

# ANKUR

Voice of the budding economist

**2011 - 2012**

Department of Economics  
**Stella Maris College**  
(Autonomous)



## Note from the Head of the Department

*The Voice of the intellect is a soft one, but it does not rest until it has gained a hearing –*  
Sigmund Freud

Yes, intellect must be heard, analyzed and discussed and it is from such discourse that the great theories in Economics, as in other bodies of knowledge have arisen. It is for this reason that the Department of Economics annually publishes the Department Journal called ANKUR. ANKUR provides a little forum for budding economists of the department to voice their academic opinions and display their prowess in analyzing the nuances of the market, of economic life and of global decisions pertaining to Economics.

As we all know, Economics gets deeply disheveled with politics at the national and international levels. The various papers taught in the department, in a way helps the students to understand the twists and turns of economic decisions in the country, and in the world at large, from both the economic and the political perspectives.

As you read through the articles of this little journal you will realize how true the above statement is. Topics covered vary from economic comparisons between India and Japan, to an analysis of freebies to a study on inflation from a field survey, to a comical portrayal of economics as a subject of study of costs, choices, incentives and efficiency. It also covers regions of study which includes the nutritional status of individuals, the tax system in Korea to various other topics of interest. This year the editors have decided to also include certain reports and activities/achievements of students and teachers of the department.

I am indeed grateful to the entire editorial team and the faculty involved for so painstakingly undertaking this task of getting this issue through.

Thank you one and all! ☺

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***Special Thanks to all the authors***

<b><i>TABLE OF CONTENTS</i></b>	<b>Page</b>
1. Eco Innovation: Time To Wake Up <i>by Amritha Vivek</i>	03
2. Economic Comparison of India and Japan <i>by Gargi Saripalli</i>	09
3. Tribute To Dr. Geetha Sridharan	13
4. Word Puzzle	15
5. Tax System In Korea <i>by Mijin Lim</i>	16
6. The Only Thing That Glitters Is Gold <i>by Vaishnavi Chella</i>	17
7. Nutritional Status Of Indians <i>by Aditi Samant Singhar</i>	18
8. Hunger Bazaar	19
9. Workshop by Dr. Veena Shatrughna <i>by Swarna Chander</i>	20
10. Nutrinomics <i>by Aishwarya.S</i>	21
11. Impact of Food Inflation on Urban Poor <i>by Swarna Chander</i>	22
12. Can Someone Really Survive On Rs. 32 a Day? <i>by Anjana V. Logan</i>	28
13. Test Yourself	30
14. Learning Economics Through Comic Strips <i>compiled by Gargi Saripalli</i>	32
15. Inter PG Seminar	37
i. The Need for Government freebies <i>by Rosmi Jose</i>	
ii. Government Freebies ~ A Bane <i>by Amrutha MaryVarkey</i>	
iii. Government Freebies ~ A Boon <i>by Gargi Saripalli</i>	
iv. Myths of Government Freebies <i>compiled by Gargi Saripalli</i>	
16. Newsmakers	42
17. Writing A Dissertation <i>compiled by Gargi Saripalli</i>	44
18. Condolence Message	47
19. Achievements ~ Teachers, Students and Ex Students	48

## ECO INNOVATION: TIME TO WAKE UP

### Executive Summary

“Human activities are having an increasing impact on the integrity of ecosystems that provide essential resources and services for human well-being and economic activities”

- United Nations, Johannesburg Plan.

With the advent of the liberalization, globalization and privatization era, there has been a mass exploitation of natural resources in the economy mainly due to increased demand for goods and services. Over exploitation of the natural environment has led to an increase in carbon footprints. As a consequence, global temperatures have risen due to the accumulation of GHGs (Green House Gases) in the atmosphere. Global warming has inflicted catastrophic events like forest fires, melting of glaciers, droughts, floods and so on. It is evident that if the world has to sustain, the only way forward is to combat the emission of hazardous gases into the environment by adopting ‘green technologies’, reducing resource wastage, conserving the environment and by making efficient use of the existing scarce resources.

In this regard, the essay has been divided into two broad sections- 1) The Role of the Government and 2) The Role of the Companies. The first section deals with the various ways that can be adopted by the government so as to mitigate climate change. A number of aspects and recommendations are provided in this section. These include increasing budgetary allocation towards conservation & preservation of the environment and raising the government expenditure on Research & Development (R&D) in order to enhance ‘green cover’ of the nation. The importance of estimating the “Green GDP” (Gross Domestic Product) for the economy is also highlighted. Green GDP indicator would prove to be an efficient measure of economic development as it is more comprehensive. Further, government policies on energy generation must be focused on clean, green and renewable sources like sun, wind, geothermal, etc. The market based instruments such as taxes, subsidies, levies, royalties and its essential role in encouraging low carbon technologies and ‘green investments’ are also discussed. Certain practices that are considered to be the pillars of sustainable agriculture such as ‘Soil testing’ which leads to efficient use of fertilizers according to the needs of the soil and ‘Organic farming’ which helps preserve soil fertility, etc are covered in the paper.

The second section deals with the different avenues available for the Companies so as to promote green technologies and minimize global warming. Various sectors such as banking, energy, real estate, agro processing, textile & apparel industries are considered and their potential for reducing carbon emissions is discussed. The paper recommends an increase in spending on Research & Development by the Companies, as they currently contribute only a miniscule amount for this purpose. Against the backdrop of the Companies Bill, 2011, which seeks to make it mandatory for the Companies to dedicate 2 per cent of their net profits towards CSR, certain recommendations have been made. In banking segment, efforts are to be made to devote a certain part of the loans to the energy efficient, green sectors of the economy at a subsidized rate of interest. The energy industries can resort to adopting advanced coal combustion techniques and sourcing electricity from renewable energy. Also, the potential future of the Renewable Energy Certificate (REC) market has also been dealt with. With respect to the real estate industries, the importance of green buildings and various rating programmes like ECBC (Energy Conservation Building Code), LEED (Leadership in Energy and Environmental Design), GRIHA (Green Rating for Integrated Habitat Assessment), etc are discussed. In the case of Agro processing, Textile and Apparel sectors, the importance of local and direct procurement of raw materials, engagement of the local communities in further stages of manufacturing and the multiple benefits entailing the entire process has been laid out in the essay. CSR activities like rural electrification using renewable source, promotion of agro forestry, conservation of wetlands and green belts creation are also discussed. The paper concludes by providing an explanation on the multifarious benefits associated with investing in green technology.

### Eco-Innovation: Time to Wake up

“Earth provides enough to satisfy every man’s need, but not every man’s greed” - Mahatma Gandhi

The rise in international trade, stronger presence of transnational companies and entry of new players into the domestic market has led to an intensification of competition. Consequently, demand for raw materials increased and the existing resources have been slowly depleted. This necessitated the search for new resources to boost sales and reap huge profits. Thus, expanding industrialization and urbanization have accelerated the rate of pollution and deforestation. The combined effects of such activities has raised the level of green house gases (GHGs) such as carbon dioxide, nitrous oxide, methane, etc and trap more heat in the atmosphere causing global warming. A study conducted by Marko Scholze in 2006 shows that if global average temperatures rise by 3 degrees Celsius or more over the next 200 years, forest fires, droughts and floods are all likely to become more severe and common. This would have a profound impact on agricultural production, bio-diversity and forest-based & fishermen livelihoods.

Most of the global warming is going into the oceans causing an overall decrease in ocean productivity. The rising sea surface temperature has resulted in ocean acidification affecting the marine ecosystem. As the oceans warm above their normal summer temperature, and are sustained at this warmer level for too long, mass bleaching of coral reefs are bound to happen. Furthermore, it could trigger coral disease outbreaks and reduce the growth rate of corals. This could in turn affect fisheries, as coral reefs are home to 25% of all marine fish species. As the climate warms, phytoplankton production will be reduced and the carbon dioxide uptake by ocean plants will decrease (Journal Nature, 2006). Therefore, carbon dioxide is more rapidly accumulated in the atmosphere making the situation more difficult. Extreme weather patterns such as heavy rains, soaring heat, hurricanes, wildfires, etc could be more frequent and the growth of pests & infectious diseases will be widespread. Also, water scarcity and falling agricultural output will be more prevalent globally.

#### The Role of the Government:

The government’s efforts towards preventing and mitigating climate change are of great importance to the society and the environment. The following are the various ways through which the government can effect positive changes:

### Budgetary Allocation for Climate Change Adaptation & Prevention

Budgetary allocations for reducing, mitigating and adapting to climate change should become more effective. The Economics of Climate Adaptation Working Group’s report 2009 studied the cost of environmental damage. It revealed that climate risks could incur a loss amounting to 19% of GDP by 2030 and that the developing nations are more vulnerable. Hence, urgent action is required to combat climate change by using the available resources in a productive and sustained manner. Firstly, India spends over 2% of its GDP on adaptation to climate change. But, for the year 2011-12, there is a reduction in the funding for Wildlife and Forest Protection which has already been receiving a paltry amount. Hence, the government needs to increase the budget allocation for the conservation and protection of the environment and wildlife. Secondly, expenditure on R&D (Research & Development) as percentage of GDP is only 0.8%. An increase in R&D spending is necessary to innovate and upgrade technologies aimed at reducing GHG emissions.

### Does Gross Domestic Product (GDP) indicator reflect the true health of an economy?

GDP growth rates have witnessed a record high in the last decade on account of the expansion of industries, real estate, stock market, and large scale exploitation of natural resources & labour. Simultaneously, the greenhouse gas emissions have more than doubled as a result of the burning of fossil fuels (coal, oil and natural gas). Correspondingly, morbidity rates or the frequency with which a disease appears in a population has increased. Also, a number of natural disasters like earthquake, tsunami, flood, tornado, etc have become rampant. This is a clear signal indicating that the countries are on an unsustainable development path. The Gross Domestic Product does not take into account the ‘costs’ of environmental damage (pollution, natural resource depletion, deforestation, etc), the ‘benefits’ of conserving environment (clean air, CO<sub>2</sub> emissions reduction) and the contributions of the non-monetized or informal sector of the economy. For these reasons, the GDP is not a true indicator of economic progress as it fails to take into consideration the important environmental attributes. Hence, the government must undertake a Green GDP accounting to provide a holistic measure of economic progress and well-being.

### Promotion of Renewable energy

Government policies must be centered on the promotion of renewable, green energy which comes from sunlight, rain, wind, tides, geothermal, biomass etc. The IPCC (Intergovernmental Panel on Climate Change) in its 2011 report has said that if the full range of renewable technologies were deployed, the world could keep the GHG concentrations to less than 450 parts per million which is the predicted limit of safety beyond which climate change becomes irreversible and catastrophic. Simple technologies like the biogas digester, which produces biogas by the anaerobic digestion of biodegradable materials, if widely used, can produce a substantial amount of energy. For example, huge amounts of vegetable & fruit wastes from the millions of households, if transported to a nearby biogas plant, can generate more energy. At the same time, the use of biogas should not threaten food security. It must be produced and used locally as it is 70% more energy-efficient than when it is transported. Biogas must be produced only from organic wastes such as livestock & human manure, residue of crops, papers, food and fruit wastes. This is to ensure that there has been no trade-off made between food security and biogas production.

### Market-based Instruments in Combating Climate Change

Market-based instruments such as taxes, subsidies, royalties, levies, etc are more effective in reducing greenhouse gas (GHG) emissions. Pigovian taxes, if implemented strictly, can be very efficient in combating pollution. A Pigovian tax is a tax imposed on a market activity that produces negative externalities. For instance, a heavy industry may be polluting a nearby lake by releasing its hazardous effluents without treating them. This is because treating the effluents would result in a higher production cost. Hence, the social cost is externalized. In such a situation, when a Pigovian tax is levied, the industry would choose to employ environmentally-friendly methods of releasing effluents. By doing so, the cost of environmental damage or the social cost is internalized. Tax differentiation can also be employed with the view of reducing GHG emissions i.e. the production and consumption of goods & services which are associated with 'environmental damage' are taxed more and goods & services which are associated with 'environmental benefits' are taxed less. This strategy would help stimulate investments in low-carbon and green technologies. To illustrate, let us consider tax concessions or tax reductions allowed to reduce environmental deterioration. The Government might give tax concessions to residents who reside in 'green buildings' in the

form of property tax concessions, as these constructions have their own sewage treatment, rain water harvesting system, solar powered heaters, etc. The government can also impose low import duties on green technologies imported from abroad.

### Sustainable Agriculture:

The government must create awareness among the farmers about the uses of soil testing and render services at free of cost or at subsidized rates. Soil testing is done to estimate the nutrient status and fertility of the soil. This understanding helps to identify the needs of the soil tested, thereby resulting in economic use of fertilizers and increased yields.

The government can encourage the farmers to adopt the practice of organic methods of vegetable and fruit production. This would help in reducing air, water and soil pollution. The techniques used in organic farming are crop rotation, green manure, biological pest control and compost. Use of organic methods would mean that the soil takes up more carbon, which would otherwise be released into the atmosphere as CO<sub>2</sub>, speeding up global warming. According to a report from the Soil Association (2009), if all UK farmlands were converted into organic, at least 3.2 million tonnes of carbon would be taken up by the soil each year, which is the equivalent of taking nearly 1 million cars off the road. Moreover, organic farming will provide more employment, as it requires more labour than conventional farming.

### The Role of the Companies

The part played by the Corporate sector is indispensable for reducing the dangers of global warming. The country spends a meager 0.8% of GDP on R&D, out of which only 20% is contributed by the private sector. This makes the case stronger for an increased spending on Research & Development by the Companies. The R&D team and the other employees of the company must be encouraged to innovate green technologies or ideas by providing them incentives and rewards. The contributions that can be made by the different sectors of the economy in improving the environment are analyzed in the following section.

### Banking companies:

The banks have the freedom to lend at differential rates to different customers. Environmentally-conscious banks can lend a certain portion of their funds to sectors or industries that produces or largely makes use of green technologies and energy efficient methods. The proposed Companies Bill,

2011, aims to make Corporate Social Responsibility (CSR) mandatory. The companies have to earmark 2% of their net profits of the previous three years towards CSR. Hence, the banks can lend to green sectors, that is, sectors which are practicing eco-friendly methods, at subsidized rates or at low interest rates either as part of their CSR or regular activity.

#### **Energy industry:**

Around 65% of India's energy needs are catered to by the combustion of fossil fuels. This has contributed a massive amount of CO<sub>2</sub> emissions into the atmosphere. Taking this into consideration, the energy industry must undertake certain important measures to reduce atmospheric pollution. It must adopt advanced coal combustion techniques to improve the efficiency of power generation. Alternatively, they must strive to increase power generation from renewable sources such as solar, biomass, wind, bagasse-based, etc. This can be done with adequate, dedicated R&D efforts undertaken by the industry. Moreover, renewable energy holds promise for the future of the energy segment since the fossil fuel resources are depleting fast worldwide. Hence, the cost of generating power from green sources can be on par with the cost of generating power from fossil fuels.

Large industrial units which set up Captive Power plant for its own exclusive consumption can look into the potential of green energy. This has an additional benefit of trading in the Renewable Energy Certificate (REC) market. Industries can sell the power generated from renewable sources in the REC market and earn revenue. In a scenario where the government is encouraging environmental-friendly practices, the REC market has immense opportunities in the near future.

#### **Real Estate Industry:**

This industry comprising of commercial and residential buildings can play a vital part in cutting down carbon footprints. Green buildings are energy efficient as they aim to reduce the harmful effects of GHGs. These constructions incorporate eco-friendly techniques like solar-powered or wind-powered or other renewable-based electricity, green landscaping, rain-water harvesting and so on. The Expert Committee on India's Low Carbon Strategy Report revealed that construction of energy-efficient buildings could help fight green house gas emissions of about 60-120 million tonnes by 2020. Hence, the real estate industries must generate more awareness about the importance of green buildings through the extant rating programmes like ECBC (Energy Conservation Building Code), LEED (Leadership in Energy and Environmental

Design), GRIHA (Green Rating for Integrated Habitat Assessment), etc. This helps in creating awareness and enhances a wide-range adoption of eco-friendly building designs across all the sections of the society.

#### **Agro processing, Textile and Apparel Industries:**

The agro processing industry that transforms agricultural products into other commodities adds additional value to the product. Industries engaged in agro processing can procure its required raw materials from the local farmers in the community. They can also assist and encourage farmers to produce the raw materials (fruits, vegetables, grains, etc) using sustainable agricultural and horticultural practices. Such direct procurement from farmers and engaging them in primary and secondary processing operations of the industry would have multiple benefits. It could improve the quality of the product, eliminate middlemen, enhance the farmers' income, empower women who are predominantly engaged in agro-processing and conserve soil fertility.

The Textile and Apparel Industries consist of production of yarn, manufacture & distribution of cloth, jackets, hats, handbags, shawls & scarves, umbrellas and so on. These sectors can obtain certain part of their final goods for sale from traditional handicrafts & crafts communities. The crafts community primarily makes use of eco-friendly products like jute, non-timber forest products and natural fibre from coconut, cotton, abaca, palm, etc. Providing them a secure job would benefit the industry, environment and the community through balanced use of natural resources.

The Indian government launched the 'Ecomark' scheme in 1991, which is a voluntary labelling scheme to impart nature-friendly production methods and ethical consumption. The Eco-labelling scheme covers products like textiles, packaging, leather, soaps, etc. But not many industries have made use of this scheme. Therefore, the Industries that adopt 'green practices' must ensure that the label printing is done by applying to the designated authority, in order to generate awareness among the consumers about the product's eco-consciousness. Certain polluting industries like textile dyeing units fail to meet the criteria for eco-labelling mainly due to the harmful wastewater effluents released into the nearby waters. Such units can employ microalgae treatment so as to reduce the presence of harmful metals like lead, chromium, etc.



**Other Socially Responsible Activities:**

The Companies can also engage in other CSR (Corporate Social Responsibility) activities like providing electricity to rural areas, agro forestry, wetlands conservation and green belts creation. Rural electrification projects powered by renewable sources (solar, wind) by the companies can be carried out in a phased manner in the villages. This helps supporting the livelihood of poor farmers. Promotion of Agro forestry will help in conserving natural resources and reducing economic risks associated with single-crop production. According to the World Agro forestry Centre, “Agro forestry is a dynamic, ecologically based, natural resources management system that, through the integration of trees on farms and in the agricultural landscape, diversifies and sustains production for increased social, economic and environmental benefits for land users at all levels.” It is one of the possible means of achieving economic stability at the rural level and preserving biodiversity since it combines several crops & a complex ecosystem. It also has immense capacity to mitigate GHG emissions as trees can absorb more carbon dioxide.

Conservation of wetlands is essential in addressing climate change. Wetland is an area of land whose soil is saturated with moisture either permanently or seasonally. Wetlands include open water bodies, mangroves, marshes, swamps, bogs, etc. They perform the function of mitigating climate change through their ability to sink carbon (reservoir that accumulates and stores carbon for an indefinite period) and also help keeping the water table high and stable. Their water regulating and storage functions are pivotal in adapting to climate change. Wetlands provide livelihoods for a large number of populations, as they assist in securing food & water supply and sustainable farming.

Creation of green belt areas can also be taken up as part of CSR activities. Green belt refers to any area of undeveloped or agricultural or wild, natural land that has been retained and protected to improve air quality, offer recreational opportunities and ensure urban population’s access to countryside. It is integral to the environmental health because, the plants and trees in these areas would serve as ‘organic sponges’ and act as a CO<sub>2</sub> storehouse. Hence, green belt areas must be created and conserved to achieve environmental benefits.

**Conclusion:**

The U.N. PRI (Principles for Responsible Investment) and UNEP Finance initiative study has estimated the cost of global environmental damage from human activity at US\$6.6 trillion in 2009 which amounts to 11 percent of global GDP. This

very clearly indicates that the costs incurred on account of exploitation of environmental or natural resources have very serious consequences for the global economy. The need of the hour is to invest in green technologies and promote eco-friendly practices. Government must come forward with policies pertaining to promotion of clean energy. With regard to Companies, technical efficiency, that is, technologies that aim at reducing GHG emissions, coupled with good product quality would result in reduction in per unit cost of production with the operation of economies of scale. Also, Eco-labelling would be a Unique Selling Proposition (USP) for these Companies, which would in turn generate goodwill and brand-loyalty. Subsequently, it would lead to higher profits and ethical consumerism. Hence, environmental considerations must be effectively and efficiently integrated into the mainstream economy so as to improve the long-run sustainability of the economy.

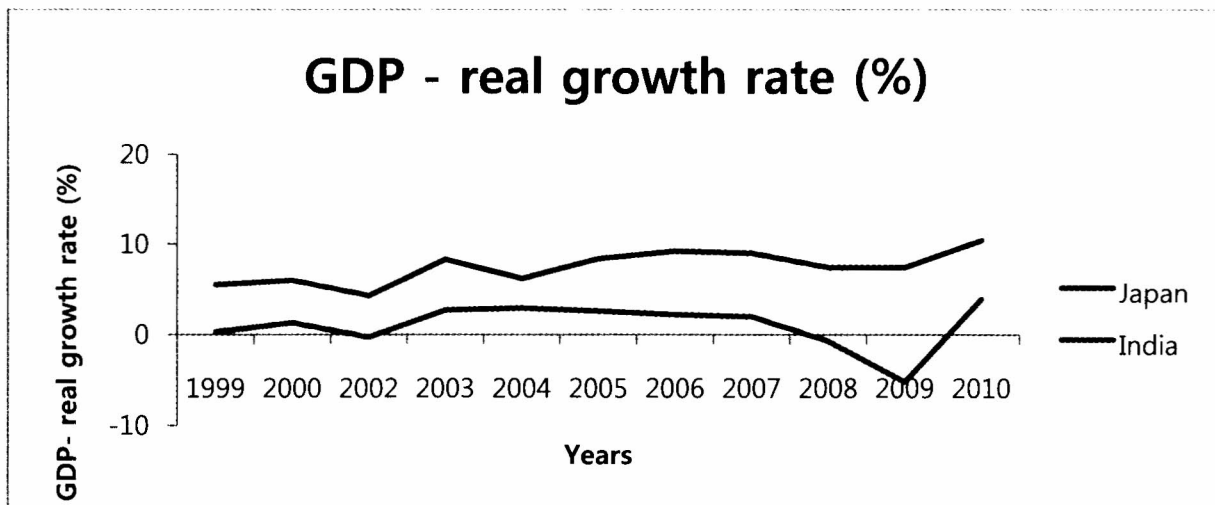
- Amritha Vivek

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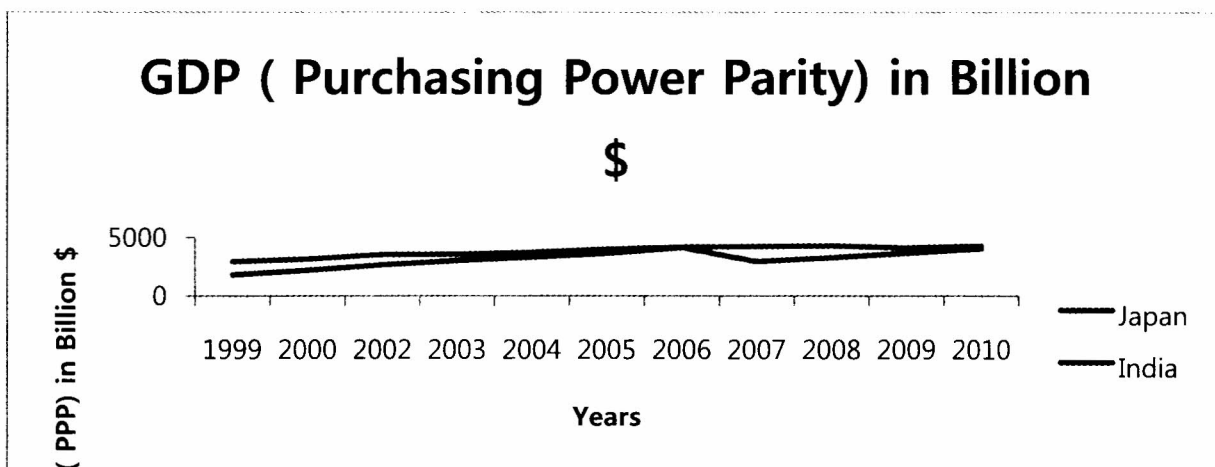
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2. Fiona Harvey. “Renewables can power the world, says IPCC.” 2010.
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### Economic Comparison of Japan and India (1999 – 2010)

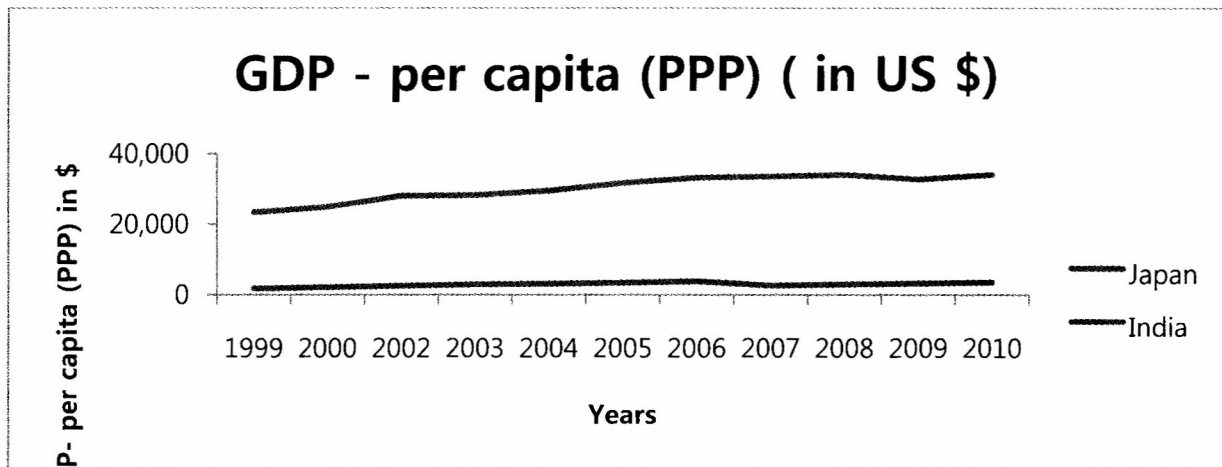
Year	1999	2000	2002	2003	2004	2005	2006	2007	2008	2009	2010
Japan	0.3	1.3	-0.3	2.7	2.9	2.6	2.2	2	-0.7	-5.2	3.9
India	5.5	6	4.3	8.3	6.2	8.4	9.2	9	7.4	7.4	10.4



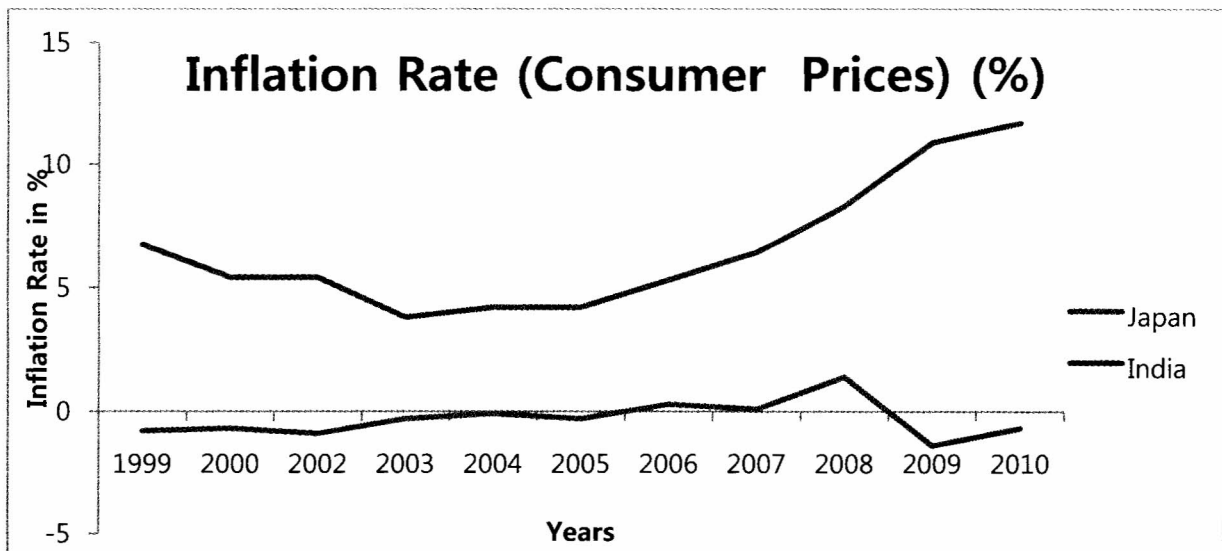
Year	1999	2000	2002	2003	2004	2005	2006	2007	2008	2009	2010
Japan	2950	3150	3550	3582	3745	4025	4218	4272	4329	4149	4310
India	1805	2200	2660	3033	3319	3666	4156	2966	3297	3680	4060



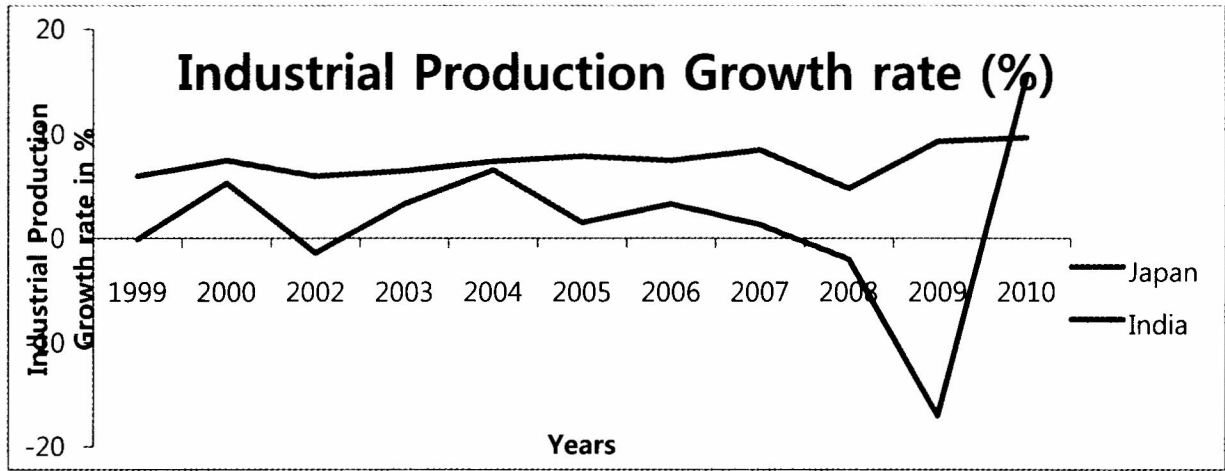
Year	1999	2000	2002	2003	2004	2005	2006	2007	2008	2009	2010
Japan	23,400	24,900	28,000	28,200	29,400	31,600	33,100	33,500	34,000	32,600	34,000
India	1,800	2200	2540	2900	3100	3400	3800	2600	2900	3200	3500



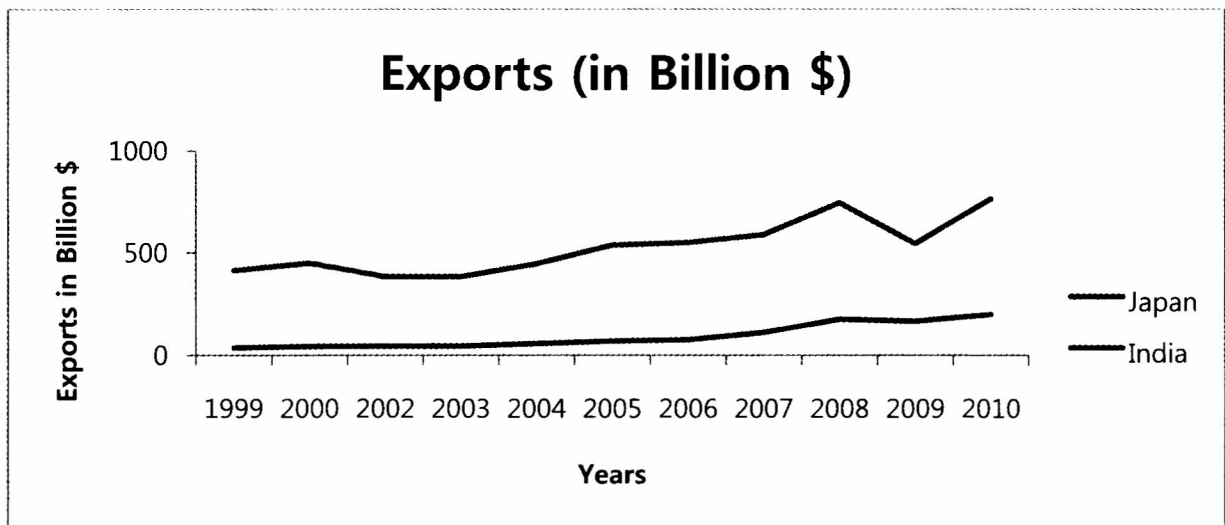
Year	1999	2000	2002	2003	2004	2005	2006	2007	2008	2009	2010
Japan	-0.8	-0.7	-0.9	-0.3	-0.1	-0.3	0.3	0.1	1.4	-1.4	-0.7
India	6.7	5.4	5.4	3.8	4.2	4.2	5.3	6.4	8.3	10.9	11.7



