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Publishing Body -
Department of Economics, Ramjas College

Mihir Pandey
(Teacher-in-Charge)
Department of Economics
Ramjas College
University Of Delhi
Delhi - 110007

mihir_pandey@hotmail.com

Website: www.ramjasjournalo-feconomics.weebly.com

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The journal in front of you now is the culmination of sincere efforts from various quarters and I would like to express a gratitude to all those people for making this possible.

Firstly, the Ramjas Economics Department has been incredibly supportive of this venture by the students, and encouraged us along every step of the way. Specifically, I wish to thank Dr Deb Kusum Das, the staff advisor for this journal and also Mr Alok Dash, Dr Mihir Pandey, and Dr Pawan Kumar for their invaluable help and suggestions along the way. Mridul Joshi, the editor of last year's edition, deserves a special mention here. Always available and ready to help, he was the go-to man for everyone in the board in case of any doubts. I also thank Mohnish Kedia, Janak Priyani and Jatin Bavishi, alumni of Ramjas Economics Department for taking out time to write short pieces for us. Finally, my gratitude to Simran Lekhi and Purushottam Mohanty, our designers for making the journal so visually appealing and working with the unfairly short deadlines we gave them.

On behalf of the editorial board,

Akash Bhatt

EDITOR'S NOTE

AKASH BHATT abhatt8795@gmail.com

EDITOR-IN-CHIEF

Debates and disagreements in economics are probably as old as the subject itself, but even by that metric, the discipline is passing through a particularly contentious phase currently. That is, however, to be expected considering we have been through one of the most debilitating economic disturbances after the Great Depression less than a decade ago. I am talking, of course of the 2008 crash in US financial markets and the ensuing recession that had destructive ripple effects throughout the globe (effects that are still causing pain in some parts of the world).

An event of such magnitude could not have left economics unscathed. Before 2008, economics had by and large reached a congratulatory phase with Robert Lucas even claiming in 2003 that the problem of depressions had been solved. The faith in the ability of markets and rational individuals to reach efficient outcomes was widely believed and backed with elaborate mathematical theories. Nothing could really go wrong. But it did, and it did in a drastic manner, which left everyone (including the Queen of Britain) asking, "Why did no one see it coming?"

The crash has led many voices to call for reforms to the subject and even some of its most basic assumptions have been questioned. Probably a good summary of the major arguments for reform were provided by Paul Krugman in a 2009 NYT essay titled "How did Economists get it so wrong". That essay and many others after that have primarily exhorted economics to not ignore inconvenient truths and accept that markets (financial or otherwise) may not always work well and people seldom display the kind of rationality that economics attributes to them. Criticisms about treating the subject as a value neutral science with a high degree of predictive power have also grown larger, and it has been suggested to embrace all the uncertainties that creep into a subject that deals with human behavior.

Methodology too has come under fire, with the most recent critique coming from Paul Romer in a widely publicized 2015 paper on what he calls 'mathiness'- a specific misuse of mathematics in economic analyses that he claims to be akin to a card trick involving a sleight of hand to hide an ideological agenda behind a smokescreen of equations.

All this should not suggest that the truth lies on one side of the divide only, neither do I claim so (in fact, as much as I enjoyed Krugman's aforementioned article, I found a rejoinder to it by John H Cochrane equally insightful as well). The important thing is that these debates are happening and getting noticed, and enriching the subject with a plurality of views. And of course, the major catalyst has been the 2008 crash; critics are bound to be laughed away as habitual naysayers till everything goes well.

The effects of the recession have not ended with debates between academics only; they have also spread to university campuses. Associations of economics students have sprung up in colleges all over the world calling for reforming the way economics is taught. An umbrella organization called the International Students' Initiative for Pluralism in Economics, consisting of student bodies from 30 countries was set up in 2014. As their open letter states, the pluralism they are calling for is of three kinds: theoretical, methodological and interdisciplinary. The first complaint is the lack of exposure to diverse approaches to the subject. Almost all undergraduate courses around the world focus on neoclassical economics at the expense of nearly all other schools of thought that could enhance a student's understanding of the

discipline. These student organizations do not claim to be criticizing neoclassical economics, but are merely asking for the right to at least be introduced to alternative ideas. Most economics students today graduate with the belief that there is only one way of doing economics. Secondly, even though the importance of mathematics for any objective study can't be denied, most economic aspects cannot be understood (or their nuances appreciated) solely through quantitative methods. A study of institutions or cultures can benefit much from qualitative analysis, yet most economics students never take a class in qualitative methods. Some argue that the mastering of mathematics and statistics seem to have become ends in themselves. It is also important to acknowledge the considerable ways in which an interdisciplinary approach and knowledge of the linkages between different subjects can enrich students' understanding and broaden their worldview. Economics is a subject that has intimate connections with all social sciences, be it sociology, psychology or history; economic policy and decisions can be understood well only with an awareness of their sociological, political and historical contexts.

It is evident, however, that time and resource constraints will ensure that the entire gamut of economic opinions, ideas and approaches can never be fully accommodated in a period of 3/4 years. In that case, it becomes imperative for students of the subject to not constrain themselves to reading just their course material. The kind of debates mentioned at the beginning provide an even stronger reason that students should move beyond their photocopied course packs and expose themselves to the intellectually diverse world outside. But are the students doing it? That question, unfortunately, cannot be answered in the affirmative. The editor of this journal last year lamented the reluctance to write among undergraduates; I feel that stems from a general reluctance to read anything that is not absolutely necessary. This can be clearly seen by the popularity of the made-easy 'Eureka' textbooks for subjects like Political Economy or Development Theory, which require a lot of reading (of both the prescribed subject matter and related things outside) for full appreciation and understanding.

In this light, efforts like this journal assume renewed importance. It is impossible to write a one page article without first poring over 10 pages of related text. In that process, as one discovers new avenues and sees how a concept(s)he learnt in class links to the real world, knowledge becomes more wholesome and useful. For the readers, we hope some piece in the following pages will catch their attention and lead them to an exciting journey of learning and knowledge.

This is the second edition of this journal, and that is some cause for nervousness for us in the editorial board; it is sometimes much more difficult to continue a practice than it is to start it. Small oversights in first attempts are often overlooked, in the euphoria of starting something new. Second timers are expected to have learnt from past mistakes and their efforts are then more extensively scrutinized. We were aware of this, and have tried our best to match the standards that readers expect from us. The final judgment, though, is still in your hands. Hope it turns out to be an enjoyable and enriching experience for you.

STAFF ADVISOR'S NOTE

DR. DEB KUSUM DAS dkd_ramjas@yahoo.com
STAFF ADVISOR
DEPARTMENT OF ECONOMICS, RAMJAS COLLEGE

Quality research papers are not written overnight

I would like to address a very important aspect of learning for students of economics- *how to write a good paper which one enjoys reading*. It is often noticed that students who engage with economics as a discipline of study know very little about writing analytical papers. The courses which introduce students to reading analytical papers come late in the day- by that date either a student has lost interest in the subject matter of economics or is too busy with other areas of study to discover the joy of writing a good researched paper.

A good paper can be either from the domain of economic theory or an applied paper. Let me examine what is the current practice amongst students who explore this area in different competitions. It is seen that a master paper is created and often that is circulated in different competitions- the current trend is to write either a paper based on "game theory" or to "run some regression. "Both of these aspects can be fascinating areas of developing a research paper. So what is a good prescription of writing a quality paper?

A first rule for writing is a research paper is to discover what fascinates you- ask yourself questions like has the MNREGA delivered? How can India and Bangladesh share "River waters" Why do economists in India are always obsessed with fiscal deficit? Is there a link between urbanization and urban poverty? The list of topics that could be of interest for you need not always be from areas of social relevance it could also be why does the PHILLIPS curve behave in particular way? How can the central bank improve monetary policy to name a few? After you have circled in one some issues that you want to explore and understand through writing a paper? You must "Google" search for studies that have already been addressed on these issues? Read them and see if your ideas are new as fresh or has someone worked on it before? Don't be disappointed if someone has already studied this before- it is now your turn to improve the research further by adding new insights which the author may have missed or not taken into account. Keep looking for new ideas from papers already in the public domain as every new research need not be for winning **Nobel Prize** but it can also be for making a meaningful contribution to issues that we face from a developing country perspective. This is called Review of Literature and at the end of the review you should be able to specify how your own research is something new in the chosen area!

At the second stage we ask what methodology you are going to follow. Will it be applying economic theory – for example are you going to check the relevance *of the Stolper-Samuelson theorem to the trade and wages debate" or are you going to check if price and quantity are indeed negatively related for primary agricultural commodities?* Alternatively we also explain a hypothesis using an econometric framework or commonly labelled quantitative framework. We may be interested in understanding what explains economic growth? We need to use our knowledge of economic theory to understand what the determinants of economic growth are and how they impact economic growth? The second issue to settle here is how you are going to work with the quantitative framework- The word called DATA BASE is important now- Are we going to work with primary data or secondary data? What is the source of such data? How frequently are

the data available? It has been observed that people demarcate between a good paper and a bad paper on the basis of database used. This needs careful consideration as often a great idea is left unexplored because data is not available to undertake such a quality research. Therefore one needs to spend time to understand what kind of data does the methodology to be used demand? We often talk of time series data as well as cross section or panel data. These are alternate ways of examining a hypothesis- If your idea is to understand if MNREGA has worked well in rural Rajasthan or rural Gujarat, then perhaps a study of households in a certain village to represent Rajasthan and Gujarat in the same year is fine. However if the study attempts to check how prices of onions have behaved in Delhi over the last 10 years then we need data for every year. Finally if we want to examine how many children from a particular village has been given polio injections every year then we may like to study the village every year for the last five years. Examples that I have provided are often classified as cross section, time series and panel data.

Now we arrive at the core section of the paper- we have to study what we have attempted to do and come out with our position. This is called the analytical part of the paper. Often case studies, regression analysis or just mere charts and tables are presented to assert our views. We must be able to tell a story around the hypothesis that we have started with. Read some of the good papers to see how facts are presented and defended. We can build theoretical arguments, we can explain using econometric techniques or we can explain using simple bar diagrams and charts to arrive at what we have started to settle. One must remember that building arguments must have continuity where the reader can progress from one set of arguments to another without wondering why the author is talking about this.

Some times when using regression, one finds that the variable shows sign opposite to what it should? The trick here is to look for reasons around you to substantiate that it may be of different sign and this is your contribution to the research. One must remember that you should always ask yourself if the mechanism chosen by you to tell the story is correct and appropriate to the situation at hand. Why are you using a particular econometric model- the answer should not be that your teacher told you in class that this is the best – you must question if it is still the best in the context of your research questions? At the end of this exercise, you must be satisfied that you have done an analysis of what you had set out to do- provided answers to the questions raised or indicated that these might be the answers under the given context.

To conclude is to end the story that you set out to examine- Does the hero and heroine go home happy? A research paper need not always have a happy ending- you may have set out to explain some aspects and may not have quite found the answer that you wanted. This is fine and it will leave you with enough hunger to research it again in the form of a sequel. Sometimes the solutions may be not what majority would like to hear- *for example reforms in India have not done enough for the poor*- as long as you have shown why you feel this way, your research holds even if it is not a majoritarian view. It is always good to spell out the drawbacks of the research, so that critiques don't dismiss your work. Finally if you feel very strongly about a point of view go ahead and raise it but with arguments to substantiate your views.

A good finish is not without credits- all references used in the telling the story should be acknowledged in the form of a bibliography at the end. If you have discussed your work with someone, you should mention and thank him for his inputs into your paper. If you feel some extra material not directly relevant in the main frame of the paper is necessary to explain your points- use endnotes or foot notes or even create an appendix at the end – tables charts or even some nuances about data or economic theory. To end, never plagiaries some other work as by passing this as your own work, you are undermining your own intellectual capability.

INTERVIEW WITH JEAN DRÈZE

Jean Drèze is a Belgian-born Indian Development Economist. His work includes issues like hunger, famine, gender inequality, child health and education, and the NREGA. He is currently an honorary Professor at the Delhi School of Economics and Visiting Professor at the Department of Economics, Ranchi University.

MGNREGA has recently completed 10 years, and the debates about its impact and efficacy are ubiquitous in magazine and newspaper columns. How do you look back on 10 years of the scheme?

The record has obviously varied a great deal – from dismal to outstanding – across states. There is clear evidence by now that, where employment has been provided, the programme has made a significant contribution to poverty reduction, women's empowerment, environmental protection, the revival of local governance institutions, and other social goals. Even the productive value of MGNREGA seems to be higher, according to recent studies, than unsuspecting readers of media reports would guess. However, the principle of work on demand, and beyond that, of state accountability to rural workers, is nowhere near being realized. Employment generation has been hampered by corruption, technocracy, delayed payments, low awareness of their rights among workers, and (last but not least) the indifference of many government functionaries and political leaders towards the rural poor. It was understood from the beginning that securing their rights under MGNREGA would be a struggle for rural workers, but the struggle has proved harder than anticipated.

You were closely associated with the first citizen led survey of primary education in India, the PROBE in 1999. Since 2005, such citizen led surveys have been institutionalized in the form of ASERs brought out annually by Pratham. The ASER reports show encouraging improvement in infrastructure (whether buildings, sanitation facilities or teaching material) and enrolment rates, primarily a result of schemes like Operation Blackboard, SSA, the RTE etc. However, learning levels-the variable that ASER primarily measures-have continued to remain low, and in some years have actually declined.

In other words, a qualitative and quantitative improvement in inputs is not being translated to an improvement in output. What do you believe could be the reasons for these worrying trends? Is there some crucial input we are missing?

I don't think this is quite the right diagnosis. The surge in enrolment rates is a very important achievement – or "output" as you put it. The fact that most Indian children are now going to school is a real breakthrough. Of course, it should have happened much earlier, but considering the historical record, I don't think that many people at the beginning of this century expected India to be so close to universal elementary education within fifteen years. This corroborates a general lesson from many recent experiences in the field of social policy, namely that efforts to improve public services often have positive results. The counterpart of this lesson is that when you do nothing, things rarely improve on their own. That's what is happening to the quality of education. The way forward is to launch real efforts to improve the quality of schooling, with the same sort of resources and determination as have been applied earlier to the expansion of infrastructure and enrolment. Improving the quality of schooling, of course, is harder than just bringing children to school. It may require difficult decisions about the curriculum, the evaluation system, school management and so on. Unless this happens, however, India's schooling system is heading towards mass privatization, with dire social consequences.

In a recent lecture at JNU, Thomas Piketty rued the difficulty of accessing income data from tax authorities in India. Is that something specific to that field, or is there a general reluctance in providing financial data among different levels of government?

Piketty made an important point, and there is a similar lack of transparency about the wealth of the rich, debts to public sector banks, and so on. This lack of financial transparency is partly due to a wrong notion that income and wealth are a private matter. "My money is mine, I deserve it and it is nobody else's business" seems to be the motto. In fact, rich people are in possession of a public resource (a portion of the society's collective output) that just happens to have come their way. The income they earn bears no relation to the ethics of the case, it is an arbitrary outcome of the way the market functions. Sometimes it is an outcome or fraud of exploitation. Further, money is a source of power, which can always be misused. Seen in this light, I think that the society has a right to know who earns or possesses how much money. That is also important for the purpose of fair taxation and the prevention of fraud. So I would advocate much greater transparency in financial matters, at least above a certain income or wealth threshold.

It is well known about you that you base your research on extensive fieldwork, and as a profile in a 2007 edition of Outlook says, "few economists live as much in the country's villages". To what extent does this working style affect your research? For student readers of our journal, who would like to pursue research oriented careers, what would be your advice be in terms of the importance of fieldwork and connecting with the grassroots?

I don't really spend that much time in villages, but the bar is so low that even if an economist spends just a few days a month in rural areas, he or she is considered as some sort of adventurer. It seems natural to me that anyone interested in rural development and social policy would wish to educate himself or herself by spending time with the people concerned. There is an unfortunate tendency today, in economics, of restricting attention to a certain type of evidence (of the sort that finds its way in professional journals), and devaluing other possible sources of insight such as personal experience. Yet personal experience often teaches us things that we might never learn from data analysis or, say, randomized controlled trials. I am just stating the obvious, but somehow these simple truths often get lost in the clamour for "rigorous" evidence. So my advice to young researchers would be to take a broad view of the way to learn, without being swayed by the demands of academic success.

HOW GLOBAL VALUE CHAINS HAVE BEEN REDEFINED DUE TO GLOBALIZATION AND LIBERALIZATION WITH SPECIAL EMPHASIS ON INDIA

VINAYAK KHANNA – 2ND YEAR, RAMJAS COLLEGE ifs.vinayak@gmail.com

The Author won the Paper Presentation event under the 14th Annual Winter Conference (AWC) organized by the Economics Department, Ramjas College.

ABSTRACT

This paper studies how global production/value chains have evolved over time, what changes has globalization brought to the global production chains, how the major benefits of globalization have changed the production process of firms over the years. The paper also studies the policies followed by the Indian government before the liberalization process of 1991, how it protected the firms from competition by foreign firms and how the liberalization process has changed the Indian economy.

ACKNOWLEDGEMENT

I would like to thank The Ramjas Economics Department for conducting an academic event like 'Paper Presentation' under The Annual Winter Conference which gives undergraduates an opportunity to get firsthand experience on academic writing and do research work in the field of economics.

1. INTRODUCTION

Since the beginning of the existence of human race there are different economic activities that the man has been involved in. These economic activities can be broadly classified into four categories- Production, Distribution, Exchange, and Consumption. There can be no consumption without exchange and distribution. There won't be anything to exchange and consume without any production. There won't be anything to produce if humans don't consume. So each and every activity compliments the other. All the four activities are related to each other but the most essential one is **Production.**

Production in laymen's language is producing a tangible product (goods) or an intangible product (services) by using means of production so as to sell it and earn an economic profit.

To put it more formally we can say -Production is a process of combining various material inputs and immaterial inputs (plans, know-how) in order to make something for consumption (the output). It is the act of creating output, a good or service which has value and contributes to the utility of individuals.

The production process of any kind of good whether tangible (goods) or intangible (services) requires inputs from different economic factors- land, labor, capital, and enterprise(know how to use other factors).

In this paper we study how the production process has evolved over the years with eroding borders and how

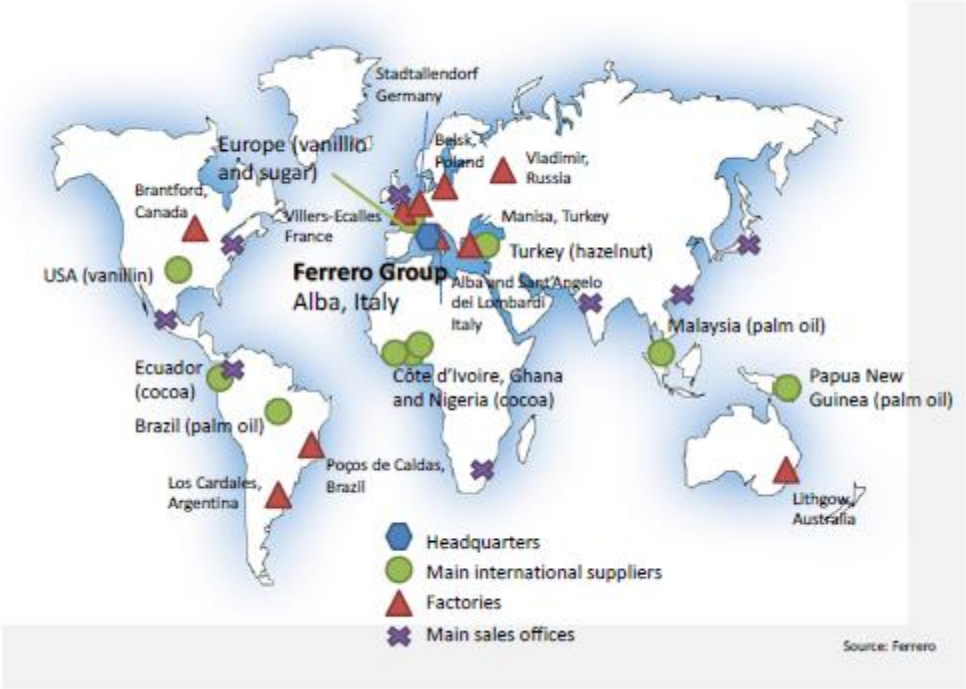
this, also referred to as Globalization has helped this production process.

1.1 What are Value Chains?

The **value chain** describes the full range of activities that firm and workers (factors of production) perform to bring a product from its conception to its end use and beyond. These activities include designing, production, marketing, distribution and support to the final consumer (Sturgeon, 2000). There are other names given to value chains such as supply chain, commodity chain, and production chain.

1.2 What are Global Value Chains?

It is necessary for the activites that contain a value chain to occur at the same geographical location and to be performed by the same firms. They can be contained within a single firm or divided among different firms and can produce goods and services at a single geographical area or can produce them in different areas. This gives birth to **Global Value Chains (GVC)**.

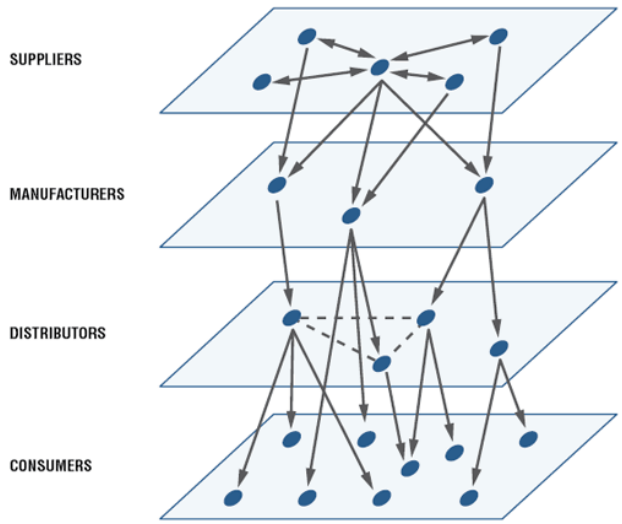


The above picture above shows Global Value Chain for Ferrero group, world's leading coco spread manufacturer.

