed and developing countries. But typically , developing countries are characterized by greater inequality than developed countries. While wealth inequality is a global issue, South Africa holds the unfortunate distinction of having the highest wealth disparity in the world.

India being the fifth (5th) largest economy in the world with a GDP of $4.27 trillion (Forbes India) contrasts sharply with its deep-rooted income inequality, which exacerbates social and economic instability. India is on a fast track of development, but unfortunately only for the rich. India's top 1% owned more than 40.5% of its total wealth in 2021, as stated by Oxfam. The combined wealth of India's 100 richest had touched $660 billion, which is more than the GDP of Bangladesh. The sheer scale of this wealth concentration also raises several important policy questions . Research showed that taxing the top 100 Indian billionaires at 2.5% or taxing the top 10 Indian billionaires at 5% would nearly cover the entire amount required to bring an estimated 150 million children back into school. The statistical measure of wealth distribution developed by the Italian statistician Corrado Gini, the Gini coefficient , was forecasted to be 0.35 in 2024. Perhaps most strikingly combined , the total wealth of 63 Indian billionaires is higher than the total Union Budget of India for the fiscal year 2018-19, which was at Rs 24,42,200 crore, underscoring the deep imbalance in resource distribution.

South Africa’s income inequality has become worse over the years. According to the World Bank, the top 1% of earners take home almost 20% of income, and the top 10% take home 65% of the total income. That means that 90% of the South African population owns only 35% of the total income. These High levels of income and wealth inequality are a reality highlighting deep-rooted economic disparities. In the present situation, the incomes in South Africa still remain to be rationalized (whites are more likely to find work than the blacks, and that too with good pay), gendered (female workers get paid 30% less than the male workers), and spatialized (urban workers earn double what those in the countryside do). This overwhelming gap is not just a statistic but also signifies socioeconomic issues, limited financial progression, persistent poverty, and widespread unemployment. Such staggering inequality poses a serious threat to long-term economic stability and social cohesion, making it an alarming situation that demands urgent attention.

Though South Africa represents the worst case of wealth inequality, India too faces economic divide.

Imagine running in a race where all the players are positioned differently at the starting line, some 200 meters beyond the starting line, some even 800 meters beyond the starting line, whereas some pose extreme misfortune and have to start from 400 meters before the line . Is this race fair? Can't say, but it's exactly how financial life works. This uneven start mirrors the reality of wealth distribution, where generational wealth gives some a significant head start, while others must build from the ground up. India's wealth disparity reflects a broader global reality - economic inequality is not just a national issue but a persistent challenge worldwide.

Across countries, the gap between the wealthy and the rest continues to widen, often driven by one crucial factor: generational wealth . More than just accumulated savings, generational wealth determines who gets the head start and who struggles to build it from scratch, shaping economic mobility for generations to come.

This raises an important question: will the rich tend to remain rich over the generations while others will have to bear the generational curse?

Historical data suggests that rich, affluent families often find it difficult to retain their generational privilege. In most cases , their downfall depends on the heirs who descend from them. Preserving generational wealth comes with the challenge of managing taxes, inflation, market fluctuations, and the rising cost of living, which, if not managed properly, may lead to its erosion. Poor investment choices, a lack of diversification, and failing to adapt to new economic choices can accelerate its decline. As the famous saying goes, "From shirtsleeves to shirtsleeves in 3 generations," the three-generation rule highlights how wealth accumulated by the first generation erodes over time, with the third generation losing it entirely. The first generation is often seen as the wealth builders, second one known as the maintainers, while the the third generation known as the squanderers, who become the reason for the downfall of the generational wealth

The CFA Institute has also come up with a mathematical model that explains wealth accumulation using various variables.

1. Amount of heritage received **(H)**
2. Number of heirs to split the wealth **(Q)**
3. the annual rate of return (or interest rate) on the inherited wealth**(i)**
4. Number of years of accumulation **(N)**
5. Annual affluent's expenditure, as a % of his family income **(G)**
6. Divorce rate among affluents and, therefore, wealth split in the process **(D)**
7. Wealth tax **(T)**

The future value that a patriarch will transmit to the second generation of their family will be
= **[(H x (1+i)N) + ((H x i) x (1-G)/Q) x ((1+i)N – 1)/i)] x (1-T)**

Charity has long been seen as a tool for addressing income inequalities, providing immediate relief to those in need; however , can it bridge the wealth gap when generational wealth keeps inequality in place? Well, the charity can indeed provide short-term relief and support, but they cannot do structural changes in an economy, such as eliminating wage disparities, lack of access to capital, or tax policies favoring the wealthy section of society.

Apart from this, philanthropy also poses the challenge of their dependence on the wealthy population. According to IRS data, households earning $200,000 or more accounted for just 30 percent of itemized contributions in 2002. That share had grown to 79 percent by 2021, the most recent year available, accelerated by changes in the 2018 Tax Cuts and Jobs Act.

This growth means, as the Chronicle of Philanthropy wrote, that "nonprofit groups have become more dependent on the wealthy generally." So, philanthropy can be used as a tool to hold the power rather than to redistribute it effectively.

The wealth gap is undoubtedly one of the most pressing issues facing society. This is due to the fact that throughout human history there are exposed inequalities, systematic approaches, and the disproportionate amount of existing riches relative to population that divides society into two classes, which makes the wealth gap a chronic problem. Economic growth has led to a drastic increase of middle-class citizens in society but has further strengthened upper-income-tier individuals, which deepens poverty for low-class earnings, thus forming a system that makes enhancing wealth across generations extremely challenging.

The main problem here is the absence of wealth, which, not being available, makes its distribution extremely hard. There are effective ways to combat this issue, such as donating funds of any form however, in order to properly eliminate the problem, a variety of advanced approaches need to be integrated. Solving the wealth gap requires a combination of government policies and public awareness. Countries like Denmark , Sweden, Canada , Finland, Germany, and Norway have successfully reduced wealth inequality by taking strict and effective measures such as high wealth taxes, strong worker protection policies, free healthcare and education (university subsidies), investment in technology , a growing middle class , affordable housing, and progressive taxation.

These policies had a constructive influence on the economy; they lowered the poverty rates and Gini coefficient and built strong public support for redistribution policies and strong economic mobility, particularly for the immigrants. Without a commitment to systematic change, the gap will continue to widen, limiting the opportunities for the future generations.

MONEY TALKS: A CROSS-GENERATIONAL DEEP DIVE INTO FINANCIAL HABITS, INVESTMENT STRATEGIES, AND PERSPECTIVES

By Srishty

Money—it's the heartbeat of our daily grind, whether it's a stack of rupees or a quick tap on a phone. But how we earn it, save it, spend it, and dream about it? That's where the generational divide kicks in with a vengeance. From Baby Boomers who squirreled away cash in coffee cans to Gen Z trading crypto on their phones between classes, each age group has its own flavour of financial flair.

DEFINITIONS AND CONTEXT

I. Baby Boomers: The "Work Hard, Save Harder" (1946-1964)

II. Generation X : The "Caught in the Middle" Survivors (1965 -1980)

III. Millennials: The "Live Now, Pay Later" (1981-1996)

IV. Generation Z : The "Digital Rupee and Big Dreams" (1997 onwards)

FINANCIAL HABITS ACROSS GENERATIONS

Financial habits are greatly influenced by the economic environment experienced by each generation. Boomers, having witnessed periods of economic instability, prioritizes financial security. Near about 80% of this generation prefer fixed deposits and savings accounts as their primary investment choice, relying heavily on insurance policies as savings and protection. They have conservative approach with low-risk and more stable options.

Baby Boomers are born in the post-independence period. Being a baby boomer, you must be well versed with black-and-white Door Darshan, Ambassador cars chugging along, and jobs that lasted till the gold watch retirement party. Money for them was prioritizing stability— after independence and economic ups and downs. They focus wealth preservation and steady income streams which were considered least risky. Research suggested that 65% of Baby Boomers invest in real estate for long-term capital gains and rental income, while 30% opt for fixed deposits and mutual funds. They saved in Post Office schemes, Fixed Deposits (FDs), or buying gold.

“Humare zamane mein paisa jama karte the, na ki udate the,” my Boomer nani declares (“Back in my day, you didn’t mess around with your pay check—you built a fortress with it,” my Boomer grandmother says)

Generation X are India’s gritty middle siblings. They grew up in the ‘80s and ‘90s—watching cable TV burst in, liberalisation, and the IT boom. They are the workforce as India shifted gears, replacing traditional values with a vibrant new economy. For Gen X, money’s about staying afloat. They didn’t believe in turning riches overnight, not after seeing jobs vanish and scams pop up.
They’re the ones who’d tell you, *“Kamao, rakho, par soch samajh ke*”—earn it, keep it, but think it through. They’re the bridge between the old-school savers and the fast-moving kids who came next.

Millennials exhibit a different approach, saving 10-30% of their income while spending significantly on travel, online shopping, and lifestyle upgrades. This generation is highly educated but shows divided savings results with a focus on balancing present enjoyment with future security. Their borrowing habits are notable, with the highest debt servicing via EMIs, often for education loans and gadgets, indicating early credit journeys.
So, they flipped the script. Instead of saving every paisa, they’re splashing out on weekend getaways or that overpriced biryani on Swiggy. *“Why save for a house I’ll never own?”* my elder sister Paridhi laughed once, scrolling through Instagram travel pics. When they do invest, it’s through apps like Groww—mutual funds, SIPs, maybe a dabble in Bitcoin because it’s cool. Gold’s still a thing, but it’s ETFs now, not bangles.

Generation Z is still struggling with their financial habits. Gen Z can’t imagine a world without Wi-Fi or WhatsApp. They focus on education, making their goals achieved and paying off education loans, often desirous of financial independence. Their savings habits differ significantly across gender, age, and annual family income.

INVESTMENT STRATEGIES ACROSS GENERATIONS

Boomers with a focus on wealth preservation, invest 65% in real estate for long-term capital appreciation and rental income, and 30% in fixed deposits and conservative mutual funds, according to the Nielsen study. This generation's prioritize steady incomes, family legacy over high returns.

Generation X balances short term needs and long-term needs with minimum investment in equities and mutual funds, and a large portion on real estate and fixed deposits. They follow portfolio approach investing least in mutual funds Their investment choices are influenced by the economic liberalization of the 1990s and events like the Kargil war, shaping their risk behaviour.

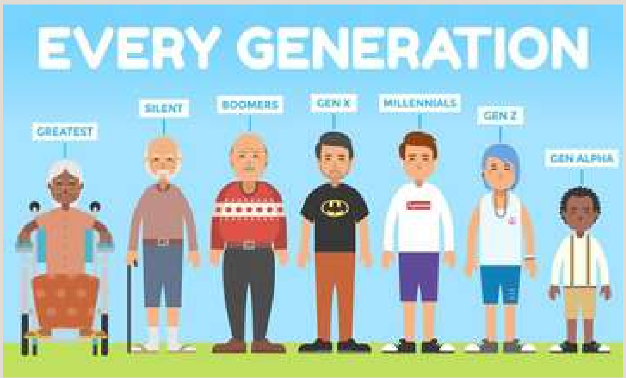
Millennials are risk-taking with 60% investing in equity mutual funds and 40% investing with ESG considerations, according to a study by ET Money. They are the most preferred in mutual funds with big exposure to Public Provident Fund (PPF), National Pension System (NPS), and growing real estate investment with contributions flowing in from the services sector. They are long-term focused in terms of return expectations while also having interest in sustainable investing since there is a trend towards socially responsible investing.

Generation Z with immense exposure to stocks are risk taking and need faster growth. They are inclined towards online platforms such as Zerodha or Groww with 65% using fin-tech apps for convenience and ease of access, as indicated by a Moneycontrol survey. They are the ones buying crypto because some guy on Reels said it's the future.

MONEY PERSPECTIVES AND BORROWING HABITS

For **Baby Boomers** money is about security and legacy, often tied to family needs. They are cautious in borrowing, with Boomers borrowing judiciously for homes, emphasizing stability in real estate, and having the lowest debt servicing.

Generation X considers money as a tool to juggle several commitments, with flexible borrowing behavior, adopting credit cards, and recording the second highest debt repayment in terms of EMIs.



Millennials consider money to be a means to lifestyle and long-term progress with initial credit exposure for education and electronics and maximum debt repayment through EMIs, reflecting on immediate and future requirements.

Shaped by social media and financial influencers, **Gen Z** looks at money with curiosity and desires financial freedom through digital channels. Only 46% are sure about financial awareness and this reflects a gap between awareness and know-how, as per Gen Z vs. Millennials: Approach to Personal Finance in India. They are using digital lending actively and are the biggest target for Buy Now, Pay Later (BNPL) products and are estimated to borrow more and can be set to surpass Millennials in twenty years.

Generation	Financial Habits	Investment Strategies	Money Perspectives
Baby Boomers	High savings, traditional banking	Conservative, bonds, stocks	Retirement focus, stability concerns
Gen X	Established savings, high spending	Diversified, alternative investments	Income focus, family support
Millennials	Debt-burdened, value experiences	Online platforms, ESG, crypto	Financial independence, crisis impact
Gen Z	Budget-conscious, low savings, tech-savvy	Early investing, crypto, ESG, apps	Financial independence, crisis impact

KEY TRENDS AND CONSEQUENCES

Some patterns are evident in this comparison:

I. Risk Appetite: Older generations are traditional and invest in fixed deposits, savings accounts, and property, while younger generations like Millennials and Gen Z tend to invest in equities and mutual funds with a higher risk appetite and focus on long-term appreciation.

II. Embracing Technology: Gen Z and Millennials are leading the adoption of digital financial products and tools, with a love for online platforms and fintech apps. This is transforming investment management and can boost financial inclusion. Older generations are gradually realizing the advantages of technology, especially in wealth management, as has been documented in studies like Council Post: Generational Investment Trends And Automation In Modern Trading.

III. Sustainable Investing: Millennials are focusing the move to ESG investing as they increasingly look to social and environmental stewardship. Gen Z, who are still developing portfolios will follow suit based on their tech-native background and exposure to information on sustainability.

IV. Borrowing Trends: Gen Z's enthusiastic participation in digital lending, particularly BNPL plans, points toward a future where borrowing may eclipse Millennials, whereas Boomers remain cautious, borrowing primarily for housing.

The twist is that younger generations are embracing digital financial products with great enthusiasm that can fill in financial inclusion gaps. While this makes investing accessible to everybody, it also speaks to a higher demand for financial literacy to ensure that decision-making is correct, most urgently for Gen Z, with only 46% of them sure about financial know-how.

CONCLUSION

India's financial history is a finely layered tapestry, with each subsequent generation adding a unique thread. Financial mindsets, investment habits, and money mindsets are as fascinating as they are important to understand, that include Baby Boomer generations who valued security to Gen Z, those who are proficient with technology and risk-taking.

Financial institutions and advisors must modify their goods and services to meet the specific requirements of each generation in order for everyone to do well financially in this changing market.

THE ROAD AHEAD

These are stories that will keep evolving themselves as India rushes towards 2047. Boomers will depend on children and pensions. Gen X will cash in on FDs for retirement. Millennials will juggle SIPs and EMIs with a dream to own the luxuries. Gen Z? They might just retire at 35, crypto millionaires sipping chai in the Himalayas. “Money doesn’t buy happiness, but it buys choices,” a wise man once said and each generation picks its own.

So, what’s your money story? Whether you’re stashing cash under the mattress or betting on Bitcoin, India’s financial journey is a mirror to its people—rooted, restless, and always reaching for more.

THE DEBT TRAP: HOW PSYCHOLOGICAL BIASES KEEP STUCK IN FINANCIAL STRUGGLES

By Anwesha Sharma

Debt, if not managed properly, is a whirlpool. You think with every step you take, you are coming closer to the ground, when in reality, you are simply sinking further and further into the ground. Similarly, with every interest payment you make, you might feel that you are becoming debt-free, when in reality, you are just being pushed into more and more debt due to increasing interest rates. This is where human psychology and their outlook towards money management push them into a debt trap.

To understand why people fall into debt traps, we need to understand people and their psychology towards money. Behavioral finance, a subfield of behavioral economics, proposes that psychological influences and biases affect the financial behavior of investors and financial practitioners.

People and their spending habits play a major role in understanding how they fall into debt traps. Instant gratification and impulse spending are one such phenomenon. Instant gratification refers to the desire to experience pleasure or fulfillment without delay. This urge leads one to choose immediate satisfaction over a future benefit, often disregarding long-term outcomes. Say a person finished a presentation, and now he/she wants to treat himself/herself by, say, ordering pizza. Such spending is completely unnecessary and can turn into a habit if not kept in check.

Indeed, one must always celebrate the small wins for good mental health. But for good financial health, such spending must be avoided. Impulse spending refers to buying goods or services without any prior planning. Periodically, one must make their budget and stick to it. Failing to do so reduces savings and increases unnecessary spending. If one becomes habitual to either of them, they will continue to spend, even if it comes at the cost of debt.

Credit cards and their “Buy Now, Pay Later” scheme function on this psychology of people. It is a type of short-term loan that lets shoppers pay for products in small installments spread over a set period. These services are typically used for minor, although expensive, purchases like smartphones or luxury clothing. Buy Now Pay Later (BNPL) companies have formed one of the most rapidly expanding categories in the consumer finance industry. According to Global Business Report 2025, the global BNPL payment market is expected to grow by 13.7% on an annual basis to reach US$560.1 billion in 2025. The global BNPL market experienced robust growth during 2021-2024, achieving a CAGR of 21.7%. This upward trajectory is expected to continue, with the market forecast to grow at a CAGR of 10.2% during 2025-2030. By the end of 2030, the BNPL sector is projected to expand from its 2024 value of USD 492.8 billion to approximately USD 911.8 billion.

Various psychological biases also play a major role in people's spending habits. The idea of investing in a flawless business plan, even if it means that one must take out a loan, might sound appealing, but one must not forget that the probability of losses in a new business is almost as much as the gain. This human behaviour of overconfidence by focusing on the gains more than the losses is termed as ‘optimism bias.’ An optimism bias is the tendency to overestimate the likelihood of positive events and underestimate the likelihood of negative events. Optimism bias causes most people to expect that things will work out well, even if rationality suggests that problems are inevitable in life. Borrowings and spending made without calculating the possible risks can lead to an increase in financial burden, and a simple debt creating a trap isn’t a long process.

In 1954, psychologist Leon Festinger proposed a theory called “Social Comparison Theory.” In this theory, Festinger says that people tend to evaluate themselves by the success or failure of others. This helps to assess our opinions and abilities. This theory explains people and their spending habits. With the increase in social influence, people try to fit into the social status of society, even if it requires burning a hole in their pockets. Another key concept that shapes people’s spending habits is “lifestyle inflation.”

People think that the act of strutting luxury goods might upgrade their status in society and help them live the dream, that is, the life of influencers. Living off debts can cause a grave in the future. Thus, it is rightly said that he who buys what he does not need steals from himself.

In Big Bang Theory, an American TV show, one of the protagonists, Penny, is shown to be always in debt. Even after getting a stable income from 'The Cheesecake Factory,' she always ends up broke by the end of the month. In one of the episodes, Penny tries to console Sheldon by telling him how she buys a 'cute dress' every time she feels sad. This scene is particularly significant because it depicts the spending habits of almost all the consumers in the world. Shopping is done not just for necessities but also for pleasure. Such emotional spending increases the financial burden, and to cure this burden, people shop. Unfortunately, in this endless loop people forget that the greater loss is that of the money charged on the credit card.

In one of the episodes of *Tarak Mehta ka Oolta Chashma*, a famous Indian TV serial, they show how when Babita didn't have any cash on her, she paid using her credit card. Fascinated by the idea of 'free money," which in reality is nothing but a debt, other members of the society start using their credit cards recklessly.

It is a tendency to increase one's spending as their income increases. There is a saying that says, "Money can't buy happiness, but I'd rather cry in a Jaguar than in a bus." But if we learn to smile on the bus, the need for unnecessary spending would decrease, which would lead to an increase in the wealth of the person. Lifestyle inflation starts due to social comparison. After one comes to a higher income bracket, they start spending recklessly. Their wants become needs. Such consumer behavior hinders financial goals and leads to little to no savings for the future.

The use of status symbol goods, or as economists call them, "Veblen goods," has led to a rapid increase in demand for such luxury items. The urge to live a life like every celebrity is a distant dream, but consumers believe that if they own the luxury items as they do, they will feel as if they are a part of their lives. Consumers need to understand that lavish life comes with a cost other than money.

One of the examples is how a man once bought a BMW and his social status boomed drastically. However, the problem was that he bought it by taking a loan from the bank. When he could not pay the loan back, the car was seized.

This is a common psychological behavior among humans that the companies target. By providing enticing offers such as cashback, EMI, lifestyle perks, credit scores, etc., companies get a guaranteed loyal customer base. Using credit cards isn't wrong, but one mustn't forget that at the end of the day, it is just a debt that needs to be repaid because a habit of not paying the bills and continuous careless spending can lead to a debt trap.

A financially disciplined person makes rational decisions about money management. They are able to control impulse spending and pay their bills on time. Thus, to prevent debt traps, we must first focus on financial literacy. Financial literacy includes money management and understanding how one can have a secure financial future.

Other methods to work towards better money management and not fall into debt traps include practicing delayed gratification. One indeed wishes to celebrate small wins. But saving them all for a bigger one not only helps in controlling impulsive spending but also promotes patience and mindfulness. Another pattern noticed among humans is that they spend money whenever they feel overwhelmed.

Thus, people need to understand such emotional triggers and find pocket-friendly alternatives whenever they feel the need to shop. Such small practices can lead to a greater change in one's behavior towards money.

If one is in a debt trap, the best method to tackle it is through the debt snowball method. It is a strategy of repaying debts in ascending order. Basically, one first pays the smallest balance and progressively works towards paying the largest amount. The idea behind this is that such small wins act as dopamine as one is getting closer and closer to the end. Though in the beginning, repayment seems to be a sacrifice from the lavish life one can have, it is a financial freedom, as one can have a stress-free financial future.

Understanding such cognitive bias that one has towards money can help in identifying what triggers them and what could motivate them to break the chain. It is rightly said that a stitch in time saves nine. Therefore, one must begin now. After all, it is never too late. Working towards the change in attitude towards money management, one can break free from the shackles of the debt trap.

SECTION III:

FASHION'S FISCAL FRONTIER

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Section Co-Editor: Lawanya Gupta
Writer: Lakshita Tyagi

CALCULUS OF COUTURE

By Riya Gupta

INTRODUCTION

"Luxury is the ease of a t-shirt in a very expensive dress."
-Mr. Karl Lagerfeld

The global luxury fashion is a fairytale of prestige, craftsmanship, and timeless appeal. Yet, it is also a story about strategy, how brands preserve desirability, how pricing changes perception, and how luxury continues to be a powerful investment. True luxury retains worth and often gains value over time, unlike monetary trends. An Audemars Piguet watch is more than just an indulgence, it is an investment, guarded by careful brand positioning and scarcity-driven pricing. But how do these strategies promise everlasting value? And how does the luxury market withstand economic volatility? Join me as I take you through the ins and outs of the global luxury fashion market.

PRICING POWER

Currently valued at $308.7 billion, the luxury market's future is projected to grow by 7% as the economy enters its post-pandemic era. However, the sustainability of this development depends on the unique pricing strategies adopted by luxury brands. As economic conditions fluctuate, brands navigate through financial challenges, maintaining strong customer relationships and staying ahead of the competition. Pricing plays a crucial role in modifying the brand value, influencing consumer perception, and ensuring long-term profitability. For example, Prada engages in seasonal repricing, adjusting product prices mid-season based on demand and regional performance. In this section, we explore how luxury brands strategically structure their pricing models and the key factors that define their value in an increasingly competitive and dynamic global market.

1. **The Prestigious Price**
While 99 pricing strategies are popular amongst retail shoppers, they tend to be less effective in the luxury market. Affluent clients are more drawn to rounded pricing, with a $599 bag perceived as less desirable than one priced at $600. This can be reasoned by "**Behavioral Economics**," which explores how psychological and emotional factors influence major purchasings.

In luxury contexts, rounded prices are viewed as more trustworthy, timeless, and an indication of premium quality, hence enhancing the product's investment appeal. Unlike 99 pricing, which signals affordability, consumers automatically associate these rounded figures with durability and long-term value, making luxury purchases feel more like thoughtful investments than impulse purchases.

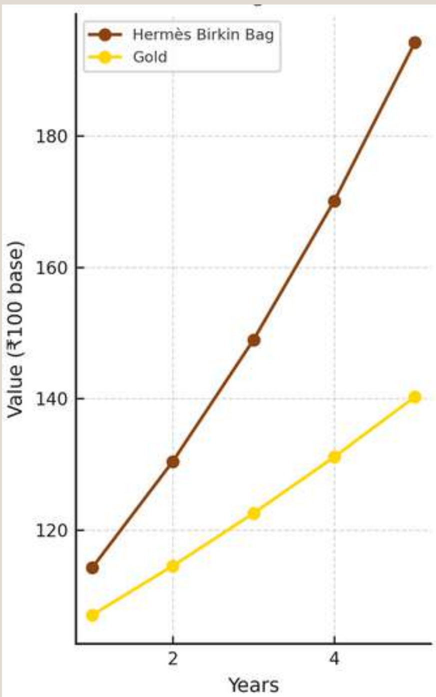
2. **Customer Segmentation**
There have also been shifts in the market, where brands introduce differentiated ranges to appeal to various profiles. Luxury accessories attract young consumers, serving as an entry point, while flagship products are reserved for mature, high-spending customers. This market differentiation strategy ensures sustained revenue, reinforces brand prestige, and fosters long-term customer loyalty.

3. **Rarity and Perceived Value**
Luxury brands cleverly employ scarcity-driven marketing, positioning certain goods as exclusive collections to affect consumer behavior. This technique lines up with the principle of supply and demand, where perceived rarity provokes desirability. By creating a sense of urgency, brands encourage impulse buying, as consumers fear missing out on unique experiences. Louis Vuitton's Jeff Koons collaboration introduced limited-edition handbags inspired by iconic art, driving high demand and prompting collectors to act swiftly before their opportunity to purchase diminished.

By skillfully shaping perceptions, views, and symbolic values, luxury brands create lasting impressions on customers. Therefore, crafting a unique pricing strategy requires a deeper understanding of segmentation, creativity, and market analysis.

LUXURY FASHION AS AN INVESTMENT ASSET

Luxury fashion is not only a status of prestige and reliability but sometimes, more than that. An exceptionally underrated form of investment, it offers arguably the most assured chances for wealth growth and personal fulfillment.
As more people recognize the potential for long-term financial gains, it becomes necessary for the brands to strategize for upholding the exclusivity and heritage that characterize premium products and services.



Beyond owning something handcrafted and assembled for you lies the greater benefit of a wise financial choice that yields returns and security in stable and unstable waters. **The Chanel Classic Flap, for example, increased from $6,200 in 2018 to $11,000 in 2023—an escalation of more than 70% in just five years**. Something most conventional investments fail to achieve. Together, these factors make luxury a tempting choice for those seeking aesthetic fulfillment and financial security.

1.Long-term Value Appreciation:
The likelihood of value growth in the long term makes investing in luxury goods highly attractive. Fancy goods like luxurious handbags, rare watches, and fine jewellery habitually increase in value, often outperforming traditional investments like bonds and equities. Pieces such as a Patek Philippe fetch staggering prices at auctions, surpassing gold investments in minutes, and of course, the flagship Hermès Birkin bag offers annual returns of up to 14.2%. With years-long waitlists and meticulous craftsmanship, it instills exclusivity while outperforming conventional assets. This ensures financial security on a whole new level while you look stinkingly luxurious.

2. Tangible Assets with Real Value:
Unlike conventional assets, which sit in your bank accounts, luxury assets are things you can touch and feel. Whether it's a rare 200-year-old wine bottle, or a work of art, these things give you a sense of accomplishment and an extra moment of joy while donning an extremely vintage Chanel jacket that has been passed down through generations. These small moments make investing your hard-earned money worth it and connect with them emotionally.

3. Portfolio Diversification:
Rule no. 1 for investing? Never put all your eggs in one basket. On the contrary, with luxurious goods, all the assets can be put in one basket.

These goods prove to be economically immune, reasoning their inelastic demand among high-net-worth individuals, whose spending remains steady despite market fluctuations. The **Veblen Effect**, is a situation where higher prices make goods more desirable as they signal status and exclusivity, further strengthening this, as exclusivity drives demand. Strong brand equity, limited supply, and the perception of luxury as an investment asset safeguard its economic immunity.

Antique automobiles like Ferraris or fine arts are seen as dependable investments because rather than depreciating, they only appreciate over time. So, to bring stability to your portfolio and lower the overall risk during unwanted stock market conditions, luxurious assets can prove to be a wise decision.

To outline, global luxury brands play a crucial role in ensuring that luxurious goods provide customers with a distinctive combination of financial comfort, personal satisfaction, and potential growth. Whether through collectible art, exclusive jewellery, or a swanky wardrobe, luxury assets are so much more than society symbols of prestige - they are priceless additions that can strengthen and diversify your portfolio investment.

IMPACT OF ECONOMIC RECESSION ON LUXURY SPENDING

Inflation impacts both consumers and producers, and the luxury sector is no exception. As prices rise, brands struggle to stay relevant without losing allure. Some buyers, deterred by reduced purchasing power, prompt firms to innovate pricing and strategies, balancing exclusivity with appeal to resilient customers.

Economically, luxury brands preserve demand by differentiating through personalization and limited editions, fostering scarcity and exclusivity. They also emphasize value assets like leveraging brand heritage, storytelling, and artistry to position goods as long-term investments.
This section explores how the industry thrives amid economic pressures while maintaining its essence.

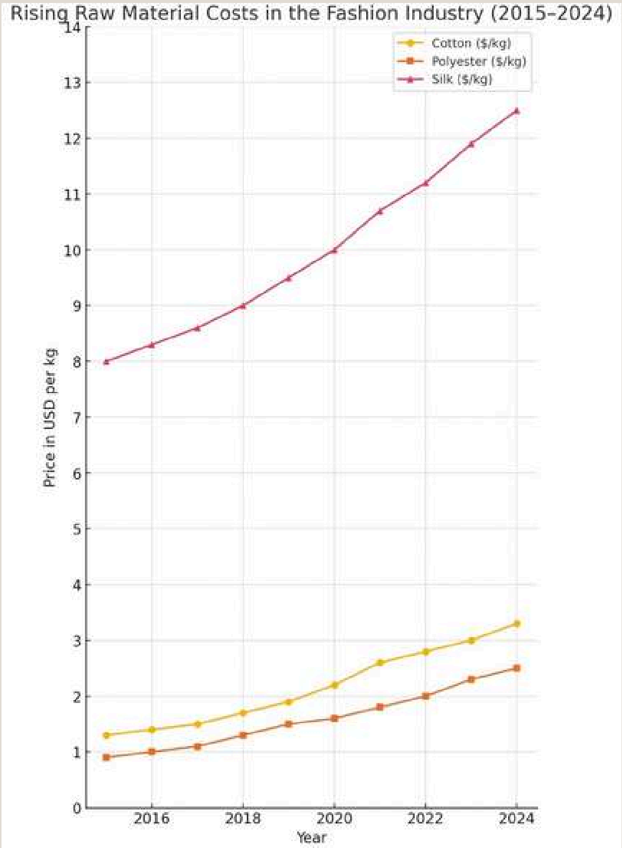
1.**Dynamic Pricing Strategies:**
“Some companies gradually raise prices instead of making significant increases all at once, which helps minimize the perceived impact on consumers.”

One of the main reactions of luxury brands in times of inflation is the adaptation of unique pricing strategies. However, these pricing strategies are implemented very carefully, not to scare away the customers but rather to attract them even in case of economic downfall. Reputed fashion houses like Chanel, and Rolex increase prices over time rather than abruptly inflating them, helping to minimize the psychological effect on consumers.

Additionally, some reports have also suggested that these houses tend to increase the prices of their exclusive offerings, which solely represent the brand more often, rather than modifying the prices of less distinctive items to appeal to a broader audience and not only a specific clientele.

2 Supply Chain Optimisation:

Optimization of supply chain dynamics plays a crucial role in curbing the effects of inflation. For instance, Burberry has invested in digital supply chain platforms to enhance real-time visibility and reduce lead times, allowing it to adapt swiftly to market changes without compromising brand integrity. The cost of materials and logistics are two crucial components that are hugely struck by inflation in any brand. This has compelled brands to explore ways that reduce only expenses and not the trust customers have in the them. From an economic perspective, supply chain optimization is essential for cost efficiency and sustained profitability. It includes re-discussing agreements with suppliers to stabilize input costs, implementing effective transportation routes to minimize logistical expenses, and, for some brands, relocating production sites closer to key markets to reduce secondary costs. These measures help brands maintain financial resilience while ensuring their competitive position in the luxury market.



.Enhancing the Brand-Customer Relationship:

During critical times, like inflation, big brands and their profits suffer, along with their relationship with customers. To counter, brands strengthen ties with existing customers by offering top-notch luxury services, creating a mirage that the brand cares about them. These services often include loyalty programs and privileged access to events, launches. After-sales follow-ups through complimentary gifts, curated styling tips, or early access to collections play a crucial role in further enhancing relationships. Hence, these strategies help retain high-value clients, ensuring continued brand loyalty even during financial uncertainty.

1 Loyalty Programs

2 Privileged Access

3 Complimentary Gifts

4 Curated Styling Tips

Hermès's Resilience During Economic Crises

If there is one brand immune to economic downturns, it is the iconic Hermès, proving that exclusivity and brand prestige withstand financial uncertainty. During the 2008 crisis, while luxury brands struggled, Hermès grew. Unlike competitors offering discounts, it maintained a limited supply strategy, keeping Birkin and Kelly bags rare and desirable without diluting the brand value. Unlike competitors offering discounts, it maintained a limited supply strategy, keeping Birkin and Kelly bags rare and desirable without diluting the brand value. Beyond scarcity, its focus on heritage and craftsmanship secured loyalty, making products timeless investments and social status symbols

Expanding into ready-to-wear, accessories, and fragrances softened economic slowdowns.

Hermès' smart decisions during tough times can be better understood using a few economic ideas that show how the brand stayed strong even when the economy was down-

1.Supply-Side Strategy:
Hermès' choice to maintain a limited supply of Birkin and Kelly bags represents a supply-side strategy. By controlling output, they increase perceived rarity and preserve luxury value, even when demand weakens during downturns.

2.Consumer Loyalty:
The emphasis on heritage and craftsmanship promotes consumer loyalty, where customers continue to purchase despite economic instability. This stickiness in consumer behavior reduces Hermès' vulnerability to demand shocks.

3.Counter-Cyclical Business Model:
By expanding into diverse categories like fragrances and accessories, Hermès practices a counter-cyclical approach. These lower-ticket luxury items stay attractive during downturns, supporting revenue even when high-end sales slow.

These strategic gameplays illustrate how the luxury sector adapts and evolves to navigate global economic challenges. The industry’s resilience lies in its unwavering ability to dream, innovate, and seamlessly mold itself to shifting market dynamics. These are the foundation of the luxury market, ensuring its prestige and exclusivity even in the face of unfavorable economic conditions.

But every fairytale has a stepmother whom we all really hate. And this story is no different. Luxury fashion may symbolize exclusivity and investment, but its resilience is not absolute. Counterfeit products pose a major economic threat, diluting brand prestige and disrupting scarcity-driven pricing strategies. With high-quality replicas overflowing in the market, consumer trust weakens, affecting resale values and reducing the justification for premium pricing. The luxury markets become even more vulnerable as, when disposable incomes shrink, even wealthy consumers become more selective, shifting towards alternative assets. Frequent price hikes by brands like Chanel, meant to enhance exclusivity, can drive the buyers apart, making luxury feel less like an investment and more like an overpriced commodity. Lastly, as trends evolve and not all luxury items retain value, the ever-shifting consumer preferences can cause depreciation. While the luxury sector thrives on perception, its true economic strength depends on strategic adaptability, ensuring desirability remains intact despite market turbulence and external threats like counterfeiting.

CONCLUSION:

In short, the global luxury fashion market is a complex place. How the brands set their prices, whether these items are good investments, and how the world's economy changes everything are all crucial components. While fashion may seem like a haven, it's also subject to risks. Prices can skyrocket, and what's popular right now may not stay the same by evening. Staying informed about pricing, market trends, and the overall economic climate is the key to navigating this ever-evolving world. To conclude, make sure you've done your homework before making a big purchase, it'll go a long way.

BEHIND EVERY HEMLINE

By Lawanya Gupta

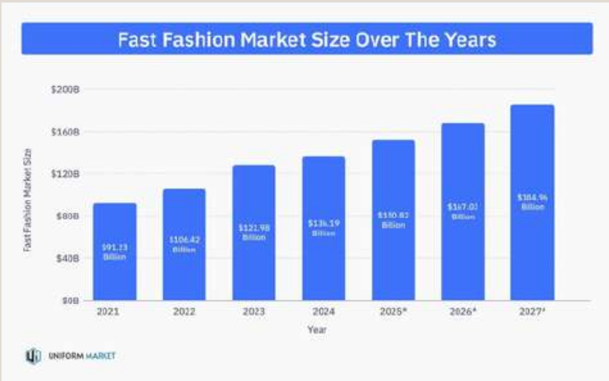
"In 1930, the average American woman owned an average of nine outfits. Today, we each buy more than 60 pieces of new clothing on average per year," writes Elizabeth Cline in *Overdressed: The Shockingly High Cost of Cheap Fashion*.

This staggering transformation reflects the rise of fast fashion—an industry built on speed, volume, and affordability. With brands like Zara, H&M, NewMe, and Forever 21 dropping new collections weekly, shopping has evolved from necessity to entertainment, fueling a culture of constant consumption.

The reason for the success of fast fashion is its affordability and availability in the economy. It works by keeping its supply chains fast and efficient while closely studying consumer behaviour. Although it may appear to be the ideal balance of affordability and convenience, it is very expensive as the environment and the people who make them bear the true cost.
This reality perfectly reflects the harsh truth behind the industry — ***"Fast fashion is not free. Someone, somewhere is paying the price."*** – Lucy Siegle

Fast fashion is now a $150.82 billion industry, it has grown by 10.74% from 2024 and is further estimated to reach $291.1 billion by 2032.

This shows that although more people are advocating for sustainable fashion, the majority don't want to give up fast fashion. This is the reason the industry will keep growing at 10.7% CAGR from 2024 to 2032.



History of Fast Fashion

The origins of fast fashion can be traced back to the 1950s when designers like Mary Quant and André Courrèges introduced shorter hemlines and other avant-garde styles that were quickly copied by mass-market retailers by the 1960s. Quant, widely credited with popularising the miniskirt, championed playful, youthful fashion that broke away from the more conservative silhouettes of the previous decades. Similarly, Courrèges introduced futuristic, minimalist looks with sharp tailoring, geometric cuts, and bright white go-go boots that felt fresh and rebellious.

In the 1990s, a new player entered the scene: Zara. Founded by Amancio Ortega, the Spanish retailer revolutionized the fashion industry with its quick turnaround times and ability to produce new styles every two weeks. The fast fashion business wasn't always this consumer-focused. Before the 1980s, brands prioritized mass production over market trends. But by the late 1990s, the industry had completely shifted to a market-driven approach, by moulding its strategies to consumer preferences.

Cost Structure

So how does a company like Zara and H&M get to $17.8 billion and $23.71 billion? The success of the fast fashion model depends on low production costs. That's how you end up with the low-paid workers and unsafe working conditions in the clothing industry.

To maintain prices low and profit margins high, most fast fashion companies outsources production to nations with few labor laws. Factory workers, usually women and children, are paid obscenely little—sometimes as little as a few cents per item—and labor for extended periods in hazardous environments.

The 2013 Rana Plaza factory collapse in Bangladesh, which claimed the lives of more than 1,100 workers, shed light on the human toll of bargain clothing. Despite global outrage, labor exploitation remains deeply embedded in the system, allowing brands to cut down on production costs while consumers enjoy trendy clothes at throwaway prices. It's a cost-saving strategy, yes,but one that comes at a devastating human price.

Fast fashion isn't just about low wages, it's also about speed. Unlike regular fashion brands that take months to plan their collections, fast fashion companies turn new designs into store-ready clothes in just a few weeks. Zara smartly handles production by making essentials in distant factories to save costs, while trend-driven pieces are produced closer to home, ensuring they reach stores while they're still in demand.

Remember Kate Middleton's wedding dress? It wasn't long before fast fashion brands had copies of it everywhere, proving just how quickly this industry moves. The entire industry is built around speed, variety, and affordability, ensuring that new styles are always available at the lowest possible price.

SUPPLY CHAIN DYNAMICS

From the first spark of inspiration to the moment shoppers get their hands on the latest trends, the supply chain plays a crucial role in keeping the industry running smoothly and ensuring styles hit the market at just the right time.

The fast fashion supply chain refers to the entire process of creating and delivering fashion products, as quickly as possible. It is the backbone of the industry, shaping how clothes go from design sketches to store shelves.

The fast fashion supply chain is important for several reasons:

1.Efficiency and Cost Management: By streamlining production, companies can reduce expenses while keeping up with demand.

2.Globalization of Production: Brands source materials from different places and manufacture garments where it's most cost-effective, making the entire process a global effort.

3.Time-to-Market: A streamlined supply chain helps reduce time-to-market, enabling fashion brands to stay relevant and competitive.

4.Sustainability: By improving the supply chain, brands can cut down on waste, use less energy, and create clothing in a more ethical way.

5.Collaboration and Communication: Making and selling clothes isn't a one-person job. Designers, factory workers, suppliers, and retailers all need to stay in sync. Strong communication keeps everything running smoothly and ensures clothes get to customers without delays.

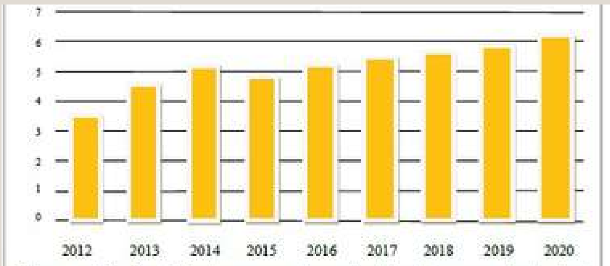
ECONOMIC APPLICATIONS OF FAST FASHION

Fast fashion fuels a constant demand for trendy, affordable clothing, as consumers are encouraged to buy frequently and discard items quickly. Consumers are often more price-sensitive when it comes to fast fashion, readily switching to cheaper alternatives or opting for sales and promotions, resulting in its products to have a higher price elasticity of demand, meaning that a price change can significantly impact the quantity demanded.

Fast fashion also has some economic benefits. To keep prices low, manufacturers look for ways to cut production costs, which often means outsourcing work to developing countries. This process increases global trade, opens up new markets, and strengthens international business ties. These business relationships don't just help the fashion industry, they also play a role in strengthening international diplomacy and economic cooperation.

Though fast fashion often finds itself under fire for its environmental damage and questionable ethics, it's also responsible for creating a vast number of jobs across the world. In nations like India and Cambodia, the textile and apparel sectors aren't just industries, they're lifelines, fueling the economy and supporting countless families. Beyond manufacturing, fast fashion also keeps people working in retail stores, online customer service, warehouses, and shipping companies. The conditions may not be perfect, and the pay is often low, but there's no denying that this industry leaves a huge footprint when it comes to employment.

The Fast fashion industry affects the growth of the apparel industry. As shown in Bar Graph 1, the apparel industry has seen steady growth from 2012 to 2020.



Bar graph 1: Graph 1 shows apparel growth of last ten years due to fast fashion - 3.50 in year 2012, 4.51 in year 2013, 5.15 in year 2014, 4.85 in year 2016, 5.46 in year 2017, 5.69 in year 2018, 5.89 in year 2019 and 6.16

According to the Ellen McArthur Foundation, clothing production has approximately doubled in the last 15 years, driven by a growing middle class and increased per capita sales in developed economies. A 400 percent growth in world GDP by 2050 will translate into more demand for clothing. This might be a chance to improve.

ENVIRONMENTAL AND SOCIAL EXTERNALITIES

The poor quality of fast fashion clothing contributes to the limited lifespans of garments, which often end up decomposing slowly in landfills or being incinerated. In addition, fast fashion clothing has also become a notorious source of microplastics in marine environments as the cheap, plastic-based materials shed fibres that make their way to the oceans. Workers, primarily young women, are subjected to hazardous working conditions while earning unlivable wages.

1.Environmental Impact

•WATER - The fashion industry is the second-largest water consumer, requiring 700 gallons for one cotton shirt and 2,000 for a pair of jeans, enough drinking water for one person for nearly ten years. The process also emits millions of tonnes of greenhouse gases annually, contributing to climate change

From cotton fields to factory floors and shipping routes, each step leaves a large, and often irreversible environmental footprint.

•**MICROPLASTICS** - Brands often use synthetic fibres like polyester and nylon, which take centuries to biodegrade. The International Union for Conservation of Nature estimates that 35% of ocean microplastics come from laundering these textiles. “The True Cost” (2015) reports a 400% rise in clothing consumption over 20 years, with 80 billion new garments bought annually. The average American generates 82 pounds of textile waste each year.

•**ENERGY** - The production of plastic fibres into textiles is an energy-intensive process that requires substantial amounts of petroleum and releases volatile particulate matter and acids such as hydrogen chloride.

•**Textile Waste-** Fastfashion manufacturers frequently use virgin synthetic materials like polyester, nylon, and acrylic because they are quick and inexpensive to produce, allowing them to meet high demand. These synthetic textiles make up 7.7% of municipal solid waste in landfills and take decades or longer to biodegrade.

2.**SOCIAL IMPACTS**

Fast fashion isn't affordable merely because of cheap materials; it's also due to the exploitation of workers globally, 80% of whom are women. Historically, these workers are compensated through a piece rate system, resulting in extremely low wages.

Clothing production has played a role in boosting economic growth in many developing countries, but beneath the surface, it brings with it a host of social challenges. For example:

- According to non-profit Remake, 75 million people are making their clothes today, and 80 percent of apparel is made by young women between the ages of 18 and 24.
- Garment workers, primarily women, in Bangladesh make about $96 per month. The government’s wage board suggested that a garment worker needs 3.5 times that amount in order to live a ‘decent life with basic facilities.’
- A 2018 U.S. Department of Labour found evidence of forced and child labour in the fashion industry in Argentina, Bangladesh, Brazil, China, India, Indonesia and other countries.

Sustainable Alternatives

To overcome the challenges and seize the opportunities, the fast fashion industry in India needs to adopt a sustainable business model that prioritizes environmental and social responsibility. The industry can achieve this by:

- Embracing eco-conscious production methods by minimizing waste and choosing sustainable, planet-friendly materials.
- Committing to ethical labor standards by ensuring workers are paid fairly and operate in safe, humane conditions.
- Encouraging mindful shopping by educating consumers about the environmental and social impact of their fashion choices.
- Building a more responsible supply chain by supporting circular fashion models and actively working to reduce carbon emissions.
- Fostering collaboration with policymakers, NGOs, and consumers to drive collective efforts toward a more sustainable future for fashion.

Conclusion

Although both the fashion industry and consumers have indicated that sustainability is a priority, fast fashion is an increasingly unsustainable market that continues to grow, relatively unchecked. The scale of this industry is enormous: For a company such as Shein, an estimated 1,000 new styles are uploaded daily — though there has been speculation that this figure may be a gross underestimate (Zhou, 2022). With the average number of each garment manufactured ranging from 50-100, according to the Shein website, this results in a minimum of 50,000 new garments created every day.

Changing these practices requires drawing attention to the harms of fast fashion and shifting the narrative from the glamour that has been assigned to overconsumption toward fashion that embraces sustainability and justice.

CODE, COUTURE AND CAPITAL

By Lakshita Tyagi

INTRODUCTION

Fashion has always been about creativity and expression, but in recent years, technology has added a whole new dimension to the industry. However, the relationship between fashion and technology isn't entirely new; it has been evolving for centuries. The Industrial Revolution marked one of the earliest turning points when inventions like the spinning jenny and power loom drastically increased textile production. Later, the sewing machine enabled mass production of garments, making fashion more accessible to the public. In the 20th century, the development of synthetic fibers such as polyester and spandex introduced new textures and functionalities to clothing. Digital tools in the late 20th century, such as computer-aided design (CAD), began to streamline design processes, allowing for more complex patterns and quicker prototyping.

These foundational innovations have set the stage for today's breakthroughs. Now, technology is not just supporting the fashion industry. It is transforming it at its core. Smart textiles can track a person's health, while AI assists with design and production. One of the most revolutionary advancements is 3D printing. Unlike traditional manufacturing, which involves cutting and stitching fabric, 3D printing allows garments to be built layer by layer, directly from a digital design.

A notable example is Danit Peleg, a pioneer in the field, who became the first designer to launch an entire fashion collection made entirely using desktop 3D printers. Her pieces, such as intricately patterned jackets made from flexible filaments like FilaFlex, are not only wearable but also customizable to fit an individual's exact measurements. This technology eliminates excess fabric waste, reduces reliance on global supply chains, and opens the door for consumers to download and print garments at home, reshaping the economics of fashion from both the production and consumption sides.

Technology is no longer a support system for fashion, it is becoming a driving force, reducing costs and waste, unlocking new revenue models, and pushing the boundaries of creativity like never before.

Smart Textiles and Wearable Tech: Fashion That Does More

Clothes are meant to be worn. Technology changes the statement. Clothes are no longer just about looking good; instead, they're becoming functional. Smart wearables offer brands both innovative products and rich consumer data. These insights enable personalized suggestions, improving customer experience and loyalty. Although current production costs remain high, advancements in manufacturing are expected to bring prices down and make smart clothing more accessible.

Smart textiles are fabrics embedded with electronic components, like sensors or conductive threads, that can track fitness, regulate temperature, or even monitor health conditions. This blend of fashion and technology is creating an entirely new market and, without any doubt, a faster-growing one. This blend of fashion and technology is creating an entirely new market and, without any doubt, a faster-growing one. The global smart textile industry is not only expanding in size but also becoming more accessible due to advancements in manufacturing processes.

Emerging techniques such as 3D knitting, printed electronics, and nanotechnology are significantly reducing production costs while increasing scalability and design flexibility. Automation and smart machinery are enabling mass production of high-tech fabrics with embedded sensors, conductive fibers, and responsive material making smart textiles more affordable and widely available. As manufacturing becomes more efficient and cost-effective, smart clothing and wearable fabrics are expected to move from niche applications into mainstream consumer markets, healthcare systems, and industrial settings.

The global smart textiles market was valued at $2.97 billion in 2022 and is expected to grow to $16.51 billion by 2030, at a CAGR of 23.9%. In India alone, the market is projected to reach $857.91 million by 2033, reflecting rising adoption across healthcare, sports, and defense sectors.

Blockchain: Building Trust with Transparency

Consumers today care more about where their clothes come from and how they are made. Blockchain is helping fashion brands meet this demand by offering transparency and traceability.It creates immutable records by storing data in a decentralized digital ledger where each transaction is time-stamped and linked to the previous one, making it tamper-proof. This ensures that every step in the supply chain from raw material sourcing to final product delivery is securely documented and visible to all stakeholders. As a result, brands can verify the authenticity of products, confirm ethical sourcing practices, and provide consumers with a transparent view of a garment's journey, building trust and reducing the risk of counterfeiting.

Blockchain technology creates immutable records by storing data in a decentralized and encrypted ledger that cannot be altered once it is recorded. Each transaction or action in the supply chain is linked to a "block," which is then added to a chain of previous blocks, ensuring that all information is securely and transparently stored. This immutability enhances supply chain transparency by allowing all such as manufacturers, suppliers, and consumers to track the entire journey of a product from origin to final delivery. Additionally, it provides a reliable method of verifying authenticity, as each product's details, such as material sources, manufacturing process, and certifications, can be recorded on the blockchain. This ensures that fashion brands can prove the origin and quality of their products, combating issues like counterfeiting and fostering consumer trust.

PREDICTING TRENDS WITH DATA

AI algorithms can analyse huge amounts of data. AI analyses a variety of data types, including social media trends, where it tracks posts, hashtags, and influencer activity to gauge consumer sentiment and emerging styles. It also examines purchasing patterns, analyzing customer buying behavior, preferences, and seasonal trends. Additionally, AI processes search data and online reviews to detect shifting tastes and predict future demand, enabling brands to tailor their offerings to evolving consumer interests. By identifying patterns and correlations, AI can forecast which styles, colors, and fabrics will be in demand. Companies like Zara use AI to optimize inventory management by predicting real-time demand and automating restocking, reducing overproduction and stockouts. This allows for a more agile, responsive supply chain, enabling fast fashion brands to deliver products that match current trends while minimizing waste.

Automating Production

AI is also making fashion production faster and cheaper. Automated sewing machines and AI-powered fabric cutters reduce the need for manual labor, cutting production costs. Automation in production processes reduces the need for manual labor by using machines and robotics to handle repetitive tasks like cutting, stitching, and assembling garments. This improves efficiency, accuracy, and speed while minimizing human error. As a result, labor costs decrease, and production becomes more scalable and cost-effective.

Sewbo is a great example that works with automating production. It is a startup that uses AI and robotics to automate the garment-making process. This process reduces labor costs by up to 50%.

Boosting Creativity

AI is even stepping into the creative process. AI is increasingly being used in the creative process by assisting designers in generating new ideas, patterns, and concepts. By analyzing existing designs and trends, AI can suggest innovative combinations of colors, shapes, and styles, helping designers break creative boundaries. This collaboration between human creativity and AI's computational power enhances design efficiency and allows for the exploration of unique, data-driven ideas.

Conclusion: Technology Is Reshaping Fashion’s Future

Technology is revolutionizing fashion by making it more efficient, personalized and sustainable. The key innovations in this particular industry such as smart textiles and wearable tech are turning clothing into functional tools that monitor health and enhance daily life. Also the 3D printing enables on demand production which is waste reducing production. Also, it offers custom fits and unique designs. Blockchain technology adds transparency and trust which eventually helps in combating counterfeiting and thus, promotes ethical practices. Meanwhile, AI drives smarter design, trend prediction, and automation which results in improved supply chains and boosting creativity in the industry.

Looking ahead, the fashion industry will continue to evolve as these technologies become more accessible and scalable. Brands that invest in innovation will gain competitive advantages through improved customer loyalty, reduced costs and sustainable practices. As consumers increasingly value personalization, transparency and ethics. The fusion of technology and fashion will define the future of style and economics.

This reduces the time it takes to develop collections and helps brands stay ahead of trends.

SECTION IV:
ECONOMICS OF BATTLES, BRAINS AND BALANCES

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SECTION CO-EDITOR: Aliza
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SHE TAX- THE COST OF BEING A WOMAN AT WORK

By Mahi Gupta

Equal pain unequal gain? This phrase captures a very thought provoking perspective on how gender shapes salaries. Despite decades of progress in education and workforce participation, the economic disparity between men and women continues to persist globally, with the gender wage gap standing as one of the most striking indicators of inequality. Women, on average, earn significantly less than men for the same work, often shouldering additional unpaid labor at home. Work environment may change from corporate boardrooms to construction sites but this invisible fine on women persists. How does this 'Pink Collar Price' unfold itself in different economic spheres? Is the pay gap widening or narrowing? In this article, we delve into the roots of this issue, exploring its manifestations across sectors, the challenges women face in breaking through these barriers, and the policies that aim to bridge this enduring divide.

UNEQUAL EARNINGS: THE WAGE GAP ACROSS ECONOMIC TIERS

According to the United Nations, on average women earn 16% less than men per hour.

This disparity manifests differently across various economic sectors, reflecting unique challenges and systemic biases at each level. Economic disparities throughout the sectors can be seen as follows:

LOWER ECONOMIC SECTOR:

In lower-income brackets, women are disproportionately represented in informal and low-paying jobs, such as domestic work and caregiving.
Construction jobs, despite requiring equal physical effort from both men and women, still exhibit significant gendered wage gaps. Globally, women constitute approximately 10.8% of the construction workforce, with only 4.3% engaged directly in trades roles as stated by NCCER.

In 2022, The Colorado Sun said that In the United States, the gender pay gap in construction is narrower compared to other industries, with women earning about 94.3% of what their male counterparts make. However, disparities persist in specific roles; for instance, female construction managers earn only 86 cents for every dollar earned by male managers, resulting in an average annual difference of $11,336 as calculated by NAWIC.ORG

Additionally, they face limited access to higher-paying specialized roles and promotions, often due to stereotypes about their physical capabilities or commitment to the profession.

Middle Economic Sector:

The middle economic sector, encompassing professions like education, healthcare, administrative roles, and office jobs, is a crucial area for examining the gender wage gap.

According to the International Labour Organization (ILO), women in middle-income jobs earn, on average, 20% less than men globally. In India, for instance, the gender wage gap in white-collar professions stands at 19%, with men earning an average of ₽259 per hour compared to ₽207 for women.

The problem is not only limited to the wage gap, it’s the fact that women are barely represented in leadership roles.

The United Nations Development Programme (UNDP) reports that women's participation and leadership vary significantly across countries. While some progress has been made, women remain underrepresented in top positions, contributing to ongoing wage disparities.

Entertainment Sector:

Even in the seemingly lucrative entertainment and celebrity sector, things don't seem all too shiny. As the famous quote says *‘All that glitters is not gold’* holds true for the gender dynamics within the industry. For eg: for the 2021 release ‘Don't Look Up’ starring Leonardo DiCaprio and Jennifer Lawrence, the latter publicly expressed her frustration about being paid $5M less than her male counterpart.

In the celebrity world, where every success and shortfall is scrutinized, it is really important for icons with a fanbase to be vocal about the graving issue at hand. They should act as anchors for women striving to break free from the vicious shackles of gender biasness.

As the 14 time Grammy Award winner (and personal favourite) Taylor Swift perfectly captures in her song *The Man*: ‘I’m so sick of running as fast as i can, wonder if i'll get there quicker if i was a man’. This lyric resonates deeply with the struggles faced by women across industries where their efforts go unnoticed simply because of their gender. The lyric is a reflection of the systematic barriers women face from unequal pay and lack of representation.

Why the Gap Persists: Structural Barriers and Social Bias

In this section of our article, we’ll delve into the burning question of why women are paid less. To explore this we’ll refer to the 2018 Netflix Documentary 'Explained’ which addresses the same in one of its episodes.

Quoting the respected Hillary Clinton ‘When you go to the store, you don't get the women's discount, that comes out of your family income’ very strongly showcases the idea of, if the struggle is the same then why aren't the resources? Women are paid less for being women and there’s a word for that, *discrimination.*

The causes for the wage gap in the 50s and 60s were lower female education rates, women not being in the workforce in large numbers and the fact that paying women less was perfectly normalised. In addition to these, there were a range of stereotypical norms which were followed like ‘women cant hold power, women are less intelligent’ and many more such nonsensical statements.

Decades passed by, reasons changed, the gap narrowed but what has stayed is that ‘women should raise children’. Even as women claimed their place in the workforce, started working the same hours as their male counterparts, the societal expectation of bearing a child persists. A false and short sighted point of view of people wanting women to leave work once they have children causes hindrances in the career growth of a woman

As the versatile actress Priyanka Chopra in an interview at Global Education and Skills Forum aptly quoted ‘I can be a CEO and a mother’ she effortlessly captures the gist of this article. A woman should not be punished or penalized by being paid less just because she is also a new mother. Infact the very ability of a woman to balance both professional and personal life should be appreciated.

To show a comparison, there exists a ‘motherhood penalty’, where women are perceived as less committed to their jobs after having children whereas men often benefit from the “fatherhood bonus,” being rewarded for their perceived stability and dedication.

A very interesting Danish report *Children and Gender Inequality: Evidence from Denmark* shows how childbirth affects earning. The earning trajectories of mothers and childless women were compared and it was seen that the pay gap isn't as much about being a woman as it is about being a mother. It further added that women who are not childbearers earn 96% of what a man earns while a mother earns much less. This saddening realisation is no less than a motherhood penalty.

This issue goes beyond being a mother, it is deep rooted within ourselves and how we view the roles of a mother and a father in the working of a family. Maybe that’s why this gap is so hard to close. Hard to close but not impossible.

Learning from Rwanda: A Blueprint for Narrowing the Gap

It would not be fair to move to the last section without any positivity.

The Central African nation of Rwanda is one of the poorest nations on Earth and the women of the country were even denied some basic rights such as opening a bank account without the authorization of the closest male relative. But, the genocide in 1994 changed everything. Tens and thousands of men lost their lives to the massive days long bloodshed. This left the land with 60-70% women. As unfortunate as this was, this led to women stepping into the workforce in huge numbers, taking up jobs which they weren't allowed to a few months back.

Consholee Nishimwe, a women’s rights activist from the nation recalls seeing women in job sectors like the police, military and gradually in power positions of mayor, governor etc.

This integration of women in decision making positions made the citizens realise that in order to build back the nation, they need women. A range of new policies were introduced by the Government. That included a reserved percentage of women in commanding positions. The introduction of equal rights between Rwandan men and women was a big leap to the African nation. Today Rwandan women hold around 61.3% of seats in the Lower House and 38.5% in the Upper House.

Today Rwanda is one of the few countries to have achieved gender equality in the job sector and this can certainly be seen as a shimmer of hope in a world where women still have to fight for basic rights like equal pay for equal work.

CONCLUSION

Even today when the world has mastered Artificial Intelligence and cloning, the gender wage gap still remains a pressing issue. Women across geographies have to face unequal pay, limited representation and cultural biases. This concern is beyond just numbers, it is a sensitive turmoil women have to go through everyday.

Granddaughters are fighting the battle their grandmothers have already fought.

But all is not bad, hope lies in the examples set by nations like Rwanda, which demonstrate that powerful policies, inclusive representation, and societal shifts can make a difference.

'Empowered women empower women' is something all of us should live by.
By working toward a future where women and men are valued equally for their contributions, we pave the way for a more just and prosperous world.

ECONOMICS IN EDUCATION

By Aliza

Have you ever stopped to think about how schools, colleges, and universities fit into the bigger picture of a country's growth? Most people think of education as something personal—a degree, a job, a better life. And sure, that's absolutely true. But education is also part of something much larger. It plays a massive role in how economies develop, how countries grow, and even how inequality rises or falls.

In this article, we'll talk about how economics and education are closely tied together—sometimes in ways that aren't obvious at first glance. From individual income to national policy, the influence of economics in education is everywhere. Let's dig into what that means, and why it matters more than most people realize.

EDUCATION: IT'S MORE THAN JUST LEARNING

We often talk about education like it's just something you go through—school, college, maybe postgrad if you're ambitious. But from an economist's perspective, it's more than that. It's an investment. You're trading years of your life, and in many cases, a decent chunk of money, for the hope of better returns later—whether that's in the form of salary, job stability, or social status.

And most of the time, that bet pays off. People with more education usually earn more. They're less likely to be unemployed. They tend to live longer, healthier lives. These outcomes aren't just good for the individual; they're good for the country too.

THE CONCEPT OF HUMAN CAPITAL

In the world of economics, we use the term "human capital" to describe the skills, knowledge, and experience that people gain—mostly through education. Just like machines and buildings are assets for a factory, educated people are assets for an economy.

The more skilled the workforce, the more productive a country becomes. That's why nations that focus on education—places like South Korea or Finland—have seen big jumps in economic growth over the past few decades. They invested in their people, and the results speak for themselves.

Spending Money on Schools is Smart Policy

It might sound simple, but one of the best things a government can do is make sure kids can go to school. Still, there's more to it than just building classrooms. Quality matters. Teacher training matters. Curriculum matters. And so does access—rural and urban kids need equal opportunities.

Economists argue that spending on education is not a waste, but a long-term investment. Sure, it may take years before a student enters the workforce and starts contributing taxes. But when they do, the returns can be huge—not just in terms of productivity, but in terms of better public health, lower crime, and higher innovation too.

The Personal Payoff: Education and Earnings

Let's bring it down to the personal level. For most people, education is a way to climb the ladder. And it works. Time and again, studies show that each additional year of education leads to a noticeable increase in earnings.

But here's the catch: this isn't true in every case. Not all degrees pay equally. A student with a degree in computer science will probably earn more than someone with a degree in philosophy—at least in the current job market. That's why it's important to understand what you study, not just that you study.

Job Markets Change – Education Must Keep Up

One of the issues that's becoming more common today is what's called a "skills mismatch." Basically, students are learning things that the job market doesn't need. You might have thousands of graduates, but no one trained for the actual roles employers are hiring for.

This isn't just a student problem. It's a policy problem. If the education system isn't keeping up with what the economy needs, then both students and industries lose. That's why countries are now pushing more vocational training and job-ready programs. Degrees alone don't cut it anymore.

So even if a child from a low-income family is incredibly talented, they may never get the same chance to shine. This creates a cycle—poverty limits education, and lack of education continues the poverty.

Breaking this cycle takes targeted economic policies—like midday meal schemes, free uniforms, scholarships, or even digital access for remote learners.

GLOBAL EDUCATION: A BUSINESS AND A BRAIN DRAIN

International students contribute a lot to the economies of countries like the US, UK, and Australia. They pay high fees, live there for years, and often join the workforce afterward. This is great for those host countries, but what about the nations these students leave behind?

That's where we see "brain drain"—when a country loses its brightest minds to migration. It's a real concern, especially in developing nations. While some students return home with new skills, many settle abroad, which means their home country misses out on their talent.

THE COST OF GOING TO SCHOOL ISN'T JUST TUITION

We often talk about school fees and textbooks, but there's another cost people don't think about: opportunity cost. That's the money you could have earned if you weren't studying.

For example, if someone could work and earn ₽10,000 per month, but instead spends four years in college, they're not just paying fees—they're also missing out on ₽4.8 lakh in income. That's a big decision, especially for low-income families.

So, when governments offer scholarships or subsidized education, they're not just helping with tuition—they're helping offset that loss too.

WHY POORER FAMILIES OFTEN GET LEFT BEHIND

Here's something that hits hard: access to education is still not equal. Families that are financially comfortable can send their kids to good schools, afford tutoring, pay for entrance exam coaching, and even support them through unpaid internships. Families who struggle financially don't have these options.

The Digital Divide is Real

Now let's talk tech. Everyone talks about how online learning is the future—and it might be. But there's a catch. Not everyone has a laptop. Not everyone has Wi-Fi. Some families can't even afford electricity for hours each day.

This digital divide became very clear during COVID-19. Schools closed. Classes moved online. And suddenly, millions of students were left behind—not because they didn't want to learn, but because they simply couldn't log in.

If we want a truly inclusive education system, we need to close that gap. That means investing not just in schools, but also in internet access, devices, and teacher training in digital tools.

Economic Growth Starts in the Classroom

If you're wondering what all this means for the country as a whole, here's the takeaway: long-term economic growth depends on education.

Educated citizens are more likely to start businesses, create jobs, and adapt to change. They're also more likely to vote, follow laws, and contribute to society in positive ways.

Countries that focus on education early see better outcomes later. That's not an opinion—it's backed by decades of economic data.

So, What Should Be Done?

The first step is recognizing education as an economic priority. That means budgeting for it, planning for it, and constantly updating the system based on what the job market looks like.

We also need better career counseling. Students should know which courses lead to which types of jobs, and what the real prospects are. Right now, many students are choosing fields blindly—and paying the price later.

Lastly, teachers need to be supported. After all, if we're depending on them to build the next generation, shouldn't we treat them like the valuable professionals they are?

CULTURAL VALUES, GENDER, AND ECONOMIC IMPACT OF EDUCATION

One angle often missed in the education-economics conversation is how cultural beliefs and gender norms influence access to learning—and, by extension, economic growth. In many communities, especially rural ones, girls may be pulled out of school early to help at home or get married. This results in a huge loss of potential—both for the individual and for the economy.

When girls are educated, they marry later, earn more, and reinvest more into their families. That has a multiplying effect on national productivity. Yet, these benefits are often blocked by outdated ideas or lack of proper facilities like safe transportation and toilets in schools.

Another overlooked issue is the gap between academic knowledge and practical life skills. Many schools focus so much on exams and textbooks that students leave without knowing how to file taxes, manage personal finances, or even write a professional email. This disconnect leaves young adults unprepared for real-life challenges—even if they've technically passed with flying colors.

And then there's mental health. High-pressure systems that prioritize marks over learning have led to a crisis of stress and anxiety among students. Burnt-out students are less innovative, less motivated, and eventually less productive—economically and socially.

If we want a truly effective education system that fuels growth, we need to rethink what we teach and how we teach it. That means embracing emotional intelligence, practical life lessons, gender equality, and cultural sensitivity—not just focusing on math scores and degree certificates.

IN CLOSING

To sum it all up: education and economics are two sides of the same coin. One shapes people, the other shapes policy. Together, they decide a country's future.

Whether you're a student thinking about your next step, or a policymaker deciding next year's education budget, understanding this link can make all the difference.

Education isn't just personal. It's political. It's economic. And it's powerful.

THE ECONOMICS OF WAR AND PEACE

By Shivika

INTRODUCTION

According to the new data published by the Stockholm International Peace Research Institute (SIPRI), the total global military expenditure reached $2443 billion in 2023 which marks an increase of 6.8 per cent in real terms from 2022. This was the steepest year-on-year increase since 2009 with USA, Russia and China being the major players.

Military spending has increased in all regions of the world, countries waging wars and the nations supporting it have consistently been increasing their military expenditures and its impact is being faced by the whole world. If wars continue to be fueled at the expense of peace, the repercussions could be far more devastating.

MILITARY SPENDING AND ITS OPPORTUNITY COST: COMPARING THE U.S. AND CHINA

The upcoming segment reveals the high opportunity costs involved in increasing military expenditures.

Opportunity cost involved in military spending refers to the potential civilian uses of such resources that are lost. Few opportunity costs of increased military spending are given as follows:

• **Hindered social services:**
Elevated defense budgets may dampen the fund required for essential public services such as healthcare, education, and social security. This reallocation could even claim the political power from the hands of the government.

• **Toll on infrastructure and innovation:**
In the spree of flexing the muscle power, governments often forget to stimulate innovation and support infrastructure of their country, which are vital for a good quality of life and long- term competitiveness.

• **High debt levels:**
Increased military spending can exacerbate national debt, making it difficult for the government to spend funds for national development and might push the country into debt trap.
• **Sluggish Economic Growth:**
Increased military spending deviates the flow of government funds from economically productive activities to military spending and aid. While some argue that defense spending can stimulate economic activity, the benefits are often limited and far sighted.

Comparison of USA and CHINA's military spending:

China's military expenditure is estimated to be $541 billion, which is 83% larger than the request exchange rate value. This represents 59% of US military spending (CEPR).

Eventually, comparing trends over time shows that, despite a period of rapid-fire catch- up, the US has matched China in recent times, albeit at the cost of a much-advanced defense burden.
Thus, it can be concluded:

• China's defense sector remains further reliant on labor force than that of the US, but it has mainly modernized as measured by rapid-fire growth in outfit per person; and
• While China's military spending has grown fleetly, contrary to comprehensions, the US has kept pace in recent times.

POST WAR RECONSTRUCTION: ECONOMIC LESSONS FROM JAPAN AND GERMANY POST WWII

After World War II, both Japan and Germany experienced a great economic recovery, despite major destruction, due to factors such as foreign aid, national policy, emphasis on industrial modernization and innovation, ultimately leading to growth as a global economic force.

Below is a more detailed view of their postwar economic journey:
JAPAN:

• **First problem:**
Japan faced extensive destruction of infrastructure and industrial capabilities, and a severe shortage of resources.
• **US Lessons and "Reverse Race":**
The American occupation originally focused on demilitarization and democratization, but later moved to economic rehabilitation, recognizing the importance of a stable Japanese economy for regional stability and the remorse of communism.
• **Increase in the Korean War:**
The Korean War led to a significant increase in the Japanese economy. This has led to an increase in demand for its products and services as Japan has become a major supplier of the United Nations forces.

• **Focus on industrialization:**
Priorities in Japan, particularly in major areas such as industrial development, steel, shipbuilding and electronics, which actively absorb foreign technology and infrastructure investments.
• **Government policy:**
The Japanese government has introduced policies to support business development, including the
Act on Promotion of Rationalization of Activities in 1952, which provides a special amortization system for modernizing equipment in key sectors. (Prof. Shigeru T. OTSUBO)
• **Rapid Growth:**
From 1952 to 1973, Japan experienced unprecedented economic growth and became a major global economic force. (Federal Reserve Board)
• **Trade Friction:**
Japan's rapid economic growth and trade surplus was due to some trade friction with the US, particularly over issues such as textile exports and exchange rates.

GERMANY:

• **Separation and lessons:**
After the war, Germany was divided into four occupied territory with the western region eventually forming West Germany, and the eastern zone becoming East Germany.
•**Marshall Plan:**
The Marshall Project, an American initiative providing Europe, played a critical role in the recovery of the German economy, securing important financial support for West Germany.
• **Currency Reform:**
The introduction of the Deutsche Mark in 1948, replacing the worthless Reichsmark, was a crucial step in stabilizing the West German economy.
• **Focus on Free Market:**
West Germany embraced a free-market economy, which, coupled with the Marshall Plan, fueled rapid economic growth and led to the "German Economic Miracle".
• **Industry recovery:**
Industrial bases in West Germany have recovered, leading to increased production and exports with a focus on heavy industry and production.
• **Integration into Europe:**
West Germany played an important role in the formation of the European Economic Community (EEC), further strengthening economic integration and growth.
• **East Germany's Struggle:**
East Germany fought economically under the control of the Soviet Council, leading to its collapse in 1990 and reunion with West Germany, eventually facing a concentrated economy.

The Arms Trade: Its Role in Global Economic Power Dynamics

The arms trade has had a major impact on the global dynamics of economic forces, which serve as a tool for both economic benefits and geopolitical influence, and major exporters such as the US, Russia and China have had a major impact, thanks to sales and weapons production.

Below we take a closer look at the role of the arms trade in the global dynamics of economic
power.

Economic Benefits and Power:

• **Economic Growth:**
Arms exports can stimulate the country's economy thanks to increased revenue and job creation within the defense industry.
• **Technological advances:**
The arms industry often inspires innovation. This could provide broader economic benefits.
• **Geopolitical influence:**
Sales of weapons can be used as a tool to exercise an influence on other countries, promotealliances and shape foreign policy.
• **Weapons like a "diplomatic tool":**
Arms trade can be considered a means of establishing relations and guaranteeing cooperation with other nations.
• **Weapons like "Business":**
Arms trade is a profitable company: large companies and countries benefit from the sale of weapons.
• **Arms trade and conflict:**
Arms trade can contribute to both the state and domestic refueling arms race and the ensuring violence.
• **Trade of weapons and human rights:**
Trading of weapons can also contribute to human rights violations, as weapons can be used to remove the population and commit atrocities.

Economic power dynamics:

• **Unequal distribution of electricity:**
The arms trade could exacerbate existing inequality in global economic and political power, as major arms exporters have a disproportionate influence.

• **Dependence:**
Countries based primarily on imported weapons can economically and politically depend on suppliers.
• **Resource distribution:**
Military expenses, including weapons, can divert resources from other important sectors, such as education, healthcare and infrastructure.
• **Weapons races:**
Weapons trading can have weapons races, which leads to an increase in military expenses and instability.
Thus, arms trading could be a tool for geopolitical competition

CONCLUSION:

Wars inflict profound damage on economies, and the paths to recovery in the aftermath of conflict can differ significantly. Although wars may create opportunities for technological advancement or the establishment of improved institutions, instances of robust recoveries linked to institutional reform are more the exception than the norm. Achieving sustainable peace is essential for effective reconstruction, encompassing both physical infrastructure and institutional frameworks. Recovery tends to be more rapid when pre-war economic growth was robust and when conflicts are of shorter duration. Historical evidence indicates that external assistance is likely to be more impactful when local administrative capabilities are strong, when it is provided early in the post-war phase, and when grants are paired with loans to mitigate further government debt increases. Additionally, such aid is often more successful when there is local ownership and when it is managed by a specialized institution to streamline processes and enhance coordination among various sources. Long-term planning can facilitate the integration of complementary programs and ensure sustained funding for infrastructure investments, while clearly defined sunset clauses can make initiatives more appealing to donors and help alleviate rehabilitation debility.

THE ECONOMICS OF CROWDS: DECODING THE RUSH AT RAJIV CHOWK

By Vanshika

Rajiv Chowk is one of Delhi's busiest metro stations, and thousands of commuters pass through it every day like clockwork. It's almost symbolic, the crowd, the rush, the hurry.

However, what seems to be merely a burdened urban infrastructure is also an interesting urban economics case study. Rajiv Chowk's congestion isn't coincidental; it's actually the result of socioeconomic trends, consumer behaviour, urban planning choices, and economic pressures all together in one area.

Rajiv Chowk is situated below Connaught Place, the city's old business district, in the centre of New Delhi. Serving as a link between commercial districts, retail malls, tourist attractions, and residential neighbourhoods, it links two important metro lines, the Blue Line and the Yellow Line. Just because of its ideal position, it is a natural hub for human activity.

Agglomeration economies, as defined by economists, are the advantages that arise when businesses and individuals locate close to one another. The close proximity of public institutions, restaurants, retail establishments, and offices in CP is indicative of this. Because there is so much activity in one area, people come for transit, work, and recreation. In exchange, the foot traffic draws in even more companies. This loop reinforces itself.

According to Duranton & Puga (2004), these economies of scale and depth attract people by providing opportunities and convenience. Not only does Rajiv Chowk support this dynamic, it feeds on it.

An important milestone in the development of the city's infrastructure was the launch of the Delhi Metro. It reduced commute times, enhanced connectedness, and changed the way people used space. In the urban transit network, stations such as Rajiv Chowk became important hubs.

It’s ease of use generates positive externalities, or advantages that extend beyond the system's immediate users. Businesses nearby gain from easier access to customers, employees find commuting more manageable, and visitors use the station as a starting point for city exploration. In addition to being strategically located, Rajiv Chowk is also economically central, being reachable from almost anywhere in the National Capital Region (NCR).

According to Wang et al. (2022), accessibility to busy metro stations is highly correlated with both economic intensity and urban liveliness. Rajiv Chowk is an excellent illustration of this.

There is a strong informal economy hidden beneath the organised chaos and shiny stores. Every inch of walkable area is filled with spontaneous service providers, such as mobile recharge kiosks and shoe shiners, while street sellers line the hallways and food vendors tempt spectators with the smell of hot samosas.

This place has a thriving informal economy because of foot traffic. Even a 1% conversion rate is sufficient to keep a microbusiness alive in an area where tens of thousands of people visit every day. Here, the unorganised sector thrives on sheer numbers and operates on narrow margins but broad reach. Informal economies in urban public areas are adaptable, opportunistic, and essential for creating jobs in emerging nations, according to the Torrossa Digital Library (2020). This can be seen in real time at Rajiv Chowk.

Network effects are a psychological and economic phenomenon at work. The idea behind it is that as more people utilise a service or area, its value rises. This shows itself in Rajiv Chowk when people decide to gather, shop, or interact here merely because others are doing the same.

Because it's easy for your friends to get here, you're more likely to arrange a meet here. When you think there will be more options and better bargains, you are more likely to shop. Momentum increases via this feedback loop.

In Triumph of the City (2011), Edward Glaeser makes the case that contact and urban congestion enhance creativity and productivity. Instead of being a drawback, Rajiv Chowk's crowding can be a quality that contributes to its socioeconomic appeal.

Key governmental, commercial, and recreational services are primarily found in a small number of locations due to Delhi's urban form. People who live in remote areas have little choice except to commute inward. Thus, bottlenecks such as Rajiv Chowk are inevitable.

In contrast, several decentralised hubs spread economic activity throughout the city in polycentric urban models. Theoretically, these strategies encourage local growth and reduce the strain on transit. However, Delhi and a large portion of metropolitan India have had difficulty putting this effect into a large scale.

Such centralisation is criticised by Henderson (2002) as being unsustainable over time for rapidly growing metropolitan populations. For urban planners, Rajiv Chowk is both a warning and an opportunity in real time.

Time serves as a kind of money in big cities. A person's productivity and lifestyle are directly impacted by the amount of time they are willing to spend commuting. Rajiv Chowk provides exceptional time efficiency because of its connection, even if it is crowded. Because it saves time overall, people choose to pass through Rajiv Chowk rather than take two metro lines and a bus, even if it means navigating crowds. This is rational behaviour in an urban environment where time lost is money lost.

According to the Brookings Institution (2016), temporal efficiency should be taken into consideration when designing city infrastructure in addition to spatial coverage. Despite its chaotic appearance, Rajiv Chowk is excellent at providing time efficient mobility.

The inclusiveness of Rajiv Chowk is among its most appealing characteristics. Corporate executives, college students, street entertainers, tourists, and daily wage workers can all be seen moving through the same hallways on any given day. This heterogeneity is economic as well as social in nature.

Rajiv Chowk simplifies urban opportunity access in a sense. You can come here without a car, and take use of it without a formal job. The space can be used for anything, such as running a business, meeting at a cafe or selling phone covers.

According to Saskia Sassen (2001), these areas are referred to as "global cities," where social and economic linkages flourish in spite of the appearance of chaos. Perhaps the most liveable example of this is Rajiv Chowk.

In light of Rajiv Chowk's ongoing peak hour, how should city officials react?

Initially, decentralisation needs to be more than just a catchphrase. Foot traffic can be dispersed by investing in additional hubs with similar offices, entertainment, and facilities.

Second, rather than stifling the informal economy, it should be promoted. This growing industry can be incorporated without upsetting the established order by providing microfinance assistance, mobile permits, and approved vending zones.
Third, without undertaking major upgrades, smart infrastructure improvements such as real time crowd flow management, escalator optimisation, signage, and alternate route nudging can improve the passenger experience.

Lastly, behavioural economics should be taken into account when designing cities since people value familiarity, efficiency, and convenience. More durable urban areas can be created by planning systems that encourage behaviour rather than regulate it.

There is more to Rajiv Chowk than just a busy station. It is a case study in the economics of urban India. It exposes the inefficiency of centralised planning, the attractiveness of agglomeration, the dynamism of informal enterprise, and the reasoning behind social behaviour. Understanding the goals and compromises of the Indian urban commuter is essential to understanding its population. The solution isn’t to thin the crowd, it is to understand what the crowd is telling us, economically and socially. And perhaps, to plan our cities accordingly.

CONSUMERISM AND BLACK MARKETS: POINTS OF CONVERGENCE

"The things you own end up owning you."

By Divyansha

Black Friday, the day after Thanksgiving in the USA, marks the start of the "traditional shopping season" in the country. A big number of stores offer highly promoted sales at discounted prices or utopic offers to incentivize the average consumer's shopping spree. This event is a popular American commercial phenomenon and has made its way to other countries and continents.

In India, similar to the American practices of Black Fridays, corporations adopted similar strategies of holding multi-day promotions, like Amazon's "Great Indian Festival" and Flipkart's "Big Billion Days." It is a business model that attracts people to the stores, online and in-person, to buy goods and services at discounted prices and/or on attractive schemes.

In the grand scheme of things, how sustainable and ethical is it, driving consumers to buy things they don't need?

Consumerism is the theory that individuals who consume goods and services in large quantities will be better off. While it can be credited with a few positive effects, like boosting the economy, providing consumers with more choices, and increasing demand and production, it also has a negative effect as it creates overconsumption, waste, and greed. Commercial ploys like Black Friday Sales enable the negative impact of consumerism and all the drawbacks that come with it.

For instance, if a consumer sees a 40% discount on, say, a jacket, he or she is tempted to check it out, try it on and eventually buy it for the sole reason that it is discounted from a higher price. The consumer may not need or even want the jacket but they buy it simply because it was too good of a deal to pass on. The attractive nature of deals leads to many impulsive purchases which are, more often than not, unnecessary.

Let's say a consumer sees a good deal on clothes but it expires at the end of the day. The ticking clock on the deal pressurizes the consumer and renders him or her unable to make rational decisions and buy the product impulsively in a haste. Once the eagerness fades, the buyer may regret their decisions and experience buyer's remorse.

Moreover, these kinds of deals and offers push the consumers towards materialism, which leads them to value material possessions more than real relationships and friendships.

The ethical values are also compromised on the side of production as retailers and sellers prioritize sales and profits above everything else and may indulge in unethical practices like poor labour conditions. To rush production before the deadline, they may even forgo safety standards, fair wages, or sustainable materials.

Consumerism, as a practice, has several lasting impacts on not only the buyers and the sellers, but also on the environment and animal rights issues. The mass production of goods to timely satisfy increasing demand leads to mass wastage, resource depletion, excessive carbon footprint and a surplus of other environmental violations.

When the production or supply is unable to timely satisfy consumers wanting more, faster, cheaper goods and services, black markets gain traction. They continue to be a looming present in today's economy.

A black market is defined as a clandestine market or series of transactions that has some aspect of illegality, or is not compliant with an institutional set of rules. Let us understand more about the activities of black market through a relevant example.

In 2016, a British pop band by the name of Coldplay decided to film the music video of their song 'Hymn for the Weekend' in India in the streets of Mumbai and Kolkata. Eight years later, the ripple effects of this event will cause the emergence of mass exploitation, financial and otherwise, of thousands of fans through black market ticket resales.

With Coldplay performing in India in 2025, this event had been one worth waiting for, especially in digital queues. The tickets for their two shows in Mumbai went live on 22nd September 2024 on BookMyShow which led to the website and application inevitably crashing. Many fans, especially in a population as large as India's, considered this to be a once-in-a-lifetime event, one that is too good to miss out on. As expected, the demand for the concert tickets exceeded the supply and this led to the opening of several unethical gates – the Black Market for ticket resales.

The tickets being sold out in a manner of literal minutes through official outlets has created an underground economy where buyers resell their tickets at outrageous prices.

The core principle behind the black market for ticket resales comes from the state of scarcity combined with desperation and a fear of missing out.

With the official pricing of the tickets ranging from Rs. 2,500 to Rs. 30,000, the resale prices across social media have been as audacious as Rs. 60-80,000 per ticket. Due to the classic supply and demand model in economics, scarcity has inflated the prices way beyond the true and actual value of the ticket.

Moreover, the ticket resellers further exploit the desperation in fans who consider this a bucket-list experience, with their desire and willingness to attend the concert triumphing over sound financial decision-making. Resellers and scalpers are well-aware of this psychological impact and do not shy away from using it as a ploy.

The influx in demand eventually led Coldplay to add a third show to the Indian leg of their tour, and, as expected, that suffered the same fate as the first two shows with large-numbered queues – sold out – heartbreak.

The practice of ticket scalping also forces fans into an ethical dilemma. As their emotional investment in the band and their music outweighs ethical decision-making and financial responsibilities, they are conflicted whether to boycott the exploitative system and let it die down or to give in and purchase the tickets simply because the concert is unmissable.

As we navigate the consequences of targeted and hysteric shopping deals and offers, it becomes increasingly evident that the dangled bait is a calculative tactic that shapes our short-term choices and ignores the long-term ones. In a world where social media, wealth and status hold a significant influence over the masses, more and more people look to define themselves by the latest trends and “must-haves” and the materialistic possessions they own become central to their identity. Similarly, desperation combined with scarcity of supply causes immoral economic systems such as those of ticket scalping to prevail.

Consumerist events like Black Friday do more harm than good by covering up misleading pricing schemes and environmental implications under the immediate dopamine rush of a brand-new item acquired in a good deal. Likewise, the black market economy built around ticket resales is reflective of deeper challenges around high demands which allow the resellers to prey upon the hopeful wants and needs of potential buyers.

However, the first step to betterment is always recognizing the problem. Once we develop a newfound sense of responsibility towards the environment, ourselves, and our wallets, we can truly begin to practice ethical and sustainable consumer behaviour.

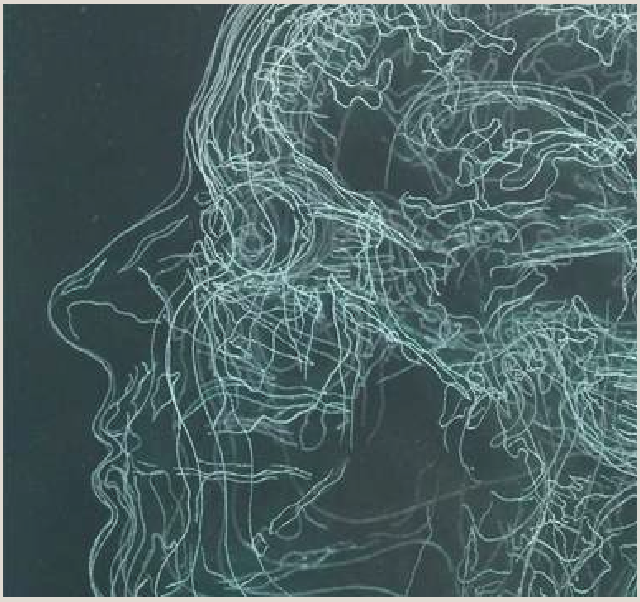
NEUROECONOMICS: HOW BRAIN SCIENCE IS SHAPING CONSUMER DECISION-MAKING

By: Prabhneet Kaur

You find yourself surfing a site in the dead of night. You don't need new shoes, but a glowing banner leap "Only 2 left in stock—buy now!" Before you know it, you've clicked "Add to Cart." Awakening the next morning, reason returns, and you wonder: Why did I do that?

Orthodox economics would have you quietly weighed costs and advantages and made a rational decision. Psychology would lay the blame on cognitive biases like "fear of missing out." But what the brain has been telling us in recent research offers a deeper explanation—your amygdala and nucleus accumbens hijacked your brain, bombarding you with a sense of urgency and reward anticipation.

This is the gist of Neuroeconomics, an interdisciplinary endeavour that draws neuroscience, psychology, and economics together to uncover the unconscious workings of choice. From consumer choice to influencing world markets, neuroeconomics is transforming our understanding of human behaviour. In this article, we trace its origins, outline the brain processes involved, examine its application to consumer choice, and address its ethical questions and where it may lead.



THE HISTORY OF NEUROECONOMICS

Economists assumed, for centuries, people were rational decision-makers—homo economicus. This model suggested we always act to maximize utility, carefully weighing trade-offs like a computer. But life kept refuting that model. Why do people blow money on lotto tickets when the odds are astronomical? Why will investors panic during recessionary markets? Why do we pay more for name-brand coffee when there is cheaper coffee available?

The cracks in rational-choice theory widened in the late 20th century with the advent of behavioural economics. Daniel Kahneman and Amos Tversky were two of the founding fathers who made it clear that biases, heuristics, and emotions make a powerful contribution to decision-making. Kahneman's Nobel Prize-winning work demonstrated that humans make decisions based on mental shortcuts that often deviate from rationality. Nevertheless, behavioural economics could only describe and not reveal the underlying biological mechanisms.

That's when neuroeconomics stepped into the picture. In the early 2000s, advances in functional magnetic resonance imaging (fMRI) and electroencephalography (EEG) enabled scholars to chart brain action while people made economic decisions. Economists, neuroscientists, and psychologists, collaborating across disciplines, created a new science that went beyond experiments and questionnaires—it looked inside the brain itself.

Among some of the earliest building blocks are:
Paul Glimcher, whose groundbreaking book Neuroeconomics: Decision Making and the Brain defined the new field.
Colin Camerer, who intermediated between game theory and neuroscience.
Antonio Damasio, who illustrated that emotion is essential to rationality in Descartes' Error.
Whereas traditional economics relied on elegant mathematical models, neuroeconomics embraced sloppy biological reality: we are rational from time to time, emotional most of the time, and predictably irrational the balance of the time.

The Brain and Decision-Making

What happens in the brain when you stand in front of a shelf holding two snacks or if you should buy insurance? Neuroeconomics follows these unseen processes by looking at what parts of the brain are active while making a choice.
1. Prefrontal Cortex (PFC) – The part of the brain located at the front handles logical thinking, long-term planning, and self-control. If you decide not to eat dessert for health reasons, your PFC kicks in.
2. Amygdala – the so-called emotional brain centre, reacting to fear, anxiety, and excitement. When threat signals of insufficiency trigger FOMO in the case of a sale, your amygdala is triggered.
3. Nucleus Accumbens – part of the brain's reward system, releasing dopamine in anticipation of pleasure. That is why looking at discounts, new devices, or even a Starbucks sign causes excitement.
These places are apt to struggle with one another, and there's a tug-of-war between reason and emotion.
Daniel Kahneman's System 1 vs. System 2 framework explains it:Daniel Kahneman's System 1 vs. System 2 framework explains it:
System 1: Fast, automatic, emotional, and intuitive.
System 2: Slow, rational, conscious, and effortful.
In the real world, System 1 tends to prevail. For instance, purchasing an expensive designer handbag is not necessarily rational on a money basis, but the rush of dopamine and emotional status overcome the calculation of System 2.
Even more fascinating is the dopamine function. Brain scans reveal dopamine surges before we make a purchase, when we anticipate a reward, and not once we possess it. It is for this reason people enjoy the thrill of shopping binges rather than the products themselves.
Neuroeconomics in Consumer Psychology
Firms, equipped with these findings, have discovered how to use neuroeconomics to advertise, brand, and sell.

1. Pricing Psychology

Paying hurts in reality—the brain's *insula* gets activated with money loss. Sellers take advantage by asking ₽999 rather than ₽1000. That small difference lessens the "pain of paying," pushing people into buying.

2. Branding Power

The infamous Coca-Cola vs. Pepsi experiment illustrates the strength of branding in the brain. Some preferred Pepsi most when blind-tasted. But when they were told they were drinking Coke, their brains ignited in memory and reward centres, and they claimed to have enjoyed Coke—though they hadn't. The packaging itself rewired their brains.

3. Impulse Buying

Impulse buying comes about when the nucleus accumbens shuts down the prefrontal cortex. The internet accelerates it with "Buy Now" buttons, countdown clocks, and one-click checkout. These remove friction so that emotion can triumph over logic.

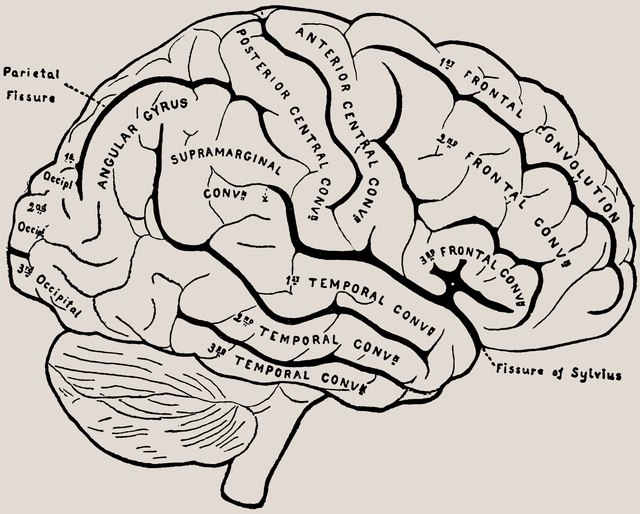
4. Social Influence and Trends

Mirror neurons make us perform what others do, and that is the reason influencer marketing works. We see people we know or celebrities endorse a product and our brains replicate their happiness, and so do we.

5. Scarcity and Urgency

Limited-time promotions, "Only 1 left!" alerts, and flash sales activate the amygdala, inducing a sense of urgency. Scarcity effect is one of the most powerful motivators of consumer behaviour because it produces fear of missing out.

Taken together, these results expose how deeply our brains control economic activity—much of it without our even knowing it.



Case Studies

Outside of theory, neuroeconomics has been applied to industries from ad business to medicine with stunning effect.

Neuromarketing Firms: Firms like Nielsen Consumer Neuroscience use fMRI and EEG to analyse campaigns for ads. By assessing what regions of the brain are active, they can make more accurate predictions than with focus groups.

Store Floor Plans: Candy is put on billing counters by retailers so that they are able to leverage decision fatigue. Those who have walked through aisles tend to make impulsive, emotional buys.

E-Commerce Algorithms: Web pages customize ads to browsing habits, tracing an enticing trajectory between the brain's reward and attentional systems. A consumer browsing for jogging shoes may be interrupted to hear "limited edition specials" in a flash, sparking urgency and excitement.

Political Campaigns: Neuroeconomics is not limited to business. Political campaign professionals design slogans, images, and letter font colours that trigger emotional releases, shaping votes at an unconscious level.

They are examples of how neuroeconomics is not only descriptive—it actually constructs voter and consumer behaviour.

Critiques and Ethical Issues

As with any potent technology, neuroeconomics has detractors and issues of ethics.

Manipulation vs. Persuasion: Do corporations create commercials that bypass the rational process and appeal to the unconscious bias? Critics view this as undermining free will.

Accessibility: The technology is expensive, and hence only large corporations are able to use it, which could further increase the disparity between large corporations and small businesses.

Privacy Issues: Since wearable technology and biometric tracking become increasingly advanced, there is an issue regarding just how much business should be aware of our brain data. Who sees your brain waves?

Moral Boundaries: Are the uses of neuroeconomics promoting healthier choices (like saving or eating healthily), or is it wrong to engineer behaviour—ever, even for the greater good?

These are questions that represent the balance between knowing the consumer and managing them.

The Future of Neuroeconomics

Neuroeconomics is going to transform not only markets, but public policy and personal decision-making too in the future.

Personalization with AI: AI can converge with brain science to forecast customer wants in advance prior to being consciously expressed so that one can shop hyper-personally.

Financial Choice-Making: Neuroeconomics is increasingly being used in finance, and which is why investors go mad when there are crashes or chase bubbles irrationally in spite of evidence.

Nudging for Good: Governments and NGOs can use neuroeconomic knowledge to nudge individuals to save, eat healthy, or consume more sustainably. Instead of exploiting weakness, brain-guided nudges might make individuals stronger.

Redefining Economics: Lastly, neuroeconomics upends the ancient "rational vs. irrational" model. Neuroeconomics shows us that humans are *predictably irrational* —driven by a combination of reason, habit, and emotion. This revolution might transform economic models, policy, and teaching.

Conclusion

At its core, neuroeconomics uncovers the reality that our economic lives are not solely guided by spreadsheets and rationality. Every investment, every purchase, every vote is the result of a web of neurons sparking, dopamine coursing, and emotions hum in the undertow.

For business, this data has deep potential to engage with shoppers. For policy makers, it offers the potential to make smarter, more humane decisions. But for us, it poses a sobering question: if corporations know more about your brain than you do, are you truly making free choices—or is someone else doing it for you?

As economics and neuroscience merge, one thing is certain: decision-making in the future won't just be reckoned in dollars and rupees, but also in neurons and synapses. The economy of the future will be written as much in brain scans as balance sheets.

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