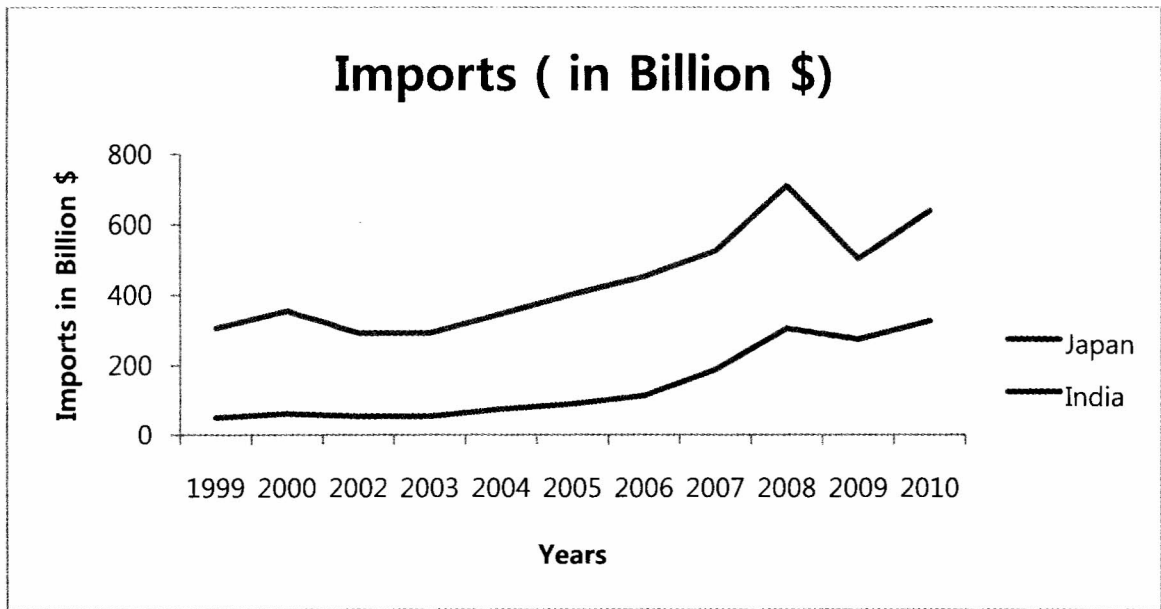
Year	1999	2000	2002	2003	2004	2005	2006	2007	2008	2009	2010
Japan	-0.1	5.3	-1.4	3.3	6.6	1.5	3.3	1.3	-2	-17	15.5
India	6	7.5	6	6.5	7.4	7.9	7.5	8.5	4.8	9.3	9.7



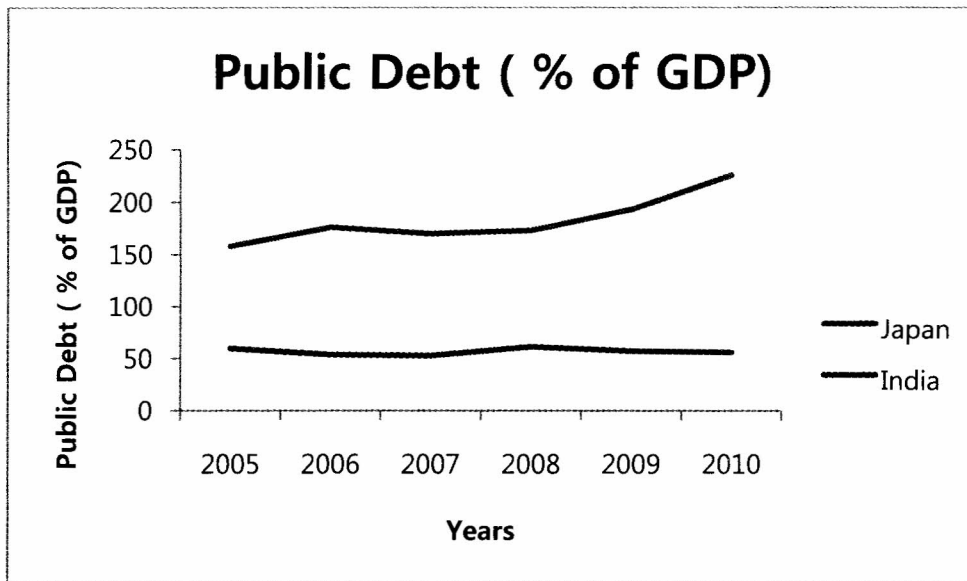
Year	1999	2000	2002	2003	2004	2005	2006	2007	2008	2009	2010
Japan	413	450	383.8	383.8	447.1	538.8	550.5	590.3	746.5	545.3	765.2
India	36.3	43.1	44.5	44.5	57.24	69.18	76.23	112	176.4	168.2	201



Year	1999	2000	2002	2003	2004	2005	2006	2007	2008	2009	2010
Japan	306	355	292.1	292.1	346.6	401.8	451.1	524.1	708.3	501.6	636.8
India	50.2	60.8	53.8	53.8	74.15	89.33	113.1	187.9	305.5	274.3	327



Year	2005	2006	2007	2008	2009	2010
Japan	158	176.2	170	173	192.9	225.8
India	59.7	53.8	52.8	61.3	57.3	55.9



Source: Data taken from CIA World Fact Book

Graphs: Prepared with Excel 2007.

Gargi Saripalli  
11/PECA/018

## A TRIBUTE TO Dr. GEETHA

This little note is to bid farewell to our very own dear Dr. Geetha Sridharan who has retired after 36 long years of service in Stella Maris College. A vibrant, active, vivacious person that she has always been...we in the department of Economics will surely miss her. Her retiring has indeed created an absence that has left a void nothing really can fill. The noise, the arguments, the discussions, and the laughter, not to mention the affray, can never ever be forgotten. The clamor in the vicinity of the Department is iconic. However above the din one could always hear Geetha mam's voice and laughter!

Mam, you have been such a guide and help to me especially when I took over as the head of the department. I must place on record that you helped me tremendously for the Food Security Workshop and the Dr. Sr. Helen Vincent Endowment Lecture; we conducted in our department in August 2011. You helped me so much in planning out the whole event. The help for me as I took over the mantle of headship came indeed from quarters I never ever expected. Thanks a ton mam!

Though I have never been her student I know she is a fantastic teacher for I have heard her teaching. Her forte has been Macro Economics, Economic Thought and Development Economics. She is tremendously knowledgeable, yet she is humble enough to say she does not know, and that she wants to learn. One such instance so surprised me was when she told me she wants to sit in on my lectures for the PG Gender Economics class, and she did!

Geetha mam is also exceptionally meticulous and methodical. Her maintenance of marks and attendance is par excellence. She would also be very particular to follow up on students, especially students who will not perform well. At heart she is a kind soul and very often I have heard her counseling students and their parents. Extremely fluent in English, Tamil, and Hindi Geetha mam could gel with students from all over the country.

She will never shirk responsibilities and is extremely down to earth in her approach to life. She was never ever so full of herself to perform mundane chores like invigilation or even neatening up after a party or a lunch in the department. She was also very particular about her classes, and would always take her hour back if we had borrowed hers for some reason.

I remember thinking that it would be hard to say goodbye ... and I was right - it is tough. I know it has been very hard for Geetha mam too, and it was for this reason that even though all of us in the department insisted on giving her a grand farewell she point blank refused to receive one from us and or from the students.

I would like to conclude by saying that a farewell, is made up of two words, fare and well. It indicates wishes for good luck in the future. Goodbyes are not supposed to be sad. That's probably why we say 'good' bye. It also indicates that keeping in touch will make the 'good' bye, better ☺

Dear Geetha Mam

As we say adieu, we remind ourselves that farewells are not forever, nor are they the end. They are simply words to say that we will miss you dearly.

*May the road rise up to meet you,  
May the wind be ever at your back.  
May the sun shine warm upon your face  
And the rain fall softly on your fields.  
May green be the grass you walk on,  
May blue be the skies above you,  
May pure be the joys that surround you,  
May true be the hearts that love you  
And may God hold you in the hollow of his hand - Irish Blessing*

**-Dr. Crystal David John  
HOD, PG Department of Economics**

**Dr. Geetha Sridharan** has served the college for 35 years with dedication and devotion. A polite, charming, enthusiastic person she exuberates cheer. She is ever ready to take on challenges and is resilient under stressful situations.

After her schooling from Sarada Vidyalaya, she did a pre-university course from Stella Maris and bachelor's degree from SIET College (JBAs). She did her post-graduation from the Department of Economics, Stella Maris College. Then went on to do Post MA Diploma in Economics from the University of Madras, M.Phil from Stella Maris College and received her doctoral degree from Ethiraj College. Her interest in health economics was reflected in her Ph.D thesis which was on "Demand for Health care – a case study of Tamil Nadu", under the guidance of D.R. Yasodha Shunmugasundaram, former Principal of Ethiraj College and former Vice Chancellor of Mother Teresa University, Kodaikonal.

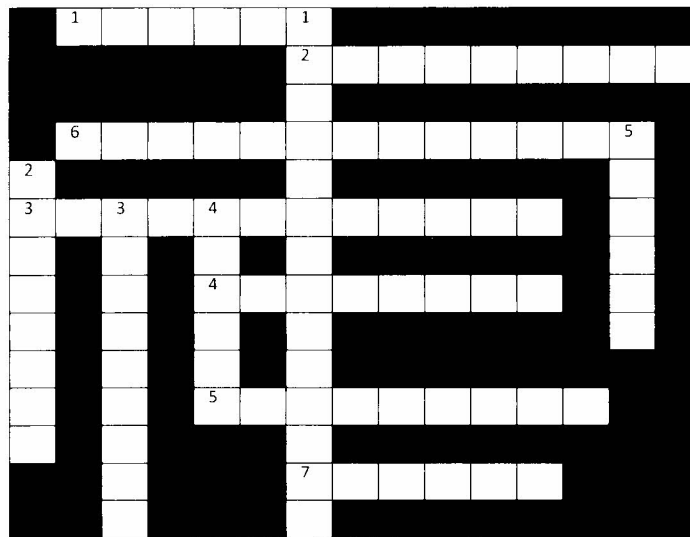
Geetha is an inspiring teacher who motivates students to achieve great heights. A passionate teacher she enjoys being in class. She is well read and always updates her knowledge. She can discuss a whole range of subjects from current international political and economic issues to music and

food with the same zest and authority. Apart from being an excellent teacher, Geetha is an able administrator. She was the Head of the Undergraduate Department of Economics from 2000-2005. She was Academic Dean from 2000-2002 and vice Principal of the college from 2004-2006.

She was the elected member of the Academic Council, University of Madras from 2006-2009. She was a member of the Board of Studies, Pondicherry University and member doctoral committee, Humanities Department, IIT Madras and Madras School of Economics. She was chosen for the scholar-in-residence program by the UBCHEA at Davidson College, USA from 1999-2000. She has been invited as resource person in college and outside college for national and international seminars and conferences. She has been on many committees in college.

A humane and selfless person, Geetha is always willing to help students and colleagues. May God bless her abundantly with good health, peace, joy and a happy retired life.

**- Raihana Sabir  
Associate Professor,  
Department of Economics**



### Solve the Economic Terms Word puzzle

#### *Down*

1. A benefit in addition to salary offered to employees such as use of company's car, house, lunch coupons, health care subscriptions etc.
2. This is one of the credit management tools used by the Reserve Bank to regulate liquidity.
3. Market form in which a market or industry is dominated by a small number of sellers.
4. A tax levied in money or kind at the gate of a French city on articles brought within the walls.
5. Evidence of ownership that represents an equal proportion of a firm's capital.

#### *Across*

1. A list or system of duties imposed by a government on imported or exported goods.
2. The act of withdrawing or going back.
3. The application of statistical and mathematical methods in the field of economics to test and quantify economic theories and the solutions to economic problems.
4. The department of a government in charge of the collection, management, and expenditure of the public revenue.
5. The percentage increase in the prices of goods and services.
6. A cost or benefit not accounted for in the price of goods or services.
7. The point where the economy reaches the lowest level of production or the end of a contraction.



## TAX SYSTEM IN KOREA

In the early stage of the Republic of Korea's development, the nation's growth depended heavily on strong government leadership. That is because, even though there was an urgent need for development and economic growth, the nation was unable to meet it due a deficiency of both know-how and risk-taking entrepreneurs. As a result the government had to step in and play a significant role and this brought about successful economic growth and development.

Although the government played a vital role, the tax policy that was in place was not very efficient in carrying out the intended growth and development strategy. There were various factors that contributed to the inefficiency of the tax policy.

Firstly, right after independence and an internal war, the market in Korea was not functioning well enough for price incentive. Secondly, the level of taxpayer compliance has been very low. Because of these reasons, the Government of Korea did not depend heavily on tax policy as a tool for economic growth. Rather it favoured financial policy.

During the 1960's and 70's, it can be ascertained from the tax policy followed, that the government of Korea focused mainly on economic growth without considering the social implications of such growth. It did not concern itself with the widening social and economic gap in the country. Also, the reforms during this period of time were by and large directly linked to the Five-Year Economic Development Plans. However, the Government of Korea had to make certain reforms in the tax policy for the purpose of social equality. This was because of the emergence of large scale inequalities in income and wealth.

The tax policy has been changed keeping in mind both the taxable capacity of the people as well as for the purpose of increasing the revenue level for the government to meet its rising public expenditure. Currently, Korea is facing various social problems like increasing unemployment, an ageing population, and greater inequality among the people. These problems can be dealt with by formulating an appropriate tax policy because a good taxation system helps allocate resources in an efficient and equitable manner.

Recently, the government has announced that there will be revision in the corporate tax system to boost employment. According to the new policy, 7% tax deduction on investment in business ventures without hiring new employees will not be continued. Also, a new feature in the tax system will be introduced under which, companies which hire more number workers in the current year than in the previous year will be liable for tax deduction. The government is hoping that around 50,000 new jobs will be created as a result of these reforms.

To control the rapidly declining birthrate and the concern of aging population, another reform in the tax system was introduced whereby there will be greater basic tax deduction to households with more than 2 children. Other than the tax reform there are also social policies which encourage giving birth to more children by providing free education for the 3<sup>rd</sup> child, providing necessities at a low cost to bring up the 3<sup>rd</sup> child, etc.

In order to reduce inequality among people, the government has lowered the individual and corporate income tax rates of the lower bracket so as to reduce the tax burdens on low income earners and SMEs (small medium enterprises). Correspondingly, tax exemptions on high-income earners and large corporations have been reduced.

However, the problem of increasing government revenue has been dealt with by broadening the base of the VAT(Value Added Tax) and lowering the individual and corporate income tax rates of the highest bracket has been postponed until the end of 2011.

The Government of Korea has taken a number of important steps towards achieving its goals of equitable and sustainable development by bringing about significant reforms in the tax system in the country. It has finally begun to use the tax system as an important tool for accelerating growth, increasing government revenue and reducing inequalities in income and wealth as well as distribution of resources. One believes that it is now on the right path to achieving its goals.

**-Mijin Lim**

**09/EC/66**

## THE ONLY THING THAT GLITTERS IS GOLD

During a recent visit to a local jewelry shop that primarily sells gold I was amazed to see the mad rush. One could hardly stretch an arm without hurting someone.

The reason behind my amazement was that despite gold hitting sky rocketing rates it continued to draw large crowds of investors who seemed unfazed by the rise in prices. Indian gold demand has grown by 25 per cent despite a 400 per cent price rise in the rupee price of gold during the last decade. (As of December 7<sup>th</sup> 2011, gold is valued at Rs.2922 per gram in India)

After dwelling over the situation for a while I realized that for centuries now gold has been and remains to be a savior of sorts, not just in India but the world over.

A study of gold as the quintessential savior lent the following results

### Gold - The Redeemer

In 1990, India had a major foreign exchange problem and was on the verge of default on external liabilities. The Indian Government pledged 40 tons from their gold reserves with the Bank of England and saved the day. Subsequently, India embarked upon the path of economic liberalization.

### Gold - The Protector

The US dollar which is the world's main trading currency is inversely related to the price of gold. When the dollar appreciates, the dollar gold price generally falls. On the other hand, a fall in the dollar relative to other currencies produces a rise in the gold price. Owing to the recent degrading of the United States' AAA rating to AA+ a lot of investors have lost confidence in the economy. Consequently the value of the US dollar has drastically plunged downwards. Moreover there is a lot of unrest in the major economies of the world such as the Euro zone

and Japan. Under such circumstances, gold has consistently proved to be one of the most effective assets in protecting investors.

### Gold – The Preserver

It may be argued that gold does not guarantee any kind of return or that it can do nothing but look pretty. However, in the long term the purchasing power of gold has remained constant if not increased relative to other currencies and commodities. For instance twenty years ago one gram of gold was valued at Rs.320. Today the same quantity is valued at Rs.2480 indicating an increase in purchasing power relative to other commodities.

