



## Ramblings of an Amateur Economist

### #Decoding Collegenomics

Economics is the science of ascertaining "what is" and the art of actualizing "what ought be". When I opted to study economics as my minor, I was apprehensive of the seemingly incomprehensible statistical journey I was about to undertake.



College years are often labelled as "the best phase" of a person's life. However, it is also one of the most challenging and chaotic ones. Money is always tight and there's a constant clash between our needs and desires. Young students battle issues such as- frequent cash crunches, unplanned borrowing, credit card debts, emergency expenses.. to name a few. We often find ourselves thrown into the ceaseless cycle of Boom ( windfall gains when relatives visit you ),Recession (when you overspend to buy your favourite branded jeans ),Depression (wrong expenditure choices leave you with money just enough to keep your body and soul together) and Recovery (when you learn your lesson and begin to save ).

Economics teaches us- "our wants maybe unlimited but resources are limited". A smart economist therefore tries to satisfy maximum wants with these finite resources. It is thus advisable for young students to do some serious Cost Benefit Analysis before making important financial choices. Majority of the college students are Irrational Consumers. Our tastes, preferences and habits change rapidly. This irrationality is reflected, when we choose to spend over 200 bucks on an expensive Espresso coffee in a popular Food & Beverage outlet, when we can easily get it at cheaper rates in small eateries or even make one at home. Probably the fear of being mocked and labelled as "Old Fashioned" urges us to ignore the nagging economist inside.

According to Law of Diminishing Returns, with every additional unit, utility derived falls. Exceptions to this law however would be shopping for clothes and accessories-we are in a perpetual need of new clothes...there is never enough!.The concept of Opportunity Cost pacifies me whenever I'm upset about missing a fun outing with my

friends to stay back and study. "There's no gain without pain"-that's what life and economics teach us. It helps you to make better decisions and choose what you actually value. Due to financial illiteracy, a college graduate's monthly budget is based on many assumptions and suffers from several limitations. It is here, that Apps such as Mint (it connects to your bank account automatically and inputs purchases),Toshl Finance (has a good interface and easy setting up of a budget section) and Left To Spend (shows analytical graphs of your spending) come to your rescue. These Apps keep a track of your expenditure and warn you through e-mail if over expenditure in any particular category is detected.



There are numerous hacks to tackle cash problems of college life. Utilizing one's young, creative mind to develop cheap fixes and substitutes can prove to be a real life saver. Buying expensive help books for each subject can be a costly affair. So, borrowing from seniors or

issuing some from your library's Book Bank is a good idea. Downloading course books in pdf format will help you to study anywhere, anytime. Shopping online can also help you save money as huge discounts are often offered on selected titles. Did you know that studying through kindle software is around 30% cheaper than it's hardcover version.

Selling old stuff through apps such as OLX, Amazon, Quicker helps you get rid of clutter and make some money.

Work from home or paid online as well as offline Internships are definitely a boon. Never let your vacation time go waste.

A credible internship equips you with confidence and relevant skills, making you stand out in the crowd. The money that you'll earn will give you a sense of self sufficiency and pride.

Economics has certainly brought a lot of positive changes in my life. It has imparted a scientific, logical streak to my otherwise rash and immature perception. Basic economic knowledge is a must for every student-it helps you manage your finances better, makes you

wiser and helps you gradually achieve your short term and long term goals.

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—Nivedita Mishra  
B. A. III  
Economics Minor

Economists, like royal children, are not punished for their errors.

—James Buchan





## Skit on Poverty and Social Inequality

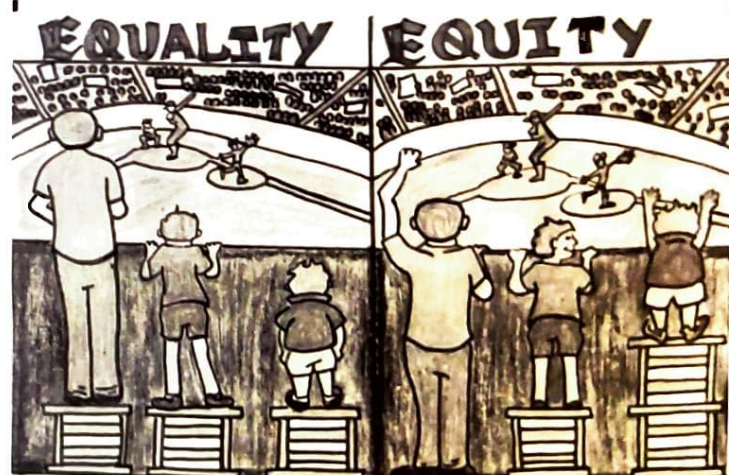
The aim of attending college and studying the different subjects is not solely to gain a degree. It is also a life experience. Economics as a subject is interesting indeed. But sitting for your lectures in the same classrooms day in and day out can be a dreary affair. So, when it was proposed that the 6<sup>th</sup> semester economics students put up a presentation and enact short plays for a class assignment, the idea was readily agreed upon. The topics were contemporary economic problems- that of 'Poverty' and 'Inequality'. The entire class was divided into different groups, five to six students in each. We were given ample time by our economics teacher, Ma'am Anupama to work on our ideas. The following two weeks of September were quite busy. From writing down the script for episodes of the play to allotting appropriate roles to the talented actors of our class; from working on a powerpoint presentation to arranging the required props- all of us put in our best efforts...meeting during Lunch breaks and even staying back at times for practices.

in slum areas. Another instance was of a hardworking girl who is deprived of getting admission in a reputed college due to lack of money and her inability to pay the huge donation. Inequality was depicted through scenes of a rich household with a lavish lifestyle contrasting that of the poor. The issue of socially and economically powerful people enjoying undue favours and getting special treatment was shown through Salman Khan's 'Hit & