

FEATURING

ESG Talks

EXPLORATION OF ENVIRONMENTAL, SOCIAL,
AND GOVERNANCE ISSUES

the econocrat

AUTUMN ISSUE





Editorial

Living in a world governed by fleeting technological advancements and chaotic disruptions, sometimes we fail to attribute importance to the one thing that stands at the helm of economic activity, the Intangibles. With unemployment crackling economies across the world, artificial intelligence filling up job openings, and institutions taking a significant toll due to the pandemic, it is important for us to reflect on the intangibles that silently define our society and world economy. This Autumn Issue, Econocrat aims to bring everyone's attention to these intangibles that emerge as the strongest indicators of our growth.

History has time and again portrayed the role intangibles such as human capital have played in shaping the outlook of countries today. When the Sputnik-1 launched into space and the eastern hemisphere rejoiced, dejected faces in America realised the value of human capital that they had been ignoring. It was a realisation that has now transformed the USA into a superpower within which lie hubs of innovation, research, and education. Decades later, and we still see other developing nations such as India fixated on their GDP growth rate, HDI index etc. We at Econocrat believe it's about time that we start focusing on the idea of 'Capitalism without Capital' (A book I recommend you all to read) which is why we introduce to you our new permanent section titled ESG Talks. We also present to you our special section focusing on Education and Human Capital. I would also take this opportunity to thank the editorial board and recognise the amount of human capital that has gone in to create the largest issue of Econocrat yet.

We hope that with this issue we bring to you a diverse set of articles, point-counterpoints, and infographics that will help you navigate the world wide web of economics, politics, business and much more.

Until next time,
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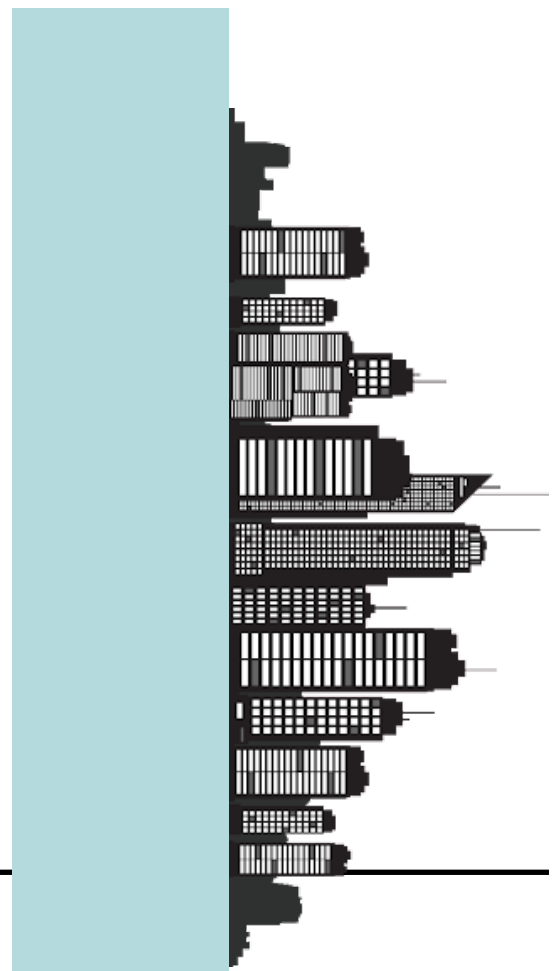
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Exploring Inequality

ESG Talks

Environmental, Social & Governance



Resolving the widening Inequality Gap

Aditya Gupta explores quick fixes for a Rampant Issue

What I am going to tell you may sound rudimentary, but it will slowly start making sense. Covid, yes, that normal, has been an utterly devastating crisis that has been additive to poverty and wealth alike. The irony of the situation is not lost on many as it has been wildly amusing to see the contradictory forces at work here. Governments, banks and policymakers are all at a loss here trying to figure out a way to correct this unfortunate situation. It is especially infuriating when the sole cause of this mess is not a person, regulation or, even, the pandemic but rather an uncontrollable market force: the capital markets. Yes, this is the part where things get rather interesting.

Most people have been lamenting this social injustice creeping into society, but they have failed to realize that there are forces greater than man himself at work here. One might argue that these forces are ultimately controlled by man, but even then there is an underlying complexity that robs us of the chance to correct this unjust situation. You see when one has surplus capital one has to parlay that surplus into a passive income generator, and, more importantly, a wealth generator. There are multiple ways of doing this, but the most common ones are real estate, banks, equities (stock markets), mutual funds, and bonds. When out of these five instruments, four are, suddenly, yielding lower and lower returns

one is forced to exit those instruments and put one's entire capital into the best remaining out of the five: equities, in this case. This phenomenon is currently at play throughout global economies. It is especially true when one sees the Dow Jones, Nifty 50 and other indices across the globe hitting record highs during the middle of a pandemic.

So, in face of these inescapable forces, what do we do? I will take the risk of sounding sanguine, but since someone has to, many things can be done. For starters, we should look at making reforms across a wide berth of problems: education, women empowerment, health and the likes. One might question this odd-choice of

propagating change at the bottom rung of the pyramid when it is, in fact, the top brass that is under scrutiny here, but the truth is that there is nothing we can do to stop the rich from becoming richer.

“How can you stop someone from becoming rich?” quips Mr Abhinav Khettry, Managing Director at Vyana Wealth Management. “The money hasn’t been stolen or obtained through illegal means, but rather it has just been appreciated because of substantial holdings in companies which have shot up.”

This distinction highlighted by Mr Khettry is pertinent because it establishes that transformation is only possible through reform at the bottom of the pyramid, not the top. For starters, we can elevate the financial and entrepreneurial acumen of the poor, as it is not the capital but rather the knowledge that plays the most pivotal role in wealth creation. I believe that it is crucial to educate the masses in practical subjects like financial literacy, the basics of investing and the likes to initiate a prudent discussion within the masses, about income and wealth management.

The government would be doing more harm than benefit by generating direct wealth for them. It is like the saying that it is not the fish that will last man a lifetime, but rather the skill of fishing that will. Thus, it is crucial to impart wisdom and awareness about more practical financial subjects. In recognition of this, the government has recently established the Ministry of Skill Development and Entrepreneurship, whose whole aim is, literally, to work towards skill development and support

entrepreneurship.

Furthermore, the government’s focus should be on reducing the number of people below the poverty line because if we accomplish that we will end up reducing inequality to quite an extent. To do so, we need policies that increase the per capita income of the masses, but not ones that act like the proverbial silver spoon. We risk diminishing incentives for people to work and earn for themselves if we create schemes that outrightly give the lower strata money, capital returns and wealth generators. By supporting them through mediums like subsidies, production-linked incentive schemes, and micro-financing we can create opportunities and altogether avoid the headache of the proverbial silver spoon. Yes, this is easier said than done, but our government has a vibrant public and private sector that would be more than willing to help implement these policies.

Still, the simplest solution is to let the wealthy flourish. This is going to sound crazy at first, but just hear me out.

“Earlier, there was a competition to become richer, but now the rich are competing to see who gives away faster,” says Mr Khettry.

So, while the rich may be becoming wealthier, they are also giving away more and more. Warren Buffet, Bill Gates, Azim Premji are just a few billionaires who have given tens of billions of dollars to charity. There are many more, but the important point is that the rich do give back to society. These tens of billions of dollars are worth more than Rs, 50,000 crores, approximately,

and that is more than the government’s entire budget for most of its schemes. On top of that, the rich create a micro circular economic model through which their growth is proportional to job creation and sustenance. I say so because their growth signifies economic expansion, which further boosts their capacity to generate employment and wealth that is sufficient for them and charitable endeavours. Thus, in reality, if their wealth stagnates and deteriorates then any effort to alleviate inequality will be unsuccessful, no matter what and how much we do.

For starters, we should look at making reforms across a wide berth of problems: education, women empowerment, health and the likes.

Bridging the inequality gap is as impossible as man landing on the sun because we, simply, cannot stop the shrewd from becoming wealthier, even whilst their lesser counterparts do not enjoy the same results. The entire underlying foundation of democracies and capitalistic systems is that the able are rewarded for their ability, in a crude sense, even whilst others may not be. The little we can do is create literacy programs, cheap credit, and other such opportunities that can help improve the socio-economic conditions of the poor. Even though the government cannot outrightly generate wealth, it still has one lethal weapon it can harness: creating a financially potent population that can fend for itself and, more importantly, future generations.

Interview with Mr Abhenav Khetry, Vyana Wealth Management Pvt Ltd.

The Econocrat: To begin, I find it highly intriguing that you started Vyana right before the 2008 global financial crisis. Looking back, what do you think of the rather ill-fated timing and the potential impacts it has, or not, had on your growth trajectory?

Mr Abhinav Khetry: While the global financial crisis 2008 was a major turning point it offered us many key lessons especially in making prudent asset allocations. As to the potential impacts, I would like to highlight the fact that the assets under management back then were only about Rs. 80,000 crore while today they are worth almost Rs. 34 Lakh crore. That is an almost 40x increase, and this shows that despite the 2008 global financial crisis there has been a tremendous opportunity and potential in the markets. On a different note, there is going to be even greater growth in the coming years because as we transform into a developed economy we will start adopting the financial characteristics that define one- a higher percentage of money deposited in the capital markets than banks.

The Econocrat: You have experienced two cycles of the financial crisis- one in 2008 and the other in the 2012-14 period. So, what do you perceive of the socio-economic impacts of COVID keeping in mind those two experiences?

Mr Abhinav Khetry: The socio-impact has been very very large. Despite whatever challenges we have had there has been no scenario of social unrest. I would like to cite here that despite the challenges the crime rates in Calcutta have actually gone down, or stayed at the same level. The government has done a fantastic job of providing one of the most important things: food. They have ensured that food is either available for free, through the ration card system, or for nominal prices, which has been especially helpful in this crisis. Food is the most important thing to survive and the government has stepped up there. There have been challenges in terms of migrant labour- their transportation and accommodation-, but we need to realise that there are many things the government cannot do. Some things have to be done at a local level, or through initiatives undertaken by the privileged class. Like, for



example, DSOBS has done a fabulous job, and even my batch raised about 6 lakh rupees for these efforts. Even though I cannot say much about the national level, being a part of social organizations like the Rotary Club I can surely say that people have gone out of their way to help each other in a local environment. In the private and the public sector employees have ensured their support for their employees, and there are far and few cases of employees not being paid because of the work from home excuse. With that being the only exception, we have taken care of each other and as a race, we have managed to support each other.

The Econocrat: Moving on, what do you think of the policies undertaken by the Ministry of Finance and The RBI to alleviate the effects of the pandemic on the poorer lower strata of society?

See, firstly we have to divide the poor into three parts: the rural poor, the urban poor, and the people running informal sector businesses like vegetable sellers, basically daily suppliers. For the urban poor the government has created and boosted micro-lending to give out loans to these individual business owners, people working in the informal sector and the likes as they have suffered a lot. They waved the EMI for a long long time, interest rates were brought down, the government gave a lot of funding to the banks and the RBI gave a lot of support to the banks. So, there was no immediate cash crunch as such. That was for the urban poor, and, so now, what has the government done for the rural poor? Well, they have created and scaled Kisan Vikas Yojana, Pradhan Mantri Yojana where they are giving almost Rs. 60,000 per farmer per year. Alongside, they are giving a Minimum Support Price, MSP, for all the crops. For example, if you are producing any crop like rice or barley then your MSP is going to be 1.5x the actual cost. The Farmer Laws have been quite well received by farmers across the country, except for Punjab and Haryana as their agrarian economies work differently than the rest of the nation. While the government will have to come up with something for them, the laws have been quite helpful for farmers, your rural poor, in improving their basic income. Even after all this support, the migrant labourers suffered quite a lot as they had to go back to their villages. For that, I do not blame the governments as the urban landlords and private employers should have lent a helping hand. Today, we have the power of hindsight: we have data from a year back which is helping us plan ahead. Back then, there was nothing, absolutely nothing, to guide us, and the government can only operate within what it knows.

1%

The top 10% of the Indian population holds 77% of the total national wealth. 73% of the wealth generated in 2017 went to the richest 1%, while 67 million Indians who comprise the poorest half of the population saw only a 1% increase in their wealth.

Q4. There has been a general outcry from the lower sections of society, globally, I may add, about the growing fortunes of the upper sections of society thanks in part to the stock market rallies.

So, coming to my question, don't you think that instead of, unintentionally, limiting the exposure of the markets to only those who can afford to access these institutions the government should align its policies to generate wealth for the masses through the stock markets by setting up funds similar to Temasek, The Norwegian Sovereign Fund and ADIA to manage the risks and investments for the poor?

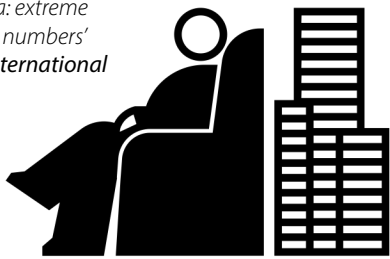
First things first, you cannot expect socialism in capitalistic markets. To understand this question we have to go back in time a little bit. Now, back then in the USSR, you were not allowed to own any enterprise. Everything was owned by the state including even the smallest barbershop. So, when the USSR broke down, they divided the assets equally amongst the entire population. This was basically a wealth equalizer but even then, within a month the rich became richer and the poor went back to being poor. It was a social experiment, no, actually, more of a reality for us, and it failed miserably. By human nature, we cannot hold on to wealth, as most of us don't have the tenacity to do so but those who do, the shrewd, will be able to become richer. Thus, there is no way you can equalize or create equal opportunities because ultimately the poor will remain poor, and the rich will become richer only by virtue of their patience. As for, Temasek and the other funds you need to realize the size of Singapore, Norway, and the likes. It is practically impossible to match something of that scale in a demography like ours. These

policies seem nice only theoretically as they are practically impossible and unsustainable to implement.

Q5. Lastly, what do you think of the government creating meaningful control mechanisms through its state holding companies? Like, in 2008 the US Fed took over Fannie Mae and Freddie Mac they ultimately used it to control the melting mortgage and credit markets. So, can't something similar be done with say a PSU?

To understand this, we first need to identify the problems with the poor. Now, the rural poor and the urban poor have different problems. For example, the rural poor face issues in terms of agrarian infrastructure like irrigation pumps and these are not the same for the urban poor. Even then, the government has really worked on creating micro-lending opportunities for the poor. They gave the universal banking license to Bandhan Bank, back in 2012, to expand the micro-lenders bandwidth to distribute loans to the poor and also, recently, to IDFC to increase infrastructure loan opportunities. The government has done quite a lot, they have created agencies like NABHARD, Mahila Bank and the likes to create micro-loans for the different needs of the poor. They provided collateral-free loans last year, a very long moratorium, and other such opportunities for the poor. Even then ultimately all issues are localized and it is the state government's onus to overcome these problems as a nationalized response is not the answer. If we talk about resolving inequality, then instead of curbing wealth generation we need to work towards reducing the number of people below the poverty line. I think this, along with other social issues, needs to be resolved to create an equitable society because whilst inequality can never be removed we can surely improve the ability of the poor to patiently hold on to wealth for themselves.

Source: 'India: extreme inequality in numbers' by Oxfam International



There are 119 billionaires in India. Their number has increased from only 9 in 2000 to 101 in 2017. Between 2018 and 2022, India is estimated to produce 70 new millionaires every day.

70

10x

Billionaires' fortunes increased by almost 10 times over a decade and their total wealth is higher than the entire Union budget of India for the fiscal year 2018-19, which was at INR 24422 billion.

941 Years

It would take 941 years for a minimum wage worker in rural India to earn what the top paid executive at a leading Indian garment company earns in a year.

63 Million

Many ordinary Indians are not able to access the health care they need. 63 million of them are pushed into poverty because of healthcare costs every year - almost two people every second.





Betting Big on Bitcoin

Krishay Sutodia analyses the national importance of cryptocurrency

Buzzwords such as cryptocurrency and Bitcoin have once again been put under the scanner in India in the wake of the legal contentions between the Reserve Bank of India (RBI) and the Supreme Court. This contention was regarding the Crypto Token and Crypto Asset Bill, which was issued by the RBI in 2018, and was finally struck down by the Supreme Court in the Internet and Mobile Association of India v. Reserve Bank of India judgement delivered in March 2020. The watershed verdict noted that cryptocurrency could now be accepted as

legitimate payment for the transaction of goods and services, and these payment regulations would fall under the purview of the RBI. In light of this, it is imperative to analyse the potential of cryptocurrency to revitalise the economy and supercharge economic growth.

The blockchain race between China and the USA speaks volumes of the significant traction of the cryptocurrency sector worldwide. Astamuse, a think tank based in Tokyo, reported that China had as early as 2016 overtaken the USA in the number

of cryptocurrency patent applications filed. The International Data Corp reported that the global value of blockchain investment was touted to reach \$16 billion in the next five years. This dizzying rise has already benefited our neighbours in the South with emerging economies like the Philippines, which has initiated local crypto exchange licensing regulations and also strengthened investor protection and Singapore, which has received over \$700 million in investments. For India to miss out on this new wave of fintech capital inflow would be a loss of epic

proportions. Given India's prowess in consistently producing a highly skilled IT workforce, we must harness this dual advantage of investment and innovation to bolster our economic growth. Greater investment into the economy coupled with a transition of the local innovation sector towards a blockchain ecosystem will help us leverage our strengths towards revitalizing the economy. There are many alluring prospects of cryptocurrency as, by initiating a wave of fresh innovation, it has the prospects to spawn new markets, startups, products and services, all of which would invariably create a positive impact on the IT job market. All this, if supported and nurtured by institutions like the RBI and Supreme Court, can breathe a fresh lease of life into our economy.

In India, a sizable population is still unbanked, a reason for which is lack of access to functioning traditional financial mechanisms.

Not to be forgotten, cryptocurrency has an equally important role to play in the country's financial inclusiveness. In India, a sizable population is still unbanked, for reasons like a lack of access to functioning traditional financial mechanisms. The cryptocurrency sector can create a more dynamic financial ecosystem by devising a parallel digital money management service which could further lead to broader financial inclusion. Opening up access to international markets trading in cryptocurrency can even stand to increase the purchasing and spending power of ordinary citizens, which can.

A firm legal stance on cryptocurrency such as the 2020 Supreme Court verdict, which upheld the validity of Article 19(g) in the context of cryptocurrency, aids in the awareness and acceptance of virtual currencies, ultimately leading to a legitimising of their role in the economy. A similar model has shown to be successful in Japan, which recognises the validity of digital currencies as legal property since 2017. According to a 2017 Business Insider report, this led to an almost 6x increase in the trading volume of Japan. The same report further mentioned that citizens in China invested more

in these digital currencies as they perceived the fluctuations in these currencies to be less turbulent than the Chinese legal tender, the Yuan.

Reports from both CRISIL and Goldman Sachs have predicted that India is currently facing its worst recession. However, data from Bitcoin marketplace Paxful provides an interesting insight that despite the Covid pandemic and economic decline, the Indian crypto industry has shown record-breaking growth by registering a whopping 883% increase in the trading value of Bitcoin compared to last year. Paxful data even goes as far as to claim that three out of four Indians who are aware of cryptocurrency have invested in it. OKEx, a globally established crypto exchange platform, reported that registrations from Indian users increased to almost 550%, which ultimately reflected both local and global trading volume multiplication. The overarching message seems to be clear: cryptocurrency has a high probability to generate economic, social and job opportunities, which can spell light at the end of a very bleak tunnel. In face of newly emerging fiscal needs, cryptocurrency can help fuel financial freedom in a New India.



Immobilised

Aditya Jain explores the impact of an extensive number of choices on consumers

Do you think that you are receiving your internet and mobile packages at a fair price? You probably feel that you are paying more than they are actually worth, just like most people. Companies offer consumers innumerable deals in order to 'assist' them in choosing the best option for themselves. However, they end up burying such consumers in an avalanche of options causing 'choice paralysis.'

The main reason behind choice paralysis is a cognitive overload

and the failure to process the unlimited information presented to the human mind. Our brain is not designed to absorb and process such vast information simultaneously. The idea of how proliferation of choice limits one's ability to make beneficial decisions is further explained in Barry Schwartz's 'Paradox of Choice.' Similar to this is Columbia Business School Professor Sheena Iyengar's famous jam experiment where customers were requested to choose from either six or twenty-

four varieties of jam. The experiment proved that more choice resulted in lesser sales by a ratio of approximately 8 to 1 as customers struggled to make an apt decision when offered twenty-four varieties of jam. Such an overload of choice makes consumers more conscious of the choices they make, resulting in a loss of confidence in their decision-making abilities. This loss of confidence may be due to the uncertainty people have regarding the future which may compound up in their

minds, especially in those who have little or no real-world experience of choosing from an extensive range of options. With no personal experience or past memory to rely on, such people feel ill-equipped to make an appropriate choice, causing them to rely on external anchors or reference points to supplement their viewpoint when presented with heavy information or innumerable choices.

To shorten or to avoid these complex calculations, our brain tends to use shortcuts which eventually result in cognitive biases. Outcomes set in the distant future usually lack a sense of urgency in contrast with everyday needs, making it simpler for us to put more weight on the choices we make in the present. Humans often have the tendency to choose short term pleasure over long term benefits, and this is known as the 'Present Bias.' Other such biases which lead to choice paralysis include Loss Aversion bias and Status Quo Bias.

So how can consumers overcome choice paralysis?

How can they counter their innate cognitive biases? In order to successfully tackle these challenges, firms must initiate three major steps – reduce the mental strain caused by an overload of choices, reinforce a consumer's

perceived ability on a decision and follow through on it, and finally take steps to effectively assist customers to make a decision. Companies should provide options less in number as it not only reduces the mental baggage of consumers, but also assists them to evaluate the most suitable option for them. Choice architecture becomes extremely important in such cases. Adopting a structure where goods are organised in relation to one another could be of great help as it helps customers to compare between them. Furthermore, ranking them could assist consumers in further narrowing down their options. In 2008, Proctor and Gamble (P&G) conducted research to determine the perception the public had of their shampoos. The company concluded that due to the extreme variety of choices, customers often found themselves unable to make a choice. Therefore, it reduced the number of labels on their shampoos, leading to a drastic increase in sales. Firms could experiment with a few strategies to counter the lack of confidence many customers experience while attempting to make a choice. To reduce consumer indecisiveness, companies could provide consumers with examples of people who have purchased a particular product in the past to minimise the feeling of abstractness while making decisions. Another possible way to maximise customer confidence is by utilising

'Observational Learning,' a term coined by Albert Bandura. Adopting such a behavioural model will assist firms to build up confidence in consumers as they will look at others demonstrating actions they may not be aware of, and may wish to replicate them. These actions could possibly help consumers to arrive at definite conclusions. As for the third and final step, firms need to prompt consumers to make a decision. This could be done by enforcing greater urgency in customers to purchase particular products through phrases such as 'Last one Left!' and 'Buy Before They Run Out of Stock!' This taps into the emotions of consumers, making them prone to get swayed by emotions, hence leading them to arrive at a decision.

Consumer paralysis is primarily caused by the presence of too many options or excessive information incapacitating their ability to make a commitment. There is an optimum number of choices, which, when crossed, hampers the decision-making ability of consumers. While there may not be a concrete solution to this issue of an overload of options as of now, firms can effectively ease off the pressure from consumers by reducing the number of barriers that hinder the decision-making process.

Will Indian Retail experience a moment?

A Mass Exodus or An Amicable Transformation...

Aditya Gupta

Indian retail has been abuzz with activity since the beginning of the year and this momentum was, surprisingly, immune to the ill effects of COVID-19. This sector has been garnering a lot of attention from investors, both domestic and foreign, for its potential in becoming one of the biggest drivers of growth for India. It has a lot of locked potential which, if and when unlocked, can boost India's economic growth rate and the fortunes of the many investors betting big on this industry. With India's demography at a very strong 1 billion-plus people, the country has an unmatched consumer base which is one of the biggest reasons for the sky-high confidence in this sector.

The golden eggs in this multi-billion-dollar goose are being chased by, none other than,

the Indian billionaire Mukesh Ambani whose Reliance Retail is, currently, preparing a war chest for a retail offensive. The company has become the darling of global private equity giants who have until now invested more than 30,000 crores in the retail arm of the oil-to-telecommunications conglomerate. This interest isn't unfounded as the company has a couple of aces up its sleeves: it is the largest retailer in the country by total turnover and retail space per square foot. These coupled with the company's takeover of Future Group's retail assets make it the best poised to gain the most from the boom in this industry.

So, will the retail industry undergo a Jio moment? There is a high possibility because RRVL is aflush with cash, which is the biggest proponent of this

change. Its fundraising blitz has been a success until now and this success appears like it's here to stay. The company is also well-positioned in the offline segment while also making head waves in the online segment. JioMart has had a successful launch with the app being the third most downloaded in the country. All this bodes for the future prospects of the company and, more importantly, the economy.

The company got the muscle it required to create disruptions in the retail segment with its acquisition of Future Group's retail brands and distribution networks. The acquisition paved the way for Reliance to become a true retail powerhouse with offerings spanning from clothing to technology to groceries. With

January

Jio becomes India's largest telecom network with 370 million subscribers; records net profit of Rs 1,350 crore at the end of 2019

February

Mukesh Ambani meets Satya Nadella in Mumbai; Says "my father launched Reliance as a startup".



Source: Reinvent Business, Facebook



May

Reliance's 'new commerce' platform JioMart launches in 200 locations

June

RIL becomes the first Indian firm to hit a \$150 billion market cap

Reliance becomes debt-free after Rs 1.69 lakh crore fundraising in Jio

March
Reliance pledges Rs 500 crore to PM CARES fund; launches a slew of COVID-19-related initiatives

April
Facebook invests \$5.7 billion in Jio for a 9.99% stake; sparks off record continuous FDI into Jio over 14 rounds led by 13 investors, including PEs, strategics, and sovereign wealth funds



July

Jio launches free video conferencing app JioMeet to take on Zoom; it hits 5 million downloads within days

Google invests \$4.5 billion in Jio; announces low-cost Android phone for India in partnership with Jio

RIL launches JioTV+ for integrated OTT content



August

Ambani becomes the 4th richest in the world as his wealth crosses \$80 billion

Reliance Retail buys majority stake in online pharmacy Netmeds for Rs 620 crore

Reliance Retail buys Future Group for Rs 24,713 crore; becomes India's largest offline retailer by stores

September

RIL market cap crosses \$200 billion; first Indian corporation to get there.

Jio launches India's first in-flight internet service in partnership with 22 airline operators



October

Jio becomes first telco to cross 400 million subscribers, as per TRAI

November

Reliance Retail completes Rs 47,265 crore fundraise for 10.09% stake sale

Reliance Retail acquires 96% stake in UrbanLadder for Rs 182 crore



December

Jio leads Series A round in San Francisco-based AR gaming startup Krikey

Ambani thanks Mark Zuckerberg for starting "FDI avalanche" in India at Facebook Fuel event

the acquisition, the company has gained an unmatched offline presence which gives it the leverage to exercise a pricing war in the offline segment of the industry. JioMart, though, is needed to complement this offline success as without it the company stands vulnerable to the forces of pure e-commerce. Thus, JioMart's success is vital

and crucial for RRVL's ability to disrupt the industry as with JioMart the company has a healthy scalable online model that provides refuge from and competition to e-commerce giants.

The company is also enjoying healthy financials and excess liquidity made possible by the infusion by global private

equities. This capital is crucial towards winning the Indian consumer through competitive pricing and deep discounts. This strategy proved a phenomenal success with sister concern Jio which emerged as the largest telecom provider in the nation within three years of its launch. If the company's fundraising proves to be a success then we could potentially see a Jio moment in

retail. Also, with Amazon currently dominating the industry, it's safe to say that Ambani will use a tried and tested strategy to snowball Amazon.

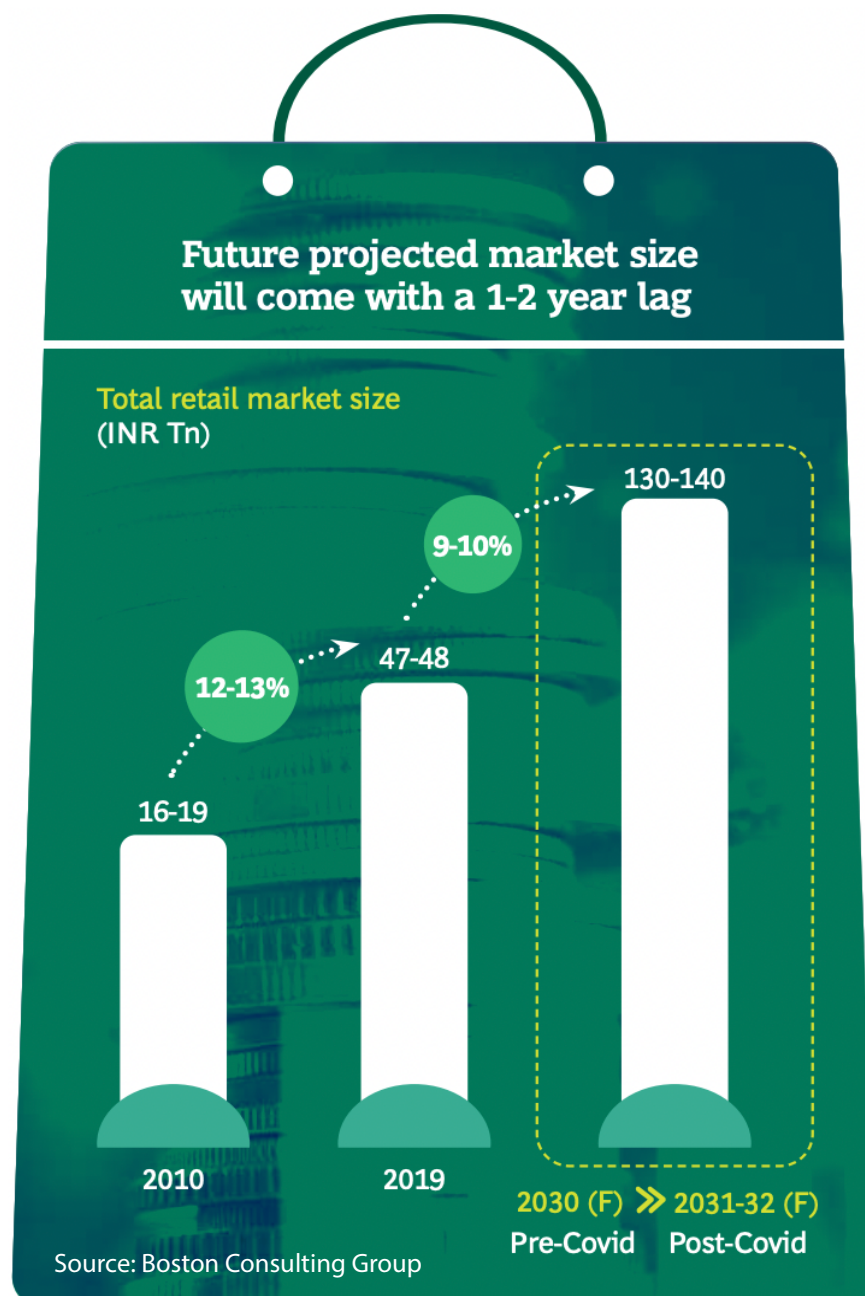
Apart from Reliance Industries, India's second-largest conglomerate is also eyeing a tiger's share of this industry. Not wanting to be left behind Tata Sons has expressed interest in developing a super-

app which can effectively rival the monopolistic intentions of Ambani.

These plans are tentative to the success of the fundraising plans underlined by the company for this bold venture. The company doesn't come without its deep pockets though and it too can launch a very nasty price war in the industry. It comes with an arsenal of many successful brands under its roof with one

of the most successful names being Titan. This though nowhere near Reliance's muscle could certainly make the company a worthy competitor to Reliance retail. Amazon is already enjoying an enviable monopoly in e-commerce but its absence from offline retail restricts its ability to create a Jio moment in India. It has and will always be the undisputed godfather of e-commerce in India and abroad, but it just doesn't have the prowess required to break-big in the Indian retail industry. There is still a greater part of India which interacts with offline retail, more than online, and this is where Ambani and, possibly, Tata will always enjoy an advantage. Thus, this restriction makes this battle a play between Tata and Reliance although Amazon is still a major component of this battle. Beating Amazon will be the ultimate test for both the Indian business houses and whoever wins this daunting finale will become the king of Indian retail. So, sit tight because things are going to get bloody, messy and, most importantly, intense.

Reliance Retail is capable of creating a Jio moment in Indian Retail although the same cannot be said for the Tatas. Whatever the outcome and whoever the winner, the retail industry is going to experience a Jio Moment no matter what. If Tata's ambitions materialize, we would all be looking towards a modern-day corporate David VS Goliath, an Indian Alibaba VS Tencent and a board-room battle worth watching from the front row with a box of popcorn. So, prepare your popcorns and book your seats because this fight is setting afoot sooner than you realize.



Are the new farm laws the first step towards farmer's financial well being?

Point-Counterpoint

Devank Agarwalla



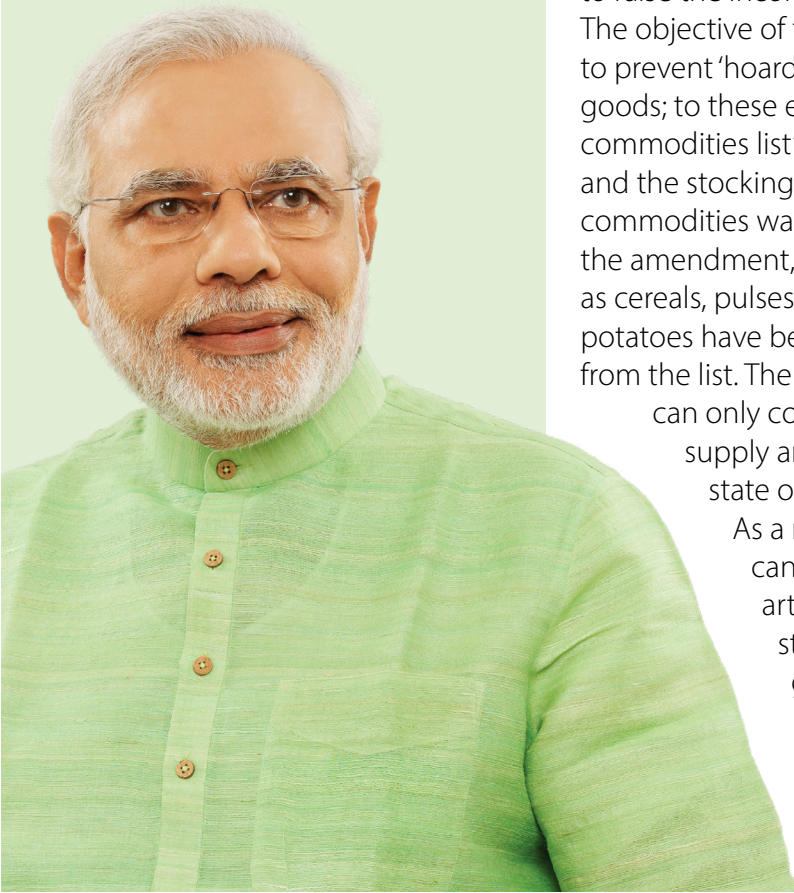
The farm acts 2020 have been subjected to scathing criticism; however, it holds some potential benefits which are being overlooked. The primary purpose of this act is to enable farmers to exercise control over their produce and liberalize the agricultural sector. A total of three farm bills were designed to increase the income of farmers and improve their economic well-being.

The first act — the farmer's agreement on price assurance and farm services — promotes the concept of 'contract farming.' Farmers face extreme poverty as they were ambivalent about future sales and prices; subsequently, they were unable to invest in technology and grow profitable crops. The first act addresses this problem by getting the farmers and buyers under a contract (this includes the terms for quality, quantity, and price). This not only offers a nation wide legal framework, but also ensures that the farmers are certain about future prices, preventing their exploitation since the contract is legally binding.

Additionally, it attracts private sector investment, because firms can assist the farmers by providing them with production advice, inputs into production, and transportation. These reduce farmers' costs, increasing their profits. Previously, traders used to decide the prices of the produce of farmers; now, there is better price realization as there will not be any intermediaries. Also, it transfers the risk of market unpredictability, thus, promoting certainty.

The second act allows farmers to enter into the free market. Before the farm act, farmers used to sell their goods at APMCs or 'mandis', which were controlled by the state government. Now, the second act alleviates these restrictions, promoting a barrier free trade. Farmers can sell their produce in

any state — this was not allowed before. Moreover, because taxes will not be imposed on these sales, the costs of production of farmers will decrease. Farmers will have more choices and tweaked sales.



Farmers are price takers. Small scale farmers have lower bargaining power due to lower supply. Therefore, they receive lower profits. The third farm act solves this problem. The 'Essential Commodities' bill was amended to raise the income of farmers. The objective of this bill was to prevent 'hoarding' of certain goods; to these ends, an 'essential commodities list' was created, and the stocking of these commodities was limited. After the amendment, food items such as cereals, pulses, onions, and potatoes have been removed from the list. The government can only control their supply and prices in the state of an 'emergency.'

As a result, farmers can create an artificial scarcity by stocking these goods; lower supply means higher prices, which will boost the incomes of

farmers. More importantly, there will be greater foreign direct investment due to mitigated regulation.

Still, some may argue that these bills have loopholes which can be exploited, but these have been addressed. For instance, a consequence of the third bill might be higher prices of food items which have been removed from the essential commodities list. Since these goods are necessities, their PED is inelastic. Hence, people suffering from poverty will struggle to meet their basic needs. To solve this problem, the central government can intervene if there is a 50% increase in the retail price of non-perishable items and a 100% increase in the retail price of perishable goods. Viewing the bill from a normative perspective, it promotes freedom of choice and ensures that farmers are not bound by the 'mandis.' Overall, it ensures a profitable and sustainable future for the agricultural community.

Aadi Jain

The Farm Bills 2020 were passed in the Lok sabha on the 17th of September, in due course, passed in the Rajya Sabha on the 20th and after the President's assent on the 24th are now Acts. According to the government, the three acts, related to the agri-market, contract farming and essential commodities, would work in harmony to liberalize the Indian agricultural sector, ensuring long-term growth and

profitability. However, the unfortunate reality is that the bills are too ignorant and somewhat non-transparent in their approach, making them beneficial for large companies and the government, but not so much for the most vulnerable stakeholders, the farmers.



The most contested Act is the Farmers' Produce Trade and Commerce Act. Despite the government's claims, protesting farmers believe that the Act may mark the end of the MSP based procurement system and their belief is backed by economic reasoning. The Act is oblivious of a simple economic law - profit motive. Previously the APMC mandis played the role of providing governments with price intelligence which would then act as the basis of government intervention in agricultural markets, but in the new set-up Mandis are likely to collapse as existing traders would want to move out of mandis and operate in the new 'liberal' market spaces, exempted from any fees or government regulation. In the absence of mandis the government will have no information or intelligence about quantity and prices in the unregulated market which it may use as an excuse to not interfere in the market and absolve itself from any responsibility for the farmers plight. Another problem with the collapse of mandis is the lack of alternative trading infrastructure. Even though the government says that the Act would promote e-trading platforms, in status quo, existing platforms like e-NAM are heavily dependent on mandis, not parallel systems to them.

Another problematic Act introduced is the Essential Commodities(Amendment) Act. The Act removes food

items such as cereals, pulses, onions, and potatoes from the essential commodities list, implying that the government can only regulate prices and supply during an emergency. This effectively legitimizes their 'hoarding', allowing large companies to create artificial scarcity(stocking limits) and hence, drive up prices leading to the plight of a common man. The central government's provisions for intervening if there is a 50% increase in the retail price of non-perishable items and 100% increase in the retail price of perishable goods would be practically ineffective as the collapse of the mandis would have distorted price signals. The Act would only further fill the pockets of large-scale farmers and corporations, who can afford to stock a large quantity of agricultural produce creating monopsonies of sorts, forcing small farmers to sell their produce at low prices.

In the absence of mandis the government will have no information or intelligence about quantity and prices in the unregulated market which it may use as an excuse to not interfere in the market and absolve itself from any responsibility for the farmers plight.

The Farmers Agreement on Price Assurance and Farm Services Act is perhaps the least contested and would actually allow farmers to invest in technology and grow profitable crops but still, it's flaws cannot go unscathed. The Act assumes that small scale farmers (30% of whom are illiterate) would be able to fight a legal dispute and negotiate a fair agreement with trained legal teams of large corporate firms.

Eventually, whether or not the Acts would benefit farmers, boils down to free markets vs regulated markets. While the introduction of a free market system can definitely lead to great productivity, it brings with itself greater economic uncertainty. Leaving farmers to be dependent upon the vagaries of large profit minded private players in the market may not be the best idea. In fact, this neo-liberal approach hasn't really fared well in developed countries like the USA and France from where India draws inspiration with several farmers committing suicide in these countries because of exploitation at the hands of MNC's. A common Indian farmer merely wants profitable prices and supervision of transactions and transactors in the agricultural market, which, sadly the Farm Acts 2020 are not likely to guarantee.



The Gamestop Fiasco

Explained

How a group of retail investors on the internet took Wall Street by storm

Saksham Makin

January of 2021 will go down in history as probably the most bizarre trading month in Wall Street history since the Great Depression. With hedge funds edging ever so close to bankruptcy, target stocks like GameStop and AMC rising to the moon and the social media going wild, it was a moment no-one could have ever imagined in their wildest dreams as mere youngsters took on the big bulls of Wall Street in one of the biggest financial controversies of the year.

But to fully understand how we got here in the first place,

we need to look a little back in time when funds like Melvin Capital and Citadel Securities shorted the stock of GameStop (GME \$). Shorting or short-selling is business lingo for the act of borrowing a stock, selling it and then buying it back at a later time to return to a lender, thereby earning a profit if the share price decreases. Hence, in 'short', short-selling is basically an act in short term trading of betting on a stock to plummet, and enormous hedge-funds and other investment banks have a notorious reputation of using this technique to earn fat profits albeit at the expense

of the companies they're targeting.

A similar strategy was followed by Melvin Capital and other hedge funds followed suit but little did they know that a certain forum on the social media platform Reddit called /r/wallstreetbets were trying to prevent exactly this. These redditors, mostly consisting of teenage investors, were emotionally attached to the company with GameStop having played an integral role in their childhood. This, mixed with the resentment of the greedy hedge funds led to them bulk buying the

stock, which increased the demand for it enormously as the GME stock skyrocketed by increasing upto 1500% percent by 27th of January, as even people outside the subreddit group aimed to hop on the bandwagon and make money off of the meteoric rise of the stock. This led to huge losses being incurred by the hedge funds who had shorted the same stock, deeming it "past its prime", and just as these financial institutions edged closer to bankruptcy, Robinhood, which was the main medium the redditors used for investing in GameStop, halted trading for the share citing reasons such as high volatility, much to the outrage of all the people supporting GameStop and the stock slowly but gradually reduced to its true valuation.

The resentment of the greedy hedge funds led to them bulk buying the stock, which increased the demand for it enormously as the GME stock skyrocketed by increasing upto 1500% percent

This fiasco however, has raised a bigger question, and one that is about the whole stock market in general, as the incident highlights some of the most unique and interesting aspects about the basic concept of a share, which is its dual nature, as both a company's unit of capital and also a commodity in itself, and the latter is subject to speculation. Usually, investing is an activity in which money is exchanged to buy the shares for the company which the investor deems is 'healthy', or will yield steady profit over the years as the company itself grows and becomes bigger, leading to better performance by its shares. These shares are usually held onto for years, making investing a long term activity. However, the GameStop short squeeze brings onto the centre stage the nature of a stock as a commodity, something controlled by the invisible forces of demand and supply. Hence, just as the demand for the share rises, so will its share price, which will lead it to be overvalued, i.e. the company's shares will become pricier than what their actual value is, which will eventually lead to the company being overvalued, which could be dangerous. This quality of a share also makes it really prone to speculation, something which administrators try to contain as much as possible, since speculation can have

disastrous effects like the Great Depression in 1929. This was one of the major reasons why the federal government was extremely wary of the GameStop bubble, since bubbles like these often burst and lead to investors scrambling to sell their shares before the stock plummets further. This not only harms the company of the share being discussed but also harms investor confidence in the stock market as a whole and may even cause a market-wide slump, something which administrators hope to avoid.

Hence, this situation has divided the world and caused intense debate between two sides- one which calls for tighter regulation amongst people who trade, aiming to reduce speculation as much as possible, and the other which is against these regulations saying how even the biggest banks manipulate the market for their own benefit which could be compared to speculation albeit at a larger scale. The GameStop short squeeze has, therefore, caused a never seen before split in the financial world as it hopes to make a decision on whether to adopt stricter regulations or to let the people dictate the stock market as they are supposed to in a pure free market, in order to prevent the larger hedge funds from taking advantage of smaller companies for their own benefit. Whichever direction the country may go in, one thing that is certain is that the decision the leadership of the United States takes will indefinitely come to redefine the world of investing in the 21st century. Whether that is for the better or for the worse, only time will tell.



POINT

Ruhaan Goel commends the efforts to stimulate the economy under The Biden Plan

Desperate times require desperate measures and The Biden Plan, a record-breaking \$3.5 trillion budget, is an embodiment of that saying. The unleashing of the COVID pandemic along with the US-China trade war has debilitated the American economy. In 2020, unemployment rose to 14.7%, the highest ever recorded after World War 2, and unemployment remains above pre-COVID times. The pandemic also highlighted major infrastructural gaps in the United States, mainly in the health industry, as America became heavily dependent on exports. However, The Biden Plan is here to change all of that.

Biden's \$3.5 Trillion fiscal stimulus package is a plan for the future. The plan covers Joe Biden's two-part agenda to redevelop America's infrastructure, and shore

up each citizen's social security. The budget will also create demand during this critical time and help in reducing speculation.

The budget is shown to spend extensively on roads, broadband internet, water pipes, electric vehicle charging stations and advanced manufacturing research. Some of the more ambitious goals include constructing 500,000 electric vehicle charging stations and ensuring access to green hydrogen at the same price as conventional hydrogen. These unconventional investments will eventually help in developing and hosting the technology of the future. The investments also represent the long term economic goal of sustainability. President Biden aims to increase the manufacturing and technological capabilities

of America. He believes that Americans can develop and thrive and with his plan, they will also have their government's backing.

The budget is further shown to spend on healthcare, education, job-related reliefs and social contracts with workers. This would involve policies like raising the minimum wage and extending job insurances. It will help boost worker morale and raise productivity in the long run. Increased spending on healthcare will also reduce labour turnover and increase the total spending as more people will have health insurance. With these policies, Biden will effectively increase the standards of living for each citizen.

A controversial aspect of the bill that is opposed by the more progressive democrats is the increase in military spending.

Biden wants to use military spending to deter China and increase US security, and if he wants to get this bill passed he will surely have to move his party members. The Biden Plan is primarily supposed to be funded from an increase in tax on corporations and high earners. This will increase the

money supply and reduce the wealth gap between citizens. The plan will also close loopholes which allow the wealthy to avoid the payment of taxes. Many argue that the Biden Plan is a bane for future generations as they will be indebted forever; however, there can be no better

time for a plan like this. The interest rates are low and the economy is recovering from a slump which makes the conditions ripe for a government stimulus package. The Biden Plan is likely to get approved predominantly due to the Democrat majority and consequently, ensure a brighter future for the nation.

COUNTER POINT

Aryaveer Agarwal critiques the exorbitant \$6 trillion budget under The Biden Plan

Though The Biden Plan, encompassing a record \$3.5 trillion budget, seems glamorous and flamboyant, it creates an array of illusions through its misleading model which fails to address key issues.

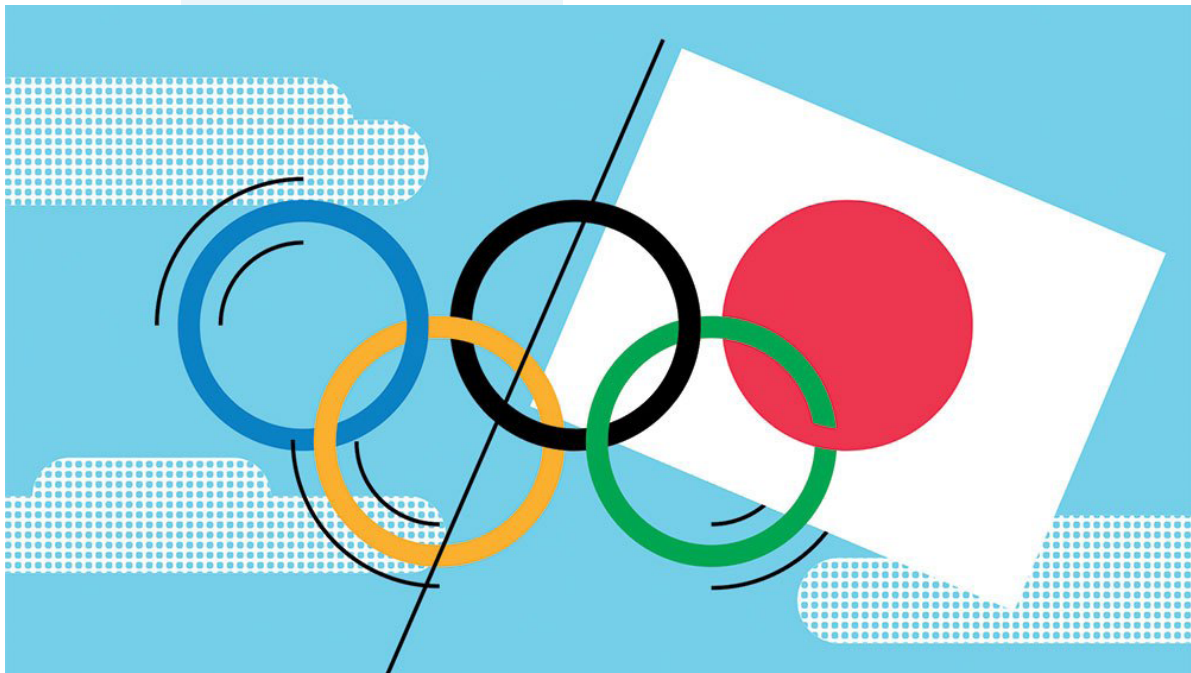
The first key issue is the amount of money being spent as well as its allocation. The coronavirus did severely hurt the economy but industries have bounced back and the unemployment rate has come down to 5.9% in comparison to 3.9% before the pandemic. Though measures such as an increase in the budget are required, it should not be drastic as enough money has been pumped into the economy through stimulus plans. The most concerning part of Mr Biden's budget is the fact that the US National Debt per household would be \$330 thousand by 2031. The amount of money being spent also sparks inflation concerns as the US economy would see a lot of surplus cash and it is also expected to bring down efficiency. The budget also proposes huge investments to fight climate change but research shows that they would bring little change and can be divided into smaller investments over a larger period of time.

The second key issue is the missing proposals in the budget. Before getting elected as president, Mr Biden made various commitments during his campaign which were overlooked while developing the budget. Firstly, Mr Biden's proposal to create a 'public option' for healthcare and reducing the age at which citizens could receive Medicare is omitted from the budget. The cost of this proposal alone would have been \$1.45 trillion. There are several other allocations, which were promised, are missing like broadening the social security plan and higher spending on education. On the other hand, Mr Biden does not want plans such as child tax credit expansion and a longstanding senior citizen care plan to expire while the budget assumes that it would end before the ten-year budget window. All of these costs and interest expenses of the various new initiatives would cost around a staggering \$5.8 trillion which has not been accommodated in the budget and would require further money.

The third key issue is using taxes as a tool to increase government

revenue. Mr Biden aims to increase corporate taxes from 21% to 28%, increase top capital gains taxes to 39.6% for people earning over \$1 million and increase taxes on people earning more than \$400 thousand. This would really hurt business activity in terms of competition and willingness. Even though China is a communist state, the corporate tax rate stands at 25% in comparison to 28% in the United States after Biden's planned increase. This would ultimately give China an upper edge in its trade war with the United States. A rise in capital gains tax would discourage bigger investments which largely benefit markets. Mr Biden hasn't made the Tax Cuts and Jobs Act, which was implemented by Mr Trump, permanent which puts middle and low-income families vulnerable to tax hikes after 2025 which violates his campaign promises.

Though it is important to increase spending in such unprecedented times. The government should be wary of issues that could arise and hence spend money more viably and focus on better alternatives to increase government income.



Did the delay in the Olympics hammer the Japanese economy?

Aadit Mittal

The COVID-19 pandemic paralyzed the entire world for more than a year. Just as people were slowly resuming life as they knew it before the pandemic COVID-19 once again resisted this return to normalcy with an even deadlier strain in many countries. It will be fair to say that our lack of knowledge and preparation to curb the pandemic meant we were fighting it for the better of last year. This inevitably resulted in the postponement of multiple major-league events across the globe like the Euro 2020,

Wimbledon, T20 world cup amongst other events. The host countries of many of these events suffered the most because their multi-billion-dollar investments into these events were all reduced to nothing for the time being. Undoubtedly, Japan was one of the worst impacted countries as it had poured billions into the 2020 Olympics. Originally scheduled to host the summer Olympic games from 23rd July to 9th August in 2020, the games were postponed by more than a year and the situation was even more precarious this time with the country hosting the Sporting

Oscars without any visitors whatsoever.

The economic impact of the Tokyo Olympics, on the Japanese economy, received mixed readings from economists around the world. While some estimated a huge blow to the economy, others expected minor impacts on the economy. Major events like the Olympics raise economic activity through economic activities like the construction of new infrastructure projects before the games and increased tourist support to various industries of the economy after the games. Since the construction is already being reflected in the GDP of the host in the preparatory years before the games it is very likely that the GDP projections during and even after the games may not match the government's expectations. Even though cancelling the games would have depressed the economy by only 0.2 percentage points, as stated by the Bureau of Tokyo Olympic and Paralympic Games, the estimated losses were estimated to be as high as \$93 billion, which is no petty change in today's cloudy economic weather. However, thankfully, these losses are expected to vastly decline even though spectators were banned, but these cannot be officially confirmed due to lack of official numbers.

Even then the government may not have been able to recover its

investment in the construction of stadiums or even the costs of hosting the games due to the said ban. Further adding to their woes was the added requirement to shoulder the safety of all the athletes and officials participating in the event. This bore the additional expense to vaccinate each and every one of them, which had pushed the overall budget to an insane \$25 billion from a previous \$12.6 billion. Also amid the latest outbreak of COVID-19, the ban on spectators has adversely affected many sectors in Japan. This ban has been a sorely missed opportunity for the Japanese tourism industry because the heavy influx of tourists would have helped tide over a pretty number of



the setbacks faced during the pandemic.

On the contrary, some studies suggest that the countries that host the event don't enjoy a marked uptick in foreign visitors. In fact, in many instances, the numbers have declined as well. Historically, looking at trends

in host countries, there was no significant increase in foreign visitor numbers while the Games were being held. Indeed, visitor numbers even declined in some instances, the UBS report said. "This could reflect regular foreign tourists putting off travel due to concerns about congestion and higher travel costs during the Olympics. At any rate, the sharp falloff in foreign visitors to Japan due to COVID-19 will overshadow any impact from whether or not the Olympics are held," Kurihara and Adachi said earlier this year. Developed countries that have hosted the Games since 1992 – Spain, Australia, Greece and the UK – showed above-trend economic growth in the one to two years preceding the Olympics, but this dips out while the Olympics are being hosted. Over the years, the trend shows that any developed country's economy does not see a major change in its GDP in the short run after the Olympic games take place. In fact, growth underperforms the trend by 0.1 percentage points. The Japanese economy may not experience significant pressure, but it has lost the opportunity to rebound from the Olympics. In the Olympics, Japan saw the white knight which was going to save their flailing economy but sadly that chariot continued its journey from Rio De Janeiro to Paris without taking a pit stop in Tokyo.

Citation:

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The Suez Canal Obstruction 2021: A Financial Crisis

Katyayan Kanodia

The Suez Canal recently came into the limelight after suffering a roughly \$1 billion loss due to a massive (400 metres long) cargo ship blocking the route for nearly 6 days. Costing nearly 400 million francs to construct in 1859, the canal is a man-made trade route operated and maintained by the state-owned Suez Canal Authority (SCA) of Egypt. The Suez Canal is of extreme importance to almost all major trading countries as it joins Asia with Europe via waterways

that, by cutting through the northern parts of Africa, link the Mediterranean Sea with the northern part of the Red Sea.

The Suez canal, which stretches for 193.3 kilometers, can accommodate 97 ships each day. Moreover, 30% of the world's cargo ships pass through it, accounting for around 12% of all global trade. Egypt charges a one-way toll tax of \$175000 per ship. Between 2015-2020 Egypt earned 27.2 billion USD as toll

tax and further plans to double its revenue from this canal in the next 5 years.

While normal traffic has now resumed in the narrow Suez Canal passage, the ship blockage from 23 to 29 March resulted in a massive economic loss. Though the loss is estimated at around \$1 Billion, hundreds of ships ferrying cargo worth billions of dollars were either stuck in traffic or forced to reroute, causing significant delays in essential shipments. This impediment slowed trade worth more than \$9 billion each day, or roughly \$400 million per hour. The true economic cost to countries across the world might be considerably greater, as prices of key commodities such as crude oil and gas increased amid fears that the blockade will last for weeks. Several businesses throughout the world were harmed by the blockade, including shipping companies and e-commerce merchants (both offline and online), which incurred losses as a result of important shipments being delayed. Due to these massive losses, the Suez Canal Authority initially demanded USD 916

The obstruction held up trade valued at over \$9 billion per day, or rather, about \$400 million worth per hour.

million in compensation, which was later lowered to USD 550 million. The EverGiven Ship's technical management said that the Suez Canal Authority had not provided a detailed justification for the compensation claim, calling it extraordinarily large. According to the Egyptian authorities, the money was to cover the salvage operation, costs of stalled canal traffic, and lost transit fees for the week EverGiven blocked the canal. While an early agreement as to the compensation scheme has been reached by both parties, neither are willing to elaborate about the agreement's contents.

This conflict alongside other conflicts such as the Somalian Sea Pirates' threat has forced the world to find alternative routes for the transportation of goods. Few alternate options

Stretching up to a massive 193.3 km, the Suez canal has a total ship transit capacity of 97 ships per day. It is responsible for 12% of all global trade

which are being considered for the near future are:

1) Nord Stream-2: This is a gas pipeline between Russia and Germany which will

reduce both oil and gas cargo movement between the Middle East and Europe.

2) Nippon Expressway: A China to Europe freight train network which is being managed by a Japanese company. It reduces travel distance from 21000km and 48 days to 11000km and 11 days

3) North Sea route: This is a route at the North pole around the artic sea which is mostly controlled by Russia. The route is only 12800 km long instead of the 21000 km long route via the Suez Canal.

These alternative routes will prove to be more viable than the Suez Canal for all the same reasons for which the Suez Canal was more viable than its predecessors. They are shorter routes and therefore require less fuel, have a reduced turnaround time, and are more economical. Additionally, these routes are relatively less susceptible to closing down since they are all on land where they can be under strict surveillance and can be fixed at the earliest.



A THREAT IN DISGUISE

CYBER WARFARE

Shaurya Pratap

WannaCry, does the name ring a bell? This pandemic in May 2017 shook 150 countries around the globe. It was a malicious ransomware, suspected to be used by Lazarus, a North Korean group to extort money in exchange for data. Many companies and institutions were a victim of this ransomware with the NHS hospital trust in the UK losing £92 million in revenue. It significantly impacted worldwide finance with an estimated loss of

\$4 billion. Nowadays, it has become the new normal. It is more common to hear news about cyber-attacks than balaclava-clad robbers conducting a loot. These cyber-attacks are launched by either government-backed syndicates or private cyber-gangs to extort money, steal data, oversee espionage or weaken nations. There has been a recent upsurge in the number of attacks that take place all across the globe. With the pandemic, reinstating the importance of the digitization

of all sectors, these cyber-attacks have become a bigger threat and can have more far-reaching and catastrophic effects.

In May of 2021, the national health care services were a victim of another form of ransomware, launched by a Russian speaking group, called the Wizard Spider, which encrypted all of their data and asked for \$19,999,000 in ransom to decrypt it. This attack resulted in the paralysis of the entire healthcare system

in Ireland, cutting off access to patient records; cancelling of medical appointments, and delaying Covid-19 testing. However, this isn't the first time we have seen these groups targeting such sensitive physical nodes of a country. In the same month of 2021, Colonial Pipeline, the largest pipeline system in the US, experienced a similar attack. The company was forced to shut its supply down, which resulted in panic buying and a price spike. For the first time since 2014, the national average price of a gallon was past \$3. These attacks prove that we are in such an epoch where protection against cyber-attacks should be a national priority as reiterated by the Biden Administration who plan to invest \$100 billion to modernise the electric grid and protect it from cyber-attacks. It is scary to think of the impact that these cyber-bandits can have on a sector or country. With the smallest of things in our life like a door lock, to the biggest ones such as cars, becoming a part of the internet of things (IoT), our day-to-day life can be greatly affected. Reports show that in 2016, businesses were victims of ransomware every 40 seconds but now that has dwindled down to 11 seconds! Cyberattack costs are also on the rise with a growth rate of 15% year over year. It is projected to be around \$10.5 trillion in 2025 whereas it was just \$3 trillion in 2015.

If you bring geopolitics into the equation, then cyber-warfare becomes a whole nother playing field. In a cyber-space, there are no international waters, discrete borders, or high seas. There are certain questions regarding these attacks which cannot be answered: what kind of a cyber-attack calls for a physical retaliation? Does an asylum given by an adversary nation to a cyber-criminal warrant retaliation? No one knows the answer to these questions; cyber-warfare is very different to conventional warfare but may have the same effects or maybe more devastating ones. In conventional warfare and cross-border crime, certain accords limit the risk by defining behavioural norms but no such norms exist in the cyber-space. In recent history, we have witnessed many instances where such attacks have been launched by countries to destabilize and sabotage each other. Countries involved in a cold war seem to use these kinds of attacks, like the Stuxnet worm: the brainchild of Israel and America which was the first one of its kind, capable of crippling hardware. It was used by Israel and America to destroy centrifuges in Iran's Uranium Enrichment Facility in 2010. Another example is the Denial of Services (Dos) attack, launched by Russia, on Ukraine in 2014, assisting the Pro-Russian rebels in the annexation of

Crimea. The infamous hack of Sony Pictures, in 2014, by North Korea, serves as another example, perpetrated because of the release of the movie, 'The Interview' which portrayed the assassination of The North Korean Dictator. It was an open terrorist threat where they did not hesitate to hint at the gruesome 9/11 attacks, stating, "Remember the 11th of September of 2001". None of these attacks called for a real-world response but should they have? It is surprising to see the kind of epoch we are living in. Think of a situation where commandos from a foreign adversary infiltrate the nation and fiddle with the electric grid. This incident, without an iota of doubt, calls for physical retaliation but on introspection, how different is it to a cyber-attack on an electric grid of a country? The cyber-attack will only lead to a tepid riposte from the targeted nation.

The Biden Administration plans to invest \$100 billion to modernise the electric grid and protect it from cyber-attacks.

Cyber-Security seems inefficient in the face of such grave threats. George Akerlof, Nobel Prize-winning economist for his publication

"The Market for Lemons: Quality Uncertainty and the Market mechanism", examined in his publication, the effect of asymmetric information in a market and nowadays, the Cyber-Security market resonates with the lemon market as described by Akerlof. Asymmetric information plays a vital role, since the buyers have no way to know which kind of cyber-security software is the best, they will not be ready to pay a higher price. Eventually, all the good cyber-security software sellers will be driven out, ceding the market to low-quality cyber-security software sellers. It is hard to agree on the ways through which the effectiveness of a software can be measured, hence, there is a need for

common standards to assess the effectiveness of a cyber-security software. There have been debates all around the globe on how to deal with the rising number of cyber-attack cases. Regulators have been pushing for insurance companies to ban coverage of ransom payments because they argue that this coverage encourages more cyber-attacks. The fact that ransoms are paid in cryptocurrencies can be used to the advantage of businesses, since it makes ransom difficult to transfer into paper currency without proof that they have been obtained legally. Cryptocurrency exchanges should be facing the same obligations as conventional financial institutions.

Dealing with the issue of cyber-attacks is the need of the hour. These threats impede the digitization of many sectors which may turn out to be effective in improving quality of life. Countries need to come together to deal with this issue; G7 and countries who are a part of NATO have already taken the first steps but they will be of no use, unless countries like Russia and China are confronted who tolerate such cyber-gangs because they are a nuisance to the west. Distinct boundaries need to be drawn in our common cyber-space or soon enough, all the confidence and optimism in the digital market will ebb away.



India in the 'right' direction?

Maadhavan Gupta highlights the growth oriented approach of the 2021-2022 Union Budget

Even for Lok Sabha, the shouts were particularly deafening on the 1st of February, 2021, the day the Finance Minister presented the budget for the upcoming fiscal year. Everyone involved in the financial world had their eyes glued on the Finance Minister. India had officially begun its transition towards the 'right'.

For too long India has been stuck in this growth-versus-inequality binary.

Simply put, growth is the need of the hour. For too long India has been stuck in this growth-versus-inequality binary. The debate itself is flawed because if growth increases inequality, what does lack of it do? It ensures that the poor get poorer and the rich do alright, as was seen throughout this pandemic year. As the government rightly said, growth allows the rich to create wealth, allowing the government to invest more generously in welfare schemes. The government has finally put this debate to rest. However, past governments have ensured that people view these policies as pro-rich and anti-poor. Entrepreneurs were painted as selfish, simply because they were successful, leaving Indian systems rotten to the core and leaders scared to bring change. For this very reason, the last seven budgets presented were a continuation of a flawed system. The government was afraid to do anything. As the Modi government finally found

the courage, it is not ready to back down and Budget 2021 is a once in a millennium dream budget.

As the Modi government finally found the courage, it is not ready to back down and Budget 2021 is a once in a millennium dream budget.

Embracing privatization was long overdue for the Indian government. The fact is, that the government can't run businesses. It should stick to governing. The disinvestment of PSUs and the privatization of the two banks are perfect examples. Banks controlled by the government have become an unfilling well. No matter how much money is invested, they never seem to come out of their economic crisis. This is why privatization is necessary and fortunately, the government has come through in a now or never situation. Another hardly discussed reform is the cutting down of import duty on gold from 12.5% to 7.5%, it may not seem much, but it is a 5 % reduction on gold! It's a lot of money. This huge import duty is responsible for the gold smuggling business in India. The smuggling business will continue, but it stands dented today. However, more importantly, it is a sign of intent missing in the previous

budgets. But by far, the best news of the budget is that there is no news on taxation! It shows stability to investors. The rich aren't taxed more either. The misconception that increasing the tax will somehow result in a higher yield of money collected is as far from the truth as one gets. When the tax increases, the public loses the incentive to pay it. When the tax slabs remained unchanged in the 2020 budget, 3 crore more people paid their taxes. Increasing taxation is a mere political stunt. It is what Indira Gandhi once did. She imposed a marginal tax rate of 97.5% on income earned beyond Rs. 2,00,000! Who in their right mind would pay that much money? No one did. While it may have helped her in elections, it led to the creation of the black market in India.

Another hardly discussed reform is the cutting down of import duty on gold from 12.5% to 7.5%, it may not seem much, but it is a 5 % reduction on gold!

Mrs. Sitharaman deserves a standing ovation for such a reformist and growth-oriented budget. For me, when I was watching the budget, the shouts were mere assurances of the fact that February 1st, 2021 will be a historic day. After all, every historic day deserves a historic opposition.



The Maldives ***Floating City***

Riddhim Agarwal

‘Tropical paradise’ or Maldives, is known for its pure white sandy beaches, its ‘maldivian blue waters’ and the coastal beauty of the nation. Maldives comprises separated islands which are surrounded by their own lagoon. Maldives is a hub for tourism which also serves as the main source of income for the government and its citizens.

Maldives is the lowest lying nation in the world, eighty percent of the land lies just 1 meter above sea level which puts Maldives at a potential risk of sinking and eroding because of the rising sea levels and climate change.

To overcome this potential threat and save the diverse ecosystem while maintaining tourist living standards, a Netherlands based company, Dutch Docklands, has designed a floating city which will feature thousands of waterfront residences and services floating along a flexible and functional grid across a 200-hectare lagoon. ‘The Maldives floating city’ is going to be the first floating city not only in Maldives but in the world as well. The city will be just ten minutes away from Male, the capital of Maldives which holds an international airport.

The city is designed while

keeping in mind the possible environmental aspects of construction and future planning and prevention of environmental impacts have been put into place, making them almost negligible. We have already seen projects like ‘the palm island, Dubai’ which was a similar project but the difference is that it required land reclamation which is not a very viable method as it leads to soil liquefaction and pollutes the water which could disrupt the ocean’s ecosystem. The Maldives floating city does not require any land reclamation, the hexagon-shaped floating segments are, in part, modeled on the

distinctive geometry of local corals. These are connected to a ring of barrier islands, which act as breakers below the water, thereby lessening the impact of lagoon waves and stabilizing structures on the surface. Apart from this, the city will be powered with renewable energy with the help of a smart grid which further cuts down the environmental impacts of the project. "Our adaptation to climate change mustn't destroy nature but work with it as the Maldives Floating City proposes. In Maldives, we cannot stop the waves, but we can rise with them." says Mohamed Nasheed, former president of the Maldives, speaker of parliament and Climate Vulnerable Forum Ambassador for Ambition.

Dutch Docklands, has designed a floating city which will feature thousands of waterfront residences and services.

The project has been supported by the government of Maldives since 2009 and its construction is set to begin in 2022 and is aimed to be

completed in phases over the next five years. According to Dutch Docklands, the cost of building the project could be anywhere near \$250-300 million and each hexagon-shaped segment will cost about \$15-16 million. The houses start with a minimum price of \$250,000 in a bid (a relatively cheap price) to attract a range of buyers and to make it accessible for locals who have called Maldives their "homes" for centuries. The

project is funded privately and a major part of it is subsidised by the state government. The transport prices after the development would be negligible as people could walk, cycle or travel by a boat (if necessary). The city would also have recreational facilities like basketball courts, etc and will also host a school and a hospital.

The Maldives floating city would provide safe climate-resilient housing to people and will add on as another giant leap for the world as it makes another fiction come true.



Citation: <https://www.google.co.in/amp/s/www.freethink.com/environment/floating-city%3famp=1>



FEATURING

The Wealth of Online Education

*Impact of online education growth
on the global economy*

Page 34

the econocrat
Special Section



How International Students fuel the US Economy

Varyam Gupta explores the reliance of the US Economy on International Students.

As college applications come to a start for the year 2021, universities gear themselves for an influx of international applicants and for a rigorous session of putting these students under a microscope and hand picking them like needles in a haystack. For years, the USA has held a monopoly in terms of international students, with around 1.15 million currently studying in the country. The relation between international students and US universities has been portrayed as a one-sided love affair, with students relying heavily on gaining admission in these universities for their future prospects, while the universities become more and more selective in their choices. However, last year's turmoil sparked by Trump's interference with foreign students and the pandemic has exposed the flip side of this relation.

The fact is that not only US universities but also the US economy is much more reliant on international students than we could ever fathom. For decades, universities have acknowledged the importance of having international students due to the diversity they bring along. However, the scale of the economic affluence that these students bring had been largely overlooked. Apart from the revenue generated from the fees paid by such students, their invaluable innovations, inventions, and collaboration are key economic drivers of the US economy, with Silicon Valley a clear testament to the yields that international students can potentially generate. Over the years, universities and companies have profited a great deal out of international students, causing their numbers to rise exponentially. The reliance of the

US economy on international students has reached such an unprecedented scale that even senators such as James Paterson are concerned and are condemning universities for allowing this reliance to develop in the first place. The pandemic has only alleviated the cause of worry for people such as Paterson, as recent events are threatening to burst the educational bubble that the USA is so dependent on.

The bubble is much more substantive than perceived, with detailed statistical data revealing the extent of this reliance. In 2018, international students generated a revenue of \$41 billion as exports for the US economy, surpassing the telecommunication industry to become the third largest export in terms of revenue. In addition to a threat to this colossal sum

of revenue from international fees, there looms a much greater threat which can't be measured through statistical data on tuition and living fee. The indirect impact and the future gains that are derived from international students are the bigger jackpot, contributing to not only the economic, but also the political and social framework of the country. It is estimated that just 200,000 Indian students were able to contribute \$8 billion to the US economy in 2019, with major contributions in the tech industry. Moreover, international students are founders of 25%

of the most popular industries including gaming and domestic music and movie industries. All these prodigious numbers have suddenly transformed from an asset to a liability, as in an unforeseen scenario, the number of international students applying to the USA have started dropping.

The number of students entering US universities each year has dropped significantly from a 3,00,743 in 2015 to 2,69,283 in 2018, showing a downward trend that is only going to be exacerbated by the pandemic.

have led to numerous students expanding their horizons and considering other countries as well. An intricate and cumbersome Visa application, followed by several other documentation and monetary requirements has meant that US universities aren't as enticing as they were before, especially with quality substitutes opening up in Europe, Australia and other places.

In order to avert this disastrous situation, reforms in the US educational system are imperative. Although the USA might still be the dominant choice for higher education for international students, the immense reliance of the economy on these students means that universities and governments will have to proceed with care.

Education, anyways is of paramount importance, but when linked as a major economic contributor becomes a sector that needs the utmost attention. In the USA, the education sector is heavily dependent on international students, and prioritising them by increasing college funding (instead of cutting them) and simplifying the other procedures has become necessary to keep the boat sailing. Although the future of this education bubble might be uncertain, it is certainly time for people to recognise the massive influence they yield as international students and change the perspective with which they view universities.



Fun Fact
Wuhan, the epicenter of the Covid-19 pandemic, is also the home to the first international student.

of startup companies in the country that are valued at \$1 billion or above. Considering all aspects, it has been estimated that international students inject almost \$22 billion dollars into the country, beating some

This has created an alarming situation that needs to be addressed if the US economy does not want to lose out on one of its largest contributors. However, government policies and exorbitant university fees

The Wealth of Online Education



Keshav Tiwari explores the impact of online education growth on the global economy.

“Give a man a fish and you feed him for a day; teach a man to fish and you feed him for a lifetime.” It is no secret that education is key to any long-term economic growth, not only for a singular economic entity such as a household but also for world economies at large. The same world economies that find themselves in a perturbed position in the COVID-19 induced, unprecedented circumstances. While some industries undergo unparalleled losses, such as the aviation and automobile industries, others such as the tech industry continue to bask in riches that have only grown exponentially, ever since the pandemic struck

the global economy. Amidst this black and white picture stands the education industry whose online transition has arguably reaped greater benefits than perceived.

As online learning platforms filled the void created due to the lack of classroom education, they experienced a rapid growth in users, evidenced by the fact that BYJU’S, a Bangalore-based educational technology firm founded in 2011, witnessed a 200% increase in the number of new students using its product, according to Mrinal Mohit, the company’s Chief Operating Officer. This prodigious growth allowed BYJU’S to become the

world’s most highly valued edtech company. With such examples of success within our own country, one is intrigued by education’s potential to create wealth. If it can progress in a pandemic-hit global economy, one can only imagine its rate of growth when the world returns to a semblance of normality. What one must not forget to take into account, is the larger impact of the growth of this seemingly keystone industry, on other sectors: greater labour productivity, higher incomes, and lower prices etc. Keeping these developments, in mind, we cannot discount the fact that any dynamic economy relies on learning and training,

asynchronous and synchronous, as its drivers for long-term success.

However, the education industry's current heavy reliance on technology has begotten trends that reveal a permanent change in the way knowledge exchange may take place in the future. Research suggests that online learning has been shown to increase retention of information, with greater efficiency, meaning the changes coronavirus has caused might be here to stay. Moreover, with firms such as BYJU's pulling investments worth around \$1.4 billion from notable investors such as Sequoia Capital India, Chan Zuckerberg Initiative(CZI), and China's Tencent Holdings, the growth of the ed-tech industry may supersede that of classroom-education. In such a scenario, and ironically so, teachers may be forced to train themselves to gain certification for online teaching. Not only will such a move institutionalize education but it will also make it a more commercial activity than ever before. For this change to be implemented, the labour market is expected to experience a short-run increase in demand for teachers who have already been trained for online teaching, which will then induce a spiral

of growth for online training as more teachers look to be trained in the pursuit of higher wages and bargaining power.

When we couple the uncertainty that comes with the long-term changes predicted by these trends, with the time it will take for the Indian education system to implement the new education policies, the Indian ed-tech sector is definitely one that investors will be keeping an eye on. Especially, when considering the fact that India's online education market had been predicted to grow to \$2 billion in 2021, even before the pandemic,

according to a study conducted by KPMG.

Whatever the future holds for the ed-tech industry and its impact on the global economy, one thing for sure is that it is definitely here to stay. With platforms such as Microsoft Teams, and Google Classroom, well-established in the pre-pandemic era, and others leveling up to match market demand, the virtual infrastructure is definitely in place for the industry to grow, all that is left to do now is for us to log in.

Research suggests that online learning has been shown to increase retention of information, with greater efficiency, meaning the changes coronavirus has caused might be here to stay.



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India's New Education Policy: A Knowledge Based Economy



Gurmehar Bedi analyses the economic impact of the NEP on India's Education Sector.

Approved on July 29, 2021, the New Education Policy (NEP) is likely to have a profound impact on the lives of children across the nation and in extension, on the future of India. The policy fights shy of our traditional system of schooling and instead provides a framework modelled on the western educational structure, one which is known to bear fruit.

Although a country as diverse and young as India warrants an intricately laid out framework for its education system, a role which the NEP undoubtedly fulfils, I shall centre this piece on

the economic influence of the policy. The most crucial aspect of the policy is the dilution in the importance of board exams and the addition of vocational training to the curriculum.

The issue that parents in rural areas have with the schools is that there is no immediate benefit of their children sitting in a classroom for hours on end. However, the inclusion of vocational training will ensure that children learn skills such as woodwork and clothes-making which can yield tangible and immediate benefits in the form of money. Not only will this allow

students to get an insight into their prospective careers, but it will also increase the likelihood of rural areas developing due to an educated workforce.

The policy also deviates from a system wherein students were obligated to opt for a particular stream and instead, allows an amalgam of subjects to be chosen paving the way for a more holistic learning experience. Furthermore, it will empower students to learn an array of skills including research, critical thinking and communication from the

varied subjects they opt for, consequently increasing the prospects of them obtaining employment. In addition to reducing unemployment, the work environment will become more productive and conducive to innovation on account of the more qualified employees.

The NEP brings systematic alterations to colleges as well through the offering of multiple entry and exit points which provide students with the opportunity to move between courses and pursue fields which interest them. Through this, the government attempts to introduce a level of flexibility and dynamism to the educational

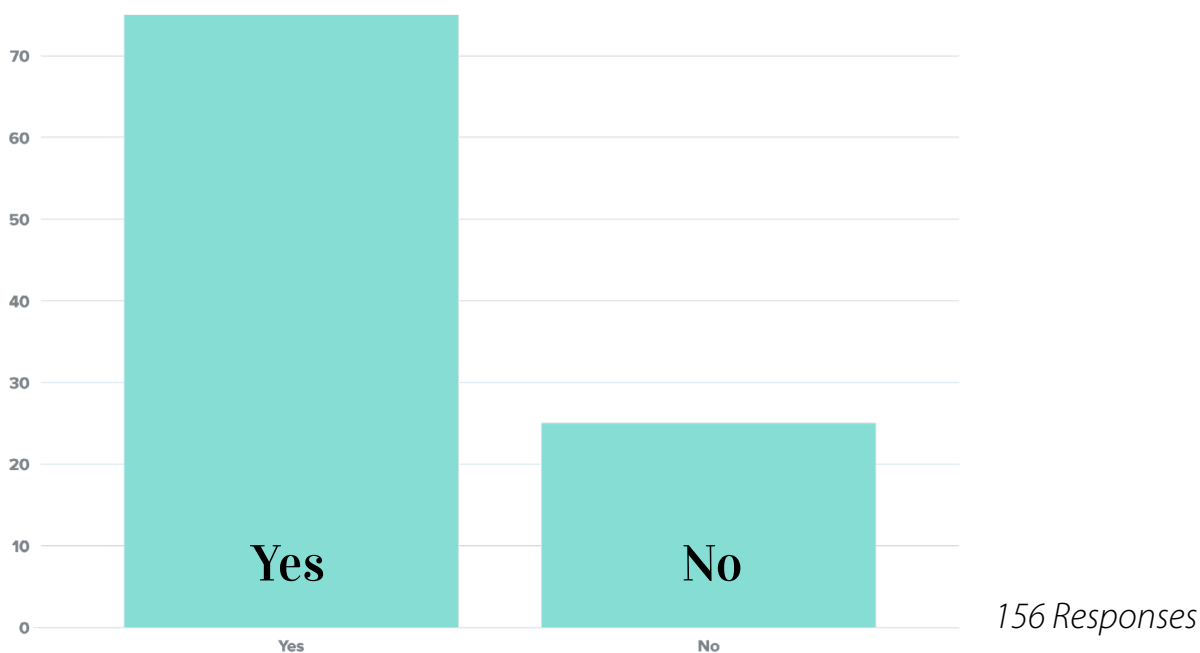
system and eliminate the element of rigidity which governs colleges. Allowing students to specialize in fields which they adore and craft their own paths forward will allow collaboration and ideation to take place within our society. The soft power of our nation will increase tremendously, due to a better quality of life as a consequence of increased education, which will ultimately benefit the economy in the form of tourism, foreign direct investment and establishment of improved infrastructure.

My sole grouse, if any, with the policy is the proposed rise in the spending on education.

Currently, the government spends 4.6% of India's GDP on education however, as per the NEP, the government will increase the spending to 6% of our GDP; a substantial change. Although many argue for the necessity of this change, it will eat into the expenditure on other equally important fields. To put this into perspective, India spent a meager 1.28% of its GDP on healthcare in 2019, 0.12% shy of the proposed increase in education spending. Nevertheless, the New Education Policy lays out a much-needed transformation to our educational structure; one that is sure to benefit generations to come.

EconoPoll

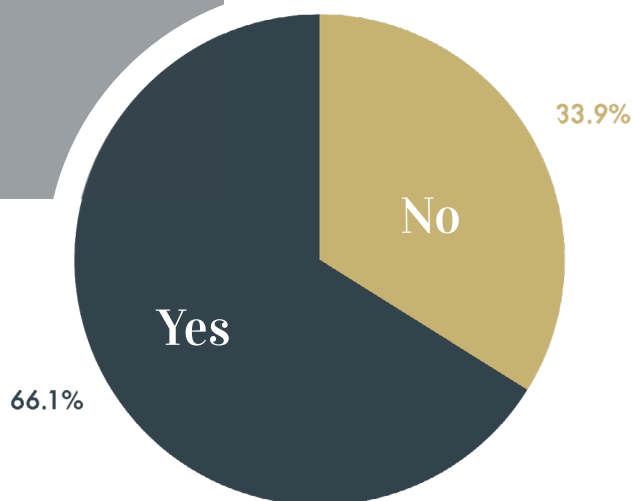
Are performance-based funding policies an effective solution to the college dropout problem?



The sad reality of today is that far too many students invest scarce time and money pursuing a degree, which they fail to complete and drop out of college with bad credit and shrunk career options. Most people believe that incentives based on students' performance in college can help reduce the dropout rate and mitigate its impact.

Do you consider a college degree to be worth accumulating student loan debt?

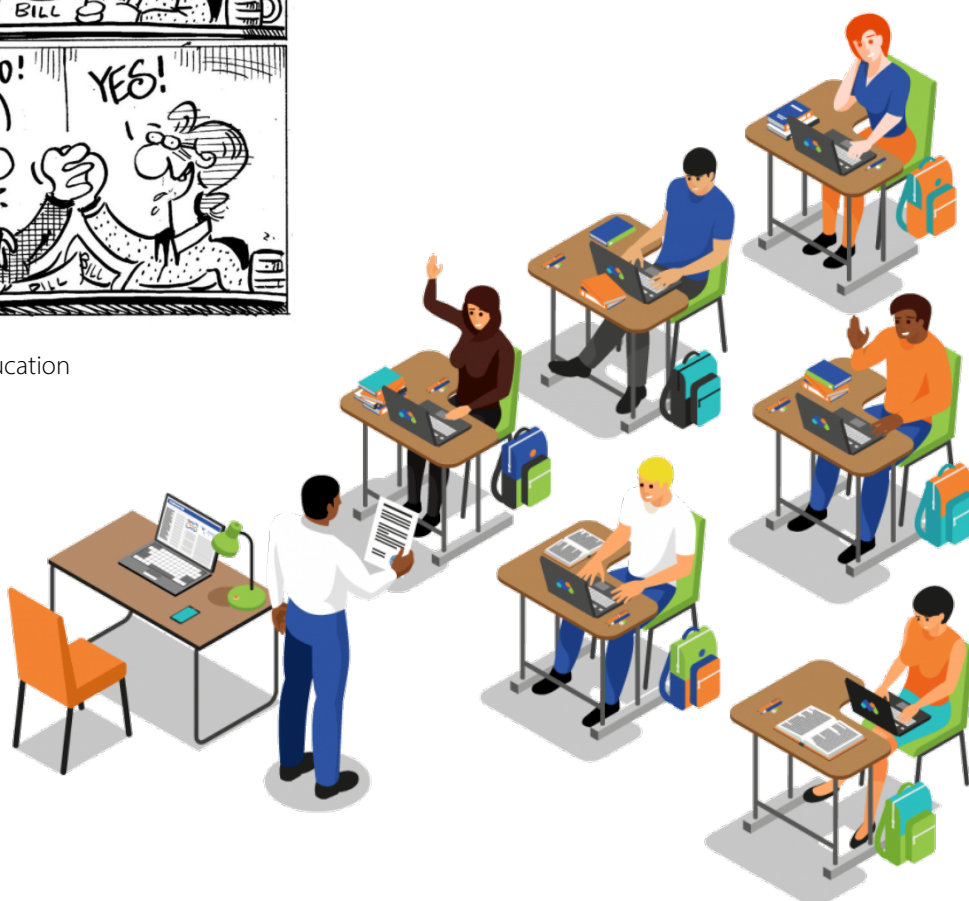
156 Responses



The exorbitant cost of education has made some question it's worth but most people still believe that going to university even at the cost of accumulating debt is worth it which may be due to the fact that it offers better job opportunities.

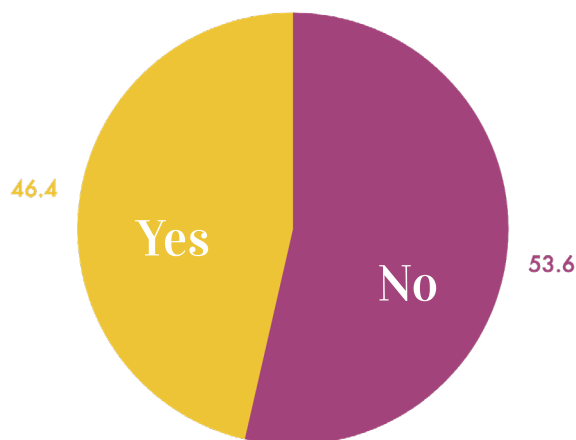


Graeme Keyes on the cost of university education



Does increasing commoditization benefit education?

156 Responses

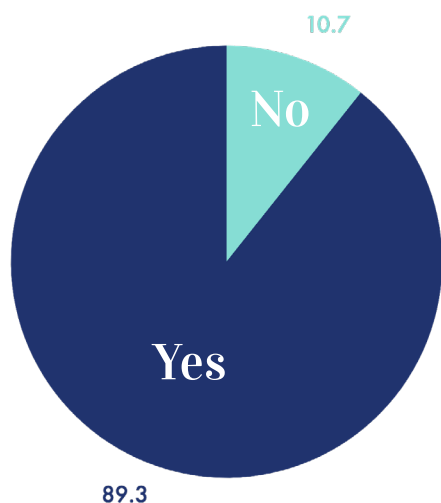


Commoditization is a process whereby difference is eroded and competition becomes solely price based. Reduced diversity in education has resulted in a trend toward commoditization, which can leave institutions increasingly focused on price as a point of difference when trying to recruit students. The poll clearly shows that more awareness on this front is required.



Do you think schools should offer more vocationally based primary and secondary education modules?

156 Responses



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Should high-schools teach necessary financial skills like filing taxes?



Most people responded with YES, highlighting the importance of personal finance in life. The responses also provided insight into the purpose of education and how the "chiselling away of a real world anchor has led to a very abstract form of education that is dependent on the underlying assumptions." A few people also responded with NO arguing that there is no need for students to know the technicalities filing of taxes at a school level, however "understanding of the taxation system, working of banks and legal institutions, the more important laws etc must be imparted."

"The Demise of the American Education System" by Mike Keefe, The Denver Post 2002



INDIAN RESELLERS

The underdogs of the hypebeast community secondary market

Veer Singh Gill presents his unique perspective on the future of India's modern secondary market

The time when 'keeping up with the Jones' was a derogatory analogy, is *Passé*. It is our reality today. Caught in the grip of materialism and the pressure to be seen as hip and happening on social media, today's youth is becoming obsessed with brands; a trend cleverly exploited by the so called 'resellers' of the hypebeast coterie who have adopted innovative marketing strategies to win favor of this effervescent youth brigade. Recently, Generation Z's preoccupation with expensive brands that are seen as exclusive has shone light onto some interesting people in various regions and countries that have mastered the art of enticing this growing consumer segment unheeded earlier.

These local resellers are not only manipulating rich teenagers, but also people of age and income groups unimaginable to possess such bold and eccentric items that dig a deep hole in one's pockets. One such stellar example of the secondary market within the hypebeast community is that of Indian resellers.

In the global sneaker and fashion feud, India wasn't exactly seen as a big player, but that changed soon enough. "There are two kinds of sneakerheads in India" says Jonathan Rego, editor and founder of Nation of Sport. "One kind that truly cares about the game, and another kind that only cares about sneakers as a fashion fad. And the culture in

India will grow in two ways. A vast majority of casual, fad driven sneaker buyers will grow along a small, yet powerful community of serious sneakerheads." It is this ideology that giants in the Indian reselling world such as VJ Kicks, and Marketplace By Mainstreet - to name a few - have taken advantage of. Their success story is truly enrapturing. It is interesting to note that while some attributed their phenomenal success to their ability and power to resonate with India's growing 'rebellious youth culture' others credited them for ignoring mass marketing and relying on whisper campaigns to whip up unprecedented groundswell that would show up in interminable queues outside

their stores. They exploit the fact that major releases in stores that happen all around the world are lacking in a country like ours, and this very scarcity is the very reason why customers jump at every opportunity they have to get themselves some hype merchandise, making stock plummet to zero merely seconds after the sale is announced.

But what about the other consumers who have become an important part of this game? Becoming such a phenomenon in this country there is no doubt that these resellers have left many financially vulnerable families with empty bank accounts. The brands that these resellers have in stock have reached a point where buying an item from their shelf is a necessity more than a desire. Millennials succumb to the pressure thrown at them by their wealthy peers to purchase such products.

Another reason why these resellers have profited so much is due to the mystic charm within their strategies. As Cliff Sloan, a branding expert rightly said, "The magic lies in their ability to take word-of-mouth marketing and turn the launches of their products into sort of micro-experiential events and that means that people have to go to places, buy tickets, get on lists, end up lining up outside stores. That ends up generating a lot of buzz, a lot of curiosity to the public." Perfect to get their audience excited and motivated. For people like us it was like attending a concert secretly.

However, there is no doubt that these resellers who have now started to shift on an online platform, specifically social media are also doing phenomenally well. The convenience that they provide is compelling the Tiffany's and the Burberry's of the country to reinvent themselves in order

to survive this race. What remains to be seen is will these resellers implode under the pressure from their foreign competitors who have already hosted numerous large-scale sneaker events such as 'Sneakerness' and 'Sneaker Con.'? Although a localized version of 'Sneaker Con.' was held in March 2018, there has been no repetition of anything such as that ever since. To sustain the growth of this industry, it will be important for the continuation of such events that create the buzz that is at the core of the hypebeast community.

Whatever the case may be, these resellers have miraculously changed the dynamic of the Indian fashion industry by converting the Fashion Week which showcased ethnic conscious designs to bringing sneakers and hoodies on the runways. India's potential as a growing consumer base has been touted by economists for some time now and with dedicated sneaker stores emerging all across the country, it is evident that the market is growing exponentially.

It can only get better from here.



Timeshares

Rishabh Jain pens his thoughts on the pitfalls of the Timeshare industry.

The Timeshare industry, though first originating in the 1970s, has experienced exponential growth only in the last few years. The industry has exploded over the past year and disastrous as it is, the Covid-19 pandemic is not the sole reason why a flood of timeshare owners is cancelling their contracts and reservations. A timeshare is a partnership-owned real-estate model which allows buyers the right to annual exclusive use of a property for a defined period. The Covid-19 pandemic has affected various industries drastically, leading to the closure of many massive industries, including the lockdown of tourism activity. Furthermore, travel bans and health fears have made people unwilling to buy a timeshare, and a significant drop in the supply of houses and high prices have also led to a decline of timeshare owners.

Owning a timeshare can be pretty expensive compared to staying for a week in a comparable resort or hotel. Aside from the initial cost of the share, owners are liable for

an annual maintenance charge (which has been increasing by 2.5% each year since 2017), additional payments in the event of an emergency and are also responsible if they need to deal with an emergency or make a substantial upgrade. Since their value depreciates over time, timeshares are not very attractive real estate investments to customers. It is not easy to resell a timeshare, assuming that the contract allows for resale in the first place, and this lack of liquidity might be a deterrent to a prospective investor. It means that there is very little flexibility, and the owner cannot escape from a timeshare contract if there is a change in their financial or personal circumstances. If a person sells a timeshare at a loss, they won't recover the loss on their federal income tax return, and thus the owners must be aware of the genuine price of the ownership.

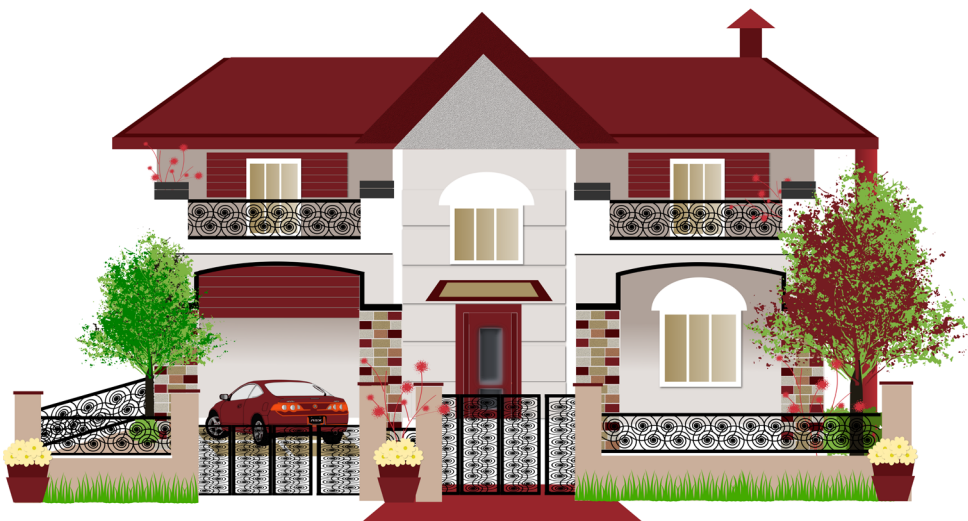
Timeshares have another drawback: when you take out a mortgage to pay for part of the timeshare price, you will face foreclosure if you default

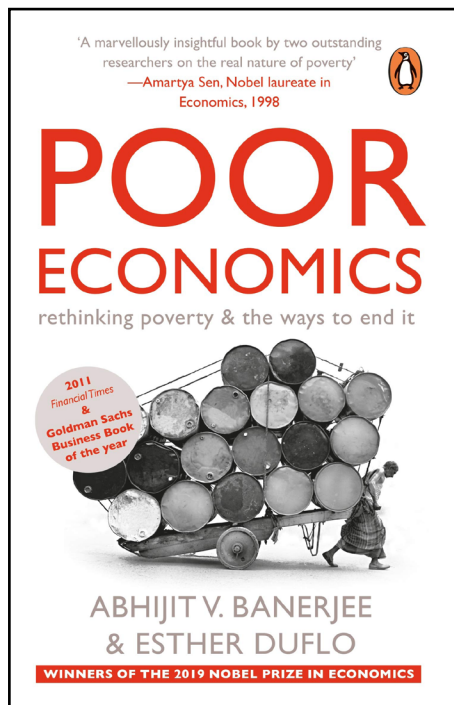
on those payments. It can also lead to further negative consequences such as difficulty getting another loan and a higher cost of future loans or credit. Timeshare companies have also received more competition from other rental services like Airbnb and VRBO, which have led to a decrease of about 5% in sales; of the industry.

It can lead to negative consequences such as difficulty getting another loan and a higher cost of future loans or credit

Timeshare firms and their customers are also facing resistance to the idea of timeshares by homeowners. A very recent example of this is the feud between the Napa Valley residents and a unicorn real estate timeshare startup called Pacaso. The residents of the valley have put banners, formed communities, and are regularly protesting against Pacaso. Furthermore, the residents have also created a petition, calling attention to Pacaso. This resistance has also led to a decline in the favourability of the timeshares.

In conclusion, I would like to say that within timeshare's decades-long span of existence there have been cases when the timeshares have proven to be a great long-term investment. However, various issues such as exorbitant maintenance fees, false advertising, and fraud have led to the downfall of the timeshare industry.





Money runs the world, a person's wealth dictates how big a role he plays in the world. Money helps people to live more comfortably and gives them the freedom to do whatever they desire. It assists them to be financially independent and live a luxurious life, not necessarily happy but it does solve the majority of the problems, which people face. Despite knowing about the various benefits of being wealthy and the 'Gospel Truth' that 'Money rules the world', why is not everyone rich then? Why does poverty exist? Did they choose to be or remain poor or is there a reason why they can't come out of poverty? Why does global poverty still exist despite the attempts made to eradicate it? The masterpiece 'Poor Economics' written by two of the most brilliant researchers and economists, Abhijit Banerjee and Esther Duflo not only try to answer these questions, but also try and provide an answer to the most crucial question, 'How to fight and end global poverty'.

Book Review

by Gursanjan Singh Natt

The book has proved to be the first one of its kind and plays to be a vital book in the field of economics due to its unique nature. The book touches upon the most important and critical issues of poverty. In a world where wealth inequality is so pronounced and evident that the top one percent individuals own forty three percent of the global wealth while individuals in the bottom fifty percent hold just one percent of the global wealth, the stark gap between the rich and the poor is increasing faster than ever before and the pandemic just made things worse for the poor whereas majority of the rich did not stop from making benefits out of it. In such an unequal world, the rich drive the market forces and the majority of the policies formed by the government are either for the rich or usually do not have a significant positive impact on the poor. In a world dominated by the rich, this book talks about the economics of the poor and the ones with the least amount of privileges unlike any other book written before it.

The book is not a guide on how to end global poverty but rather a thought-provoking book that aims to help privileged people reflect on poverty and understand how the privileged are not connected to the ground reality of poverty even though we tend to think like

we do which just exhibits our arrogance and ignorance about it.

The book is not a guide on how to end global poverty but rather a thought-provoking book that aims to help privileged people reflect on poverty and understand how the privileged are not connected to the ground reality of poverty even though we tend to think like we do which just exhibits our arrogance and ignorance about it.

"We have to abandon the habit of reducing the poor to cartoon characters and take the time to really understand their lives, in all their complexity and richness." is the quote that sums up the reason behind writing the book. The book mainly argues about how everyone is poor due to different reasons and therefore poverty can't be seen as general topic and one solution will not help everyone which leads to the requirement of more specific research in order to find and implement specific effective solutions. The book covers wide topics related to poverty, finance, nutrition, health, education, welfare-schemes, family planning, etc. and displays examples from various countries ranging from sub-saharan africa

countries to India and Indonesia which gives the reader a very broad idea about the reality of poverty. The book strives to change people's perception on poverty and encourages them to look at it through a different perspective. The book demands organizations and governments to think about poverty from a different point of view and focus research on ground-level situations in order to find more effective solutions that would actually bring a positive change. A negative factor about the

book is that it was written a decade ago and the world has radically changed in the past ten years. Though the book may have lost some of its relevance today, the core idea behind the book is as relevant today as it was then.

Personally, the book has been successful in changing my perception about poverty, as it directs me to look at it from numerous perspectives. It enriched my thought process along with convincing me

that research is more of a fascinating activity rather than a boring one. The book's simple language makes it easy to understand for people who have not studied economics. The book's revolutionary way of thinking about ending global poverty and the huge amount of knowledge it contains, makes it a must read book for all those who want to see change in the world and desire the creation of a sustainable, happy and prosperous world for everyone.

SOCIAL MEDIA

Why did Mark Zuckerberg acquire social media giants and why did India change its privacy policy?

Pranav Lohia

While I was reading about the acquisition of WhatsApp by Facebook for over 19.3 billion dollars post valuation, I was wondering how a 50 man team with an app costing \$1 got a social media giant to acquire them for an obscene valuation. Immediately I fired up my laptop and started looking for WhatsApp's business model. Costing no more than a dollar, WhatsApp was a subscription based app before being acquired by Facebook. WhatsApp, famous for being an ad-less app, was known for saying, "We want WhatsApp to be the product that keeps you awake... and that you reach for in the morning. No one jumps up from a nap and runs to see an advertisement." To keep their income stream

running WhatsApp received 3 rounds of funding from ex-Yahoo friends and Sequoia capital worth over 60 million dollars which was enough to keep their 50 employees. WhatsApp is known for its free voice calling and video calling features which threatens major telecom companies and service providers from going out of business. To understand why Zuckerberg acquired WhatsApp it is imperative to look at two factors: primarily the user base, and secondly the drop of active users in Facebook.

WhatsApp's user base of over 2 billion users and nearly 500 million active users (by 1st quarter of 2019)(Statista) put it in an influential position with the liberty to spread messages

with raging speed. Facebook saw the potential of monetizing on user interaction and a wide user base by firstly making the app free in 2014 right after its acquisition. The app had created dependency on the user, to such an extent that it was not possible to function without it. Now that WhatsApp has a huge user base it has started its first revenue making model which is the Business API. An API or Application Programme interface is the option to integrate the features of another app into your app. For Example, Uber and Ola have the Google Maps API which allows them to use the GPS system of Google Maps and saves them the trouble of creating their own map. The Business API model allows

businesses to use WhatsApp for business by sending messages to clients who have contacted them first and programmatically send shipping confirmations, appointment reminders or event tickets to their customers. WhatsApp allows businesses to text their clients for up to one day for free but charges them a fixed cost thereafter. The WhatsApp payments option also charges a 0.01 or 0.02 % royalty for every transaction and realising the scale of transactions that might take place it is also a tremendous way to make money. This feature is currently available only in India, however, will go global soon. The user base proves why Facebook acquired WhatsApp and the power it has to monetize itself with no customer acquisition costs.

With apps like Instagram, Snapchat, and LinkedIn users are switching to these easily accessible and friendly interface apps. Apps like Instagram and Snapchat serve the same purpose as Facebook, however, are more readily accessible and simpler to use. They also live up to a hype they have created and 75.4 % of Instagram users are under the age of 44. Facebook acquired both Instagram and LinkedIn, however, it was denied takeover of Snapchat. Facebook has a personal user base of nearly 330 million users with users spread out over all age groups, this has put Facebook at a risk of

losing their monopoly. Facebook acquired all the other upcoming giants to keep their monopoly running, and Snapchat being their only competitor has not affected their position. However, with nearly half the users of WhatsApp, Instagram and Facebook rely on the WhatsApp user base to help monopolize and monetize the people using the app. With a no advertisement model, WhatsApp still dominates the social media industry under Facebook.

Lastly, with growing influence comes risk of misinformation and threat to governing powers in countries like India. With the market cap of Facebook exceeding the GDP of a small country, it is evident that the influence the media giant has is enormous. India recently changed its privacy policy by asking WhatsApp for the acceptance of the traceability clause that requires social media platforms to locate the “the first originator of the

information” if required by authorities. Social media companies will have to take down posts depicting nudity or morphed photos within 24 hours of receiving a complaint. The rules also require significant social media intermediaries - providing services primarily in the nature of messaging - to enable identification of the “first originator” of the information that undermines sovereignty of India, security of the state, or public order. For this WhatsApp filed a case against the government and is now helping the government address their concerns.

In conclusion, Facebook acquired WhatsApp due to its possibility and scope of monetizing the user base and is now also facing the wrath of national governments to maintain security and change privacy policies in favour of the governing body and the nation.





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