### The Indian context

According to the World Gold Council, India is the largest consumer of gold in the world. At more than 18,000 tons, Indian households hold the largest stock of gold in the world. Gold purchases in India accounted for 32% of the global total in 2010. The demand for gold in India is highly price inelastic. Gold has a cultural and traditional significance which drives many to hoard it in any form. Even today marriages in India are built on the strong foundation of love, trust and GOLD.

With 50% of the Indian population under 25 and approximately 150 million weddings anticipated over the next decade, the World Gold Council estimates that wedding-related purchasing will drive approximately 500 tons a year. A further 500 tons of existing gold will be gifted by one family to another.

Gold therefore continues its legacy as a safe haven for investors. Not just in India but world over. So next time when you say that someone is worth their weight in gold make sure you REALLY mean it!!

-Vaishnavi Chella

09/EC/39

## NUTRITIONAL STATUS OF INDIANS

Recommended Dietary Allowances puts forth certain principles that entitle an individual with wages that would enable a person to buy food for his/her sustenance. These principles were introduced initially by The League of Nations (1936) which suggested an amount of 2600 kilocalories as recommended allowance for a man. But one needs to seriously question the extent to which these have been helpful to the masses to procure the necessary amount of nutrition in order to have a healthy life, free of diseases.

Aykroyd in 1941 found that diets of people are adequate in terms of energy; but they are deficient in other major and micronutrients. Based on the decisions made by the Food and Agriculture Organization expert committee on energy requirements (1950 & 1957) reference man and women as laid out by FAO were retained excepting for body weights which were 55kg for man and 45kg for woman for Indians. The western data in terms of unit body weight was used for computing energy expenditure during different activities (sedentary, moderate and heavy; pregnant and lactating women) for the Indian population (1958). Energy expenditure was based on the assumption that “normal” activity involved time distribution of a total day into 8 hours sleep, 8 hours occupation work, and 8 hours of non-occupational activity.

Later on many changes were brought about in order to improve this further by expanding it to include criterias like body weight and height, protein allowances and fat requirements. On the basis of height of Indian adult, body weight of 60kg and 50kg for reference man and reference woman was considered for arriving at RDA, instead of 55kg and 40kg used earlier. In case of

growing infants and children desirable body weights were to be used. In the absence of Indian data NCHS standards would be used for the time being. Protein allowances are given in terms of mixed vegetable proteins contained in Indian diets, the NPU of which is assumed to be 65. Adult protein requirement is 1 g / kg. Fat requirement was examined in great details and more realistic estimates of minimum intakes have been given. In arriving at fat requirements, the total invisible fat content of cereal based diets consumed in India and the minimum EFA requirement of various groups were considered.

The point over here which the economists tend to neglect while making plans is that just arriving at the nutritional standard is not sufficient. A better quality of life not only includes adequate food intake but also other aspects like opportunity to have quality education, health facilities and so on. According to the estimation of families below the poverty line (BPL), the aspect of total calorie intake is only considered. An individual having a bare income would only enable him to purchase food and he is left with no money for other expenses like food, clothing, education or health. These expenses are still said to be well above the BPL according to the Governmental standards if he consumes just slightly above 2400 k. This brings out the major loop hole in the entire process of the concept of estimation of people below poverty line which the planners have surpassed so long.

**-Aditi Samant Singhar**

**11/PECA/012**

## HUNGER BAZAAR

The Department of Economics organized a special lecture on the topic, “Hunger Bazaar: Market Logic of Nutrition Research in India” by eminent researcher, Dr. Veena Shatrughna, former Deputy Director of the National Institution of Nutrition, Hyderabad.

The lecture aimed at laying emphasis on the need for the inclusion of complex meat and milk proteins in everyday diet in order to reduce the instance of nutritional deficiencies and the basket of ailments that come with it among ordinary Indian citizens. Dr. Veena provided extensive empirical evidence on the failure of Indian planning as far as the nutritional requirements of the citizens was concerned.

Some startling statistics that came up in the discussions include the height and weight deficiencies among Indian men and women, the men had a height and weight of 12 cms and 16kgs respectively, whereas the women had deficiencies of 11cms and 11kgs. The policies and plans over the last 35 years have done very little to remedy this situation. There is over emphasis on the need for 2400 calories per person per day and this has driven nutritional research and planning in India for the last 70 years, with little thought about the quality of food intake and the balanced composition of the diet.

India has followed the cheapest source of calories” formula propounded in the Nehruvian era and is continued to be pursued by overconfident planners and bureaucrats with little knowledge on the matter and little concern for the welfare of the common man. As stated by the ICMR report, economic considerations preclude the inclusion of meat and milk in the PDF and nutritional programs for the poorest citizens.

Least cost diets include food grains that are produced in abundance as a consequence of the Green Revolution. The simple minded diet techniques followed in India hassled to children substituting on cereals and suffering from caloric deficiencies. One of the few commendable pieces of legislation to be passed on this matter in post-independence India is the Minimum Wage Act, which directs the fixing of the minimum amount that is sufficient to meet the daily calorific requirements of a wage earner, supporting three others as wages. The result of short-sightedness in nutritional planning has been the wide spread awareness of anemia, osteoporosis, high infant and maternal mortality rates, poor health indicators, obesity due to the substitution of fat for proteins and vitamins.

Dr. Veena called for greater understanding and interactions between the disciplines of economics and nutritional science which will improve the efficiency of planning, thereby enabling a large section of the society to gain access to the right kind of nutrition through simple daily diets.

## WORKSHOP

By Dr. Veena Shatrughna

Surveys to look into the dietary status and nutritional security of the growing population in India are essential to check the current health status and accordingly initiate effective government policies. In this context, Dr. Veena Shatrughna, one of the leading nutrition experts in India, gave the students of the Economics Department, Stella Maris College an insight into the significance of diet surveys and the methods of carrying out the same. A diet survey may be defined as ‘Systematic collections of factual data pertaining to health and disease in a human population within a given geographic area’.

The objective of any diet survey is to collect data on the diet chart of individuals and measure the nutritional intake with the help of standardized weights. To implement this, Dr. Veena used seven vessels that weigh differently, ranging from 100gms to 1000gms. A chart was given to each student. This chart provided detailed information of the nutritional content in each food item in terms of protein, fat, minerals, carbohydrates, calcium etc, for every 100 gms. In this way the interviewer can gather information from the respondent about the quantity and category of food consumed. This would help the interviewer to calculate the total nutrition from a meal. There are totally five food groups. They are cereals and products, pulses and legumes, leafy vegetables and fruits, milk and meat products and fat and sugar. Another important aspect of a diet survey is the use of frequency method.

The frequency of meals in a day is vital in determining the nutritional status. These methods helped the students to measure nutritional attainment as one of the important parameters of food security. The workshop assisted in widening their knowledge with regard to various nutritional aspects. It was a very enriching experience for the students. In an era where fad diets rule the diet chart, this workshop was an eye opener for the students as the significance of a balanced diet was conveyed to them in a fun-filled manner.

**- Swarna Chander**  
11/PECA/06

## **‘NUTRINOMICS’**

Our college organised the Food and Nutrition day on 26<sup>th</sup> august, 2011 as a part of the food security project taken up by the college. At the inaugural function, Dr. Sultan Ahmed Ismail addressed the student community and also received the first bowl of natural fertiliser prepared from hostel food waste under his guidance. Actor Vikram, the Guest of Honour, launched the ‘Say no to plastics’ campaign.

The UG and PG students of the economics department organised stalls under the name ‘Nutrinomics’. The I B.A. students displayed charts stressing on respecting food as a valuable resource, cutting down wastage and reaching out to the needy. They also highlighted the importance of providing food subsidy over supplementary income.

The II year UG students showcased a variety of organic food items – organic rice, vanilla, etc. grown using natural fertilisers instead of chemicals. They also explained the nutritional value of each item and their benefits. They had also put up a stall in the canteen area to sell Lemonade and Butter milk (homemade!!) – a healthy drink to refresh you on a hot day.

The III year’s theme was “Nutritious food of India” – a pictorial illustration of the different staple food in different parts of India, differences in cooking style varying according to the geographic location, climate, tastes of the people, culture and historical background. The striking feature is that though the food pattern differs, each region has developed its own balanced diet, with high nutritional value.

‘BMI calculator’ is the joint effort of the post graduate students. This stall proved to be a major crowd puller with students rushing to calculate their Body mass index.

The ‘Caloriemeter’ or in other words Calorie calculator was organised by the UG and PG students. Here, the food items consumed by a person the previous day are listed and its calorie value is calculated. This comes in handy to adjust one’s diet plans according to daily needs.

Overall the students of Economics Department touched upon different areas of food safety and security in a creative way, sending out a strong message on the importance of these issues.

**- Aishwarya. S**  
**11/PECA/04**

## IMPACT OF FOOD INFLATION ON THE URBAN POOR

### Abstract

*The paradoxical phenomena of high food inflation and abundant food grain stocks occurring in India is a matter of concern. The demand for food is highly inelastic indicating that even a small increase in price will affect the household's food security, especially the poor. The global cereal prices increased to 150% in the second quarter of 2008 (Mahendra, Dev; January 2009, UNICEF). The impact of food inflation is more when the major consumption expenditure of the poor is on food.*

*The pattern of consumption in the year 2007-08 shows that out of every rupee of the urban household spending, 40 paise is spent on food. The rural households spend 52 paise of every rupee on food items (NSSO: NSS Report No. 530). The aim of this paper is to look into the impact of food inflation on the urban poor.*

*A multiple linear regression model is specified which includes variables of food expenditure, non-food expenditure and savings. The analysis shows that despite the decrease in real income on account of food inflation, the marginal propensity to consume food in the period of high food inflation was higher than in normal economic conditions. It showed that relatively poor households spent 82% of their income on food while the relatively better off households spent only 53% of income on food.*

*Hence the former is worse off during 'food- inflationary' conditions than the latter. There is increased rate of borrowing due to food inflation. This affects their future purchasing power. The findings suggest a strong need for effective government intervention. Skewed government policies are one of the reasons for food inflation. 'Food Price Management' is vital to remove bottlenecks in the food distribution process. India's estimation of the Poverty line also affects its policies for the poor and the vulnerable. Conditional cash transfers also assist in enhancing the welfare level.*

**Introduction:**

India's growth rate has been around 8% per year. Constant comparisons have been made between India and China relating to their growth pattern. As Noble Laureate Amartya Sen puts forth-'Growth is not an end in itself', the issue of welfare and development cannot be narrowed down to the term economic growth. Higher GNP is not synonymous to development. The major economic problems like population, inflation, poverty etc are important indicators of development.

In a country like India where population is posing a major issue it is evident that the food production should also increase in a proportional manner. Although the annual growth rate of population has reduced from 2.2% in 1970-1990 to 1.6% in 2000-2008, there has been a decline of more than 8, 00,000 tonnes in rice production for the year 2009 (UNICEF 2009). Malnourishment being an end result of the food inflation, it is necessary for the government to step in and curb food inflation. The percentage share of population under-nourished was 21% in the time –period 2000-2008 in India (UNICEF 2009). Moreover, India's estimation of the Poverty line in turn affects its policies for the poor and the vulnerable. The Planning Commission should assist the government to frame policies for the poor and not merely set a very low poverty line leaving a reasonable section of the community out of the social security net. As per the Commission's estimation of the poverty line, 37% of India's 1.2 billion populations are considered to be poor. India spends around 29 billion (2% of the GDP) of the funds in social security and half of this goes to the implementation of the Public Distribution System. Though India has abundant food grain stocks (44 million Tonnes as on April 1<sup>st</sup> 2011), there are millions of them who die due to starvation and malnutrition.

**The Food Security Bill:**

Food Security may be referred to as 'physical and economic access to sufficient, safe and nutritious food which meets the individual's dietary needs and food preferences for an active and healthy life' (Rome declaration 1996). Some of the indicators of food security may be the availability of food, access to food and the most important being the utilization of food. The food security bill approved by the National Advisory Council aims to provide food at subsidized rates. The bill proclaims to cover 90% of the rural households and 50% of the urban households. The food security bill aims to provide seven kilograms of food grains to the priority

sector per person per month while three or four kilograms for the individuals living above the poverty line. Although the food items are offered at a subsidized rate, the scheme does not cover major food items that provide for nutritional security.

For a household to have adequate access to food their purchasing power should not decrease. Food inflation affects the pattern of food consumption of the poor in particular. The reason is that a major share of their income goes for food. The rise in price of onions in December 2010-January 2011 had an adverse impact on the poor as it is their staple food. In December 2010, food inflation had reached 18.32%. This affected the real incomes of the households, especially the poor.

**Importance of study:**

Food inflation is a result of supply shortages, inefficient working of the distribution systems and so on. The inflation rate in India is measured with the help of the WPI. The WPI has risen continuously over the past three years. The price of onions has shown a 71% increase every year. Fruits and milk have also become expensive with the price increase by 15.47% and 11.41% respectively (Source: taxindiaonline.com). The average per capita consumption for rural and urban population is defined as Rs. 558.78 and Rs. 1052.36 for rural and urban households respectively. The rural population spends 55% of its income on food and 45% on non-food items (61st Round (2004-05) NSSO). This reveals that food inflation acts as regressive tax for the poor. It is essential to look into the reasons and impact of food inflation and frame policies accordingly.

**Objectives of the Study:**

The primary objective of the study is to know the impact of food inflation on the savings of the poor. The second objective is to identify the main cause of the decrease in the savings.

**Review Of Literature:**

The existing literature on inflation focuses exclusively in the short run. Empirical studies show that ratio of income spent on food items by the poor is more than the income spent on non-food items. As pointed out by Hyun H. Son (2008), the poor were the most affected due to food inflation. This was due to the fact that major share of income of the poor was spent on consumption of rice. Empirical studies show that there is a quantitatively large and statistically significant relationship between inflation and poverty. Studies were done



to see if the inflation rates differed for both the poor and the non-poor (McKay, Andy (2004)). With regard to policies, if contractionary monetary policy is adopted to avoid inflation, it will result in more unemployment and less output there by making the poor worse-off. Thus indirectly monetary policies have an impact on the well-being of the poor. (Romer D.Christina and Romer H David (1998)). Some studies show that the two main sources of inflation are water and electricity. (Bhorat, Haroon and Oosthuizen, Mome (2003)). Golam.M Mortaza and Salma Hasnayan (2008) say that food inflation affects the poor the most because their major expenditure is on food (41%). Research was done to see the impact of food inflation on parental decisions to send their children to school. It was seen that there was a positive relationship between food inflation and child labour (Grim, Michael (2008)).

#### Theoretical Background:

The **Engel's law** states that 'the poorer the family is, the larger the budget share it spends on nourishment' (Engel, 1857, pp. 28-29). Engel showed how three different types of working class families allocated their budget across nine categories of expenditure. The nine categories were nourishment, clothing, housing, heating and lighting, intellectual education, appliance and means for work, public safety, health, recreation and self-maintenance and personal services. From Engel's analysis it was found that 'food Expenditure' was the most important component that dominated household expenditure of the low income families. Thus Engel's law shows the relationship between income and household expenditure. Another important aspect of the analysis was to measure the living standards of the households by looking into their consumption patterns. Engel used Ducpetiaux's (1855) data on 199 family budgets of Belgian households and Le Play's (1855) data on 36 households across Europe. The measured variables are Income and food expenditure. He used the non-parametric regression method. Some of the limitations of the law were that it was difficult to identify the wants that actually contributed to welfare. This is because wants are innumerable and it is difficult to distinguish between the wants that actually maximize utility. Another major drawback was that Engel classified all expenditures relating to a single want together. For instance, he considered travel expenditures to be recreational expenditure. But the two are different. The **Keynesian consumption function** is also made use of in the paper. The law says that as the income increases the consumption

also increases but not to the extent of the increase in income.

The research paper 'Impact of food inflation on the urban poor' uses some of the variables included in the Engel's law. In the Engel's law the relationship between income and expenditure is seen. It shows how poor families allocate major share of the budget for food. Engel classified the expenditure into nine categories. The research paper does not include all nine forms of expenditure. The expenditure may be classified as food and non-food expenditure. The paper looks into the impact of food expenditure and non-food expenditure on the household's savings. The amount of loans borrowed as a result of increasing cost conditions is also considered.

#### Research Methodology:

A **simple linear regression analysis** is used between **income and consumption** where income is the independent variable and the consumption expenditure on food is the dependent variable. This is based on the Keynesian law of consumption. Two regression equations are considered accordingly.

1)  $C_j = a + b Y \Rightarrow$  ' $C_j$ ' is the consumption expenditure on food in January and ' $a$ ' is the **autonomous component** which gives the value of consumption independent of income such as loans, past savings etc. ' $b$ ' is the **marginal propensity to consume** i.e. the rate of change in consumption with respect to income.

2)  $C_f = a_1 + b_1 Y \Rightarrow$  **The consumption function in February**. The two equations are compared and it is seen that the marginal propensity to consume is higher in January than in February. This shows that despite the decrease in real income as a result of food inflation, the expenditure on food has shown an upward trend in January. That is, it validates '**Engel's Law**' which says that poorer the family is, the more it will spend on nourishment.

A **multiple regression analysis** is used to find the impact of expenditure on commodities and services on savings. The two regression equations are:

$$1) SF = \beta_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 \dots \dots \dots (1)$$

$$2) SJ = \alpha_1 + \alpha_2 X_2 + \alpha_3 X_3 + \alpha_4 X_4 + \alpha_5 X_5 + \alpha_6 X_6 + \alpha_7 X_7 \dots \dots \dots (2)$$

The dependent variable is Savings (In January 2011 and February 2011). The independent variables are Vegetable expenditure, rice consumption, non-veg consumption, gas, electricity and transport (monthly expenditure).

The **paired sample t-test** is used to compare two different variables to see if there is any significant difference between them. The hypothesis is a null hypothesis: there is no significant difference between the means of the two variables. The two variables are food expenditure in January and February. A T-Test is also done to find out whether there is significant difference in the loans borrowed in the months of January and February. The T- test reveals that there is significant difference between the monthly food expenditure and loans borrowed.

The area of study would include the area of Nungambakkam (central Chennai). A primary survey was done with the help of the questionnaire method. Some of the occupations people engage in are selling flowers, Food stalls, domestic help, cobbler, cook, juice shop etc. They live in unhygienic conditions. They have no problem with regard to access to water. It's free of cost. They face a lot of health problems which is result of overpopulation, early marriage, unemployment, lack of education etc. The rise in food prices has adversely affected the slums of Nungambakkam. The time period is from the first week of January 2011 to the last week of February 2011. A comparison is made between the two months to see the changes in consumption expenditure due to the rise in onion prices in January. The sample size is 60.

#### Data Analysis And Interpretation:

This section is divided into three parts. The first section analyses the consumption function in January and February. The second section looks into the two multiple regression equations showing the impact of several variables on the savings in January and February. The third section focuses on the analysis of the T-Test between the monthly food expenditure and also the loans borrowed.

#### 1) The two Consumption Functions are:

$C_j = 1190 + 0.48Y$  (Consumption Function in January)

$C_f = 757.57 + 0.45Y$  (Consumption Function in February)

The **first equation** shows that a rupee increase in income will lead to, on an average 48 paise

increase in the rate of consumption. This is the marginal propensity to consume. The autonomous consumption in the month of January is Rs. 1190. This is consumption independent of income. This is very high indicating that the amount of loans borrowed was relatively higher in January. This helped in supplementing the autonomous consumption. Similarly the **second equation** also shows the consumption function in February. The marginal propensity to consume and the autonomous consumption are lower than in January. This implies two things. Despite the decrease in the real income in January on account of food inflation, their marginal propensity to consume food is higher. This reveals that poorer the family is more it spends on food (Engel's Law). The intercept value also shows that the loan borrowed in January was higher than in February. This can be shown with the help of T-test which shows that there is a significant difference in the loans borrowed in January and February.

#### 2) The multiple regression equations are:

$$SF = 721.69 + 0.165X_2 - 0.576X_3 - 0.229X_4 - 0.415X_5 - 0.119X_6 + 0.593X_7(1)$$

$$SJ = 332.246 + 0.174X_2 - 0.12X_3 - 0.11X_4 - 0.26X_5 + 0.136X_6 - 0.015X_7(2)$$

Dependent variables= Savings in January and February

Independent Variable(s):  $X_2$ = Gas;  $X_3$ =Electricity;  $X_4$ = Transport;  $X_5$ =Rice;  $X_6$ =Vegetables expenditure;  $X_7$ = Non-Veg Consumption expenditure

A multiple regression analysis is used where there is one outcome and multiple predictors. The dependent variable is saving and the independent variables are gas, electricity transport rice, vegetable expenditure and non veg. Two equations are computed.

The **First equation** is where the dependent variable is savings in February and the second equation where the dependent variable is savings in January. It shows that a one rupee increase in the consumption of electricity results in, on an average the reduction of savings by Ps 57.6. Similarly one rupee increase in transport costs reduced savings on an average by Ps. 22.9 and one rupee consumption of rice reduces savings by Ps. 41.5 approximately. In case of vegetables one rupee increase in vegetable consumption leads to, on an average Ps. 11.9 decrease in savings. There was around 14% increase in the consumption of non-veg in

February. However the total consumption expenditure on food reduced by 111.74%. The reduction in expenditure is much higher to the increase in non-veg consumption. The rate of increase in non-veg consumption expenditure is lower to the rate of decrease in the total food consumption expenditure. Thus a rupee increase in the consumption of non-veg led to Ps 59.3 increase in the savings approximately.

The **second equation** is where the savings in January is regressed with the six independent variables. It shows that one rupee increase in the consumption of electricity reduced savings by Ps.12, usage of transport reduced savings by Ps. 11, rice by Ps. 26, non-veg by Ps.1.5. In case of vegetables, the consumption was around 49.99% more in January than in February. This increase is there despite the increase in onion prices in the month of January. This proves the Engel's Law. However a rupee increase in consumption of vegetables leads to an average Ps.13.6 increase in savings. This is because in the month of January people increased their jobs to meet household expenditure; they reduced transportation costs, substituted food from small stalls instead of cooking at home (which was much cheaper), reduced the quantity of vegetables bought etc. All this contributed to reducing overall expenditure and thereby increase savings.

The standard error is the lowest for vegetables in both February (=0.119) and January (=0.136) showing that it is the most efficient estimator of change in savings. The t-stat value is the highest for non-veg (=0.593) in February and vegetables=(0.999) in January. Larger the t-value, more significant will be the relationship. This shows that there is a more significant relationship between vegetables and savings in January. Similarly there is a more significant relationship between the non-veg and savings in February.

3) **The Paired Sample T-Test:** The null hypothesis is that there is no significant difference between the monthly food expenditures and also the loan borrowed. The T-test between the monthly food expenditure showed that there is significant difference between the expenditure. The expenditure in January is more than in February. This is due to food inflation. Similarly the loans borrowed in January were higher than in February. Statistically speaking, since the calculated value for loans borrowed (= 3.48) is greater than the table value (=2.0009) the null hypothesis is rejected. Similarly since the calculated value for monthly food expenditure (= 7.046) is greater than the table value (=2.0009) the null hypothesis is rejected.

(There is no significant difference between the loans borrowed in January and February. There is no significant difference in the monthly food expenditure in January and February.)

### Conclusion, Findings And Policy

#### Recommendations:

The rise in prices of food items has affected the poor to a great extent. The study revealed that a considerable share of the population had to reduce their consumption of vegetables for the month of January 2011 as the price of onions had reached a high price at Rs. 70/ Kg. Some of them reduced the consumption of rice and instead had cheaper substitutes of rice. Thus economically they were worse off. The rate of borrowing was also high in January 2011. One of the reasons was food inflation. The households made use of rice sold through the public distribution system as the price was subsidized. The state which consumed rice the most from the **PDS** was Tamil Nadu in 2004-05. Rural households consumed 79% rice from PDS while urban households consumed 48% rice from PDS. (NSS Report No.51: Public Distribution system and other sources of Household Consumption, 2004-05). **De-hoarding** may curb inflationary pressures. The delivery of food can be done in a more efficient manner. According to a study by Khera (2010) 67% of wheat meant for the poor did not reach them as it was sold in the open market. The **lorry strike in August 2011** may have an adverse impact on food prices and other commodities. The government has to take some serious action with regard to these complications which accelerate the rate of overall inflation. The inflation rate in India is calculated using the WPI. The WPI comprises 435 commodities divided into primary (food articles), Fuel, power, lighting and manufacturing products. The weightage given to each of these items are 22.02%, 14.22% and 63.75% respectively. Thus food inflation will not show the loss of welfare of the poor as the weightage given to food items is relatively low. Thus a PIP may be suggested. The Price Index for the Poor considers the consumption patterns of the poor (Hyun H. Son). An effective monetary policy must be implemented where in a low rate of inflation is ensured and a stable aggregate demand is maintained. A supplementary income policy in the form of direct cash transfers may also be considered as a valid policy recommendation. Food grain management is also vital to reduce food inflation.

- Swarna Chander

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## CAN SOMEONE REALLY SURVIVE ON Rs.32 A DAY?

From the time of Independence, India has been scrutinized with regard to its struggle to correctly identify the poor. Even if the poor are accurately pin-pointed, the many benefits such as subsidies, do not promptly reach them. A good example of this is the Public Distribution System (PDS), which is the main instrument for providing food grains at low prices to the poor. The PDS' latest incarnation is the Targeted Public Distribution System (TPDS), developed with the hope of being able to identify Below Poverty Line (BPL) families better. While the responsibility of storage and allocation of food grains lies with the Central Government, the State Governments are responsible for identifying BPL families and distributing ration cards. As per the National Service Scheme survey 2004-2005, out of the poorest 40 per cent of the households, only 35 per cent were receiving TPDS cards. And out of the top 60 per cent of the households, only 18 per cent were given such cards. Though many have vouched for the use of smart cards or food coupons and the use of a Unique Identification Number under the Aadhaar scheme, the struggle of providing subsidy entitlements still continues.

To add to the woes of identification, the Planning Commission announced a new definition of the poverty line, on Tuesday, September 20, 2011. According to the new definition, people spending more than Rs.32 a day in urban areas and more than Rs.26 a day in rural areas, would no longer be deemed as poor. In terms of monthly expenditure, this translates to Rs.965 and Rs.781 in urban and rural areas respectively. This implies that such people would no longer be able to obtain benefits from various state and central government welfare schemes. The new poverty-line cut-off has enraged people across the nation, particularly those from the middle class. The fact that inflation, particularly food inflation, in India has been increasing rapidly over the last few months has merely added to the furore.

So what can someone actually buy with Rs.32 in a single day? The Times of India has tried to break down and figure out what the Planning Commission had in mind while setting such figures. As per the new cut-off, the Planning Commission expects people to survive by spending Rs. 5.50 on cereals per day, Rs. 1.02 on pulses, Rs. 2.33 on milk and Rs. 1.55 on edible oils. The Planning Commission also feels that Rs. 1.95 per day on vegetables, 44 paise on fruits, 70 paise on sugar, 78 paise on salt and Rs. 1.51 on other foods will provide an adequate amount of nutrition. This is of course excluding monthly rental and conveyance charges for those living in the city, exorbitant fuel prices that must be met, expenditure on clothes, education and other personal items.

Ask rikshaw-puller Sat Narain Sahu, and he'll further testify as to how unrealistic determination of the new poverty line is. Sahu is from Airolia village in Bihar, Motihari. He is currently in Delhi working two jobs; he does manual labour in the Darya Ganj sabzi mandi from 5:00 am onwards, followed by rikshaw pulling until about 9:00 pm. Combining both jobs, Sahu earns Rs.200 per day. He gets his first meal after he finishes his first job, and has three meals over the course of the day. Out of his salary of Rs.200, he spends Rs.100 on food since each meal costs around Rs.30-Rs.35. In addition to this, he has to spend Rs.50 as daily rikshaw rental. Despite sleeping on the pavement free of cost, there are days when he is unable to save anything at all. And during months when he is lucky and is able to save Rs.3000, he sends everything back home to his family in Bihar. They also end up spending Rs.150 a day. Sahu understands the concept of inflation and that in a city like Delhi, it is impossible to get food for Rs.32, in a day. The prices of vegetables, a cup of tea or even a roti have all shot up. Sahu's prime worry is that there won't be any money for the future for him and his family to live on. He feels they will constantly have to live under a shadow of

fear and doubt. According to him, the BPL assessment of Rs.32 a day is downright wrong.

Thus the public rage following the announcement of the definition of the poverty line is justified. The Planning Commission states that the new cut-off was formulated on the basis of a methodology given by the Tendulkar Commission, as well as a report prepared by them. But this reason has not been strong enough to curtail the controversy. The international poverty standards are \$2 per day. The present poverty line does not even meet the rock bottom poverty standard of \$1 per day, let alone reaching the standard of \$2 per day on the basic needs approach. Even the United Nations (UN) has spoken up against India's approach to poverty. The UN feels India looks at poverty only in terms of consumption expenditure. Poverty however, is a much broader aspect and should not only be based on the ability to satiate one's hunger.

There could be varied reasons behind the Planning Commission announcing such a low poverty standard. One could be to create a false sense of satisfaction that the government has been able to effectively reduce poverty levels and meet the goal set by the Eleventh five-year Plan. Another reason could be to lessen the financial burden of subsidies on the government. For example, the government has been contemplating whether or not to provide food subsidies to BPL card holders at the rate provided to Antyodaya Anna Yojana (AAY) beneficiaries. AAY beneficiaries are the poorest of the poor, who get food such as rice and wheat via the PDS at extremely subsidized rates. If the plan to make BPL card holders fall under this category as well, pulls through, then the burden on the government budget will increase tremendously. Thus by creating a poverty line of Rs.32 a day, less people will fall under the BPL category, making less number of people liable to receive such subsidies.

On a personal note, it seems as though bringing about such a poverty line merely creates a vicious cycle. By making less people fall under the BPL category and by denying deserving families certain subsidies,

such families will struggle with trying to make a living for themselves. They won't be able to afford basic cereals and pulses, thus making them hungrier, weaker and less productive. So eventually, they will once again fall back in the BPL category. Instead, it would be better if the Planning Commission were to follow international standards of poverty. By acknowledging the actual levels of poverty present in the country and by providing subsidized food to people who genuinely cannot afford it, the standard of living of the poor will improve thereby increasing their productivity and this will benefit India in the long run. In this manner poverty can be systematically eradicated over a period of time.

Due to the uproar and controversy caused by all the aforementioned factors, Planning Commission Deputy Chairperson Montek Singh Ahluwalia and Rural Development Minister Jairam Ramesh decided to meet to try and come to a consensus on the issue. On Monday, October 3<sup>rd</sup>, 2011, the government announced that Rs.32 would no longer be used as a benchmark for government welfare schemes. Those earning more than Rs.32 per day could still be eligible for various subsidies and government programmes. However, whether the government has decided to budge from this figure as a definition of poverty unknown. The only thing the government would derive from their new definition is a delusional sense of satisfaction, when on paper, India's poverty levels will appear as though they have declined all though in reality it is just as high as before.

- Anjana V. Logan

**TEST YOURSELF**

1. The National Bank for Agriculture and Rural Development (NABARD) was formed in
  - a) 1982
  - b) 1985
  - c) 1980
  - d) 1990
2. Where is the headquarters of the Reserve Bank of India?
  - a) Mumbai
  - b) Delhi
  - c) Chennai
  - d) Kolkatta
3. Which Union Territory has the lowest percentage of people living below the poverty line?
  - a) Lakshadweep
  - b) Andaman and Nicobar islands
  - c) Chandigarh
  - d) Delhi
4. Coal is the most important traditional source of energy in India. Which position does India occupy in the global production of coal?
  - a) first position
  - b) third position
  - c) fifth position
  - d) second position
5. Which of the following banks operates in relation to the small industries?
  - a) SIDBI
  - b) IDBI
  - c) ICICI
  - d) NABARD
6. Among the following crops which is the highest foreign exchange earner for India?
  - a) jute
  - b) sugar cane
  - c) cotton
  - d) tea
7. India is the second largest producer of jute in the world. Which country stands first in the production of jute?
  - a) China
  - b) Japan
  - c) Canada
  - d) Bangladesh
8. In which of the following year was Planning Commission set up?
  - a) 1947
  - b) 1950
  - c) 1953
  - d) 1956
9. The Indian financial year begins on
  - a) January 1
  - b) April 1
  - c) June 1
  - d) March 1
10. Who was the first Indian Governor of the RBI?
  - a) CD Deshmukh
  - b) Jawaharlal Nehru
  - c) MS Swaminathan
  - d) GV Mavalankar
11. Who among the following was the first to make an attempt to measure India's national and per capita income?
  - a) Jawaharlal Nehru
  - b) Mahatma Gandhi
  - c) Dadabhai Naoroji
  - d) Dr DR Gadgil
12. In India, the currency notes are printed at the Security Press at
  - a) Mumbai
  - b) Nashik
  - c) Delhi
  - d) Pune
13. Which social welfare scheme was launched in 1993 with the objective of providing sustained employment to about

10 lakh educated unemployed youth during the Eighth Five Year Plan?

- a) Indira Mahila Yojna
- b) Prime Minister's Rozgar Yojna
- c) National Rural Employment Scheme
- d) TRYSEM

14. Which was the first country in the world to introduce a Family Planning Policy?

- a) India
- b) China
- c) Indonesia
- d) USA

15. The concept of the Rolling Plan was introduced by

- a) CPI
- b) Congress
- c) Jawaharlal Nehru
- d) Janata Government

**ANSWERS:**

*i. 1982 ii. Mumbai iii. Lakshadweep iv. Fifth position v. SIDBI vi. Jute vii. Bangladesh viii. 1950 ix. April 1 x. C.D Deshmukh xi. Dadabhai Naoroji xii. Nashik xiii. Prime Minister's Rozgar Yojna xiv. India xv. Janta Government*



# LEARNING ECONOMICS THROUGH COMIC STRIPS

An economist named Broadus Mitchell wrote an introductory principles textbook entitled *A Preface to Economics*. When he came to the discussion of supply and demand, he stated,

“I hate graphs, anyhow. They are the only pictures economics books have in them, and they are mighty poor substitutes for comic strips. And the letters and symbols with which they are generally encumbered get me all mixed up. You see things like this: ‘Drawing a straight line from the point  $k$  on the vertical axis  $OY$ , to the point of intersection  $P$ , and dropping a line from  $P$  to the horizontal axis  $OX$ , we clearly perceive that the quantity demanded, etc., etc.’ I clearly perceive nothing except that the author has failed to realize that I have something better to do than to look up his old big letter and little letters and big italics and little italics. As though this were not enough, he often uses not only ‘the line  $DD$ ,’ but ‘the line  $D'D$ ’ and ‘ $D'D$ ’.’ That last is beyond human endurance.”

It has become a lot worse since 1932. Increasingly, mainstream economics has become a third-rate branch of advanced mathematics. Even at the undergraduate level, economics texts often seem more like a course in applied geometry than a study of human actors attempting to improve their circumstances with the use of resources and the potential benefits of trade.

All too often students are turned off on economics because of its apparent “mathiness” and seeming lack of any connection with reality and real-world problems.

It only gets worse at the graduate level. Here the student is trained and drilled in the rarefied techniques of abstract theoretical models and complex statistical methods that seem to be ends in themselves. The developer of Public Choice theory, Nobel laureate James Buchanan, once bemoaned the fact that economics is a science without ultimate purpose or meaning. It has allowed itself to become captive of the technical tools that it employs without keeping track of just what it is that the tools are to be used for. In a very real sense, the economists of [today] are illiterate in basic principles of their own discipline. Their interest lies in the purely intellectual properties of the models with which they work, and they seem to get their kicks from the discovery of proofs of propositions relevant only to their own fantasy lands. Our graduate schools are producing highly trained,

highly intelligent technicians who are blissfully ignorant of the whole purpose of their alleged discipline.

The one school of economics that has traditionally not followed the mathematical and quantitative path is the Austrian school of economics. It was founded in 1871 by Carl Menger, whose ideas were refined and developed by Eugen von Böhm-Bawerk and Friedrich von Wieser in the last two decades of the 19th century. In the first half of the 20th century, the Austrian school made important contributions to human understanding and gained international renown in the process.

Two leading figures during that period were Ludwig von Mises and Friedrich A. Hayek (who received the Nobel Prize in economics in 1974). In the second half of the 20th century, the two most prominent Austrian economists were Murray N. Rothbard and Israel M. Kirzner.

The unique perspective of the Austrians during the last 130 years has been their emphasis that economics is the study of human action rather than to view man as a quantitative variable in the set of simultaneous equations, the mathematical interaction of which is supposed to determine when a hypothetical economic system is in a perfect and complete equilibrium. Man is an intentional being who has purposes, who creatively applies means to bring desired goals and purposes into existence, and in the process discovers various mutually beneficial transaction opportunities with his fellow men that generate the network of relationships that we call human society.

Austrian economics develops an intricate theory of the complex workings of the social order, and in many ways it is different and distinct from mainstream or contemporary textbook economics has been a challenge for the followers of this school.

Some of the main ideas of the Austrian school and their differences with other schools of economics are examined below:

## **Methodology**

The Austrian school uses logic of a priori thinking - something that a person can think on his/her own without relying on the outside world - to find out

economic laws of universal application, whereas other mainstream schools of economics, like the neoclassical school, the new Keynesians and others, make use of data and mathematical models to prove their point objectively. In this respect, the Austrian school can be more specifically contrasted with the German historical school that rejects universal application of any economic theorem.

#### ***What determines the price?***

The Austrian school holds that prices are determined by subjective factors like an individual's preference to buy or not to buy a particular good, whereas the classical school of economics holds that objective costs of production determine the price and the neo classical school holds that prices are determined by the equilibrium of demand and supply. Austrian school rejects both the classical and neo classical views by saying that costs of production are also determined by subjective factors based on value of alternative uses of scarce resources, and the equilibrium of demand and supply is also determined by subjective individual preferences.

#### ***What determines interest rates?***

The Austrian school rejects the classical view of capital which says that interest rates are determined by supply and demand of capital. Austrian school holds that interest rates are determined by subjective decision of individuals to spend money now or in future. In other words, interest rates are determined by the time preference of borrowers and lenders.

#### ***Why does inflation affect different people differently?***

The Austrian school believes that any increase in money supply that is not supported by an increase in the production of goods and services leads to an increase in prices, but the prices of all goods do not increase simultaneously. Prices of some goods may increase faster than others, leading to greater disparity in the relative prices of goods. For example, Peter the plumber may discover that he is earning the same dollars for his work, yet he has to pay more to Paul the baker, when buying the same loaf of bread. The changes in relative prices would make Paul rich at the cost of Peter. But why does it happen like that? If the prices of all goods and services were to increase simultaneously then it would have had hardly mattered. But the prices of those goods through which the money is injected into the system adjust before other prices; say if the

government is injecting money by purchasing corn then the prices of corn would increase before other goods leaving behind a trail of price distortion.

#### ***What causes business cycles?***

The Austrian school holds that business cycles are caused by distortion in interest rates due to the government's attempt to control money. Misallocation of capital takes place if the interest rates are kept artificially low or high by the intervention of the government. Ultimately, the economy goes through recession in order to restore the natural progress.

#### ***How are markets created?***

The Austrian school views the market mechanism as a process and not an outcome of design. People create markets by their intention to better their lives, not by any conscious decision. So, if you leave a bunch of amateurs on a deserted island, sooner or later their interactions would lead to the creation of a market mechanism.

#### ***Conclusion***

The economic theory of the Austrian school is grounded in verbal logic which provides a relief from the technical aspect of mainstream economics. There are considerable differences with other schools, but by providing unique insights into some of the most complex economic issues, the Austrian school has earned a permanent place in the complex world of economic theory.

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Compiled by:

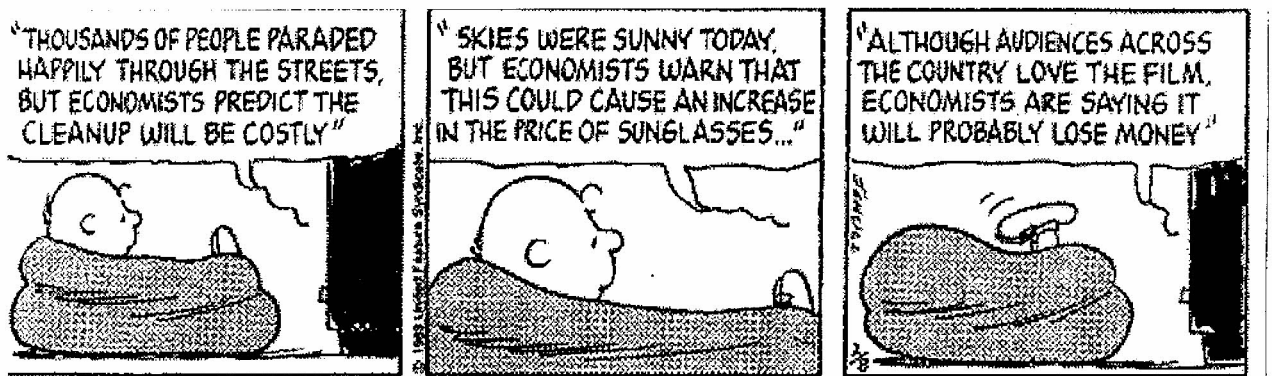
**-Gargi Saripalli**

**11/PECA/018**

Choice



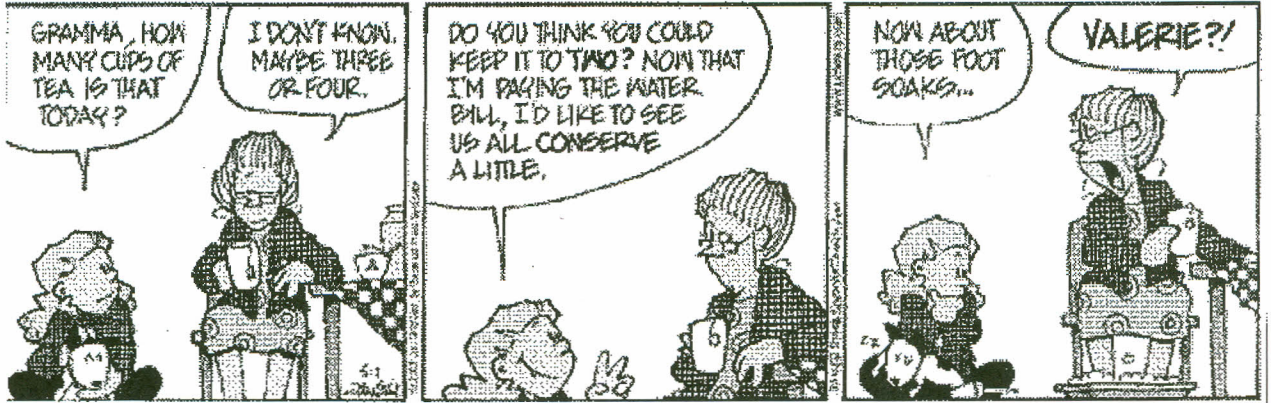
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Incentive Matters



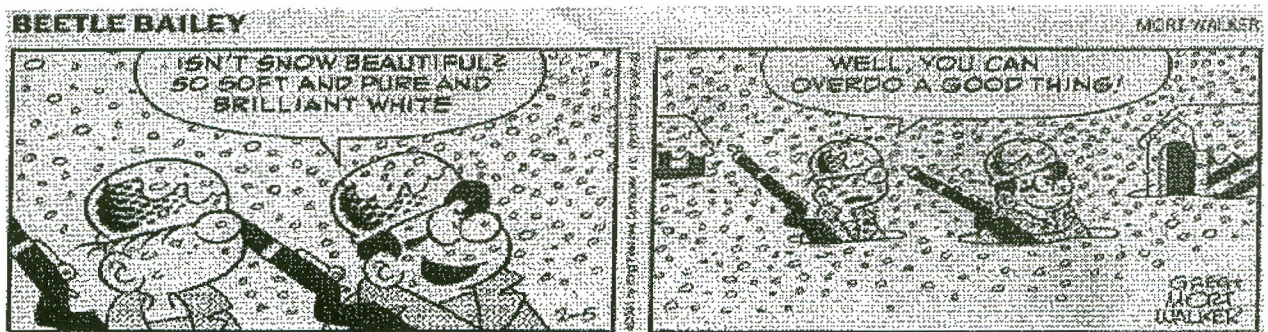
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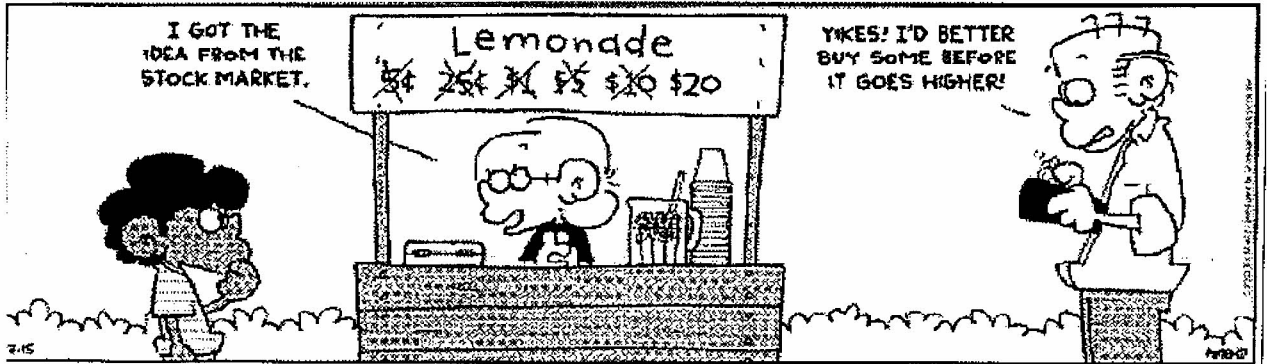
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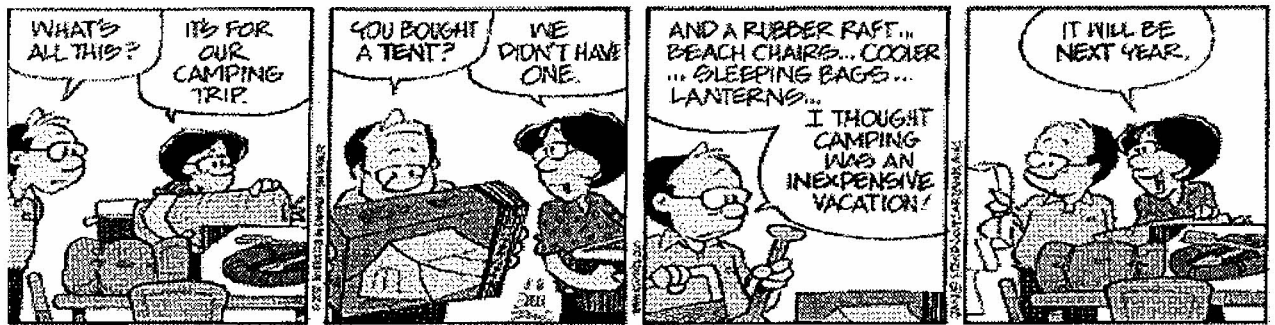
*Diminishing Marginal Utility*



*Price Expectations*



*Fixed and Marginal Costs*



## INTER PG SEMINAR 2011

The department of Economics conducted its annual inter P.G. seminar on 'Freebies-A Boon or Bane to Economic Growth' on 29<sup>th</sup> December 2011 for its M.A students. The speakers for the motion were 1<sup>st</sup> year M.A. students – Gargi, Rosmi and Amritha and the speakers against the motion were 2<sup>nd</sup> year M.A. students - Naomi, Amritha and Ankita. The seminar was judged by Ms. Vimala Stephen - Head

of Department of History, Ms. Priya Suresh - Head of Department of International Studies and Ms. Pearl Paul – Lecturer of Department of Economics. With a time limit of 7 minutes, both the teams spoke their best and were well appreciated by the audience. The 1<sup>st</sup> M.A students were awarded the title of Best Team with Amritha from 1<sup>st</sup> M.A. being the Best Speaker.

## THE NEED FOR FREEBIES IN INDIA

The famous American author and humorist, Mark Twain once said:

*“So far as I am able to judge, nothing has been left undone, either by man or nature, to make India the most extraordinary country that the sun visits on his rounds. Nothing seems to have been forgotten, nothing overlooked.”*

India is a land blessed both by man and nature .The cradle of one of the earliest civilizations in the world; the largest democracy in the world, India with millions of people, vibrant cultural heritage and equally rich history is a land of diversity. Yet even after 64 years of independence we are still struggling to be a developed country. Though we have come a long way we still have miles to go to become a superpower. Here freebies can play an important role in improving the socio-economic condition in India. Let us look at some of the spheres where freebies can play a dynamic role.

Health - India has poor health facilities. This can be seen from the infant mortality rate which is 30.15 and the life expectancy at birth which is 66.8 years. Hence by providing various medicines and medical facilities as freebies we can bring down the infant mortality rate and increase the life expectancy.

Education - The Indian literacy rate is only 74.04 per cent which is an indicator of the poor

educational facilities. Although free education and meals are provided in many institutions in India it

is not sufficient to bring about a drastic change in the literacy rate.

Income disparity – Wide income disparity is a problem which has been haunting India from time immemorial. Unless freebies are given to the poor and needy in the form of basic commodities and services India will not be able to bridge the gap between the rich and the poor.

Agriculture – India even today is still highly dependent on agriculture. The methods used in agriculture in most of the cases are traditional and inefficient. Here freebies in the form of seeds, fertilizers, modern equipment etc. can make a lot of difference.

Hence freebies are an effective way to improve the socio-economic condition in India. If basic commodities and services are given as freebies the path to development will be easier. Therefore the key factors here are to identify the commodities and services which should be provided as freebies, to identify the people who actually need it and of course proper implementation of the policy.

**-Rosmi Jose  
11/PECA/007**

## FREEBIES ~ A BANE

Economist Milton Friedman once said “there is no such thing as free lunch”. If considered in case of government freebies, somebody will have to pay for it, either the state government or the people of India. The very attractive word “free” has different implications.