The term 'global' here implies that the different geographical locations of different activities of a value chain need not be in the same country.

1.3 What are Production Networks?

A production network can be defined as two or more value chains that share atleast one common actor.



A three dimensional model of production network

LITERATURE REVIEW

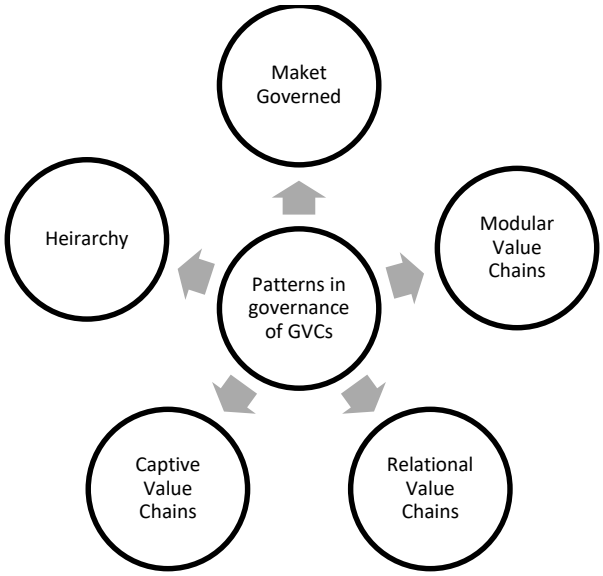
In the past couple of decade studies related to Global Value Chains have become more prominent. This increase in the studies related to the Global Value Chains and production networks is a result of increase in the trade and investment relations among the countries which is a result of the coming up of a more economically integrated world. This economic integration of the world is an outcome of globalization and the liberal economic policies followed by the world. Here in this section we look atsome of the literature written in this area of study.

2.1 The concept of Internationalization

Gereffi's (1999) differentiates his concept of "Global Commodity Chain" (GCCs) (another name for GVCs) from Poter's (1990) concepts of "value chains", by stating that GCC embodies an explicit international dimension (Sturgeon, 2000)3. Global Value Chains have an international dimension since a firm can get an activity from its value chain done in some other country, or from even from some other firm, or even from a foreign firm.on the other hand, Porter's concept of value chains is domestic in nature. One interesting thing about the two concepts is that Gereffi talks about the international dimension in 1999 and Poter's domestic concept was pitched in 1990. This gap of a decade shows that the firms discovered that they can internationalize their production and after production process. Internationalization of production was facilitated by the growth of technology which gave the world cheap modes of communication and transportation and led it towards economic integration. So the development of cheap modes of communication and technology during the last decade of the 20th century gave an international dimension to value chains. This does not mean that there were no international dimensions to the value chain activities of firms prior to this decade. The relations prior to this were mostly trade relations, but the coming up of cheaper modes of communication and transportation led to internationalization of activities that are more tightly integrated and are managed on a day to day basis. This means that now firms and workers that are geographically separated affect each other's work more than they have been affecting in the past. Some of these relations are simple, for instance, like a firm may setup its HR division or its consumer care center abroad. Some of the relations are very complex. A firm may ask another firm located on foreign grounds to build a part of their product and then may ask a different firm to assemble it for them.

2.2 Are all Global Value Chains same?

Different Global Value Chains exhibit different characteristics and have different impacts on the firms and economies involved. Gary Gereffi, John Humphrey, and Timothy Sturgeon4 in their paper -The governance of global value chains (Review of International Political Economy, vol. 12, no. 1, 2005) indentified five different patterns in Global Value Chains.



Market Governed: Market governance is the simplest form of Global Value Chain governance. GVCs governed by market contain firms and individuals that buy and sell goods and services to and from one another and have very little interaction beyond the exchange of money for goods and services. The central governance mechanism is price. The linkages between value chain activities are not very thick because the information that needs to be shared is quite straight forward.

Modular Value Chains: Suppliers in modular value chains make products or provide services according to the customer's specification. Suppliers in modular value chains take full responsibility for process technology and often use machinery that spreads investment across a wide customer base. This keeps costs and transaction specific investments low but the linkages between value chain activities can be very complex because of amount of information and knowledge to be shared.

Relational Value Chains: Relational value chains are governed by mutual trust, social and spatial proximity, reputation, and family or ethnic ties. The most obvious examples of such value chains can be seen in specific communities or in "industrial hubs". Reputation and family or ethnic ties can also work between firms which are spatially dispersed. Since reputation and mutual trust takes time to build up and social and spatial proximity works only on a c0-located firms this leads to high cost of switching to new partners.

Captive Value Chains: In such a pattern of governance of value chains, the suppliers tend to depend on the large buyers (kind of monopsony). In such networks there is a high degree of monitoring and control by the lead firm. The asymmetric power relations in a captive value chain forces supplier to link their customers in a way which are mostly customer beneficiary leading to thick linkages between the activities of value chains and high switching costs.

Hierarchy: This governance pattern is characterized by vertical integration (i.e. transactions take place inside a single firm). The dominant form of governance is managerial control.

Much of the literature that seeks to categorize the cross border economic activity emphasizes on two types of value chains i.e. markets or hierarchy. Firms either buy goods and services from foreign firms (markets) or setup their appropriate division abroad (hierarchy). The GVC framework specifies three types of network governance -modular, relational, and captive, along with the two traditional modes of economic governance- markets and hierarchies.

3. EXPORTING ACTIVITIES OF A VALUE CHAIN

Themost important aspect of the phenomenon of value chains is firms exporting their activities and their work to foreign firms. In this section we look at important terminology related to this.

Firms and corporations always tend to keep knowledge intensive, innovation intensive, and other confidential activities at their headquarters and always send their labor intensive and production intensive work to other countries where labor is cheap and this is possible because of low costs of communication and transportation.

3.1 Outsourcing

When a corporation transfers its portion of work (mostly production) to some other firm (to reduce costs) rather than completing it internally, is known as **outsourcing**.

So when a firm outsources one of its works it essentially means the firm is contracting some other firm to do its work and the firm may belong to the same country.

3.1.1 Advantages of Outsourcing

Cost Advantage: The cost advantage is the chief motivation of a firm behind outsourcing its activities. It is a possible that for a firm one activity may be too expensive to conduct or it is also possible that because of the administrative burden of that activity it is expensive for a firm to undertake that activity, so the firm outsources that activity. For example: Samsung outsourced its technical customer support division and customer care centers to HCL Technologies Limited for India.

Focus on core competency: Companies often outsource their non-core functions to other companies so that they can focus on their core functions which give an edge over others.

Quality and Capability: Often companies don't have expertise required for certain activities so they outsource them to maintain quality.

Labor Flexibility: Often companies want to undertake some activity for which they want employees so they outsource it as it would be infeasible for them to hire employees just for that activity.

3.2 Offshoring

Offshoring is a practice of outsourcing operations in which companies outsource their work to a firm belonging to some other country. Offshoring is usually done by companies from industrialized countries to less developed countries with the intention of reducing costs of doing business. The process of sending work to a country that is not very different in working style, time zone or culture is called **nearshoring** or **nearshoreoutsourcing**.

3.2.1 Advantages of Offshoring

Cost savings: Companies often offshore several activities to developing countries where wage rates are low which increases their profits.

Skills: Certain nations have competitive advantage in producing some goods and services over others.For example, India has a large population of English speaking youth which could be used by companies at lower wage rates to provide costumer care services to their clients and that is why India has call centers for a lot of foreign companies.

4. PROBLEMS WITH DATA TO STUDY GLOBAL VALUE CHAINS

The data available to study Global Value Chains poses a serious problem. There is a growing awareness that current statistics may draw a wrong picture regarding trade and production networks. (Maurer and Degain, 2010)

Trade statistics in particular are collected in gross terms and record several times the value of intermediate inputs traded along value chains. As a consequence the country of the final producer appears as capturing the most value of goods and services traded, while the role of countries providing intermediate upstream inputs is overlooked. So the bilateral trade statistics published and other national production statistics like GDP or GNP make it difficult to measure the contributions and visualize the value added at each part of the *chain* or the *network*. (Backer and Miroudot, 2014)

4.1 New Data Available to Study Global Value Chains: The OECD ICIO Model

The OECD ICIO model discussed below to study the Global value chains was used by Backer and Miroudot (2014) to study the GVCs across countries.

"The Organization for Economic Co-operation and Development (OECD), in co-operation with World Trade Organization (WTO), has built a new database of trade flow in value-added terms based on a global model of international production and trade networks. The Inter Country Input-Output (ICIO) model links internationally input-output tables from 58 countries (one of these countries being the *rest of the world*) and accounts for more than 95% of world output (Backer and Miroudot, 2014).. Flows of intermediate inputs across countries and industries come from the Bilateral Trade Database by Industry and End-Use Category (BTDIxE) also developed in the course of this project. The OECD ICIO model allows the analysis of GVCs from a truly global perspective detailing all transactions between industries and countries for 37 industries. In contrast, previous research often used input-output data for a limited or even single country, hence offering only a partial picture of the GVC reality. Five years are available: 1995, 2000, 2005, 2008 and 2009. As 2009 was the year of the financial crisis and *trade collapse*, indicators are quite different from previous years. This is why 2008 was added to the model (thus offering some insights on the impact of the crisis on GVCs).

There are several assumptions behind the construction of an ICIO model and still gaps in the data collected by the OECD. One should be aware that such a model can only provide rough estimates of bilateral trade flows across industries and of the contribution of each economy to global production. At the level of aggregation where the results are presented, the margin of error remains low."

5. GLOBALIZATION AND PRODUCTION NETWORKS

A firm can globalize its value chain activities in many ways which can be broadly classified into two categories-

a) By globalizing their production related activities

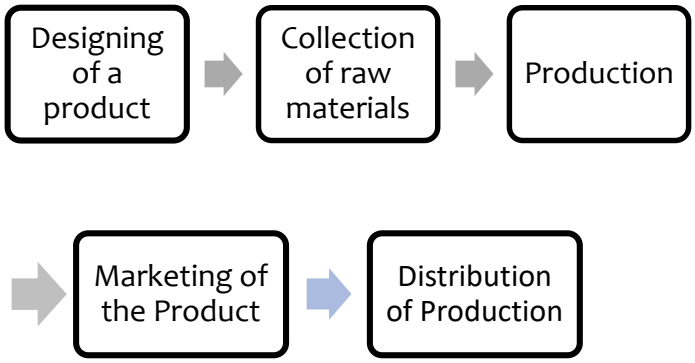
b) By globalizing their market (distribution related activities)

5.1 Role of Cheap modes of communication and transport (Globalizing Production)

More formally, globalization is the process of economic, social, and cultural integration of world through faster exchange of knowledge and information.

Our main concern here is how globalization has benefitted the production process (value chains of the firms).

Given below is an example of a value chain



The above flowchart is a simple example of a value chain. This value chain can become a global value chain if the firm offshore any of its activities.

The two most important things benefitting this offshoring are cheap and modes of communication and transportation.

Let us confirm this with the help of an example.

In United States of America, the current minimum wage rate as defined by the federal law is $7.25 per hour (Abrams, 2014)[8]. Now this gives a cost disadvantage to many of the firms (mostly IT) located there for conducting their activities there. India has a large English speaking, technically educated population and the wage rate in India is far too low as compared to United States of America. Due to globalization and technological advancement, the American firms are able to offshore their 'after sale customer care services'

activities to Indian firms or establish their own offices for these services in India. We need to understand that 'after sale customer care services' require extensive communication and due to cheap modes of communication this is possible. If mode of communication is expensive, the decrease in costs due to low wage rates in India would be overshadowed by the increases in costs due to expensive communication facilities and the offshoring would not have been possible.

Similar example can be given for production sector in USA. Due to high minimum wages in USA, it is expensive for firms to conduct their product activities there. So most American firms offshore their production activities to countries like China where cheap labor is available in abundance and it reduces the cost of production for American firms. This is possible because of cheap and fast transportation facilities provided by the globalised world.

5.2 Globalizing market

Globalization of market means that the firms sell their products in different countries. This is possible because of the liberalization of economies by different countries. Earlier when most of the economies were not liberal, foreign firms were not allowed to sell their products in these countries. Firms in these countries were not allowed to import goods from foreign firms. This was done to protect the domestic firms from foreign competition.

So after the economies liberalized, firms were allowed to sell their products in these countries and domestic firms were allowed to import goods from foreign firms. This led the firms to get a globalized market.

5.3 Economic Integration of Globe

Globalization has given the human race a borderless world and it has lead to economic integration of world. Some of the benefits by this economic integration are as follows:

1) The cross-border integration of **wholesale and retail financial markets** (Capoglu, 1990; Frankel, 1994; Sobel, 1994).

2) Increased global-scale **market competition** (Audretsch and Claudon, 1989; Stopford and Strange, 1991) and **wholesale and retail trade** (Smeets, 1990, Krugman and Venables, 1995).

3) Increased **foreign direct investment** (Dunning, 1993; Levy, 1993; Nunnenkamp, 1994).

4) Increased cross-border **contracting and global-scale production networks** (Kogut and Kulatilaka, 1994; Gereffi and Korzeniewicz, 1994; Bonacich et. al., 1994; Sturgeon 1997, Borrus and Zysman, 1997).

5) The formation of **international joint ventures and strategic alliances** for R&D (Budd, 1995; George, 1995; Bowonder and Miyake, 1995)

6. THE CASE OF INDIA

Before globalization, business was restricted within the home country of the firm. The main reason for this restriction was the trade barriers put by most of the countries on their economies i.e. they were not open to free trade of goods and services and to protect the domestic industries from foreign ones.

One example of a country adopting such a policy was India. Import licenses were required by firms to import any kind of good. These were given to only those goods which fulfilled two conditions i.e. essentiality and non indigenous availability. Goods were categorized into different categories such as Open General License (OGL) and restricted category. Goods in the OGL category required no license to import whereas the goods in the restricted category required government permission to import. This economic policy was adopted strictly by the Indian government till late 70s and from then the government gave some relaxation to import restrictions. During the 80s, the import licensing of the restricted goods were maintained with less stringency and it was finally in 1991 when the

government adopted the policy of *LPG* i.e. *Liberalization, Privatization and Globalization.*

This policy of adopting LPG changed the production scenario in India. It increased the foreign direct Investment in India exponentially. A lot of foreign firms found India as one of the best locations to offshore-outsource (giving work to a firm belonging to some other country) their labor intensive and non core activities. The reason behind this trend was India's large population of English speaking work force ready to work at lower wages as compared to home countries of the firms which off shored the work. This reduced the costs of the production and other operating costs (such as costs for providing services to the clients or performing marketing, sales and HR operations), hence helped in increasing the profit of the firms. In other words globalization together with liberal policies of countries helped firms to take the rational decision of operating at such locations which reduced their costs and increased their profits.

CONCLUSION

The value chain of a firm has globalized over time, hence giving the world the concept of Global Value Chains (GVCs) and one of the main reasons for this has been the globalization and liberalization of the economies. The technological revolution has provided the logistics for this globalization of value chains. Liberalization of economies is the also one of the reasons that globalization of value chains is possible. If economies had not been liberalized, then firms would not have been able to offshore or outsource their activities of value chains to countries where they cost less. It has also benefitted the countries that import these value chain activities since they created employment opportunities and also contributed to their GDP. The process of globalization and liberalization has expanded business opportunities for firms by providing to them the entire globe for both production and sale of goods and services.

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A STUDY IN PUBLIC PRIVATE PARTNERSHIP AND A CRITICAL ANALYSIS OF THEIR ROLE IN HEALTHCARE IN INDIA

SIMRAN LEKHI – 2ND YEAR, RAMJAS COLLEGE simran.lekhi@gmail.com

ABSTRACT

This paper aims to provide an in depth knowledge of Public Private Partnerships and the policies associated with them. To study these policies, we focus on healthcare programmes in 3 different states allowing us to study regional differences. The paper will study the structure and functions of PPPs and analyse their bottlenecks, with focus on three such projects; 1. The Mother and Child Hospital Wing (MCHW) project of the health department of Uttar Pradesh, which is under implementation, 2. The Chiranjeevi Yojana, a scheme criticised as a failure on the part of the Government of Gujarat and, 3. The Yeshasvini Health Insurance scheme, a scheme widely accepted as a highly successful venture of the Government of Karnataka. This knowledge will also be used to determine factors influencing related decisions on the private end and to identify hindrances to further progress.

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INTRODUCTION

The 12th five year plan of India, which aimed for a high but sustainable growth pattern had Indian policy makers facing a peculiar problem when it was conceived: an extremely ambitious target of infrastructure investment against very limited public resources. To circumvent this problem while maintaining the quality of infrastructure, the government sought a combination of public and private investment in the form of PPPs (Public Private Partnerships).

A powerful tool in public service and creation of assets, PPPs are a fairly old concept, albeit a relatively unexplored one. Projects undertaken in this manner hold scope for technological and creative innovation, help enforce strict quality control, and most importantly, offer lucrative business opportunities in a variety of sectors such as civil aviation, railways, power, and healthcare.(Ministry of Finance 2015)

In order to understand the working of PPPs, it is imperative to understand the policies associated with them and their breakup. For our intents and purposes, we study the policy framework for the state of Uttar Pradesh.

To invite private entities, the government typically publishes a request for proposal (RFP) document which contains the details of the project, a statement of the necessary qualifications, and the expected standards. The competition between firms takes the form of bidding and the bid is awarded to a firm on the basis of costs, quality, etc. depending on the demands of the project.

The government has a policy framework in place for a) selection of consultants and b) selection of developers for the development of projects through public private partnerships in Uttar Pradesh.(Ministry of Health and Family Welfare 2015)

The term "consultants" refers to a variety of private and public entities, including transaction advisors, financial consultants, consulting firms, engineering firms, construction firms, management firms, procurement agents, inspection agents, auditors, investment and merchant bankers, universities, research institutions, government agencies, non-governmental organisations (NGOs) and individuals/experts.

The guidelines define the following:

1. When and how to engage consultants.
2. The applicability of the guidelines.
3. Basis of selection in different scenarios, such as Quality and Cost Based Selection, Combined Quality-Cum-Cost-Based System, Quality Based Selection, Cost Based Selection, etc.
4. Approval levels for consultancy evaluation, monitoring and approvals.
5. Method for inviting Expression of Interest (EOI) documents, and their format.
6. Selection criteria and shortlist of consultants.
7. Evaluation and award of the bid.
8. Alternatives methods of selection.
9. Types of contracts.

The State requires private developers for PPP projects in the State for the designing, financing, construction, operation and maintenance of infrastructure projects in the State.

1. Applicability of the guidelines.
2. The approval framework and the titles and role of the Committees.
3. Procedure for selection of developers, including the preparation, feasibility report and approval.
4. Process of competitive bidding.
5. Preparation of draft tender documents, Expression of Interest or request for qualification.
6. The Request for Proposal, components of the RFP, evaluation of criteria, schedule of bidding, treatment of sole bids, etc.
7. Draft concession agreement.
8. Post award project management

PPP POLICIES IN HEALTHCARE

Healthcare is one of the biggest current concerns of the Indian government, with several health indicators such as maternal mortality rate, infant mortality rate, and life expectancy standing significantly below world averages, even though they have witnessed substantial improvement in the past decade. One of the primary causes is the limited number and capacity of district hospitals for advanced medical care, as well as the shortfalls in their maintenance due to a slacking staff and budget constraints; problems which can be mitigated through partial privatisation. Private medical practice plays a crucial yet limited role in India due to its inaccessibility, both financially and otherwise, to the rural poor. PPPs can hence circumvent this problem to a large extent by reducing costs considerably with the correct incentive, guidance, and support from the government. In view of this, several PPP health schemes have been initiated over the years. Here, we take a look at three of the most well-known schemes in the country.

Mother and Child Hospital Wing (MCHW) of Uttar Pradesh (2015)

Conceived in 2015, the MCHW project is an initiative of the Ministry of Health and Family Welfare, Government of Uttar Pradesh to create Mother and Child Hospital Wings in the 49 district hospitals of UP where the average annual bed occupancy exceeds 70%. The purpose of the initiative is to lower the maternal and child mortality rates, which currently stand at 392 per 100,000 live births and 50 per 1000 live births as of 2013(National Health Mission 2013).

The government has collaborated with private developers to equip, finance, operate and maintain these units to fulfil the same.

The Government of Uttar Pradesh awards each project to the selected bidder in accordance with these guidelines, also enlisted in the RFP document.

The Chiranjeevi Yojana of Gujarat (2005)

Under the scheme, the government would enter into a contract with the private provider to cater to institutional services for both normal and complicated delivery, including C-section operation and blood transfusion to the targeted group. The scheme aims to reduce the state's maternal mortality rate via partnerships with private obstetricians.(Welfare 2014)

The scheme has guidelines for the selection of these doctors, and decides the package given per hundred deliveries. They also specify the structure of responsibility at state and district level.

Yeshasvini Health Insurance scheme of Karnataka (2003)

Yeshasvini Health Care Scheme was implemented through network hospitals to provide cost effective quality healthcare facilities to the co-operative farmers spread across the state of Karnataka. The scheme is self-funded, that is, it is a contributory scheme wherein the beneficiaries contribute a small amount of money every year to avail any possible surgery during the period (Yeshasvini Trust n.d.). There are 476 Network Hospitals throughout the State including private and government hospitals. The Trust identifies and approves Network Hospitals to provide medical/surgical facilities as per the approved empanelment criteria.

The scheme went through some reforms in 2013 in service of Scheduled Castes and Scheduled Tribes which form 4% of its 2.2 crore beneficiaries. This scheme's success has been recognised by the World Bank in addition to multiple national and international agencies (Rajendran 2013).

OBSERVATIONS AND PROBLEMS

While each of the three policies under scrutiny here are similar in the sense that they have all been achieved through public private partnerships, they have seen, or are seeing (in the case of the MCHW in UP) different degrees of success for various reasons. This section attempts to offer a critical analysis of the bottlenecks of these policies, both collectively and separately.

Policies have regional differences for many reasons, such as the size, education and needs of the local population. But one thing that seems to hold no consideration in the ideas is the notion of *expectations,* which are mostly the same everywhere. If we derive from to the theory of rational expectations, a consumer makes an informed choice based on all the information he or she has available. The same can be said for a citizen's belief in the system. If a person expects a policy to work, it will work because the public supports it, such as the case of Yeshasvini Health insurance scheme. But for that, the public should be fully aware of the policy for them to be convinced of its capacity to work. One may build a hospital and provide it with state of the art facilities, but unless a citizen is truly convinced of the firm and the government's sincerity, it will not achieve its potential.

Each RFP document seems to contain a set of very specific products, their models, and minimum requirements to a staggering detail, which is admittedly necessary. However, there seems to be no clause that allows for creative thinking and innovation, and unfortunately, firms do not seem interested in it either. Innovation is not merely about cutting cost and saving space, but it also has an appeal to the general public. It is possible to draw patients if one gives them the promise of something they won't see elsewhere. For example, Aravind Eye Care has managed to reach so many simply by cutting costs through innovation (they convert digital cameras to retinal ones), and this has helped them expand their reach, because not only can the people afford it, but the system can sustain it as well.(Ravilla 2009)

On Mother and Child Hospital Wings, Uttar Pradesh

While the MCHW initiative has seen a lot of progress in the one year it has been operational, there are some bottlenecks in the existing system that must be addressed.

Firstly, the process is too long drawn; the target group

is not the well-educated section of society. It consists of village women, small shopkeepers, and poor urban women. Hence, they do not completely understand why it takes so much time to begin work, despite the promise of betterment. This is a dent to their morale. While it is understood that the length of time spent is necessary, there is scope for streamlining the process.

A major problem arises in the far too frequent case of a single bid; when a project gets only one Expression of Interest application. For the single bid case, the bidder holds an enormous amount of power to negotiate in their favour and the employer, in this case the government, takes the position of a subordinate (Ministry of Health and Family Welfare 2015).While there are several guidelines to deal with this case, there isn't an attempt to increase the reach of the issue of the RFP to try eliminating the problem at its root.

Another plaguing problem is that of the timeline. Construction delays, errors and in general, excuses are a product of human error. It therefore makes more sense to monitor work regularly rather than after broad time periods. While it is easy to plot deadlines, it is difficult to enforce them if the presence of close monitoring is not felt. For obvious reasons, this is not possible for the average official who cannot be expected to have such keen observation. A possible solution is to demand a digital report of progress at shorter time frames to catch the problem right after it stems, so that it is noticed faster and the employer is alerted, and there is no scope for tampering.

On Chiranjeevi Yojana of Gujarat:

The Chiranjeevi Yojana had covered almost 800,000 deliveries by March 2012, and is generally perceived as a model that should be followed in other Indian states according to WHO. The highlight of this scheme was that the private hospitals maintained some independence. Moreover, its focus on a single issue is wise as it will target interested parties, who will be willing to consider it seriously.

However, one puzzling find has been that the scheme led to little or no increase in the probability of institutionalised delivery.(Manoj Mohanan, Sebastian Bauhoff, Gerard La Forgia, Kimberly Singer Babiarz, Kultar Singh & Grant Miller 2013)

There are several possible explanations for this discovery. One is that the quality of services provided by private maternity hospitals is poor or, at least, is perceived to be poor by the local population, in accordance to the theory of expectations. As a result, demand for institutional delivery may be low even if such delivery is provided free of charge. Another is the programme remains associated with large transportation costs, informal payments or other expenses that make programme benefits small relative to the full cost of institutional delivery.

Another, even more inexplicable finding is that of little or no association between the programme and the out-of-pocket costs of deliveries, because it should have reduced out of pocket expenditure at least for women who prefer institutionalised delivery. An alarming possibility is that some providers are providing extra, chargeable services – or simply increasing side charges. If charges are being made for extra services, those services do not seem to be having any discernible health benefits. This issue needs to be addressed. This is where strict government guidelines regarding the services provided come into play.

On Yeshasvini Health Insurance scheme of Karnataka (2003):

Yeshasvini has several attractive features. Firstly, it targets a specific community, and everyone within the community becomes a collective beneficiary. However, the most impressive feature is that it encourages self-dependence. When the community feels involved in the project from the start and is the party funding it, it is more likely to avail the services it invested in. The idea is ingenious in its thought, and fast in execution. The involvement of farmer's trusts ensures that the due payments are paid in time and that the programme has more manpower and dependents supporting it. It blends in seamlessly with the rural environment. Within the target group, it has yielded great success.

The scheme makes use of the microeconomic concept of risk sharing; the larger the number of people investing, the lesser the risks associated.

That being said, the scheme is still too small in magnitude to provide noticeable change. It requires more participation. One reason for the lesser participation is that the scheme covers only surgical interventions. The scheme will see a rise in takers if it includes other treatments, and an extension to OPD.

CONCLUSION

The private sector in India, which stands at roughly 80% of total GDP, has a very important role which is sidelined more often than not: its duty to society and its welfare. It holds enormous potential to supplement the nation's phenomenal growth rate with something far more valuable - a rise in living standards, which begins with healthcare and how far it reaches the poorest sections of society. Public Private Partnerships, if explored well with careful planning and adequate competition hold the key to achieving better, more organised, and efficient results.

However, policy makers must keep in mind that change begins when the foundations of the policies and their understanding of not only the technical, but the psychological aspects which make them work are strong, especially in a department like healthcare where success hinges on the response of the target population. Hence, an effort must be made to understand the shortcomings and successes of existing policies.

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SERVICE SECTOR IN INDIA – GROWTH, STRUCTURE AND THE ROAD AHEAD

SANKET – 2ND YEAR, RAMJAS COLLEGE justmail.sanket39@gmail.com

ABSTRACT

With around 52 per cent contribution to the gross domestic product (GDP) in 2014-15, the Services sector has emerged as the baton holder of India's economic growth post-independence. Among developing countries, India is distinctive for the role of the service sector. Earlier developers grew by exporting labour-intensive manufactures, whereas India relied on services. Although it's the fastest growing sector, employment has not kept pace with the share of the sector in gross domestic product. India lacks policies which lead to an inclusive growth and uncoordinated governing bodies, adversely affecting the growth of the sector. The poor do not have access to basic services, and there is no uniformity in the quality and standards of education, and formal education does not guarantee employability. It has been observed that employment is concentrated in the informal sector, personal services and public administration. Hence, there is a call for policies which guarantee inclusive growth and enhance India's global competitiveness in services.

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INTRODUCTION

At the time of independence, India was predominantly an agricultural economy. Agriculture accounted for more than 70% of employment and around 50% share in the gross domestic product (GDP). (Krueger, 2002, p.11) With time, the positions of the three economic sectors, viz. Agriculture, Industry and services, with respect to their respective contribution to the GDP, have changed. The share of agriculture has shown a steady fall from 55% in 1950-51 to 19.5% in 2014-15, while that of services has increased from 30% to 53% in the same time period. (CSO, 2014-15). This drastic increase indicates the importance of the sector to the economy. (Eichengreen & Gupta, 2011) In spite of its growing share in the GDP, there are scholars who are sceptical towards the quality and sustainability of the service-sector output, the reason being the marginal increase in the share of services in total employment. While the share of services in total employment was about 15% in 1972-73, it has increased to only 26.67% in 2009-10. All of this has resulted in a large part of population still employed in rural agriculture, creating a large gap in productivity between agricultural workers and workers employed in the service sector. (Papola, 2012, pp.20-21)

Service sector, particularly in India, is very heterogeneous. The different subsectors have different productivity accounting to differences in their contribution to GDP and employment. As (Eichengreen & Gupta, 2011) put it:

(It is) observed that employment in services is concentrated in the informal sector, personal services and public administration, activities with limited spillovers and relatively limited scope for productivity improvement. They downplay information technology and communications-related employment on the grounds that these sectors are small and use little unskilled and semi-skilled labour, the implication being that a labour-abundant economy cannot rely on them to move people out of low productivity agriculture.

This paper tries to study the growth and structure of the services sector of the Indian economy by studying its various subsectors, putting emphasis on their respective contribution to the GDP and total employment. This will enable us to identify which of the subsectors have contributed significantly to GDP and which have added to employment. Thus it tries to address the question of whether there is an inconsistency between contribution to GDP and employment within the various subsectors to the aggregate economy.

I also attempt to analyse the quality of the subsectors where most of the employment lies and to study the productivity of these subsectors as compared to the productivity of the whole services sector.

Since the service sector has been explicitly mentioned as the baton holder of India's economic growth, questions have always been raised by experts on the sustainability and quality of the growth achieved through this path. India, still being an economy where the poor are deprived of basic services such as healthcare and education, further amplify the doubts. The question of dependency of the sector's growth on the government spending and to what extent it has been relying on external factors have been under scrutiny by economists given that services account for the largest share in India's foreign direct investment(FDI) inflows and outflows.

In the first section, we define the service sector as given by the available literature, moving on to investigate the growth and nature of growth of the service sector, trying to address the question of it being a recent phenomenon or not. We also try to identify the differences between the service sector's employability in advanced countries and countries with low level of income.

In the next section, we analyse the service sector GDP in India, its growth on the aggregate level in the period of 1950-55 to 2010-11 and also within the different subsectors. We also take a look on the changes in its structure in the same period. The section tries to identify sectors which have contributed the most to the GDP, where most of the employment is concentrated in the service sector and comparing the productivity of the different subsectors.

THE SERVICE SECTOR

What does the term service sector mean?

Service sector comprises all the activities in the economy which produce products which are intangible, such as trade, healthcare, education, public services, communication, transportation etc. This sector is an outlier when compared to the agriculture (Primary) and manufacturing (secondary) sector. While the primary sector produces goods from natural resources and the secondary sector manufactures goods through processing primary goods, the service (tertiary) sector does not produce any tangible good. (Illeris, 2007, pp.22-23) According to Illeris (2007) in the services sector 'there is no physical product which can be isolated from the process of producing it and the process of consumption or use.'

Growth of the Service Sector

India has shown steady growth after 1950s in the service sector. While its share in the GDP in the early 1950s was 30%, it has increased to almost 55% in 2ooos. (Mukherjee, 2013, pp.3-4) It can be safely said that, service sector growth in India is not a recent phenomenon but it surely has gone through major structural changes during the recent times.

The type of services which make up the tertiary sector in developed countries differ in nature and quality as compared to those in less developed or developing countries. While there is not a definite line which divides the service sector of both types of economies but the employment in the service sector in Developed/Advanced industrialised economies do not imply low quality employment as they mostly do in countries with less income attributing to the factor of large proportion of abundant unskilled and semi-skilled labour. (Ghosh, 1991, p.452) It is also argued that employment opportunities in the service sectors in less developed countries do not come because of sector's growth, but due to lesser opportunities in other sectors of the economy. Pais (2014) says that, according to Ghosh (1991) "Service sector occupations in advanced countries are highly capital intensive, whereas on the contrary, in less developed countries very less use of capital" (p.5) Hence, it can be rightfully argued that the growth of service sector in less developed economies such as India should not necessarily be assumed as an evidence of economic growth.

Analysis of the service sector in India: Structure and growth

Indian economy has been subject to drastic changes post-independence. We decide to take a look at the service sector in India in the period between 1950 to 2009-10.

The period between 1950 to 1965-66, also referred to as the Nehruvian period, witnessed the service sector growing at steady growth of 4.3%. Different sectors of the economy grew at different rates. Some grew at rates higher than the average growth rate, such as public administration (6.37%), insurance (6.8%), education (8%), communication (7%) etc. There were also sectors which grew at a rate lesser than the average growth rate, such as personal services (2.33%), and dwelling and business services (2.45%). Not much changed in the average growth rate in the later period of 1965-66 to 1979-80, which increased to 4.33%, although there were changes in the growth rate of some of the sub-sectors.

Table 1: Contribution to GDP growth by service sub-sectors, 1950-51 to 1979-80 (%)

S. No.	Description Of Category	From 1950 to 1965-66	From 1965-66 to 107980
1	Public Administration	13.3	16.2
2	Trade	30.5	15.4
3	Housing services	13.0	11.7
4	Road transport	6.4	8.2
5	Education (and Research and scientific)	7.7	7.1
6	Railways	4.2	3.0
7	Banks	2.6	2.9
8	Medical and health services	2.2	2.8
9	Non-Life insurance	1.0	1.4
10	Hotels and restaurants	2.4	1.1
11	All others	17.3	30.0

Source - Extracted from (Pais, 2014), Table 1, p. 16

In the period between 1950 to 1965-66, the share of road transport in the service sector GDP increased from 4.55% in 1950 to 7.4%. The subsectors which saw an increased share in the same period were mainly from the public and state sector. The increase in the share of education, which can be attributed to the government's concentration on reviving their public education system, can be seen as its share increased from 4.1% to 7.3%. Public communication and public administration saw an increase from 0.5% to 0.7% and from 9% to 12.4% respectively.

As said above, growth rates were similar in 1965-66 to 1979-80, but the structure of the service sector changed as compared to former period of 1950 to 1965-66. Road transport, banking and insurance sector and public sector services share kept increasing. Trade services saw a decrease in their share of the service sector GDP from 28.4% in 1965-66 to 21.8% in 1979-80. The only public sector that saw a decline in its share was Railways, decreasing from 4% to 3.5%.

In the period between 1950 to 1965-66, almost 80% of service sector's growth was contributed by Trade, Housing services, Public administration, Education services, Road transport, Railways and banks. Out of these three, Trade (30.5%), Housing services (13%) and Public administration (13.3%) make up 55 % of the total growth of the service sector. In the subsequent period of 1965-66 to 1979-80, with the decline of Trade services, Trade, Housing services, Road Transport, Education services, banking and Railways together contributed to about 68 per cent of the total growth.

The average growth rate of the service sector in 1979-80 to 1995-96 was about 6.5%, in 1995-96 to 2004-05 was about 7.7% and in 2004-05 to 2009-10 it grew to 10.3%. Public sector accounted for about 30% of the service sector GDP in the 1980s. These were Public administration (14.5%), Railways (3.5%), Medical and Health services (2.6%), and Banks (2.4%). Non-public sector that had major contribution to the service sector GDP in the 1980s were trade (22.2%), Housing services (14.6%), Road transport (7.9%) and Recreational services (2.1%). After the economic liberalization policies in 1991, which promoted privatisation, the public sector continued to grow. One of the reasons for it might be the presence and growth of private sector activities in these services. (Pais, 2014)

Table 2: Contribution to GDP growth by service sub-sectors, 1979-80 to 2009-10 (%)

S. No.	Description of category	19979-80 to 1995-96	1995-96 to 2004-05	2004-05 to 2009-10
1	Trade	21.5	29.8	24.3
2	Public Administration and defence	12.2	10.2	9.8
3	Banks	3.4	6.0	10.6
4	Business Services	1.7	5.2	9.2
5	Road Transport	8.4	9.4	6.8
6	Education (Research and Scientific)	6.9	7.7	6.2
7	Private sector communications	0.0	0.6	4.1
8	Housing services	16.2	5.4	3.6
9	Public Sector telephone	0.7	1.9	3.3
10	Hotel and Restaurant	1.8	3.0	2.3
11	Railways	2.0	1.5	1.6
12	Medical and Health services	2.8	3.6	1.4
13	All other services	22.5	15.6	16.8

Source; Extracted from (Pais, 2014), Table 2, p 19-20

The major changes in the structure of the service sector GDP happened between 1995-96 and 2004-05. In this period, Trade was at its peak contributing 27.5% to the service sector GDP; the highest after the 1950s. The major contributors to GDP in 2004-05 were Public administration, Housing services, Education and Banking and Business services.

Subsectors which were large according to their contribution to the GDP also contributed to service sector growth. It is evident in the period between 1980 to 1995-96, as Trade accounted for almost 21.5% to the service sector growth. Together with Trade, Housing services (16.2), Public administration and defence (12.2), Education services (6.9%) and Road transport (8.4%) added up for almost 65% of the service sector growth. A similar growth trend was observed in the subsequent period of 1996 to 2004-05, except Housing services' (From 16.2% to 5.2%) and Public administration's (12.2% to 10.2%) decreased contribution to growth.

In the recent period of 2005 to 2009-10, GDP grew at the highest growth rate of 10.3%. The subsectors in the service sector which did not have a major contribution in the service sector GDP earlier grew at very high growth rates and so did their contribution to the GDP. Some large services also registered a growth rate higher than the average growth rate, such as, Banks (20.1%) and Business services (17.2%).

The structure of service sector GDP in the period of 2005 to 2009-10 was such that Trade, Public administration, Banks, Road transport, Housing, Business services and education together accounted for almost 75% of the total service sector GDP.

Hence, it can be said that in the whole period of 1950 to 2010 two subsectors which contributed most were Trade and Public administration. Banks, Road transport, Business services and Insurance seem to have a notable increased share in the service sector GDP in the same period. Meanwhile, Housing and domestic services show a decline in their share. Finally, the two sectors which have shown a remarkable growth in the recent years are Business services and Private sector communications.

Analysis of the service sector in India: Employment and Productivity

Employment

The Service sector's ability to generate employment has been doubtful. The fact that employment has not grown with income in the sector (Bosworth & Maertens, 2010) or with the share of GDP (Kochhar et al., 2006) increases doubts. (Mukherjee, 2013) Says that according to (Bhattacharya &Mitra, 1990) 'the change in the production structure from agriculture to services has not been reflected by a proportionate change in the occupational structure'

In 1995-96, the service sector employed 22% of the total labour force which increased to 25.3% in 2009-10. In 2009-10, services accounted for almost 62% of the jobs in the formal (organized) sector. Yet within the service sector 80% of the employment is in the informal (unorganized) sector. Also a large part of the organized employment was concentrated in the public sector. In 2000-10, around 75% of the employment in the organized sector came from the public sector.

Table 3: Employment in Different Sectors and Service Industries as a Percentage of Total Employment by Fiscal Years

Category	2009-10	2004-05	1999-2000	1993-94
Agriculture	53.2	58.5	61.7	62.8
Industry	21.5	18.1	15.9	15.2
Services:	25.3	23.4	22.4	22.0
Wholesale, and retail; Repair of vehicles, motorcycles and personal and household goods	9.5	9.0	8.7	7.7
Hotels and Restaurants	1.3	1.3	1.1	
Transport, storage and communications	4.3	3.8	1.1	3.4
Financial Intermediation	0.8	0.6	0.5	1.0
Real estate, renting and business activities	1.3	0.9	0.6	
Public administration and defense; compulsory social security	2.1	1.8	2.5	9.5
Education	2.6	2.4	2.0	
Healthcare and social work	0.8	0.8	0.6	
Other community, social and personal services activities	1.9	1.8	2.4	0.3

Source; Extracted from (Mukherjee, 2013), Table 3, p. 6-7

Service sector's contribution to employment is lower than its contribution to GDP. Yet the sector has the highest share in the organized sector but within the services, the share of organized sector is small. Although the employment in service sector is growing, there is a need for better policies to pace up the employment growth both in terms of quantity and quality.

The fact that most of service sector's employment comes from the unorganized sector and sectors which have little left capacity to grow economically, it raises doubts over the quality and sustainability of the economic growth India has achieved, as a good part of it is attributed to the service sector growth. India is known to be a labour abundant economy and at the same time a big part of this labour force is unskilled or semi-skilled, and hence it is reflected in the data that most of the employment comes from subsectors which don't require highly skilled labour. Modern services such as information technology and communications (Public and private) are still behind in terms of employment as compared to Trade, Public administration and defence, Housing services etc.

Productivity

Lack of annual data makes it difficult to analyse productivity and the fact that most of the jobs in the service sector are from the informal sector adds to inefficiency of such analysis. Recent studies conclude that productivity has been the highest in service sector with and data points strongly so after 1980s. (Mukherjee, 2013)

Table 4: Total Factor Productivity for Major Sectors in India, 1980–2010 (%)

Category	1980-1990	1990-2000	2000-2010
Total economy	2.2	1.8	2.1
Agriculture	1.9	0.7	0.9
Industry	1.5	0.6	1.6
Services	2.5	3.1	1.9

Source; Extracted from (Bosworth &Maertens, 2010), Table 2.3, p. 119

The Road Ahead

In the last three months of 2015, the Indian economy grew at the rate of 7.3%. In the past decade, with the increase in GDP and per capita income, the number of people below poverty line has declined. If the Indian economy grows at the rate of 7.3% between 2005 and 2025, then by 2025, 583 million Indians will be in the middle class which is the equivalent of the current population of Australia. The share of the middle class in the total population will increase from around 5% in 2005 to41% in 2025, and they will account for 59% of the country's total consumption. (Mckinsey, 2007) 54% of the Indian population being below the age of 25 years, makes India one of the youngest countries.[1] The youth population also demands for better education services, Medical and Health services, Recreational and entertainment services, employment opportunities in

[1] For details see - http://nrhm-mis.nic.in/UI/Public%20Periodic/Population_Projection_Report_2006.pdf

[2] PRC stands for People's Republic of China

sectors which fall under organized, high quality, high paying sectors. This demand has effects on the supply side factors, adding up to a sustainable economic growth. Since India still is far from saturation in the service sector growth and most of the subsectors being open to foreign direct investment (FDI) we can hope for a better future in terms of economy.

Yet, India faces certain problems in terms of economic growth. It can be dealt with correct set of policies and reforms.

India, though, being portrayed as a major exporter of services, is still behind PRC[2] in terms of export of commercial services, which still runs deficit in service trade. (International Trade Statistics, 2015) The only service subsector India seems to be globally competitive is computer and information services.

The Government has allowed services to grow on its own, while focusing mainly on agriculture and industry. The fact that India has quasi-federal governance has resulted in multiple regulatory bodies, numerous regulations, and multiple clearance requirements.

There is also a lack of regulation and prescribed standards in terms of quality of services. We still have outdated technology being used and global standards are not being followed. To add to this, the fact that common accreditation is easily achieved in some of the subsectors such as education and construction, has resulted in lowering the quality of services in these subsectors.

India ranks above Republic of Korea and below PRC in terms of FDI restrictive index. (OECD, 2014). Yet, it is one of the few countries that have FDI restriction on services. As the government lacks resources, it is important to encourage foreign investment to boost the service sector growth. Also, the policies should be made to be transparent and not discriminatory between foreign and domestic investors.

In order to attain inclusive growth, creating jobs and promoting good quality education is important. India, though a labour abundant economy, still lacks skilled labour, as most of the labour force doesn't get prior education. The demand for skilled labour in the organized sector is not met by supply, resulting in increased wages. Increased wages end up in higher attrition and higher operation costs. Studies (Mukherjee & Goyal, 2012) have shown that although employees prefer to work in the formal sector for better salaries and job security, skill requirements are different, and it is not easy for employees to shift from the informal to the formal sector.

In order to create a better labour force and enhance the formal sector, the government needs to work upon every level of the education sector. It can work with industries and with educational institutions in public–private partnerships to identify skill requirements and design appropriate courses and training programs to facilitate their development. Focusing on vocational training and developing appropriate curricula will increase the employability of students in the service sector. The quality of education can be improved through proper accreditation at international standards. (Mukherjee, 2013)

RESEARCH METHODOLOGY AND DATA

In order to perform the study of the growth and structure of the service sector of India, I used the method of documentary analysis. Most of the sources cited are secondary sources.

Primary sources were used for collecting data on growth, structure and employment. The data on growth and structure come from CSO and the data on employment comes from NSSO. The literatures reviewed are mainly books, journals and magazine articles. Internet search engines were used to search for the sources. Since the focus of this report is on service sector emphasizing more on the recent changes we use data for employment from 1990 to 2009-10.

CONCLUSION

In this paper I've tried to study the Indian service sector's structure and growth post- independence, while focusing more on the past two decades. The approach used is to analyse the various subsectors with respect to their contribution to growth, GDP and employment. In terms of share in GDP, service sector is the largest and fastest growing sector in India. It also has the highest labour productivity. India is ranked in the top 10 WTO members in terms of export and import of services. Yet, there're doubts over its ability to uplift the masses from poverty. The sector has not been able to create jobs, both in quantity and quality. Modern services which require skill and education cannot grow until the quality of the labour force is improved. Hence, it is important that India attracts more private investment, creates employment in the formal sector and improves its infrastructure. The suggested changes such as fewer restrictions on FDI, transparent and non-discriminatory policies can enhance the productivity and efficiency of the service sector to induce inclusive growth.

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SOUTH ASIA: DEVELOPMENT LESSONS AND CHALLENGES IN THE ASIAN CENTURY

MADHAVI ROY – 3RD YEAR, RAMJAS COLLEGE madhu.roy14@gmail.com

INTRODUCTION

South Asia is truly a paradox. The nations are all emerging economies with a reasonably high GDP growth rate and yet trade among these nations still hovers at a very low level. We talk to the world, but we do not necessarily talk to each other. There have been a great deal of positive movements in this direction among India, Bangladesh, Nepal, Bhutan and Sri Lanka over the past decade or so, with bilateral free trade agreements (BAFTA) and other trade and commerce agreements put in motion among these nations, but problems still remain. It is ironic that in spite of contributing to over 80 per cent of the region's GDP, over 60 per cent share of the region's trade and 75 per cent of regional population, India's trade with her regional neighbouring countries stands at a meagre 3 per cent of her global trade (Batra, 2013). The last one and a half years have witnessed renewed movements in this regard. Pakistan is largely out of this bonhomie witnessed in the recent past, leaving a major nation out of this core South Asia circle. The present essay attempts to probe into the issues and problems in the development paradigm of South Asia and the underlying challenges in forging a larger South Asian economic block.

Conflicts among Nation States amid Formation of Regional Trade Blocks

The first aspect to strike someone dealing in South Asian affairs is that of persistent conflict between some of these nations, especially between the two largest nations in this block – India and Pakistan – that has contributed to the non-emergence of significant inter-country trade and commerce. As opined by Batra (2013, p. 1), 'As a unique exception to a well-proven "natural trading partner" hypothesis, the South Asian region demonstrates how historically and geographically proximate countries, when caught in persistent conflict, lead to underperformance of a region in terms of its potential for economic exchange'. This is evidenced by the intra-regional trade among the South Asian nations standing at a mere 5 per cent of the total trade of these nations and 5 per cent of regional GDP. This was the scenario in spite of the institutionalization of regional cooperation processes, the events chronologically presented by Khan (1999):

1949 Economic union between India and Pakistan came under stress

1983 Adoption of declaration on South Asia Regional Cooperation (SARC)

1985 Establishment of South Asian Association for Regional Cooperation (SAARC)

1987 Establishment of the SAARC Secretariat

1995 SAARC Preferential Trading Agreement (SAPTA) became operational

The Charter of SAARC, adopted in December 1985, aims 'to promote the welfare of the people of South Asia and to improve their quality of life; to accelerate economic growth, social progress and cultural development of one another's problems; and to promote active collaboration and mutual assistance in the economic, social,

cultural technical and scientific fields' (SAARC, 1988, 1989). This was followed by the member countries signing SAPTA in the year 1993 that closely followed India's economic liberalization movement that started in the year 1991. Three rounds of negotiations among these nations undertaken in 1995, 1996 and 1998 resulted in more than 4700 tariff lines being placed under preferential access. But the situation has remained unchanged largely as a result of inconsequential tariff liberalization and erection of non-tariff barriers under conditions of prevailing mistrust between India and Pakistan. The fate of the South Asia Free Trade Area (SAFTA), which was agreed upon in the year 2004 but came into effect from 2006, was no different. 'Exclusion of the more dynamic services sector from the liberalization schedule, large negative lists with no target specification for their elimination as well as the long periods required for dispute settlement among others stood out as major obstacles in the way of SAFTA becoming a beneficial instrument furthering the objective of trade integration in the region' (Batra, 2013, p. 3). This was the case notwithstanding India's growth rate of 7 per cent over the period 1998-2008 being the highest in the region and the other countries not falling far behind.

Challenges in South Asia Development Paradigm

An analysis of the development paradigm in vogue in South Asia and the challenges therein is, therefore, in order. There is a need to reverse the following trend: the informal trade between India and Pakistan is estimated to be almost ten times greater than the formal trade between these nations, and half of this informal trade happens via countries such as Dubai, Singapore, the CIS countries and Afghanistan (Taneja, 2004). From the establishment of the SAARC Development Fund in the year 2005, which came into being largely on account of the limitations of the South Asia Development Fund (that functioned during 1996 to 2004), to the floating of the idea of a SAARC Development Bank (SDB) along the lines of the BRICS Bank by the Government of India, we have really come a long way. According to Kelegama (2014), the two issues that explain the low level of intra-regional trade among South Asian nations are poor infrastructure connectivity in the region, and the lack of a supply base in the smaller South Asian countries to exploit the growing market demand in large South Asian countries. Other factors hindering the South Asia development paradigm include structural weaknesses, institutional bottlenecks, political movements, narrow nationalism, and mutual distrust (Aggarwal, 2010). The formation of the SDB could be a game changer to plug these glaring inadequacies. In the same vein, Andres, Miller and Dappe (2013) point out that South Asia has a US$ 2.5 trillion worth infrastructure deficit. The gap is defined as the difference between South Asia's development goals and its actual capability to meet these goals. The said amount, according to the report, is required to invest in transport, water supply and sanitation, solid waste management, telecommunications, and irrigation to bridge the infrastructure gap over the next ten years.

Surie (2015), in an Asia Foundation Report, refers to the World Development Report (March 22, 2015) to buttress the point that while in areas such as trade and energy South Asian governments have made some progress in opening up and allowing for the movement of goods and people, regional cooperation on water lags behind. Geopolitics and a history of cross-border disputes have meant that trans-boundary water issues are perceived largely from a perspective of national security. In this regard, Rahman, Khatri and Brunner (2012) mention that the Asian Development Bank's (ADB's) Strategy 2020 has committed significant resources to scale up its support for regional cooperation and integration. ADB's South Asia Regional Cooperation Strategy (2011–2015) – in addition to assisting project implementation – gives emphasis to capacity development, among other things, through dialogue between policy-makers and other key stakeholders, including academics and intellectuals. According to Jayasuriya and Maskay (2010), deeper intraregional economic integration is not achievable without comprehensive trade and

investment liberalisation among member nations. The authors advocate building on the SAARC FINANCE network for enhancing regional integration.

The Way Forward

But there are silver linings on the horizon that give us hope (Sharma, 2015). Desai (2010) opines that for successful and strengthened regional cooperation and integration, two specific deficits need to be plugged - institutional capacity deficit and perceived trade account deficit. South Asia has long been seen as an economic laggard, but that could soon start changing. Regional integration could potentially promote intra- and extra-regional FDI flows and economic development in terms of additional economies of scale, value addition, the diffusion of technology and employment (Aggarwal, 2010). It is extremely important for India to take a lead in this regard as a successful SAARC is strategically vital for India, both regionally and globally, aided by global developments and increasing openness of SAARC economies (Sawhney and Kumar, 2008). While falling prices for oil and other raw materials are hurting most emerging regions, they are a boon for the nations of South Asia, all of which are commodity importers.The competition between Japan and China is a huge boost. The inflow of foreign direct investment is helping to keep South Asia in what can be identified as the investment sweet spot. And there is thus hope things can really turn around.

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OPEN DEFECATION AND INCOME INEQUALITIES

NAMITA GOEL - 2ND YEAR, RAMJAS COLLEGE ngoel475@gmail.com
DEEPANKAR SINGH RAO – 2ND YEAR deepankarsinghrao@gmail.com
VAISHVI GOEL – 2ND YEAR vaishvi410@gmail.com

This article is an excerpt from the paper written by the authors under the Ramjas College, Economics Department funded field project, named- Open Defecation and the emerging negative health externalities especially child mortality.

India's population as per the census 2011 is 1.2 billion. According to the joint UNICEF and WHO estimates of 2015, 44% of India's population defecates in the open. This figure is 61% for rural India whereas 10% for urban India.

Open defecation has a significant negative health externality, i.e. it results in child mortality. Several deadly germs are released in the environment, which has an adverse effect on children under the age of 5, making them sick, and generally resulting in diarrhoea. Another impact is environmental enteropathy, a chronic inflammatory response of intestines to repeated exposure to the germs spread by open defecation. Thus, it results in a fall in the young population of the country which may affect the demographics of the country.

In the urban areas due to higher population density and absence of large open fields, the negative externality is much higher than what it is in rural India. Not much study has been done in regard to open defecation in the urban slums. This is thus an important avenue for enquiry.

This article finds out how defecation habits and inequity in the income levels of the households are correlated and how it affects the health of the children living in that area. This was found out by analysing the diseases children suffered in the last 6 months and the cases of child mortality were also studied.

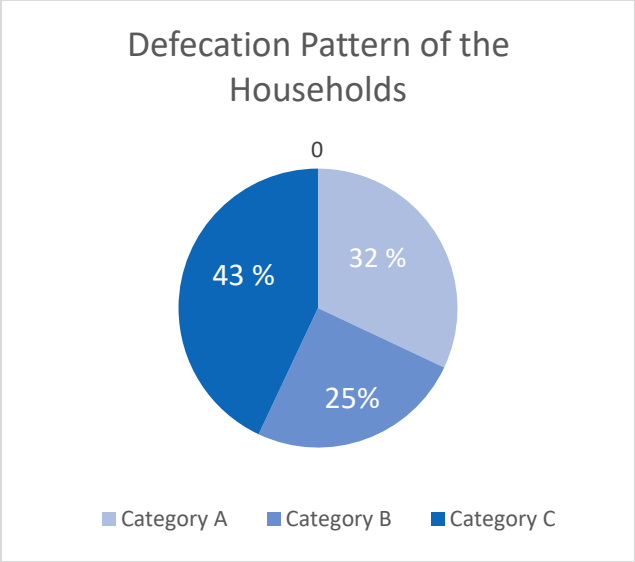
Two settlements of urban poor representing slums were chosen under this study Seelampur and Mansarovar in the East Delhi region. Both the colonies are unauthorized and represent a typical slum in a large urban settlement like Delhi, but each had its own unique characteristics. Open defecation was largely prevalent in both the slums.

In Seelampur, the defecation ground was a landfill across the busy road. On the other hand, the defection ground in Mansarovar was a railway track behind their houses, barely at a distance of 50 meters. To see the correlation between the defecation habits of the households and inequity in the income levels of the households, first, we analyse the defecation pattern of our sample. Based on the defecation pattern followed by the households, we can divide them into three categories which are as follows:-

A. All the members of a household go for open defecation

B. Some of the household members defecate in the open while rest of them go in community toilets

C. None of the households defecate in the open. They either go for community toilets or they have built a toilet in their house.



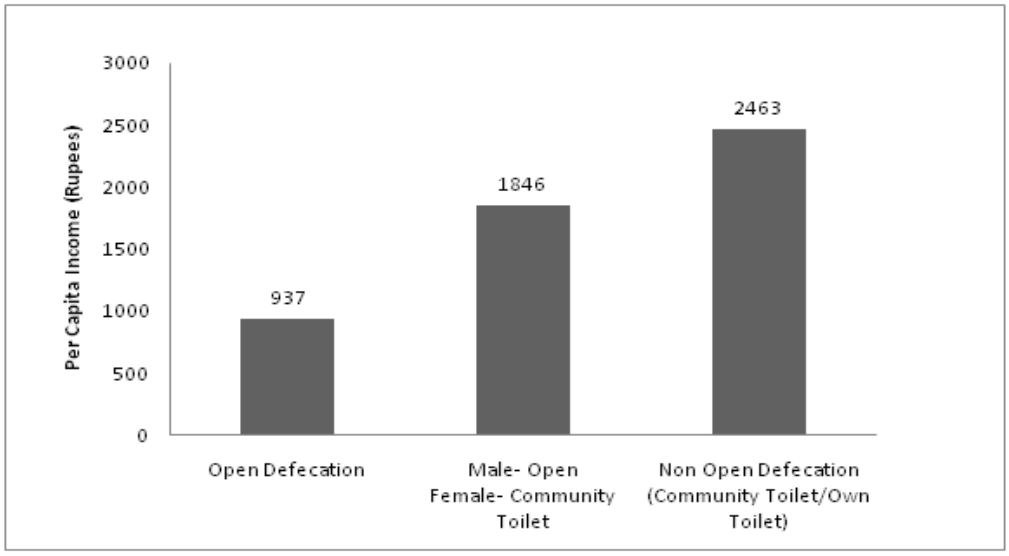
Inhabitants of both the areas showed a difference in defecation habits. People in Mansarovar preferred open defecation to community toilets as 90% of them go for open defecation even though the same could be found in the vicinity. Whereas in Seelampur, largely, the choice existed between community toilets and own toilets as only 25% of the households go for open defecation. There were a few households where only the male members went to defecate in the open. It is an astonishing fact that in Seelampur none of the women went for open defecation while in Mansarovar everyone be it women, men or children practised open defecation.

Income

In our sample, the Income variation is majorly due to the different kinds of occupation adopted by them. Educational credentials are a reflection of the nature of employment of the household.

Households involved in odd jobs like rag picking, '*nimbu-mirchi*' selling would garner low income while those in better jobs like rickshaw pulling and manual labour still made a decent amount of money to improve their defecation habits. Casual and seasonal work renders low income while a constant job offers enough money to support the expenses of the house and also affects in making a better income distribution of the household.

A clear finding emerging from the above mentioned factors is the relationship between household income and defecation habits. A positive relationship has been observed between a household's economic status like per capita income and its decision to go for open defecation or not. When the household's income is high, they begin preferring community toilets or they build their own toilets. If not for all the members, at least the females stop practising open defecation and instead use the community toilets.



A huge variation was observed in the average monthly per capita incomes of different categories of the sample. The average monthly per capita income of the households going for open defecation is ₹ 937. It rises to ₹ 1846 for the families where at least the female members of the household use community toilets. And it further rises to ₹ 2463 for the set of households either going in community toilets or those who have build their own toilets.

Thus we see a positive relationship between the defecation patterns of the households and their income levels. This variation of income leads to inequities in health profiles of the households.

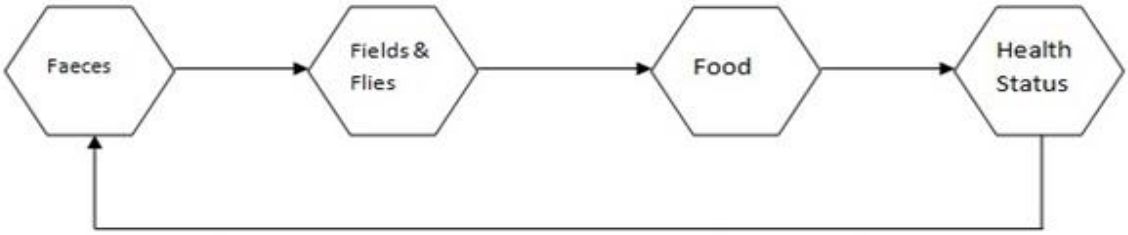
Health Externality:-

Open defecation has dire consequences: it makes babies prone to grave diseases, impedes the physical and cognitive development of surviving children, and reduces the human capital of India's workforce. Open defecation is associated with significant negative externalities: it releases germs into the environment which harm the rich and poor alike—even those who use latrines. It exposes people to a filthy environment which puts them at a risk of encountering grave diseases like diarrhoea, trachoma, typhoid and other intestinal worm diseases. Moreover open defection in a densely populated area costs more harm to not just the people practising it but to the society as a whole.

Among the households surveyed, cases of diarrhoea and typhoid were observed more in the ones near to the defecation ground. And this was the case with Mansarovar. The defecation ground was quite nearby, just behind their houses, barely 50 meters, and these people fell sick more frequently contrary to the people in Seelampur where the inhabitants had to cross the road and reach the landfill to defecate, which is 400 meters away from the slum area.

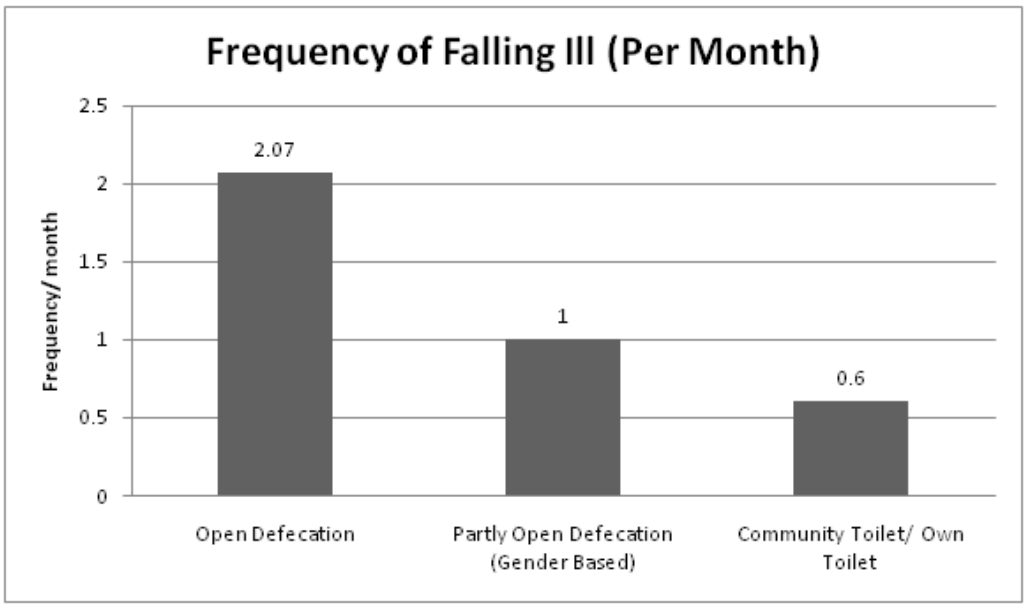
Major reasons for this high susceptibility to diseases are- 1. Dirty surroundings; 2.Carrier of germs-flies. Our visits to the field during the collection of data showed that the surroundings in Mansarovar were quite filthy and garbage was strewn everywhere. Water was accumulated outside houses as they would bathe outside their home.

Second, since the defecation ground was just behind their house, carriers of diseases, flies would sit on their food. They carry the germs from defecation ground to their food which results in bacterial infections and diseases.

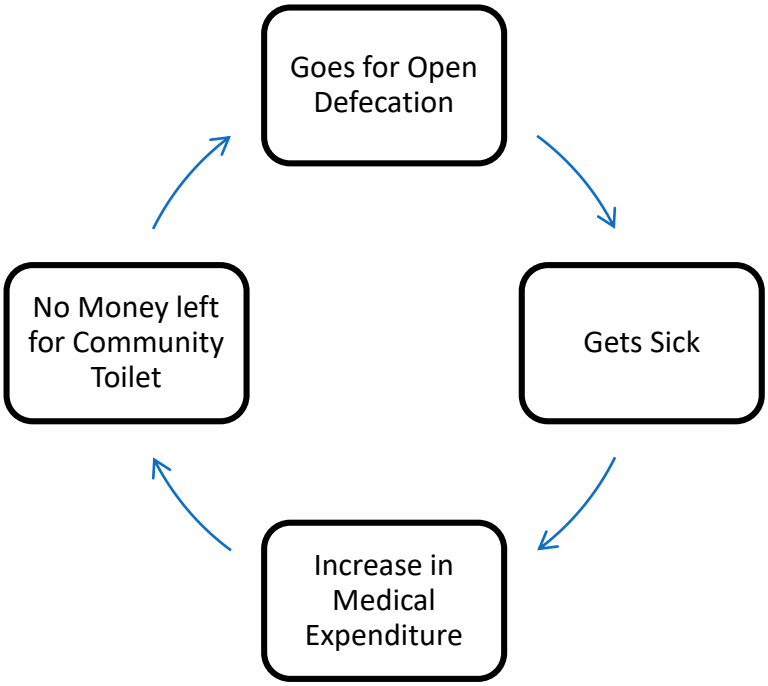


Faecal-Oral Contamination: Arrows represent transmission routes for pathogens

Diarrhoea and stomach ache was quite common as 29% of the households had such cases and they would experience it quite frequently in a month, which made them sick and unable to work, losing out on day's income which is monumental for the slum dwellers. The bar graph below shows the frequency (per month) of falling ill for children under the age of 5 of households of different categories. The households going for open defecation have an average falling ill frequency of 2.07/ month whereas households not defecating in the open have an average falling ill frequency of 0.6/ month. Thus, there is significant difference in the average frequency of falling ill as the defecation pattern of the household improves.



A very interesting fact is highlighted in Mansarovar. The slum dwellers are caught in a vicious circle. Their decision to go for open defecation lands them sick and increases their medical expenditure which at the end leaves no money for using a community toilet. This vicious circle then results in the persistence of the inequity in the health profiles of the households. Health profiles of the households of Mansarovar is particularly low because they are barely 50 meters away from the defecation ground and the negative externality of open defecation is making life difficult for them.



Individual health and hygiene is largely dependent on proper sanitation .There is therefore, a direct relationship between, sanitation and health. Improper environmental sanitation and lack of personal and food hygiene have been a major cause of many diseases in developing countries including India and thus this led to launch of government policies to curb open defecation, like- National Urban Sanitation Policy (2008) and Swachh Bharat Abhiyan for Urban Areas (2014). These schemes focus on the promotion of toilets and provide an incentive to households to build one.

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CONSTRAINTS ON THE FUTURE SUPPLY OF STEEL IN INDIA

AYUSHI CHOUDHARY – 2ND YEAR, RAMJAS COLLEGE ayushikr@gmail.com

Over the past year the "Make in India" campaign seems to have garnered the attention of the entire nation. Essentially, the campaign aims at making India a hub of manufacturing and exports, thereby ushering it into a trajectory of a double digit growth. Undoubtedly, the steel industry would gain the most out of this initiative owing to its considerable linkages with other sectors of the economy. The Government's recent announcement of enhancing India's steel productivity to a whopping 300 million tonnes within a decade might have rekindled hope within the industry, which at present is experiencing a sluggish growth. However, in the wake of the slowing down of China's economy and inefficient infrastructure, the government may have bitten more than it can chew.

The target of producing 300Mt of steel by 2025-26 faces a lot of obstacles which the industry along with the government must combat. Production of steel of such mammoth proportions will require at least three times the raw material. Presently, we do not have the infrastructure in terms of railways, roadways, water requirement, and power requirement to make the transit of 1200 Mt of steel across the country possible. Scarce availability of non-fertile land for establishment of plants is a major complication which plagues the industry. As of now, the cost has quadrupled. Procurement of environmental clearances from the government is a rigorous and tedious process which might be detrimental to FDI in the sector. Establishment of green belts in and around steel plants has become mandatory. This, again, is a big constraint in terms of the investment required to put up such mechanisms as firms are not willing to shell out extra money for something which will not benefit the production of steel in the slightest. To avail these clearances from the government, the industry must aim for a sustained development and adopt a two pronged strategy: Eco-friendly technology to reduce the carbon footprint and hundred percent recycling along with zero percent discharge.

The impact on vulnerable groups and societies also has to be considered (as often mines are located in areas of extreme poverty or in areas under forest cover.) Environmental concerns must go hand in hand with the company's strategy to expand. The government along with some inputs from experts has come up with the concept of Special Purpose Vehicle (SPV). In this model, the industry must aim for community friendly growth and the State should have a stake holding. With time, mineral resources are becoming scarce, which poses a major threat to mining. To mitigate the threat, NMDC will have to form a joint venture with the State mineral agency. This concept will help in smoothening of lease allocation, proper usage of funds along with introduction of environmental friendly technology. Despite this, Merger and Acquisition will be prevalent because of available land and ready market. SPV also focuses on establishment of skill development and IPI centers which will enhance the productivity of the local populace.

Unfortunately, in India, R&D has taken a backseat. Expenditure on this segment is just 0.3% of the company's turnover against the world average of 1.5%. Adding to that is the severe lack of skilled manpower possessing the required knowledge and creativity to come up with a plan focusing on product development and environmental friendly technology conducive to indigenous conditions.

India imports coking coal with low ash content to improve the toughness of steel. This results in outflow of foreign exchange which must be neutralized by exporting finished products. Again, it is easier said than done. Steel at the international level must be competitive in terms of cost as well as quality. In this regard, India faces a major threat from China. Domestic demand for steel has decreased in China. But, the 800 Mt steel production capacity created by the country is dumping its finished products across the world. So, India must try to tap those markets which are advantageous from location point of view keeping in mind the reduced cost of transportation and underdeveloped nations which are in desperate need of steel for infrastructural development.

We very well know that steel industry is cyclical in nature. Steel prices are a function of global demand and supply situation and domestic consumption. Because of severe competition, prices of finished products are not lucrative enough and input prices are quite high. As a result, profits get squeezed. This discourages bankers from lending to the steel sector. Inefficient debt servicing and accumulation of non-performing assets add to the woes. To achieve the target of 300 Mt in the next decade we need around 16 lakh crore rupees. So funding is another major challenge which India must combat. Persuading bankers to increase the steel sector caps for proper disbursement of funds, according infrastructure status to the industry so as to ease the inflow of funds from international organizations and establishment of a dedicated Steel Finance Corporation (SFC) are some of the steps which may help in the said task.

For the past 60 years or so, India has been primarily focusing on production of tonnage steel and imports value added steel. Consequentially, it has become a net importer of steel. Yet, some integrated producers have projects related to value added steel under the pipeline. JSW has a tie-up with JFE to develop the CRGO technology. TATA Steel, RINL and NML have also entered the fray by establishing a pilot plant for CRGO. However, there is no assimilation of the technology. There is imbalance in terms of bilateral trade. For example, the SEPA agreement with Japan and South Korea does not let India derive the full advantage of the pact. We must have a balanced negotiation at the international level for proper exploitations of our exports. As the economy matures, this nation has to shift from tonnage steel to value added steel.

The steel industry of India, presently, seems to be stuck between a rock and a hard place. On one hand, there is pressure on the government to triple the productivity in next ten years. On the other, there are several challenges, as discussed above, to the expected metamorphosis of the industry. If the current scenario continues to prevail, then it is highly unlikely that the target of expanding the steel capacity to 300 million tonnes will materialize. The government must develop concrete institutional as well as policy measures to fulfill the gargantuan task ahead. In spite of being the fourth largest producer of steel in the world, the industry will have to overcome the aforementioned constraints to emerge as a steel giant in the coming decade.

This article is based on the responses I got after interviewing Mr. U. K. Vishwakarma, DGM, MAS, Mecon Ltd., Ranchi and Mr. Goutam Chakraborty, GM (Technology), Mecon Ltd., Ranchi.

THE KERALA MODEL – CHALLENGES AND THE ROAD AHEAD

MAAJID MEHABOOB CHAKKARATHODI
1ST YEAR, RAMJAS COLLEGE meetmajid@gmail.com

1. INTRODUCTION

Extensive debates exist on the exact definition of development. A basic perspective equates development with economic growth. Another perspective is achieving human development. The Kerala style of development with its focus on improving indicators of quality of life like health, education and life expectancy is widely known as the "Kerala Model". It also gives more emphasis on wealth and resource distribution, and active political participation of ordinary citizens.

1.1 Human Development in Kerala

Statistics beginning from the 1970s show that Kerala has done remarkably and has also consistently topped the HDI score since then. According to 2011 Census, Kerala has topped the HDI rank among all Indian states with a score of 0.790. Kerala's HDI score is comparable with that of many developed countries. The 2011 census also shows that Kerala has achieved a literacy rate of 93.91% and a sex ratio of 1084/1000 (F/M), both the highest among all states in India. It also boasts of the highest life expectancy (77 yrs) and the lowest infant mortality rate (13 per 1000). It has also attained a negative trend in the marginal growth of its population 4.91%, the lowest in India and less than one-third of the national average. On 27 February 2016, The President of India declared Kerala as the first fully digital state in the country. The Kerala government claims to have a mobile density of over 95% and an e-literacy rate of 75%. The state also has the highest digital banking rate and has provided broadband internet connectivity to all village panchayats. These achievements are a result of effective public policy and its political will to implement these policies up to the last mile. This along with the various historical trends – initiatives for girl's education taken by the Cochin Maharajas, the contribution to education by Christian missionaries, and the contributions of social reformers – have contributed to achieving good levels of human development.

The socio political setup of the state is also an important factor backing its good human development numbers vis-à-vis the rest of India. The existence of a traditionally matrilineal system, the relatively low levels of sectarianism and casteism, the high levels of political awareness seen through the high rates of newspaper subscription and better gender sensitivity all contribute to explaining this phenomenon.

1.2 Challenges to the Kerala Model

These achievements, however, come with their own set of unique problems. The Ministry of Statistics and Programme Implementation's estimates of 2014 show that the state has a mere GDP of $77.47 billion and contributes to only 3.78% of the entire GDP of India. This may not seem problematic at a first glance as there are many other states that have performed worse than Kerala but given the tremendous achievements of the state in areas pertaining to qualitative aspects, this is a major issue of concern. Even though the growth of per capita income has seen occasional booms in the recent years, they are not consistent. In a nutshell, the state scores very low in industrial and economic development.

Excessive power of highly politicized labour unions and poor public policies related to stimulating economic growth has hampered the GDP growth in Kerala. Widespread unemployment and over dependence on foreign remittances still haunts the state. This could have been avoided if the leaders had shown the same charisma that they showed in improving the state qualitatively.

The last 15 years have seen economic growth stagnate in Kerala. The state has failed to utilize their qualitative achievements to boost economic growth and attain stability. South Africa for instance, has been able to convert each year of extra life to an extra 4% in GDP.

Underemployment due to lack of quality jobs, declining infrastructure and low salaries are resulting in loss of skilled and educated workforce. Large scale migration to foreign countries, primarily to Gulf Middle East during the Gulf Boom of the late 1970s, resulted in huge brain drain.

Kerala has been disproportionately feeding on the remittances from its large expatriate community which accounts for a whopping 31.2% of the state GDP in 2011[1] The NRI deposits in Kerala soared by more than 17% in the space of just one year between 2014 and 2015 to reach Rs 1.1 lakh crore. RBI data shows that there was a little over $115 billion held in NRI accounts across India. This translates to roughly Rs 7 lakh crore. Kerala thus accounts for roughly one- sixth of all the money held in NRI accounts.

It is relevant to note that the state has an aging population. Currently 12.6% of the population is above 60 years of age[2], and growing at 2.3% each year[3]. This will make the dream of achieving economic development more challenging.

The coming decade is very important for Kerala. Given its rapidly aging population and an increasing loss of skilled labour, Kerala requires a rapid economic transformation to boost growth and sustain its social development programmes. Worryingly, recent surveys show a negative trend in jobs available abroad – the proportion of Malayali migrants to the Gulf dropped from 95% in 1998 to 89% in 2007[4]. Many Middle Eastern countries have started laying off Indian workers to provide their own nationals with more employment opportunities. The unrest in West Asian countries because of geopolitical reasons is also a major influence. All these reasons create a sense of urgency given the time constraint.

2. OBSERVATIONS AND POSSIBLE SOLUTIONS

Ideally, the policies for improving economic growth should have been initiated in the beginning of the 2000s. The future development can only take place if the state can identify its opportunities and limitations and act accordingly.

Nearly half of Kerala's population is dependent on agriculture and allied sectors for income (15.73% of GDP)[5]. But the state has seen rapid urbanization, resulting in lesser emphasis on agriculture as a source of income. The state now imports a majority of its consumption from neighboring states. Thus I would like to propose that the state should focus more on Food and Agro processing and value addition. With the advantage of skilled and productive inputs, Kerala can reap more benefits compared to any other state. The state should also try to bring organic farming to the mainstream. There is a huge demand for such products within the state and in the adjoining states. Another benefit is that it helps retain soil quality, thus helping sustainability.

[1]Centre for Development Studies, NORKA, Ministry of Overseas Indian Affairs

[2]Survey by Centre for Development Studies on the Aging Scenario in Kerala.

[3]Census 2011

[4]Survey by Centre for Development Studies, Thiruvananthapuram., Migration and Development.

[5] Union Budget, Economic Survey of 2011-12.

To feed a major chunk of the population, Kerala can import. Also with the advent of the proposed GST bill, the state can benefit from the removal of over-lapping taxes in inter-state trade. In addition to the existing fisheries, the state can give more importance to allied activities and value addition.

Kerala should utilize the Union Government's Skill development programme to increase productivity of its workforce on a massive scale. This will help the state to actively participate in the 'Make in India' project.

Kerala cannot afford to have wide scale industrialization. The state should realize that it is a major destination of eco-tourism in the world. Industrialization comes with environmental problems and affects eco-tourism in a drastic way. Therefore Kerala should depend heavily on the primary and tertiary sector. Tourism will play a major role in the future of the state and policymakers have already started giving due importance to it – as a result of which the small state bagged the United Nations World Tourism Organization (UNWTO) Award for Excellence & Innovation in Tourism (2015) and the prestigious UNWTO Ulysses Award for Innovation in Public Policy and Governance (2013), the highest honor.

The state should carry forward its education mission to obtain proficiency in science and technology and generate quality scientists, engineers, technocrats and professionals in all spheres.This is important because the growth experience itself shows that mere literacy cannot boost any major economic growth.

The state should adopt a series of targeted public policies directing its resources to sectors like:

- IT infrastructure: Kerala can increase quality jobs by utilizing the IT sector. The state has to expand the size of existing techno parks and increase its number. A mature dialogue with IT companies and providing them with favourable conditions is a pre-requisite for such investment. This can help the state bring back its huge no. of IT professionals working in various metro cities across the country.
- Ports & Ship building: Kerala has a long coastline of 590kms and 17 intermediate ports apart from Kochi. The state should promote port-based and marine industries because of the immense potential it shows. It should also utilize the already functioning inland waterways and further develop road and rail linkages.
- Health Tourism: The state has achieved universal healthcare and it has percolated to the masses. While Kerala is becoming a major tourist destination, it must try to improve the scope of healthcare so as to attract people to healthcare tourism. The secret lies in being able to deliver cheaper treatment, without sacrificing on International Standards. Ayurveda also plays a major role in this sector, attracting a lot of foreign patients - Investment in this sector is imperative.
- Logistics: Starting from the excellent road density of 417km for 100 sq. km[6] (3 times the national average), inland waterways & rail connectivity to the functioning of 3 international airports (and 1 more under construction); the state provides a dream place for logistics. The need is to develop linkages among them.
- Green Energy: If Kerala has to achieve all this development, substantial amount of energy is required in the process. Depending on conventional sources of energy is going to adversely affect a state like Kerala, as it will degrade the environment and is not sustainable in the long run. Therefore the state has to invest heavily on such infrastructure and research. Thankfully, Kerala receives good sunlight throughout the year and consistent winds in areas near the Western Ghats. Private participation should be encouraged in the setup of small scale Hydro Electric projects across the state.

[6]State Planning Board, (2007). Economic Review.

Kerala needs to focus on its relationship with the rest of the world (ROW). Frequent International Summits & business conclaves should be conducted to remain in the limelight of world players and attract foreign investment to the state. If Kerala can give them a reliable layout of its future endeavors, investment will automatically pour in. Simultaneously, the ease of doing business in the state should be improved. Reasonable negotiations with the labour unions are necessary, given the political situation in Kerala. Initiating partnerships & joint ventures with foreign MNCs, foreign banks and governments will help in sharing of ideas, knowledge, work culture & capital; which will eventually lead to more efficiency of the existing system and help stimulate economic growth.

The state should tactically claim the monetary equivalent of Central schemes that are irrelevant to the state. For a state which is almost fully literate and has excellent rural employment, schemes like Sarva Shiksha Abhiyan & MGNREGS (for male workforce) are irrelevant. With its monetary equivalent, Kerala can utilize it in sectors that really affect them.

3. CONCLUSION

It is imperative for Kerala to focus on ensuring a sustainable economic transformation within a decade. To meet this target, huge amounts of funds are required to fund ambitious projects and to train the workforce. Given the current credibility of the state and well-structured public policy, funding should not be an issue for the state. Moreover, Kerala is internationally recognized for achieving many significant milestones, sometimes even outperforming developed countries.

All this might seem like a mammoth task. But given the state's currently favourable conditions like relatively low corruption and low red-tapism, all of this is achievable. All it needs is willing leaders, well laid out policies and effective implementation. If Kerala can succeed in executing this model within a decade, I believe that the state can become India's first fully developed state with an economy to match.

UNDERSTANDING CHINA'S DEVALUATION POLICY

MANOJ SHARMA – 2ND YEAR, RAMJAS COLLEGE sharmamanoj6926@gmail.com

China, the world's second largest economy in terms of nominal GDP, has been the major exporter of almost everything from raw steel to fridges to mobile phones. Hence, exchange rates play a pivotal role for China. Since the exchange rate is freely determined by market mechanism nowadays, appreciation and depreciation of currency are common aspects of this mechanism.

But China's currency devaluation in August, 2015 left everyone in surprise. The People's Bank of China (PBOC) surprised markets with three consecutive devaluations of Yuan, which left the Yuan about 3% weaker as compared to US dollar. Since 2005, China's currency appreciated 33% against US dollar and the first devaluation done in August 11th, 2015, was marked as the single largest decline in 20 years.

First of all, what is the difference between depreciation and devaluation, and why does it matter? If we assume that every country has either a fully fixed exchange rate system or fully flexible exchange rate system, then the demarcation between depreciation and devaluation is quite evident.

Devaluation is a policy driven decrease in the value of a currency whose exchange rate was held fixed previously. In contrast, a depreciation is a market driven decrease in the value of currency due to changes in demand and supply in a freely floating exchange rate system.

From 2010 to 2013, the Yuan gradually rose in value, relative to the US dollar. This also led to rise in the foreign exchange reserves of People's Bank of China. Despite the fact that Yuan was appreciating, the People's Bank of China was purposely slowing the rate at which it gained value, to help its exporters. However, by the end of 2014, the situation had changed. The Yuan's value was falling relative to the US dollar and the reserves of PBOC also declined. Many economists believed that China intentionally devalued its currency to help its exporters. But is that what really happened?

By and large, China has wanted its currency to rise smoothly for many political reasons and also to keep the capital within the economy and try to stop capital outflow from China. China's currency devaluation has more to do with the dynamics of global currency markets, rather than a hasty desire to help Chinese exporters make their good cheaper in the world market. Thus, despite surprising markets and being criticized for exchange rate manipulation, China had good reasons for devaluating its currency.

The Yuan and the US dollar are strongly related to each other because China still manages their exchange rate against the US dollar. When US dollar's value increases against other currencies, the value of Yuan also increases against those countries' currencies, which are engaged in trade with China. If China had devalued its currency by a higher margin, say 10%, then it would clearly be an effort to boost up their exports. A 3% devaluation was different: it simply helped China to keep their currency in line with their trading partners' currencies and also in accordance with market fundamentals. China's Central Bank claimed that the Yuan's depreciation was a way to make the country's financial system more market-oriented.

China was also looking to build on its 2005 reforms in an effort to have the Yuan included in International Monetary Fund's (IMF's) special drawing rights (SDR) reserve currencies. The International Monetary Fund re-evaluates the currency – composition of its special

drawing rights reserve currencies every five years. At the time of last evaluation (in 2010, before the devaluation), China's Yuan was rejected as it was considered not "freely usable". But the devaluation is being welcomed by the IMF as it gets set to consider Yuan' inclusion in special drawing rights reserve currencies. Although IMF gave a welcoming response to the devaluation of Yuan, the IMF has stressed that China will still have to do more in moving towards a freely floating exchange rate (without any dirty floating). But the devaluation has surely helped China to move a step nearer to fulfilling IMF's entry requirement.

Though the policy had helped China, it also had a bad effect on other economies particularly US. The devaluation prompted an angry response from the US, which has consistently criticized China for undervaluing the Yuan and damaging US exports. A weaker Yuan makes the Chinese goods and services cheaper and US goods and services more expensive in the world market. The devaluation of Yuan had bad effects for many US companies with significant operations in China, such as Apple Inc. A stronger US dollar, due to a weaker Chinese Yuan, hurt US manufacturing. It made the US goods more expensive, when sold in the international markets. As the dollar gained strength, US exports came down which had a significant impact on manufacturing sector of US.

Understanding the market fundamentals, this minor devaluation by China was a necessary adjustment rather than an export boosting move or a beggar- thy-neighbor manipulation of the exchange rate. Thus the devaluation of Yuan has caused a major volatility in the world economy and financial markets, affecting global economy significantly. China has seen a major recession over the year, though it has managed to recover marginally. Currency appreciation and depreciation are common under the free market exchange rate. But China's devaluation is one of its kind, affecting world economy in every possible manner, as China being the international manufacturing hub, has its impact all around the world.

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THE SYMBIOTIC RELATIONSHIP BETWEEN CAPITALISM AND FEMINISM

ANSHUL JAIN - 2ND YEAR, RAMJAS COLLEGE anshuljain7696@gmail.com

Under Marxian analysis of history, the economic base of society is considered the foundation for ideologies, cultures and institutions that develop accordingly in an attempt to maintain and legitimize the former. An entanglement between the two hence becomes the architect for the spontaneous order[7] that arises under this constantly evolving dynamism. This article attempts to present one such twisted ladder, linking the rights of woman with capitalism.

At the heart of capitalism lies private ownership over the means of production and the existence of a laissez-faire economic system. Private ownership, property rights and individual rights are at the core of capitalism. Their implications put the government as a retaliatory agent on the use of force for the violation of rights. The system thrives on the existence of competitive, self-interested individuals fighting to accumulate as much as they can in the pursuit of consumerism and liberty. It requires minimal state obstruction to the economy. Historically, no other socio-economic structure has ever provided such scope for technological advancement, extension of individual rights and promotion of the purest forms of individuality in the existential pursuits of people. In the social relations of people, capitalism's essence is a right to disagreement, to work for one's happiness, and progress through hard work, not by extortion.

The rights of woman and their fight for equality is one of the most fundamental battles of human history. The most recent of developments with the right to vote, to own property, to be educated and to employment stand to testify the movement's gallop in the last three centuries. Industrial Revolution, globalization of economies and technological advancements in the means of production has led to the rise of a new social formation which seeks to establish egalitarianism. With the trade of ideas came contradictions and opposition to existing social norms and a demand for justification of social prejudices. With the trade and outsourcing of industries between nations came the need to engage in productive labor on the basis of skill, without any gender bias. Friedman's investigations in Capitalism and Freedom[8] also support the hypothesis of social equality.

Individualism is the philosophy of the acceptance of human differences by their nature, idiosyncrasies and ambitions. It places emphasis on providing structures to let individuals exercise their rights in the *pursuit of happiness.* But individualism shares a mutual relation with collectivism, in the manner of a similarity of ideas and ambitions which are present among different people. A globally shared concept about women's existence was sighting them as homemakers and babysitters who contribute to the society's growth by

[7]Spontaneous order refers to the emergence of an order out of seeming chaos

[8] "The great virtue of a free market system is that it does not care what color the people are; it does not care what their religion is; it only cares whether they can produce something you want to buy. It is the most effective system we have discovered to enable people who hate one another to deal with one another and help one another"- Milton Friedman

being subordinate to men. It is in these circumstances that the conflict between patriarchy and equality emerges in the presence of a contradiction between a man and woman's abilities to perform labor. It questions the concept of the disability of the woman to think independently, work in an office, learn and master a skill and still be considered less important than a man who cares for his family, practices benevolence, finds comfort in the arms of his wife but still enjoys a higher stature. Such contradictions, when evident to a common interest group, instill the foundation of a conflict and a revolution to demand a new world order against the cultural hegemony of the patriarchal capitalism. Feminist individualism demands an equal opportunity for women to learn, educate themselves and work in a similar fashion to men, thereby exhorting the society to revolt against the subjugation of a female as a means to satisfy the man's ambition. It demands the liberation of a woman to pursue her interests, express herself and seek her own existential struggle in the world. In these scenarios then emerges a need for *collective individualism*, to spread a propaganda exercising the positive rights[9] distributed to all citizens. It demands a higher representation of the oppressed class for a better decision making for the welfare of the state and provision of equal opportunities beyond the coffins of caste, religion, gender, race, etc.

In an ideological paradigm, this argument would suggest capitalism as the savior of the weak, empowering many through a system of rigorous competition. But that would be a zealous glorification of the system. The reasons for the emanation of waves of feminism in capitalist democracies and its amalgamation with the system are more complex than would seem at first glance. Further scrutiny of the subject would place feminism to be a fortunate, unanticipated derivative of the Marxian, materialist interpretation of history. As with any conflict, this too would be received with a violent opposition from the ruling class to maintain its authority. The primeval stages of this development would introduce a shift from one form of slavery to another. The first exodus of women from the households into the working force of the economy would cause an immediate expansion of the majority of the working class available to the capitalist to exploit in his drive to earn higher profits. This would allow the master to choose a specific section of the labor force working at a lower wage than the other while still in pursuit of an equal status and not necessarily equal remuneration. But with time, the capitalist structure would put maybe a few females in the powerful minority. This would, over decades, transcend into a new established superstructure where the woman is seen equally capable of succeeding as a man with similar abilities. An increased competition would make it inevitable to incur the unnecessary expense of discrimination in the capitalist's pursuit of higher profits. The employer of a firm would no more risk to lose out on a profitable, skillful employee for a societal notion of a gender difference. The worker herself would neither accept a lower wage nor a hostile environment in the institution where she devotes her skills. She would then be empowered to demand respect and humility in her household when she learns the real value of her endowments. The modern entrepreneur thriving on an original, progressive idea requires skillful and creative employees. For the establishment to survive in such a rigorous economic structure, it can no longer afford to marginalize women on an unfounded hypothesis of a lack of creativity and intelligence. The confluence of individuality of every human is what makes the collective welfare of a society flourish. A greater specialization in all pursuits of humanity on the basis of skill leading to the collective good is also the fundamental principle of the classical liberal theory of Adam Smith. Feminism, thus acts as corroborative evidence in the universality of the proposition and a further stimulus of capitalism.

[9] Positive rights refer to rights with an obligation for the government and everyone else to provide for the exercise of it.

The modern capitalist system too depends on a feminist or a broader egalitarian social ideology for its sustenance and accelerated growth. This is where the symbiosis between the two emerges, where the former's stimulus fuels the latter to keep the former away from extinction. An example for it would be the change in the necessary goods that individuals require to survive. As we move up the ladder on our basic needs of accumulating gadgets, means of faster communication, and assets for a profitable investment, we require more and more income to fulfill these needs. It places insurmountable burden on one bread-earner. The survival of the family then requires an equal share in both the socio-economic and emotional burdens, stimulating a greater need for the individual to exercise his or her freedom in complement to the equally significant other. Out of such strategically acted responses emanates another stimulus to capitalism- markets and industries for previously non-productive activities (child-care, laundry, etc.). An existence of such new markets and occupations gives individuals a chance to a greater exercise of their personal ambitions, new innovations in the development of society and a further advancement to personal liberty

On the present and the future of this relationship, all that remains to be stated is that the evolution of human society is in a constant change. We still don't have an egalitarian society free from the prejudices of gender, caste and religion. The struggle against a majoritarian brainwashing and the suppression of individuality still rages on. But the inevitable truth about our existential pursuits and their conflicts with the existing structures is that they are phases of darkness before dawn. Although a few objective truths should guide the development of our individuality and society, the subjectivity of our rationales is also necessary for their improvement.

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THE PROSPECTS OF A "BLUE REVOLUTION" IN THE INDIAN ECONOMY

SAM BENNY – 2ND YEAR, RAMJAS COLLEGE sambenkv@gmail.com

The Earth Summit, 2012 made its decision that the World needed to move towards 'Green Economy' for sustainable development. But this idea was objected by many coastal nations, questioning its applicability to them. These countries voted for a different kind of sustainable development instead, which they believe encompasses the idea of "green economy" with focus on the environment, and the "ocean economy" or "coastal economy".

'The Blue Economy', introduced by Gunter Pauli in his 2010 book, "The Blue Economy: 10 Years — 10 Innovations —100 Million Jobs", has provided us with a way to exploit our marine resources to their full extent even while ensuring sustenance. It takes the idea of Green Economy forward to include the ocean and marine resources or as experts call it-'blue resources'. 'Blue Resources' are the main centres of attraction in the blue economy. Although we have not been able to garner a working definition yet, blue resources can be broadly defined as the marine and freshwater coverage of a country along with the natural resources and activities such as fishing, mining, tourism, deep sea mining, renewable energy and coastal life.

Apart from being some of the most productive ecosystems on the planet, blue resources are vital to the very existence of mankind on this planet. Our oceanic resources, unlike any other are so vast and mysterious that we know more about the surfaces of Mars and Venus than we know about our oceans. Covering nearly 70% of our planet, oceans have always played a vital role in human civilisation, be it in the discoveries of new land, trade, intermingling of different cultures, national economies and most importantly as a source of food. As technology developed, our interaction with the oceans has seen a change in form, but their role still remains unchanged. They are still the main source of food for billions of people, providing them with necessary protein and also the source of livelihood for millions more. As for trade, nearly 90% of the world's trade occurs through oceans giving them a vital role to play in developing countries, especially coastal and island economies. Other areas of production include deep sea and oil mining, biotechnological research etc.

Oceanic and marine environments are valued at 2.5 trillion dollars annually by the World Wide Fund for nature (WWF), with more than 60% of the world's GNP coming from areas within 100 km of the coastline. Apart from this, the worldwide revenue from seafood amounts to more than US$190 billion, while marine and coastal tourism generates US$161 billion annually. More than 300 million jobs are provided worldwide by fishing, aquaculture and tourism combined. Ocean economy has started becoming a huge part of several countries, especially in countries like China where it contributed nearly USD 962bn to its economy which was nearly 10% of its GDP in 2014, employing 9m people. Its contribution to the US economy was nearly USD 258bn while that to Indonesia accounted for nearly 20% of its GDP.

Given its importance and necessity in production purposes, like any other resource, we have taken it for granted and our actions are threatening its very existence. Our blue resources essentially represent a 'tragedy of the commons' situation, where common property is being depleted by individuals, companies or even nations which will eventually affect the entire world. Our oceans have turned out to be global trash cans with material waste being dumped into themwithout any accountability, for they are thought of as 'public' property.

More than 1 million sea birds, 100,000 sea mammals and countless fish die each year due to the plastic waste accumulated in the oceans. Thousands more die each year due to other contributors like oil spills, overfishing etc. In the past decade alone, more than 6, 00,000 barrels of oil have been spilled in various parts of the world, destroying various ecosystems. Coral reefs which are biodiversity hotspots are at the verge of extinction. All of this evidence points towards the need for a 'revolution' in the way we use our oceanic resources, as the role they play in our economies is only going to get enhanced. So it is up to us to decide whether we want it to be sustainable or not. That is why there is a need for a 'Blue Revolution' in the way we use our 'Blue Resources'.

This revolution if made possible will take us closer to nature and thereby guide us so that we don't commit the same mistakes our forefathers made. As its protagonists visualise, the blue economy will not only result in the efficient utilisation of blue resources but can also lead to blue growth, as it blends the two most important objectives of a) sustainable use and b) efficient utilisation of resources for faster economic growth. 'Blue Growth' although a relatively new term in development economics, has been gaining much momentum ever since the Rio Conference, 2012 where it was first proposed. Many countries have started to recognise its importance and have made it a point to include it in their respective national policies. It is seen as having the necessary potential to act as a wagon in development quite similar to what railways did a century back. Blue growth, as a theory refers to not just increased investment in infrastructure, but also to a surge in the jobs and food sector.

The main benefactors of such a paradigm are the island and coastal economies. Recognising this, the SIDS (Small Island Developing States), a group of coastal countries dependent mainly on their marine resources have taken the idea of blue economy forward and have been working hard to get it internationally recognised. The Third International Conference of Small Island Developing States in Apia, Samoa 2014 has finally helped them garner much needed recognition and support from various other international organisations like the African Union and the Indian Ocean Rim Association for Regional Cooperation (IOC-ARC). As a result of this, the Government of Seychelles and the United Arab Emirates in partnership with UNESCO-Intergovernmental Oceanographic Commission hosted two 'Blue Summits' in Abu Dhabi to investigate the prospects of the blue economy and thereby came up with a working plan on, "how to develop and apply the Blue Economy approach to back the implementation of the Paris Agreement on Climate Change and to realise all relevant Sustainable Development Goals, particularly Goal 14 and its related targets."

Sustainable Development Strategy for the Seas of East Asia (SDS-SEA), an organisation of East Asian countries on July, 2012 showed their interest in the matter by signing the "Changwon Declaration Toward an Ocean-based blue economy: Moving Ahead with the Sustainable Development Strategy for the Seas of East Asia" with a business focus. The European Union has announced its 'Blue growth' strategy for the sustainable development of marine and maritime sectors to contribute to the Europe 2020 strategy for smart, sustainable and inclusive growth. It is estimated that it would result in nearly 5.4 million jobs and a gross added value of about €500 billion annually. EU refers to this as, "greening of the ocean economy" which has incredible future prospects.

As a part of their national policies, several countries have started to introduce this perspective in their respective economies. For instance, China has long followed this idea and has instituted a Five-Year Development Plan for the National Marine Economy which monitors progress of various marine sectors. Data published by China's State Council shows that the Chinese maritime economy grew at 17 per cent annually in the 1980s, and 20 per cent in the 1990s and at 8 per cent in the 2000s, generating nearly 2.6 million new jobs and has turned out to be nearly 10 per cent of its GDP. The Government of Australia has already started setting up targets to be achieved. In its report titled 'Marine Nation 2025: Marine Science to Support Australia's Blue Economy', it has given focus to the way blue growth will

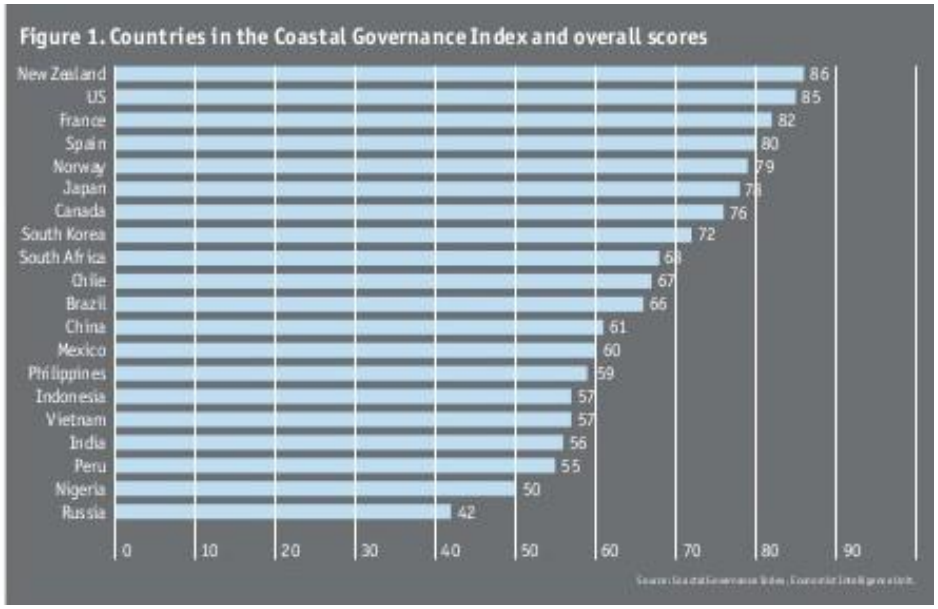
be implemented in the coming years and defined it as having high economic and social benefits which are sustainable as well."

Table: Size and Percentage of Blue Economy in various countries

Country	Size of Blue Economy			Indicative Employment	
	Year	Output (US$ Billion)	% of GDP	Year	No.
Australia	2004	17.00	3.6	-	-
Canada	2004	15.98	1.5	2006	1,71,365
France	2006	16.69	1.4	2009	4,59,358
New Zealand	2006	2.14	2.0	-	-
United Kingdom	2008	84.27	4.2	2006	5,48,674
United States	2009	138.0	1.2	2010	2,770,000
China	2010	239.09	4.0	2010	9,253,000
Ireland	2007	1.9	1.0	2007	17,000

Table: National Estimates of Blue Economy

Source: The Economist Intelligence Unit (EIU) (2015)



Source: The Economist Intelligence Unit (EIU) (2015)

The following diagram depicts the overall coastal governance of an individual country. As is evident New Zealand is at the top with US coming second and India faring moderately.

The Indian Ocean Rim Association (IORA), an international organisation consisting of coastal states bordering the Indian Ocean, has also taken up this notion of blue economy as an opportunity for efficient and scientific exploitation of blue resources. Most of the members of the IORA have already embarked on this mission by implementing the blue economy principle in their respective economies, like Mauritius and Seychelles. India, on the other hand has only recently started thinking about its possible development.

With a coastline of nearly 7,500 km, India has immense blue resources which if used properly have the potential to revolutionise the Indian Economy and take India a step closer to its dream of becoming a developed nation. As already mentioned, 'Blue Economy' has immense job prospects, a factor especially important for a country like India which has one of the largest 'brain drain' in the world. India has always played a pivotal role as a trading nation, so an investment in blue economy will certainly increase trade dramatically. Fishing sector in India accounted for nearly 1% of GDP in 2008, employing nearly 14.5 million people, was the sixth largest producer of marine and freshwater capture fisheries, and the second largest aquaculture farmed fish producer in the world. It is also one of the major suppliers of fish in the world, with earnings standing at nearly $1.8 billion. But the introduction of large numbers of mechanised boats and overfishing are posing a serious threat to its existence. Application of our blue principles here can actually give this sector a major boost by increasing both national and individual incomes.

Other major industries such as tourism, shipping, port infrastructure etc. can receive a huge stimulus with proper investment and careful planning. Seabed mining has been an important activity for a long time, but with today's technology, investment in this sector can contribute towards the development of our country immensely. Quite similar to green bonds, blue bonds, if introduced, can attract huge global investment in this sector. Oceanic research is another important sector that needs careful introspection. Although world class institutions like National Institute of Oceanography (NIO) in Goa, Bose Institute in Kolkata, Regional Research Laboratory (RRL) in Bhubaneswar, Central Drug Research Institute (CDRI) in Lucknow and Central Institute of Fisheries Education (CIFE) in Mumbai are doing extensive research on various lifesaving drugs, India still hasn't incorporated this into production terms. It is speculated that ocean based pharmaceuticals and even cosmetics are going to be the centres of attraction in the coming years. Last but not the least Blue Energy, a sector in which India has done well also has huge potential. It is estimated that nearly 1 GW of offshore wind energy potential lies along the coastline of Rameshwaram and Kanyakumari in Tamil Nadu, while the potential estimates for tidal energy in the country is around 12.4GW which can be harnessed at three specific locations in the country. Currently, only one of them is operational at Durga Duani in the Sundarbans. So by the time the others become operational, India will take huge strides in renewable energy. Given its vast coastline, India's total potential for wave energy stands at 40GW, which should also be utilised in the near future.

As the numbers show, if India, following the footsteps of China, can manage to pull this through then the blue sector can actually turn itself into a large contributor to the Indian GDP. But an individualistic approach towards the same will reap no good which means that the best possible option is to cooperate with other nations especially those like Maldives and Seychelles which look towards India for its advanced technology. Keeping this in mind it is also important to prioritise this matter and ensure its inclusion in our national strategies.

Under the present conditions, India is striving towards blue economy. President Pranab Mukherjee, during his first address to the Lok Sabha outlined major policy priorities of the new government over the next five years which included setting up of the National Maritime Au-

thority (NMA), an apex body, to address coastal security concerns. This is a significant initiative addressing gaps in coastal security while helping to prevent terrorist attacks. It also plays a vital role harnessing the seas. Our Prime Minister, Narendra Modi, in his recent visit to Mauritius, showed his desire for starting a joint commissioning of an offshore patrol vessel (a Barracuda built with Indian assistance), an agreement to develop Agalega Island and a memorandum of understanding (MoU) on ocean economy. He also invited both Seychelles and Mauritius to join the India-Maldives-Sri Lanka trilateral naval exercise to build more unity. So far, these are the only steps that have been taken by the Indian Government for the development of the Blue Economy but there is still time. For a country like India, which even has an ocean named after it, it is only necessary that it utilises its resources. So let us hope for the best and wait to see if there will be "acche din" for our blue resources as well.

Finally, I would like to conclude by quoting the American President, Bill Clinton.

"We know that when we protect our oceans we are protecting our future."

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CARBON TAX AND EFFICIENCY

PRASHANT KUMAR – 1ST YEAR, RAMJAS COLLEGE prashant.kr2397@gmail.com

The **2015 United Nations Climate Change Conference**, COP 21 was held in Paris, France, from 30 November to 12 December 2015. It was the 21st yearly session of the Conference of the Parties (COP) to the 1992 United Nations Framework Convention on Climate Change (UNFCCC) where the attending members widely discussed and debated on the topic of **carbon tax**.

Carbon is present in every hydrocarbon fuel or fossil fuel (coal, petroleum, natural gas, etc.) and is released as carbon dioxide (CO_2) when they are burnt. CO_2 is a heat-trapping 'greenhouse gas (GHG), a major contributor to global warming. A tax on its emission can be levied by taxing the carbon content of the fossil fuels at any point in the product cycle of the fuel. Thus, a carbon tax is a tax on the carbon content of oil, coal, and natural gas which discourages fossil-fuel use and reduces carbon dioxide (CO_2) emissions.

As per International Panel for Climate Change Fifth Assessment Report, 2014 (**IPCC AR5**), 1983-2012 is likely to have been the warmest thirty-year period in the last 1400 years. The risk of climate change is largely a function of total cumulative GHGs in the atmosphere.

Economic analysis of Carbon Tax

To begin, the market for hydrocarbon fuel has to be looked at. The invisible hand of the market prevents consumers in the fuel market from emitting too much carbon dioxide. As we will discover, markets do many things well, but not everything. A market failure that we examine here is an **externality**, which arises when a person engages in an activity that influences the well-being of a bystander, but neither pays nor receives any compensation for that effect. If the impact on bystander is adverse, it is called a **negative externality**.

Figure 1 shows the demand and supply curves in the market for fuels.

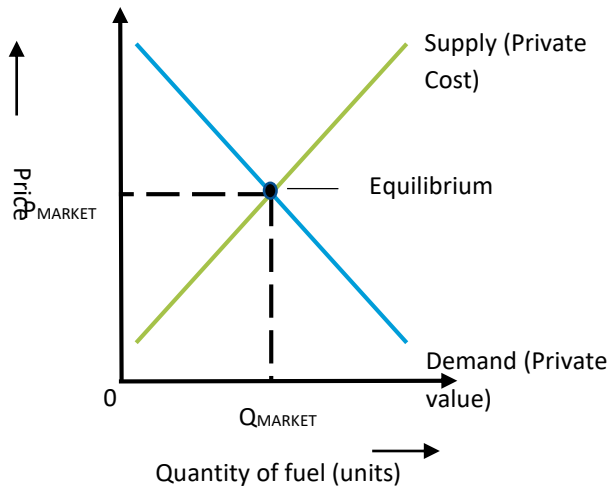

Figure 1. The Market for hydrocarbon fuel

The demand curve reflects the value of fuel to consumers, as measured by the prices they are willing to pay. Similarly, the supply curve reflects the cost of producing fuel. In the absence of government intervention, the price adjusts to balance the supply and demand for fuel. The quantity produced and consumed in the market equilibrium is shown by Q_{MARKET} at a price of P_{MARKET}.

Since the fuel that consumers consume emits carbon dioxide, for each unit of fuel consumed, a certain amount of carbon enters the atmosphere. As it creates a health and environmental risk, it is a negative externality. We have to include the externality costs that a competitive market ignores in our calculation of overall surplus.

Because of the externality, the value of consuming fuel to society is smaller than the value to the fuel consumers. For each unit of fuel consumed, the social value includes the private value of fuel consumed minus the

costs to those bystanders affected adversely by the emissions. Figure 2 shows the social value of consuming fuels. The social-value curve is below the demand curve as it takes into account the external costs imposed on society by consumption of fuels. The difference between these two curves reflects the cost of carbon dioxide emitted.

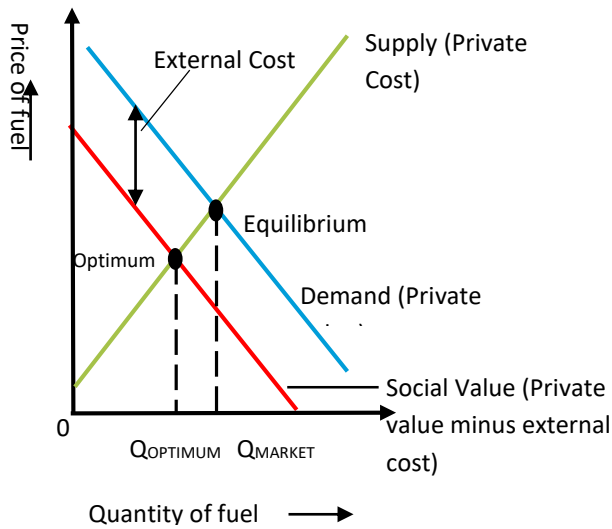

Figure 2. The Social optimum for hydrocarbon fuel and external cost.

What amount of fuel should be consumed now? A benevolent social planner would want to maximize the total surplus derived from the market which includes the external costs of carbon emissions.

The planner would choose the level of fuel consumption at which the supply curve intersects the social-value curve, $Q_{OPTIMUM}$. This intersection determines the optimal amount of fuel from the standpoint of society as a whole. The planner does not produce more than this level because the social value of consuming additional fuel is lower than the cost of producing it.

To achieve the optimal outcome, fuel consumers should be taxed for each ton of carbon dioxide (tCO_2) emitted by burning of fuels i.e. **carbon tax.** Government can determine the tax rate 't' required to reduce market outcome from Q_{MARKET} to $Q_{OPTIMUM}$, by letting tax per unit fuel to be equal to vertical distance 't' in the Figure 3. As a result, buyers in the market would face the higher price P_B, while sellers would receive the lower price P_S, with the difference between the two prices representing the payment 't' per unit in taxes. A tax such as this that is intended to reduce market output to its efficient quantity because of the presence of a negative consumption externality is called a **Pigouvian Tax**. The tax revenue that the government receives is given by size of tax (t) multiplied by the quantity traded in the market for fuel.

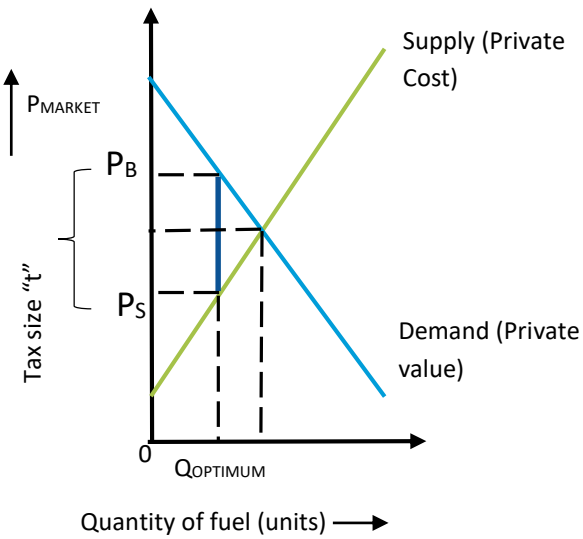

Figure 3. A carbon tax of size 't'

In the new market equilibrium, consumers would consume the socially optimal quantity of fuel. The use of such a tax is called **internalizing the externality** because it gives buyers and sellers in the market an incentive to take into account the external effects of their actions. Fuel consumers would, in essence, take the costs of emissions into account while deciding how much fuel to consume because the tax would make them pay for these external costs. Also, because the market would reflect the tax on consumers, producers of fuel would have an incentive to supply a smaller quantity as they now receive lower prices for units of fuel sold. The policy is based on the economic principle: **People respond to incentives**.

Market equilibrium vs. Social optimum and Deadweight loss

Our analysis thus far tells us that the equilibrium quantity of fuel, Q_{MARKET}, is larger than the socially optimal quantity, $Q_{OPTIMUM}$. As a result, there exists a potential for government policy to enhance efficiency — and thus reduce or eliminate the deadweight loss (the loss of total welfare or the social surplus) from market overproduction. In the presence of externalities, taxation can bring efficiency because the market allocation of resources was inefficient to begin with. In Figure 4, we can analyze how this tax is efficient.

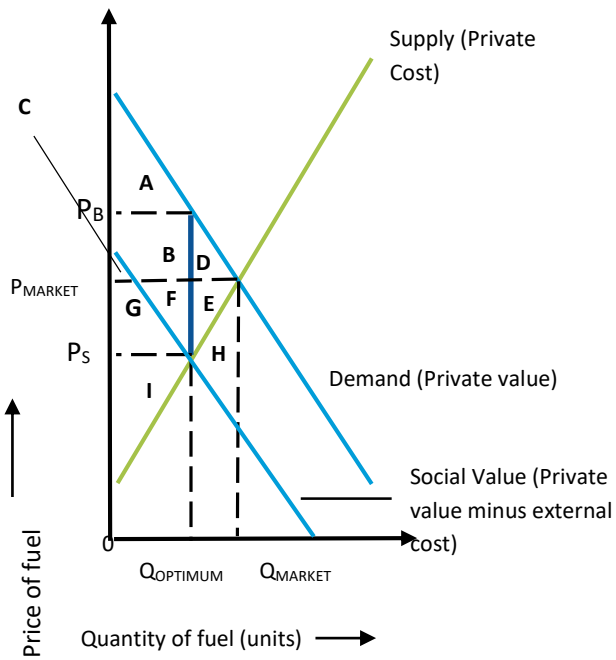

Figure 4. An efficient Pigouvian tax.

In the presence of emissions, we have to take into account the overall cost of carbon dioxide that is released. That area is difference between the value to buyers minus the value as represented in the social-value curve for the units traded in the market. Thus, the **total surplus** is equal to consumer surplus plus producer surplus plus government revenue minus external costs imposed on society.

From figure 4, in the absence of tax, the market consumes and produces output Q_{MARKET} at price P_{MARKET}.

Consumer surplus = A+B+C+D

Producer surplus = G+F+E+I

Government tax revenue = 0

External costs = A+B+D+F+E+H

Total surplus = C+G+I-(H)

On the other hand, when a carbon tax of 't' is imposed, the society consumes and produces output $Q_{OPTIMUM}$ at buyers' price of P_B and sellers' price of P_S.

Consumer Surplus = A

Producer surplus = I

Government tax revenue= C+B+G+F

External costs= A+B+F

Total Surplus= C+G+I

Therefore, in case of market without tax, the allocation produces a deadweight loss equal to H because of distortion of price signals in the presence of externalities. When a tax is imposed, it eliminates the deadweight loss (H) by removing the distortion and causes the market to "internalize the externality".

In order for the government to be able to impose an efficient carbon tax't', it must however know the optimal quantity $Q_{OPTIMUM}$, as well as the difference between the market demand and supply curve at that quantity. If it possesses this information, the government can achieve the maximum social surplus by simply setting the per-unit tax equal to this external social cost of pollution.

Implementation

The tax rate may start low and increase gradually, as starting at a low rate gives individuals and businesses time to make adjustments. The supplementary benefit is that a carbon tax might be used to allow other, more distorting, taxes to be lowered, thus improving the economy's performance. On the other hand, carbon taxes may directly or indirectly affect low-income groups disproportionately as low-income households

tend to spend a greater percentage of their total income on energy than do rich ones. This impact of carbon taxes might be addressed by using tax revenues to favor low-income groups.

On July 1, 2010, India introduced a nationwide carbon tax – a clean energy cess – on coal, at the rate of Rs. 50 per tonne, which applies to both domestically produced and imported coal. This cess funds the National CleanEnergy Fund. Between 2010-2014, the government roughly collected Rs. 17,000 crores.

Thus, to conclude a carbon tax is usually defined as a tax based on greenhouse gas emissions (GHG) generated from burning fuels. It puts a price on each tonne of GHG emitted, sending a price signal that will, over time, elicit a powerful market response across the entire economy, resulting in reduced emissions. Furthermore, it can serve as an instrument to limit the climate change which would prevent our planet from the devastating effect of global warming.

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INTEREST SUBVENTION SCHEME

BHOOMI AGGARWAL – 2ND YEAR, DAULAT RAM COLLEGE *abhoomi.aggarwal@gmail.com*

Availing institutional credit easily is like a dream come true for the farmers of India. History of Indian literature and cinema is full of stories of exploitation of the small and poor farmers by the moneylenders, the village sahukars etc. India is an agrarian economy where most of the farmers are economically weak living in hand to mouth situations. Most of the farmers who are unable to repay the loans are forced to commit suicide due to the burden of indebtedness and heavy interest rate. On one hand, we want our country to surpass the growth rates of the other countries whereas on the other hand, our human capital is declining continuously. Debt is the reflection of a negative economy. The moot questions are: What factors lead to the increase in indebtedness? What is the future of our country's economic conditions? Can the government really come up with policies to tackle with farmers problems? If so, can these policies succeed with such an increasing level of corruption?

There is a strong link between credit availability and agricultural productivity. Credit is undoubtedly the most important factor for agricultural development. One of the steps taken by the government to provide institutional loans to farmers is through the Interest Subvention Scheme. Interest subvention is offered on several lending schemes by the government to promote a particular industry. Under this, some percentage of the interest on loan is waived off and the borrower need not pay the total interest on the loan amount, instead the waived off amount is borne by the government. It has come up with an array of ISS in different sectors spanning from agriculture, export, education, handlooms to housing sectors. ISS has been in place in the agricultural sector since 2006-07, with the subvention component fluctuating between 1.5 and 3 per cent. Here, we analyse the impact of ISS on agricultural sector.

The main reason why our agricultural income is dwindling is- the increasing cost of production. Economically, ISS would help farmers to finance the production of the crops at low cost by easing the accessibility of obtaining credit at reasonable rates and thus enable them to invest in modern equipments and machines which will ultimately help in increasing the agricultural production. With unaffected demand and rise in supply in the market, overall prices in the economy would fall.

Macro linkages explain that lower inflation encourages the central bank to reduce interest rate as evident by fisher's effect. Reduced interest rates will boost borrowings in the economy leading to (a) increase in investment as the profit margins increase due to lower borrowing cost, (b) increase in demand for credit will lead to increase in household spending and consumption, (c) increase in public expenditure. This encourages further production in all the sectors of the economy. Also the interdependence and the linkages between various sectors lead to higher output in the economy. For example, industry processes the agricultural raw material and also supplies modern agricultural equipments and service sector helps in the transportation of agricultural output. Hence, this leads to higher GDP.

India is a developing economy, Growth and Development in the economy must go hand in hand to make it a developed country. Increase in production increases the demand for labour, improving the employment level. With higher per capita income, nutritional status improves, as evident by the fact that in India, A.S. Deaton discovered that higher income level lead to a high calorie intake by the poor thereby proving that low income was the cause of malnutrition. Accessibility of

quality education becomes easy with higher income, resulting in a healthier and educated future generation, which is the major asset of further growth and development.

Since every coin has two sides. The success depends on the proper implementation of the policy. The bottom-line is that the current funding structure of India is flawed primarily due to absence of mechanism to monitor the end-use of the money. Despite large flows of money by the government every year, the economic gap between haves and haves-not is widening. The credit does not go the deserved farmers. It is being diverted to the powerful people.

The question here is that, to what extent has this scheme led to the income generation of the small and poor farmer?

The problem might be beyond the funding aspect. Farmers are still dependent on monsoon for irrigation purposes and use the government provided funds for their consumption related purposes which do not lead to the growth of output in the economy. Thus, it only adds to mounting fiscal burden of the country instead of any development.

Thus, the need of the hour is that the government needs to improve the functioning of the agricultural sector mainly by improving the distribution mechanism and increasing the efficiency of farmers i.e. by educating them so that they use the government provided funds for constructive use and add value to the GDP by using new ideas and innovative skills. Moreover, the money can be directly invested in developing the agricultural infrastructure. Thus, the government needs to re-look the present policies and their impact on the economy. The scheme needs a facelift.

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EXPLAINING ECONOMICS IN PROFESSIONAL FOOTBALL

P. CHANDRA PRIYAN - 2ND YEAR, RAMJAS COLLEGE chandrapriyan@live.com

Played by about 250 million players across 200 countries, professional football is the most watched sport worldwide. The welfare created by football perhaps supersedes the revenues generated at the professional level would suggest. In contemporary society, the economic and financial facets of professional football receive extensive coverage worldwide, thus playing an imperative role in various nations.

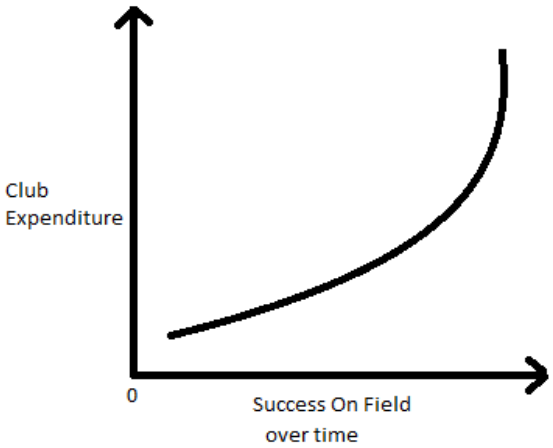
The general framework of a professional club constitutes the management (professional club owners and board of directors) and the club employees (players, managers, coaches, training staff etc.), overseen by an apex international governing body – FIFA. Over the past few decades, there has been extensive capital and labour inflow into this sector. Rich magnates are heavily investing in this sector as a result of which player wages have increased drastically, television contracts are yielding sizable revenue, commercial sponsorship and merchandising are highly profitable, and various clubs now float on stock markets. Thus, to understand the economics of professional football, scrutinizing the role of owners and labour markets (players, manager, and staff) is imperative.

The owners of clubs have a prime motive –to maximize profit or maximize utility, the utility being a function of the success on the field, subjected to budget constraints. This nature of maximizing varies from team to team. In some countries, like Turkey (Süper Lig), India (I-League), football league clubs are organised as sporting associations which have no shareholders, whose main objective is to propagate social welfare and promote football in their nations, without profit maximizing ambitions. It so happens, that for some clubs (usually smaller clubs), the shareholders are residents of the club's vicinity, or fans of the club, which tempers profit motives in favour of club success. One such club is Portsmouth FC, based in England, which is owned by its own fan club -Pompey Supporter's Trust.

But, for most higher-cap teams, the central motive is maximizing profit, as observed over the years. The increased popularity of professional football has attracted foreign magnates to acquire clubs, and purchase international top-notch players to boost their chances of success. Many big names in football like Manchester United, Juventus, AS Roma, and Arsenal are listed public companies. This stock exchange listing, typically introduces a class of investors with minimal or no interest in the club other than returns that it could generate, via dividends or appreciation of the stock price. Hence, it is understandably evident why Insurance firms and pension funds are majority stakeholders in most listed clubs. Thus, there is some pressure on owners and directors of the club to achieve high returns for their stakeholders, a lack of which would drive investors away and also expose them to the risk of a hostile takeover.

A profit maximizing club, essentially invests heavily in top-notch players, esteemed and seasoned managers, and adept staff etc., subject to budget constraints, in expectations of stirring club success, which would lead to increased fan base, higher merchandise sales, profitable sponsorship deals and hence higher profits. Although heavy investing hasn't always resulted in "win maximization", i.e. increased winning ratio, as seen from Manchester United's recent performances since the departure of Sir Alex Ferguson, most of the clubs

following this policy, like Manchester City, Paris St. Germain have seen substantial increased success both on the field and off it, the profit margins of each of them being 17% and 24% in 2014, and increase in valuation being 60% and 53% respectively in 2015. Thus, it has been observed that continual investment generally leads to higher success on field in the long run, if not in the short run. The general trend is graphed below:



The management and its policies are not the only factors influencing outcomes though. Without the main constituent of this framework, i.e. the labour markets of players and other staff, equilibrium cannot be sustained at any level. Without the players' performance on field and the staffs' contribution in this regard, no fruitful outcome can be rendered. This labour market of players became conspicuous after the repealing of the Maximum Wage Policy in 1961. From an economic prospective, football players, like any other economic agents, respond to incentives. The repealing of maximum wage has gradually led to exorbitant wages and transfer fees paid for a player, the highest being 85.3 million pounds (which Real Madrid paid to Tottenham Hotspur to acquire Gareth Bale). This can be seen as a globalization of players' labour market, especially in EU countries like Spain, England, Italy and France, which have been perennial sources of quality players. These spiralling wages for star players are a result of a cumulative shift towards flexibility of contractual obligations, giving players a substantial bargaining power. Inflation and the increase in effective demand for football due to advertising have also increased player wages substantially.

Usually, if players' compensation is related to their performance, players will expend more effort in honing their skills. The payment of exorbitant wages to certain star players may be a shrewd strategy for clubs to adopt, if it provides a framework based on incentives which maximises effort and urges other players to hone their skills, especially in the early stages of their careers, to maximize their wages.

Player registrations with Football Associations are tradeable commodities between clubs, which are popularly called 'transfers' (usually a stimulating topic of discussion amongst football enthusiasts). Transfers are a perennial source of revenue for various clubs. A player could be transferred to another club only if his present club was prepared to sell or release his registration. Under this system, all clubs have the discretion to retain individual players for as long as they wished till his contract expired, having to pay compensation when released. But players too, can choose not to renew their contract and let their contract expire, allowing them to pursue more lucrative offers from other clubs. Supply of quality talent is scarce. Hence, every player commands a market value in the transfer market. This market value, generally, is a function of various factors – the main factors being utility to team (U), professionalism (P), performance consistency (PC), age (A), expectation of increased market value (E), adaptability to club (AD), fitness etc.

$$M = \int (U, P, PC, A, AD....n)$$

But it so happens that the market value doesn't always reflect the performance of a player at a given point of time, or in near future. Hence, paying a higher transfer fee doesn't always ensure quality performance on field. Teams often tend to underestimate or overestimate a players' value based on poor evaluations and momentary impulses, like the acquisition of Juan Sebastian Veron by Manchester United for 28.1 million pounds which ended sour, and good bargains like that of

Gareth Bale, who was transferred to Tottenham Hotspur for 7m pounds, and later sold at 85.3million pounds. Transfers thus are a crucial source of revenue and expenditure for various clubs, who acquire or offload players via transfers to aid them in fulfilling their motive of utility or profit maximization.

Thus, the cumulative growth of professional football has had a noteworthy impact on global economy. The recent and sudden emergence of China in this sector has left many stupefied. Over the previous year, Chinese professional clubs have profusely invested in enhancing infrastructure, and acquiring International sensations like Jackson Martinez, Ramires, and Lavezzi etc. which is bound to improve their footballing standards and increase social welfare. Thus, if we ever ponder on why our country, India, with its large population, is ranked 160 by FIFA, the answer lies within the poor development of a professional club framework, leading to poor international reputation, infrastructure, training facilities, competing standards.

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EFFECTIVENESS OF DIRECT BENEFIT TRANSFER SCHEME ON LPG

R. SHARVARI – 2ND YEAR, RAMJAS COLLEGE sharvari.ravishankar@gmail.com
SASWATI MISHRA – 2ND YEAR saswatimishra1997@gmail.com

The Direct Benefit Transfer Scheme for LPG was implemented initially in July 2013 in more than 291 districts across the country. Instead of getting cylinders directly at a subsidized price, consumers now had to go through a process of enrolment wherein they were required to link their bank account and Aadhaar card details with their LPG accounts. A committee headed by Prof. S. G. Dhande, Director of IIT Kanpur at that time, released a report in May 2014 that suggested a few fundamental adjustments in the system. After linkage, the consumers become Cash Transfer Compliant (CTC), and eligible for a Permanent Advance (a one-time Advance before they buy the 1st cylinder). The Advance is specified for each financial year and remains with the consumer till termination of the connection.

Once the linking procedure is complete, the subsidy payment procedure is, in itself, quite straightforward. The cylinder is ordered, delivered and the subsidy is transferred to the bank account. The consumer is informed of the same via SMS (if phone details are provided to the bank), or whenever the passbook is entered.