1. Impact of freebies on fiscal deficit and how it affects our economy: The shower of freebies have been accounting to the mounting fiscal deficit which is paid by the center and state exchequer. Central and state government main source of revenue is through taxes. The variety of taxes may help gain a lot of revenue. But the increasing gap between the requirement and funds has been increasing every year, leading to a wider fiscal deficit. Currently a deficit of 16881 cores, the government can't afford a festival of freebies. Such government freebies ultimately harm the development of the state.

2. The burden of the state public debt: The state public debt is 24.5% of the G.D.P. The political parties who make poll promises are not bothered or unaware of the state public debt. Government freebies are definitely extra burden which would lead to a serious problem in the long run.

3. The ultimate burden falls on the tax payers: Though the political parties make freebie promises, they are not going to meet out this expenditure from their money; it is from taxpayer's money that is ultimately used. Just like the proverb “Robe Paul to pay Peter” government expenditure is robbed to meet out such expenses.

4. The problem percolates to all sections of the society: A high fiscal deficit causes inflation which affects all sections of the society. A general rise in price level, would again hit the poor people. In such a case, what government is doing is giving freebies from one hand and at the same time worsening the situation which is nothing but nullifying the case.

It is truly a misconception to think that provision of government freebies is a solution for people's welfare and development. Rather it is a case of shifting the problem from one factor to other. Mere distribution of freebies can never contribute to the growth and development of the society. Moreover poor people will continue to be poor. To achieve distributive justice through such an aspect or medium is next to impossibility. And one must always remember “bad economics leads to only short term political gain”.

**-Amrutha Mary Varkey**  
**10/PECA/023**

## GOVERNMENT FREEBIES – A BOON !

Government freebies is an essential aspect of people's welfare in a country like India, where population at large is struck by poverty and hunger. Young children go to government school just to have a mid-day meal is today's reality. And in many cases it is their only meal of the day. There are definitely thousands of people in need for it and to a large extent are benefiting from the goods and services provided in the form of government freebies.

Public distribution system distributes essential commodities to people through a network of FPS on a recurring basis. It is the epic strategy used by the government for poverty eradication and is intended to serve as a safety net for the poor. Secondly shelter being one of the basic needs, government's effort of providing housing facility improved many lives.

The Tamil Nadu government's laptop scheme was subjected to lot of criticism recently. But this scheme gave a new dimension to education and learning for those students who lack the support not the ability. The idea of liberated women competing on par with men was once a dream which is being lived and this has been possible through free education and opportunities. A major credit goes to the

public health care facilities and services such as maternity assistance, free baby towel and dress sets, paid maternity leave which are the true reasons for drastic changes in women health, infant mortality, and quality of life.

When these factors such as health, literacy and standard of living, which are considered to be the indicators of development by international standards, are focused then economic growth can never be far away. Economic growth has to be inclusive in its nature. The concept of government freebee is an initial step towards it. It gives hope for better life and future for millions.

**-Gargi Saripalli**



## MYTHS OF GOVERNMENT FREEBIES

Looking at the situations and facts, anyone would say a government freebie is a necessity when the focus is on people's welfare. In a country like India, inequality has existed since the time immemorial. And so is in every part of the world it might just be the difference in its nature varying with society, culture and time.

So inequality in Indian context is largely to the extent of economic conditions. There has been the so called classification of the people on this basis- as poor, lower middle class, upper middle class and rich/elite class. With such realities existing in society, it is important to create a level playing field; an idea of government freebies would be a small step that can or is to an extent taken by the Welfare governments. There is no doubt a need or demand for it. But the real problem lies with the approach that is established.

I strongly believe that the term government freebie is abused, misunderstood, misinterpreted for the personal gains, self-interests and greed. How many here think it's the free stuff given by government for votes. Quite a few, so was my opinion when I started my research for this seminar. It is definitely the free goods given to people by government but it even includes services and other provisions of different kind which are not only meant for the poor and needy ones but for the convenience of the public in general. So here comes the greatest challenge of all, to look beyond the borders of our narrow understanding and eliminating the myths associated with them.

The first myth in focus is that such programs are backed by self-interest.

### *Actions backed by self interest*

For better understanding let's take the example of Pulse Polio. It is an immunization campaign established by the government of India in 1995-96 to eradicate polio in India by

vaccinating all children under the age of five years against polio virus.

In India, vaccination against Polio started in 1978 with Expanded Program in Immunisation (EPI). By 1984, it was successful in covering around 40% of all infants, giving 3 doses of OPV to each. In 1985, the Universal Immunisation Program (UIP) was launched to cover all the districts of the country. UIP became a part of Child Survival and Safe Motherhood Program (CSSM) in 1992 and Reproductive and Child Health Program (RCH) in 1997. This program led to a significant increase in coverage, up to 95%. The number of reported cases of polio also declined from 28,757 during 1987 to 3,265 in 1995.

There wasn't any hidden agenda for a government behind this campaign apart from the mere aim of improving the health conditions of the people. There has been regular incidence of political parties distributing laptops, tv, mixer, grinder, cycle and the ever ending list for the desire to gain more votes. But merely criticizing the concept of government freebies just because of someone's misuse of it is irrational.

Another important myth which can't be ignored is misuse of public money.

### *Misuse of public money:*

If we carefully analyze, we would realize that it's just a myth that rich pay for the welfare schemes but it's not actually true. It's the poor man's money which is being used.

The government finances its various government freebies for the poor largely from the revenue collected through various taxes. If one analyses the tax burden, it seems that the government is taking money from one group of poor to give it to another group of poor. Contrary to the popular perception that middle and upper classes of our society are taxed to provide welfare and support to the poor, it is actually the poor who are paying for the freebies!

We all know that governments major source of revenue is taxes and they are of two types: direct and indirect. Direct taxes largely include income tax. Indirect taxes, levied on goods and services, consist primarily of excise and customs duties, and sales tax.

Indirect taxes are, by and large, regressive. That is, the poor who consume almost all of their incomes pay more indirect taxes in proportion to their income compared to the upper classes. Let's see How?

Consider a poor man Say A earning Rs 3,000 a month. He spends all of his income to meet his basic requirements. On every paise he spends, in buying the necessities, he pays either sales tax, or excise, or customs duty (if the alcohol or cigarettes happen to be imported).

Assume for a moment that the average of these indirect taxes comes to 10%. He then pays Rs 300 in indirect taxes (10% of Rs 3,000).

Whereas another person B earning Rs 30,000 per month, spends Rs 20,000 on his consumption needs and the rest Rs 10,000 is saved. So he also pays some form of indirect tax on every paise of his Rs 20,000. At the rate of 10%, the taxes would amount to Rs 2,000 for our Mr. richie-rich B.

While dealing with these two hypothetical cases, you have surely not missed a couple of important implications:

- in proportion to their incomes, A pays 10% of his income in indirect taxes (Rs 300 [tax]/Rs 3,000 [income]), B, however, pays only 6.66% (Rs 2,000 [tax]/Rs 30,000 [income])!
- Second, B does not pay any indirect tax on Rs 10,000 that he saves. Indirect taxes are regressive — tax burden is heavier on the poor than on the rich.

The statistics pertaining to Net tax revenue taken from the RBI website clearly show that the share of indirect taxes to the total tax revenue is much higher than that of the direct

taxes which is progressive in nature. If the question is how much higher, it's nearly 60 %. Thus the center and state government rely heavily on regressive indirect taxes.

Adding to the fact that the poor are largely paying for their freebies in situations of price hike, is the evaluation made by the Planning Commission that the government takes Rs 100 from the poor in taxes and gives back Rs 10 in form of welfare.

This careful calculations and facts confirm that it's not the rich man's money that is being used for the poor.

Compiled By

**-Gargi Saripalli**

**11/PECA/018**

## **NEWSMAKERS!**

### **(25<sup>th</sup> September to 7<sup>th</sup> October, 2011)**

#### ***12th Plan document will not be ready by April 1, 2012:***

The 12<sup>th</sup> Plan document which aims at a growth rate of 9 per cent will not be ready by April 1, 2012, the day the 12<sup>th</sup> Plan begins. The Planning Commission will start writing the document after March 2012. This follows the traditional practice of the Plan panel which unveils the document several months after the Plan period begins. The Commission is scheduled to complete the spade work for the Plan document by March 2012 which will include the reports of steering committees, working groups, the different ministries and departments. After the finalization of the document, it will be placed before the full Planning Commission, the Union Cabinet and the National Development Council (NDC), which is the highest policy making body of the country. The 'Approach Paper' (which gives a broad framework of the government policy to be followed during the five-year period has) for the 12<sup>th</sup> Plan has been approved by the NDC.

#### ***Government hints at dumping duty on Chinese electrical goods:***

On the sidelines of a function conducted by IEEMA (Indian Electrical & Electronics Manufacturers Association), Heavy Industries & Public Enterprises Minister Praful Patel emphasized the need for the imposition of import duty on dumping of electrical goods especially by Chinese companies. According to IEEMA President Ramesh Chandak, the domestic power generation equipment market is expected to reach USD 25-30 billion by 2022 from USD 5.7 billion in 2011 and

hence, he felt the need for concerted action to help the electrical equipment industry in facing tough challenges.

#### ***Difficult to sustain high growth without curbing inflation: RBI***

According to Deepak Mohanty, Executive Director of The Reserve Bank of India, sustaining economic growth will be difficult if inflation continues to remain high and greater monetary-fiscal coordination and alleviation of supply side constraints, especially in agriculture are essential to bring down inflation. The headline inflation based on the wholesale price index was recorded at 9.78 per cent in August, according to the latest official data. Food inflation was 8.84 per cent for the week ended Sep 10. Mr. Mohanty said that the threshold level of inflation is in the range of 4-6 per cent. The government is targeting a growth rate of 9 per cent for the 12<sup>th</sup> five-year Plan which would require a "conducive global environment and policy reforms at home", he said.

#### ***Difficult to achieve fiscal deficit target: C Rangarajan:***

Prime Minister's Economic Advisory Council Chairman C. Rangarajan said that the government is likely to miss the fiscal deficit target of 4.6 per cent for the current fiscal as growth is expected to moderate. The economic growth was earlier estimated to be around 8.2 per cent but Mr. Rangarajan feels it will be around 8 per cent due to certain concerns. According to him, the potential growth rate is 9 per cent but there are many constraints like inflation, balance of payments and fiscal consolidation which will come in the way

of achieving this growth rate. He has defended the rate hikes effected by the Reserve Bank as he feels that monetary policy should be used to bring down the demand preference.

***Exports rise 44 percent in August; deficit widens to \$14 billion:***

According to official data, India's exports rose by 44.25 per cent to \$24.31 billion while imports grew 41.82 per cent to \$38.35 billion in August, leaving a trade deficit of \$14.04 billion. Oil imports during April-August were valued at \$52.25 billion, 27.09 per cent higher year-on-year. India's foreign trade has recorded robust growth in recent months due to an increased demand of Indian engineering, chemical and petroleum products in overseas markets. But, Rahul Khullar, Commerce Secretary, has warned that exports may slow down in the second half of the current fiscal due to uncertainties in trading partners like The US and European countries.

***Micro, small and medium enterprises ministry to focus on defence, pharma in 12th five-year plan:***

The MSME Ministry proposes to provide incentives to emerging entrepreneurs in defence, robotics and biotech sectors

during the 12<sup>th</sup> five-year Plan, according to a senior government official. MSME Secretary Uday Kumar Varma said six new areas have been identified and the ministry has decided to facilitate the start-up MSMEs in these crucial areas with a special fund package and the details of the package will be worked out once the Planning Commission agrees. The areas are- nanotechnology, biotechnology, defence and homeland security, food processing, IT-related activities and pharma. According to Mr. Varma, the whole idea is to make Indian MSMEs attractive, competitive and encourage new entrepreneurs in these fields.

***RBI planning to change design of currency notes:***

In reply to a RTI query of Bharatiya Banking Consumers Forum (BBCF), the central bank has said that it is considering making changes in the design of currency notes. Om Prakash Sharma, Head of BBCF had sought information whether the government/ RBI was going to change the design of the currency notes as RBI effects changes periodically and the RBI replied that it was under its active consideration. He said he raised this issue against the background of many instances of counterfeiting of notes.

# WRITING A DISSERTATION

Dissertations have become an increasingly important component of Higher Education over the past few years, and are often included in third level undergraduate work, as well as forming an important part of any Masters level programme. Dissertations provide you with an opportunity to work independently, at length, on a topic that particularly interests *you*. It is also an effective means of research training, which helps to develop advanced intellectual skills such as evaluation, analysis and synthesis, as well as management skills. This article deals with how to approach, undertake and evaluate your own dissertation, so that you can make the most of this challenge.

## ***What is a dissertation?***

Before you begin to think about possible topics for investigation, make sure you are clear in your own mind about what a dissertation *is*. You will be familiar with the principles of essay writing, the most common form of academic writing, but it is worth reviewing briefly what an essay is really designed to do, and looking at how a dissertation may echo but also differ from a standard essay.

Different subject disciplines may emphasise different features, but, broadly speaking, an essay is a continuous piece of writing, arranged in clearly demarcated paragraphs, in which an argument is developed, in response to a central question or proposition (thesis). The line of argument is supported by evidence you have acquired through research, which you are required to analyse, and which supports or contradicts the various perspectives explored in the course of that argument. The essay then reaches a conclusion in the final section, which pulls together the threads of your argument, supporting, qualifying or rejecting the original thesis.

An academic essay is *not* a piece of writing designed to reproduce information available elsewhere, but something new and expressive of It must be underpinned throughout by awareness of theory – your argument should be placed within the context of existing theory relevant to the subject. It has to be presented in a professionally finished manner. One must know precise details about the format, layout and stylistic requirements.

## ***The importance of time management***

Writing a dissertation can be very demanding in terms of managing your time and the process itself. It is a major piece of work and you are likely to have months before it is due for submission, so the dissertation sometimes causes problems even for

*your individual abilities* to analyse and synthesise.

In addition, the process of academic writing will, of itself, help you to learn, by enabling you to work with concepts and information relevant to your subject, and thereby developing your intellectual skills

A dissertation follows the fundamental principles of academic writing, but few of key points are:

It is an extended piece of writing, usually divided into chapters.

- Make sure that you know the lower and upper word limits acceptable for *your* dissertation, and what that will look like in terms of word-processed pages.
- Be sure to find out whether you should be following a particular sequence of chapter headings – for example, introduction followed by literature search followed by an experiment or a survey and/or an analysis of your research - or whether you are expected to devise your own sequence and structure.

It contains a detailed exploration of evidence. The evidence referred to may comprise evidence from published texts, for example if you are exploring the literary texts of a particular writer, or it may consist of primary data gathered by your own, first-hand research, for example a sociological study of attitudes to gender roles based on research methods such as interviews and questionnaires.

You are required to be clear about the nature of the methodology you will use for gathering the evidence – why are you collecting data or analysing evidence in *that* way rather than in another way? This can definitely be a difficult area.

people who are normally good at meeting deadlines. So organising your weekly schedule, and mapping out the weeks available to you is very important.

## ***Selecting and Researching Your Topic***

When you have been given some freedom in selection of the topic, there is also a risk that the freedom might go to your head so that you take on more than you can cope with in the time available. When deciding on a subject for your dissertation keep in mind the research requirements, and be guided by the adage ‘the narrower and more specific the better’. If you are unsure consult your

guide.

### ***Choosing your topic: the hunt for an idea***

So how do you choose a topic in the first place? You will probably already have an inkling about the kind of topic that appeals to you, and it's likely that you will have been asked to engage in background reading before the start of the term or semester in which you begin your dissertation unit. This should narrow down the possibilities. Finding a topic of particular interest is a bit like a treasure hunt – you pick up an interesting idea, perhaps from something you have read or discussed in class, and follow it up through published texts such as books, journals, and websites by following up references, until you fix on a particular aspect which you feel needs to be addressed.

Keep the following points in mind:

- Is the topic of academic significance, and not trivial? It would be possible to find out whether Shakespeare used the word 'and' more often in his comedies than in his tragedies, but would it be of genuine interest??
- Is the topic really manageable in the time available? It is a common mistake to imagine that you can cover far more than is actually feasible, so keep a suitably narrow focus. Do not ask too big a question. Make sure that you take advice from your guide on this.
- Be aware of your own standpoint – your own take on the topic. How do your own attitudes, values and beliefs affect your research? No one can be entirely objective – be honest about your own interests and values.
- As early as possible, write down your thesis – the proposition that you are investigating. Keep this to hand whenever you are analysing evidence or writing out your argument, so that you do not fall into the trap of simply collecting facts rather than unfolding a clear argument relating to a narrowly defined issue.

### ***Conducting a literature search or review***

In order to write with confidence about your topic, you will need to read what members of the academic community have already been said about it. Remember to look for up-to-date references to the topic. There may well be classic texts; particular relating to underpinning theories, but you should also see what has been said in recent years. The availability of electronic journals will help greatly with this, as they are easily searchable.

### ***Researching and exploring your topic: methods and methodologies***

Research is a form of learning, or finding out. When you find out anything, you do it in a particular way, or using a particular methodology, even if you are not aware of it. If you are a third year student, and particularly if you are a Masters level student, you should be aware of the methodology you are adopting in your search for evidence, and of where that methodology fits in the spectrum of possible approaches - quantitative research and qualitative research.

Quantitative research is based on scientific method. It purports to be as objective as possible, and is often based on statistics or other measurable, empirical data. Conclusions will be drawn from the analysis of things clearly measured.

Qualitative research is often based on subjective data items, which cannot be given a numeric value, for example the attitudes and opinions of a range of individuals on an issue. Anthropological study, for example, may be based on small details of people's experience, collected through observation. These will be described in words rather than numbers, and statistical generalisations cannot be drawn from them.

In practice, few dissertations involve only qualitative or only quantitative methods, but there is often a major focus on one end of the spectrum or the other. Where will your focus lie? The answer should depend upon the kind of enquiry you are engaged in.

### ***The importance of having a thesis and evaluating it critically***

Remember that you are constructing an argument or defending a thesis, from the beginning to the end of your paper. Keep your thesis – the statement you are defending or central argument you are asserting – in the forefront of your mind as you write. Think of this central idea, and the logical development of your argument (train of thought) around this, as being the central path of your dissertation, and make sure that you do not have sections or paragraphs which are somewhere in the shrubbery out of sight of the main path. Every paragraph should further the central argument, by providing another angle on it, additional evidence, and evaluation of that evidence in relation to the central thesis.

### ***Managing your notes***

Due to the nature of it, it is essential that you manage your notes well from the start of your

research to the editing of the final version of the dissertation. Organise them using methods that suit your learning style, and make sure that you keep detailed notes of all of the references you will want to use, including a detailed bibliography.

### ***Writing up Your Findings***

As you carry out your research it is important to remember that the time you have at your disposal is limited, and that the effort you put into this aspect of your dissertation needs to be reflected in the end product. To this end it is essential to plan your strategy and think about the overall structure of your dissertation sooner rather than later. Try to ensure that your research effort is aligned with the way in which your dissertation will be structured.

### ***Creating an appropriate structure for the dissertation***

It is important to be clear about the structure of your dissertation, to ensure that your ideas are clearly and logically presented to your reader, so that your argument, with its supporting evidence, can be followed. You will need a clear introduction, followed by review of literature and the empirical studies. The main body of your argument would contain theoretical background, methodology and data analysis and interpretation then end it with a precise conclusion, which should include only the major findings of the research work.

### ***Maintaining academic principles: ethics, referencing and intellectual honesty***

It is absolutely vital with a dissertation, as with all academic work, that your report meets the required standards in terms of ethics, accurate referencing and intellectual honesty.

#### **Ethical standards**

All research must be carried out in an ethical manner, without exploiting others or breaking agreed ethical rules. Your own discipline will have a set of ethical standards to which you must adhere: make sure that you know what these are, and take advice from your guide about any ethical issues arising from the nature of your particular study.

#### **Referencing and intellectual honesty**

Make sure, too, that all of your references to other people's work are made accurate and in accordance with the academic conventions of referencing, citations and bibliographies appropriate for your subject discipline. It is vital that all ideas and arguments drawn from the work of others are

acknowledged, to ensure that you are not open to accusations of plagiarism, or passing off the ideas or words of others as if they are your own. Your dissertation should be your work, made up of your evaluation of evidence relevant to your central argument.

### ***Writing with accuracy and elegance***

Remember to check the accuracy and style of your own writing. Communicate as clearly as possible, in a style appropriate for serious academic work, but avoiding the use of difficult sentence constructions wherever possible.

### ***Being your own Critic before Submitting your Work***

There is much to be gained from critiquing your own work; by now you may have become used to doing this before submitting your assignments. If not, it is particularly important to do so with such a substantial piece of work as a dissertation.

When you have written something that relates to your dissertation, always put it aside for a few of days. In other words 'sleep on it'. Then reread with a critical eye. Try to put yourself in the position of someone who is interested in your topic but knows nothing about it. Would it make sense to him or her? Have you used the best words to express the points you are seeking to make? Where does what you have written fit into the dissertation as a whole? Will the joins show? In considering these and similar questions you will often be surprised at the changes you decide to make in the interests of enhanced clarity and greater variety and elegance in the language used. The Three Rs of competent writing are revise, revise, revise. This is especially important with a substantial piece of work like a dissertation.

As has been emphasised, one of the key challenges in preparing a dissertation is consistency of effort. You must avoid the temptation to coast and cram. What you need is someone who will act as a sounding board for your ideas and be prepared to brainstorm with you. She or he might also act as a progress chaser. It is unlikely that your guide will be able to meet all the demands that you have in this respect all alone. Hence the most likely and most suitable person will probably be a fellow student. In this case, you must of course be prepared to reciprocate. While this might seem like additional pressure on your time, if you have chosen wisely the benefits will almost certainly outweigh the costs.

**-Gargi Saripalli**

## Condolences

*“May her soul rest in peace, Amen”*

**Dear Mrs. Ramani** took flight to her eternal abode all too quickly for us to come to terms with. It was a shock to me too. However, I know for Ramani it was the best way to leave this world.

Ramani was aware of her weak heart and was ready to go; she had always lived in union with her God and had a very positive attitude towards life. In spite of her failing health, she never for a moment gave in to self-pity, but accepted it as God's will. She kept herself busy, doing all she could to lessen the burden of others. She herself never wanted to be a burden and kept on her feet till she could no longer any more. God blessed her with the security of being cared for by her own daughter Chitra who spared no effort to make her comfortable and give her the best medical attention with great love.



A dedicated professor of Economics, Ramani taught not just by her words but by the example of her life; conscientious in all she did, no matter what it cost her personally.

Committed to the College, she readily participated in all the programmes, be it the College play or the Brochure, Students' Union activities, or Seminars, it was her joy to feel an integral part of the institution. Even many years after retirement, Ramani continued to be associated with the College.

A person of relations, she kept in touch with her colleagues and friends to spread that aroma of serenity and goodness that filled her being. Always grateful for every small word or thought, she endeared herself to all. She never hesitated to share the depth of her spiritual insights with those who showed an interest or with whom she had confidence.

Ramani has left an indelible mark on all those whose lives she has touched by her presence. Her students and colleagues will always remember her courageous smile beyond all life's adversities, a smile marked by the serenity of faith in God whose blessings never fail. She always had an encouraging word for all which struck a note of courage and optimism.

May her dear soul rest in peace and may her memory continue to guide us all.

My heartfelt condolences go to Chitra, Rambhadran, Premila and family who miss her presence dearly. Be sure that she is with God and blesses you all.

**- Merlyn D'Sa fmm.**



## ACHIEVEMENTS

### TEACHERS:

Dr. Crystal David John delivered a guest lecture on 'Eco feminism' for 3<sup>rd</sup> year BA english students of Stella Maris College on 30<sup>th</sup> June 2011.

Dr. J. Regi Manimagala Associate professor Department of Economics, Stella Maris College was awarded PhD degree on 6<sup>th</sup> July 2011. Title of thesis: Demand for Child Schooling in India, Research Department: Department of Econometrics University of Madras, Supervisor: Dr. P. Duraisamy, Head of Department of Econometrics University of Madras.

Dr. Crystal David John organized Scholar-in-Residence Program and workshop titled "Hunger Bazaar" on 9<sup>th</sup> August 2011 along with the staff of the Economics Department. Resource Person: Dr. Veena, Former Deputy Director, National Institute of Nutrition, Indian Council of Medical Research, Hyderabad.

Dr. Crystal David John organized Dr. Sr. H.V. Endowment lecture along with the staff of the Economics Department on 'Hunger Bazaar-Market Logic of Nutrition Research in India' delivered by Dr. Veena, Former Deputy Director, National Institute of Nutrition, Indian Council of Medical Research, Hyderabad at Stella Maris College on 10<sup>th</sup> August 2011.

Dr. Crystal David John delivered a guest lecture on 'Girl Child in India' for the B.Com 3<sup>rd</sup> year students of Stella Maris College on 19<sup>th</sup> August 2011.

On 26<sup>th</sup> August 2011 Dr. Crystal David John along with staff and students of Department of Economics organized the entire program for the Nutrition Day of Stella Maris College.

Dr. Crystal David John was invited by the organizers of "Madras Christian College Semester in India Program (Biology)" to

deliver a lecture to the students of Davidson College, USA on "The Human population in India and Differential Impacts of Consumption" on 10<sup>th</sup> October 2011.

Dr. Crystal David John was invited by the organizers of "Madras Christian College Semester in India Program (Biology)" to deliver a lecture to the students of Davidson College, USA on "Employment of women" on 10<sup>th</sup> October 2011.

Mrs. Geetha Sridharan delivered WCC lecture on 'Women and Environment' to students of 'Semester India 'Program, Davidson College, North Carolina, USA on 12<sup>th</sup> October 2011.

Dr. Crystal David John delivered a lecture on 'Status of Women' for post graduate students of the Fine Arts Department (Design Specialization) on 14<sup>th</sup> October 2011.

On October 29<sup>th</sup> 2011 Mrs. Kanakasudha attended International Conference conducted by Vivekananda College (Autonomous) and presented a paper titled "An Exploration into the system of primary education in Tamil Nadu".

Dr. Geetha Sridharan, invited as a Resource Person for Refresher course on Growth and Development in Economics at University of Madras on 17<sup>th</sup> November 2011.

An Article by Mrs. Kanakasudha, ( Joint article of Guide Dr. Lans, S. Chinnammai) titled "Economic, Geography and development – A case study of Chennai City" was published in the book "Economic Geography and Development" edited by Anil Jhakkur, Serials Publications, New Delhi, 2011

Dr. J Regi Manimagala delivered a guest lecture on 'Simple Linear Regression Analysis' for M.Phil students of Department of Social work on 14<sup>th</sup> December 2011.

Dr. J Regi Manimagala presented a paper on “Impact of India’s wellbeing on Health’ in the ICMR (Tamil Nadu State council for Science and technology) sponsored 2<sup>nd</sup> International Seminar on “Health Economics and Management” on December 16<sup>th</sup> 2011 at Eajah Sarofji College (Autonomous), Thajavur. It was even published in the International Journal of Applied Management Research (ISSN 0974, TISSL International Publications, Vol.3 Special Issues No.1, Dec.2011 Pp: 413-416).

Ms. Chandunissa, Dr. J. Regi Manimagala and Dr. Millie Nihila attended a 6 day certificate Program on “Enhancing Managerial Efficiencies” at Stella Maris College from 5<sup>th</sup> to 11<sup>th</sup> January 2012 organized by Loyola Institute of Business Administration (LIBA) Chennai & Knowledge Exchange.

Dr. J Regi Manimagala delivered a guest lecture on ‘ANOVA’ for M.Phil students of Department of Social work on 23<sup>rd</sup> January 2012.

Dr.Millie Nihila was the Programme Co-ordinator for Public Health, Semester in India of Davidson College North Carolina USA

Dr.Milli Nihila has been NSS Co-Ordinator for the years 2006-2011

### **CURRENT STUDENTS:**

MIJIN LIM (09/EC/66) participated in Global Model United Nation Conference 2011 organized in August 2011 by United Nations in Republic of Korea. She represented as a member of French delegate in the Economic and Financial Committee. The agendas that were discussed were; improving market conditions in favor of alternative energy towards a green economy and ensuring global food security through sustainable agriculture.

SUSAN CHANDY (09/EC/02) Participated in “Enhancing Employability” a training program at Stella Maris College during 6<sup>th</sup> to 11<sup>th</sup> June 2011.

ANN JOSEPH (10/UECA/051) Attended an international conference in Spain and presented a paper on “Mentoring” during 12<sup>th</sup> to 15<sup>th</sup> August 2011. Also attended “World Youth Day”.

SUSANNA M.T (09/EC/05), SHREYA SHIRLEY (09/EC/68), ENKY (09/EC/71), NIYATHA ALEXANDER (10/UECA/062), V. MONISHA (10/UECA/049), K. ANANYA (10/UECA/054), PRERNA GUPTA (10/UECA/040), SNEHA SRINIVASAN (10/UECA/013), SANJANA (10/UECA/058) AND SANHITHA (10/UECA/071) attended a workshop on Student Accelerated Learning Techniques on 27<sup>th</sup> August 2011.

VIDYA BHARATHI R. (09/EC/08) selected as Campus Ambassador of Teach for India at Stella Maris College.

VARSHA RAMESH (10/UECA/044) achieved 1<sup>st</sup> place in inter collegiate case Study Competition organized by CIMA on 6<sup>th</sup> September 2011.

The following students worked as interns at Goldman Sachs: ANJANA LOGAN, ALISHA AJIT, SHRAVANI JOSHI, ANAMIKA SURESH, PRERNA GUPTA, POOJA SUNDARESH, SUPRAJA NARAYANASAWATHY, SAAKSSHI GOYAL, ANN JOAEPH, SANJANA SINGH, and GURBANI SIMRAN BEDI.

SWARNA CHANDER (11/PECA/006) presented a paper titled “Impact of food Inflation on Urban Poor” at a National level Seminar on ‘Impact of Economic Meltdown on World Economics’ organized by an association of the department s of Accounting and Finance and Bank Management, Ramakrishna Mission Venkananda College, Mylapore Chennai.

TEJASWI (10/EC/274) participated in paper presentation-Kriya 2011 organized by the Department of International Studies, Stella Maris College on 9<sup>th</sup> December 2011.

SAMHITA (10/UECA/071) AND SARAH ABRAHAM (10/UECA/016) won the 2<sup>nd</sup> place in Mr. Finance Minister Event and 3<sup>rd</sup> place in Economic Odyssey and Debate in Loyola Economics Cultural 'Equilibrium' organized on 10<sup>th</sup> December 2011. Sarah got the 1<sup>st</sup> place in essay writing as well.

NIVETHA SRINIVASAN (11/UECA/025) participated in Inter College Tennis Tournament held at SDET College on 12<sup>th</sup> December 2011

S.A MISRIA (11/UECA/068) participated in poster making event held in Stella Maris College. She presented a paper in a seminar organized by Department of Defence and Strategic Studies, University of Madras.

SWARNA CHANDER (11/PECA/006) AND AMRITHA VIVEK (11/PECA/002) presented a paper on

GARGI SARIPALLI (11/PECA/018) presented a paper on "Consumer Friendly food labels and eco-friendly packing" at IBS 8<sup>th</sup> International Conference on Economics and Finance: Governance and Wellbeing during 19<sup>th</sup> and 20<sup>th</sup> January 2012 in Bangalore.

SWARNA CHANDER (11/PECA/006) – presented a paper "Impact of Food Inflation on the Urban Poor" at a National level Seminar on "Impact of Economic Meltdown on World Economies", organized by Ramakrishna Mission Vivekanada College, Chennai on September 28, 2011.

SWARNA CHANDER (11/PECA/006) – presented a paper "Rural Health and Health Policies in India" at an International Seminar on "Health Economics and Management", sponsored by ICMR and Tamil Nadu Council for Science and Technology, organized by

Rajah Serfoji Government College, Thanjavur on December 12, 2011.

SWARNA CHANDER (11/PECA/006) – presented a paper "Financial Solutions for the Poor" at an International Workshop on "Inclusive Financial Innovation – Making Finance and Insurance Markets work for the Poor", Sponsored by SBI and NABARD on March 2, 2012 at XLRI, Learning Centre [ MDP residence]

### NEWS

#### Alumni of the Department

SHYAMILY MOHAN (08/EC/51) studying Applied Quantitative Finance in Madras School of Economics.

POONGODI A. (09/EC/123) Working as a teacher in Little Oxford Matriculation School, T. Nagar, Chennai.

VASUDHA P. (09/EC/003) working as a teacher in Jaigopal Garodia Hindu Vidyalaya, Mambalam.

SUBASHINI (08/EC/45) studying Actuarial Economics in Madras School of Economics.

ANNA ISAAC (09/EC/104) AND TANYA MATHEW (09/EC/115) working at RR Donnelley with the Research and Analytics division as Research Associates.

SWATI SESHADRI (09/EC/106) working at Madras School of Economics as a Research Associate for a Ministry of Environment and Forestry sponsored project under the guidance of Prof. V. Shankar.

SHAHIN ANSARI (08/EC/69) pursuing MA in Fashion Management, Southampton.

AAFIA BATHO pursuing MSc in Economics, Nottingham, UK.

PUBALI GOSH (06/EC/114) worked in Punjab National bank in Hong Kong and currently pursuing PhD in Hong Kong.

J. REDEMPTA (08/EC/03) AND ANITHA  
SAGAYAMARY S. (08/EC/14) currently

working at Conceutrise, Velachery amd Serco  
BPO, Aminjakarai respectively.

**Solution - Economic Terms Word puzzle:**