The objective of the scheme was to reduce the fiscal burden on the government by getting rid of all the multiple connections held by an individual as well as ghost connections. This would, in some senses, make the subsidy more "targeted" for the poor.

The article is based on a primary research on the aforementioned subject. The survey for the research was done in two regions in North Delhi, with 30 households from each. Four distributors catering to these regions were also surveyed. It was done over a time-frame of two months: Dec 2015 - Jan 2016. The article focuses on two major aspects of the DBTL scheme: entitlement of LPG reaching the actual consumer, and an increase in availability of LPG for genuine consumers. The article also explores the extent of coordination and cooperation among different stakeholders involved. We wish to examine if there is a trade-off between a reduction in the fiscal burden of the Govt. (due to elimination of diversions) and the outreach of subsidy to the target group.

As mentioned, one major element in the scheme design is the availability of the Permanent Advance to all consumers enrolling in the scheme. The objective of this Permanent Advance is to encourage LPG consumption, in comparison to other fuels, by facilitating the purchase of the first cylinder under the scheme. But, as the primary research suggests, it falls short of this objective. Out of the 60 households surveyed, none of those enrolled in the scheme received, or were even aware of the fact that they were eligible for such a provision. This not only indicates a lack of awareness on the consumers' part, but also negligence on the distributors' part in educating them in this regard. Another important implication is the possible lack of coordination between banks and distributors which could be resulting in the disappearance of the Advance. A problem so inherent in the system requires immediate scrutiny. With such potential issues in mind, the Committee from IIT Kanpur proposed a Centralised Grievance Redressal Mechanism.

Now, all those consumers who did not receive any Permanent advance face a loss in some sense. This can be described as a “loss” because, the consumer is not able to benefit from something he/she is entitled to. Thus, we regard the non-receiving of the Permanent Advance as an *implicit loss* faced by the consumer.

Another compulsion of the DBTL scheme was that the LPG consumer should possess an Aadhaar Card. Our primary survey indicated the presence of various linking problems faced by the consumers surveyed. Lack of information and wrong linkage of the consumer accounts led to about 80% of the people being deprived of the subsidy for 6-7 months without any warning or explanation. Banks, which are also a major stake holder in the scheme caused some inefficiency leading to linking problems which again delayed the subsidy. 40% of the consumers had complaints unresolved by the banks. Common problems arose due to the subsidy reaching an account different from that linked to Aadhaar. These problems were aggravated due to the absence of a Central Grievance System which was recommended by the Committee. Secondly one Aadhaar number can be linked to multiple bank accounts which not only makes it vulnerable to misuse but also causes a lot of confusion amongst the consumers leading to unnecessary burden of queries on the distributors.

Obtaining the legal necessities also required a price. According to the survey, 45% of the sample was asked to pay an exorbitant amount to get a new connection, and 15% had to pay bribes to get the requisite legal documents for a connection.

An absence of a Permanent Advance is not the only form that loss adopts. From the surveyed households, it was found that 54% of the respondents only get to know of subsidy arrival through Passbook entry. This again points to lack of knowledge among consumers with respect to the various features of the banking system.

We discovered that more than 50% of working LPG connection holders are daily wage earners (more susceptible to changes in work hours), and 38% are also the main source of income of the family. Since the bank account has to be the connection holder's, households of these types face certain explicit or implicit losses. If they choose to go to the bank in order to withdraw the subsidy amount, they suffer a loss both in terms of expenditure incurred in travelling to/from the bank (in many cases the bank is at a distance and the micro ATM facility is still not prevalent), and also due to a loss in earnings as a result of giving up on a few days’ work. Of our sample, it was found that on an average there was a loss of ₹ 1,050 per household per month and a loss of 4 days of wages per month.

More than 50% of consumers don’t receive an SMS at subsidy arrival and there are delays in the arrival of subsidy in the bank account. These two factors, together result in frequent trips to the bank so that the subsidy may be taken out. A per month loss of over ₹ 1,000 leads to a severe tightening of budget in households where per capita income for a month is concentrated at less than ₹ 3000. Households already taking loans to finance a cylinder every month fall into greater debt. The cost of taking out the subsidy from the bank outweighs the benefit from the subsidy.

On the other hand, in order to avoid such a loss, if the consumer chooses to not take out the subsidy from the bank, they incur an implicit loss from not being able to enjoy the support lent by the subsidy amount. The subsidy can be utilised to aid the consumer in the purchase of future cylinders. This opportunity is lost when the consumer does not exercise this choice. Almost 27% of the respondents reported that they have not taken out their subsidies since enrolling in the scheme. Therefore, there is a trade-off between the money they can earn/save from not giving up on working hours and benefitting from the subsidy in their bank accounts.

But one must also not forget that not taking out the subsidy from the bank account isn’t necessarily a bad thing in the long run. Once the subsidy reaches the bank account, it remains there till whatever date the consumer wishes to leave it. It can, in a way, be considered a “forced savings” on part of the consumer. Hence, that which leads to a short term loss for consumers, may induce long term savings for the same.

Compiling all the points made so far, a major part of the problems above arises due to delayed process of the information reaching the consumers. If the SMS system is made mandatory for the consumers, it could possibly reduce the loss. Likewise, inadequate micro ATMs create the discrepancy in learning about the subsidy until the passbook is entered. The Aadhaar system only provides a method to detect ghost connections (Khera, 2013). Keeping the subsidised cylinder cap to 12 cylinders leaves an incentive for people in the informal sector to usethe subsidised cylinders for commercial purposes. And there is no system to detect those defaulters. The Central Grievance System is proving to be a must and needs to be implemented as soon as possible. To conclude finally, the scheme has been very successful in fulfilling some of its targets but it is still incompetent in resolving the issues it is supposed to, and needs the modifications mentioned above to attain the targets intended by the government.

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BUDGET 2016 – OVERVIEW AND APPRAISAL

PRANJAL SETH – 2ND YEAR, RAMJAS COLLEGE pranjal.seth@gmail.com

"The budget is not just a collection of numbers, but an expression of our values and aspirations." - Jacob Lee

The union budget has always been seen as one the most consequential fiscal policy instruments in shaping the country's horizons and future prospects in terms of growth and development. Some perceive it as a harbinger for positive changes and improved sentiments in the economy. In a country like India where resource allocation remains a challenge and an alarming level of disparity exists among the different strata of society; the budget has a monumental role in ensuring that the effects of growth trickle down to the masses.

The Government envisions a certain growth path and tries to fulfill a set of objectives by specifying its disbursements and receipts in the budget. Due to the wealth of parameters like tax structure, FDI limits, subsidies, fund allocation for various schemes as well as reforms that are specific to a certain sector of the economy, the budget has vastly different implications for farmers, investors, salaried class and small businesses and its scope lends to it a high degree of complexity. A direct consequence is that its message tends to be rather esoteric and can prove to be quite challenging to grasp. This article attempts to acclimatize the reader with and provide an elucidation on the significance and likely impact of some of the prominent features of this year's union budget.

The two headline aspects of this budget have been strict fiscal consolidation and the impetus given to the agricultural sector and rural development. The finance minister has decided to maintain the fiscal deficit at 3.5% of the GDP for FY 2016-17, consistent with the path of fiscal consolidation stipulated in the Fiscal Responsibility and Budget Management Act of 2003 (FRBM Act). This decision has received positive feedback from analysts despite some cynicism on the credibility of the promise given the increase in public expenditure that has been enumerated on several schemes and subdued private investment. The fiscal deficit indicates the government's borrowing requirements and a high fiscal deficit leads to a rise in money supply and hence inflation. Courtesy the strict fiscal discipline maintained by the government, the central bank can now afford to cut interest rates and stimulate growth by spurring investment as investment is often financed through borrowing.

The main thrust of this year's budget has been inclusive growth and the push given to the rural economy is testimony to that. Schemes on crop insurance, improved irrigation, health insurance and employment have been announced to boost the disposable income in the hands of the farmer. To further incentivize the farmer, the finance minister has allowed up to 100% foreign direct investment in marketing of food products produced and manufactured in India, signifying that foreign retailers like Walmart and IKEA have the license to sell in India provided they buy raw materials from the Indian farmers and process them locally. Following the success of the DBT in LPG, the government has decided to introduce DBT for fertilizers on a pilot basis in a few districts. DBT essentially involves transferring the money accruing to the farmer directly to his bank account and in the process, plugging leakages and improving the quality of service delivery to the farmer. Other steps include increased allocation to the interest subvention scheme (a scheme providing subsidized

loans) to widen credit opportunities for farmers, a target of universal electrification by 2018 and a record allocation of 38,500 crores to MGNREGS, opening up avenues for employment.

The primary sector and low income populations though, are not the only major benefactors. The government has proposed amending the companies act to make it easier to start and run a business hoping to allow companies to be registered in less than a day and encouraging startups. The FM also proposed exemption on profits made in any three of the start up's first five years of operation. The budget has announced a slew of changes in indirect taxes, particularly customs and excise duty. Inputs, subparts and other components required for manufacture of mobile phones and their accessories as well as routers, broadband boxes and set top boxes and headsets will no longer face excise duty. This is being dubbed as Make in India 2.0 on account of the stimulus it provides to local manufacturing by reducing costs and enhancing competitiveness of domestic industries. Another notable feature has been the impetus of momentous proportions given to infrastructure. The total plan outlay for roads and budgetary support to railways has been increased by over 24000 crores while 800 crores have been allocated to new ports. Expenditure on infrastructure generates a strong multiplier effect, raising income by several times of the rise in spending.

Scrutinizing the budget from a micro lens, there have been numerous adjustments in both direct and indirect tax structure. Those earning up to 5 lakh a year will receive an additional rebate of Rs 3000, raising the relief to Rs 5000 for small employees. As another means to support low income families, the limit of deduction of rent paid has risen from 24000 per annum to 60000. The super rich, on the other hand will be taxed more heavily. The surcharge on income tax faced by individuals earning more than one crore has gone up to 15% from 12% last year. Business magnates and super rich investors also received a setback as dividend incomes in their hands in excess of Rs 10 lakh will now be taxed at 10%. Aiming to curb the prevalence of black money in the economy, the Government plans to open a four month compliance window for the domestic taxpayers who have not paid full taxes in the past to come forward and disclose their unrevealed income and assets. The proposed tax rate on undisclosed assets and income after factoring in penalty and surcharge now amounts to 45%. In another bid to redistribute income from the rich to the poor, an infrastructure cess of 1-4% will be levied on different categories of cars, escalating their prices. An increase in excise duty on cigarettes as well as many products such as bottled water, soft drinks and branded garments is likely to affect a large section of consumers as they have to shell out more for these commodities. To finance the variety of agriculture schemes being introduced, a new cess of 0.5% called the Krishi Kalyan cess will be levied on all taxable services making eating out, beauty treatments, phone bills and a host of other services costlier.

Overall, this year's budget has been fairly balanced in terms of its endeavors to promote growth and the methods it employs to gather revenue to realize its intent. The FM's commitment to stick to the tight fiscal deficit target without compromising on expenditure deserves merit. The most salient feature is the focus on alleviating rural poverty by tackling the impediments to growth of the rural economy. While some measures have been undertaken to increase the burden of taxation on the relatively well off to finance the state's ambitious outlays towards the less affluent, none are expected to have impacts too adverse. The generous boost to infrastructure spending is another reason this budget is being regarded as development oriented. One disappointing aspect is the slender increase in capital expenditure proposed this year indicating below par expenditure on long term assets such as railways and machinery. What remains to be seen is whether the budget is able to revive consumer and investor confidence and bring forth higher demand.

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BOOK REVIEW – The Face You Were Afraid To See: Essays on The Indian Economy

SEJAL LUTHRA –2ND YEAR, RAMJAS COLLEGE sejal.18.luthra@gmail.com

This gathering of eight compellingly argued articles by Amit Bhaduri critiques the widespread notion of expeditious industrialization and high corporate growth led by financial globalization pursued vehemently by majority of the countries around the world. It challenges the belief that "rapid economic growth at any cost will soon take us to land of prosperity without poverty" considered as gospel by the supposed learned experts from the academia, the so-called intelligentsia and the entire populace of the world .An acclaimed economist, Bhaduri has long been known as a critic of mainstream neoclassical economic theory, relentlessly exposing its logically flawed foundations and articulating elective improvement systems for the same.*(Employment and Development: Essays From an Unorthodox Perspective*, his earlier book is a similar exploration of widely debated economic issues).

As the title suggests, Bhaduri offers us an unsettling vision of the wide disparity in India where a minority of urban, prosperous classes roll in extravagant luxury while more than a third of the Indian population lives in sub-human poverty despite near double-digit growth for more than a decade and a half. What is of impressive import is the part that the State plays in enlarging this gorge. In the first essay, Bhaduri claims that in a globalized India, the welfare State has changed itself into the defender of the privileges of huge enterprises by marginalizing the poor majority, to support a model of corporate-led industrialization as the way to our economic development without questioning its relevance in the Indian context.

Bhaduri argues against the conventional economic wisdom of a self-regulated market mechanism which automatically leads to an efficient allocation of resources:

"The powerful ideological metaphor of the invisible hand leading a society of selfish individuals to an optimum." The logic of a liberalized market mechanism buttressed further by state power to help private corporations is creating, in his opinion, unprecedented inequality in India along with high growth. As a result of this, an "anti-poor pattern of growth" is being sustained by a rapid expansion of income expenditure among the richer groups of society while more than three-fourths of the population has a daily purchasing power of less than Rs 20 a day. Thus in a mutually supportive manner, the process of growth is sustained by inequality and inequality is reinforced by growth.

The paradox of two Indias - one shining and globalized on the verge of entering the first world and the other where helpless peasants are committing suicides, tribals are dispossessed of forest land and livelihood while nearly half the children of India are undernourished - is highlighted in the second essay. But it seems that the India of glitter and privilege is distancing itself from the India of despair, rage and inhuman poverty with the connivance of governments at the central and state level which is not only widening the divide but consciously deepening the Other India's absolute poverty and misery.

Bhaduri stresses that in our democracy, the state practices 'terrorism' increasingly with the sole purpose of enriching big businesses by dispossessing the poor under the guise of industrializing and modernizing the

economy. While those who are dispossessed hardly figure as major beneficiaries of industrialization, they bear a disproportionate burden of its cost. The government thus has become a ruthless supporter of corporate entities in search of higher growth irrespective of how it affects the interests of the people to stay on the right side of IMF and the World Bank.

After showing the real picture, Medha Patkar joins Bhaduri in the last paper, which talks of possible solutions. Bhaduri reflects on the ways to an alternative and just development which are beyond conventional wisdom because "the conventions of wisdom are loaded in favor of the privileged and the rich". They offer an alternative way of industrializing through a productive full employment programme which would involve the poor and the illiterate operating in their traditional environment and by giving agriculture the attention it deserves. They stress on making development participatory by giving full decision-making autonomy to local governments. As they put it, "This is the route through which the poor, rejected by today's industrialization would enter the larger economy with dignity as both producers and consumers."

Thereupon through these set of cogent articles one is forced to revisit the conventional wisdom of a self-regulated market mechanism imparted to us and widely believed ideas of globalization and liberalization which have become inevitable compulsions for economic development in India. In short Bhaduri propels us to banish "the TINA syndrome (There Is No Alternative)" which has gripped economic action as well as imagination. Though many ideas were reiterated in the course of the development of the argument, Bhaduri manages to invoke the readers to critically analyze the ideological presumptions instilled in us. Ergo the papers altogether are a superb prologue to a smoldering issue and make for an intense investigate of India's economic policies. I would recommend this book to aspiring economists, administrators and policymakers who are ready to challenge their conformist beliefs and question the fundamental thesis of economics itself.

ALUMNI SPEAK

MOHNISH KEDIA
UNIVERSITY OF CAMBRIDGE mohnish.kedia@gmail.com

When I received the offer from Cambridge, I went to two of my professors for advice. One said, "Go ahead, it is Cambridge after all". The other said "calculate the marginal costs and benefits, I think the costs will outweigh the benefits". In hindsight I think I did learn a lot of things, but *probably* (emphasis added) it wasn't value for money. When Kahneman and Tversky published their seminal paper in 1974, they argued about the endowment effect and the resulting bias. In my case the endowment effect was totally reversed.

In order to describe my experience here, the following conversations will be helpful. There are two characters, one is the "Impatient Learner" (IL) and the other is the "Invisible Man" (IM) (did you ever wonder to whom did the invisible hand belong to?)

IL: I am very disappointed, they keep teaching us material which is outdated and not applicable to real life. Tell me one person who believes in the Ricardian theory of comparative advantage today?

IM: It is true that the Ricardian theory might not be applicable in most of the cases today, but in order to understand the philosophy and foundations of a subject you need to learn things that have already been discovered and debated. Even if you learn physics, you will have to go through outdated theories so that you don't make mistakes that people have already made. You must stand on the shoulders of the giant.

IL: Okay! Then tell me the justification for all the model building in Economics. Compared to the physical sciences we have such weird and 'unrealistic' assumptions. How can one trust the results?

IM: Well, one thing you need to agree is that it is difficult to model human behaviour as compared to behaviour of elements like mercury. But this does not mean that they aren't useful. Think of models like a map, where you remove the things that do not matter and only show the landmarks in order to help the individual to navigate through the city. If maps were 1:1, then they will be of no use!

IL: That makes sense. I recently read a book authored by one of my favourite scholars, 'An Economist in the Real World- the art of policy making in India'. And he argued about the importance of institutions, behaviour and norms in the development of an economy. Now, since human behaviour is at the core of our analysis, I feel that we have not been paying much attention to it.

IM: Hey! Kaushik Basu is my favourite too! But it is true that we often tend to neglect these things in orthodox economics and that is why it is important to give equal recognition to other schools of thoughts, like institutional and behavioural economics. You should check the YouTube page of 'Cambridge Society for Economic Pluralism'.

Well, I wanted to ask you about your experience at Cambridge. What do you think?

IL: I think that the experience in itself is brilliant. It is a very student friendly city, you have all the resources you need and you are being taught by the worlds finest. But when you add to these, other factors that matter too, like the amount of money you pay, cultural differences (Cambridge has the highest rates of depression!), food and weather, you might want to weigh the benefits with the cost.

So overall, I think I will always cherish the things I learned here at Cambridge, not just in economics, but also the other important life skills that I gained here. Speaking of Cambridge, I still miss Ramjas, because it was the first place in my trajectory of life where I had real personal development.

I never participated in student elections and debates in the University, something I regret a lot. For instance, I could have designed a mechanism to stop wastage of food (after all there should be some use of Dr Alok Dash's extra lectures!) at Ramjas Hostel, but I never took interest in these things. After coming here I realised that these things matter a lot in life and will give you a flavour of real life application of your subject. At least it is worth a try!

JATIN BAVISHI

HYDERABAD CENTRAL UNIVERSITY jbavishi09@gmail.com

Hyderabad Central University or HCU as we call it has recently caught attention of people for all the wrong reasons. However, apart from the untoward incidents in the past couple of months, the campus remains calm and peaceful. Stretched around a massive area of about 2000 acres, this campus has a lot to offer.

Economics has carved out a niche for itself in HCU and has been uplifted recently from a 'Department' to 'School'- at par with other Schools like Social Sciences and Humanities. The faculty has expertise in wide areas of economics; some even outside this realm. HCU takes pride in being the few places in India that teaches Political Economy rigorously. Some may question the efficacy of such a subject in the world we live in, but it is also true that it gives its devout readers a wider perspective and moral strength. That aside, the School ensures there is a balance in what students are exposed to and this can be verified by the wide ranging Electives they could choose from.

The academic system is not too cumbersome. The focus is on learning rather than rote memorization to get good grades. Infact, the grading system is quite flexible and allows (read encourages) students to learn what they cherish. The University Library is massive with over 1 lakh books and journals, which is updated time and again. Since most students stay on campus, there is no limit on brain storming sessions. There are regular conferences and seminars which go for long hours. There is 24 hours free internet access. If research is what you want to pursue, this is a good place to be as the students have free access to sites like JStor and EPW among others in the comfort of their rooms.

Apart from the curriculum, the Campus is beautiful. With its lakes and rocks, it provides a scenic location to be around. The campus is largely devoid of pollution-a blessing in comparison to other megacities.

So, if you are thinking where you should pursue your Post Graduation, keep HCU on the list too. It provides an experience quite different from other Economics Institutions and gives an opportunity to make your life better, if there is zeal to extract those benefits.

JANAK PRIYANI
SHIV NADAR UNIVERSITY janakpriyani@yahoo.com

Unlearning what we have known till now is I think the only inevitable aspect of a postgraduate program. So is true for this M.Sc. Economics program in Shiv Nadar University. There have been instances where to question the already held beliefs is the only way out from a problem, one of which, I remember, is about normality. People who are even somewhat accustomed to econometrics might agree that normality is an important assumption for the classical model. But, what if we do away with that assumption? Is that "the" important assumption, or just another one without which we can survive as well? The latter came out as the answer, that normality is a consequence of some conditions which the model very well satisfies and not an assumption. Also, something very interesting that one might observe is the batch size and the consequences following it. No one would imagine that decision making is at least as tough in a batch of 19 as it is in a batch of 70, which makes it all the more interesting and brings in mind a case of Social Choice Problem where the only solution is a dictatorial outcome.

Moving ahead and talking about the university. Well, it is a relatively new university as compared to others already established but a thorough examination of it would make one think about the competition that it can very well give in the market in the coming years. With its definitely comparable facilities and esteemed faculty, one wouldn't care much about the solitary location of the university which will also be taken care of. It is just a matter of time.

It was a great time spent in Ramjas College. By far, I think the best three years of my life. The friends made, the things learnt, having shed some prejudices, taking up others. Connecting with some of the brilliant minds was worth those three years of my life.

RAMJAS COLLEGE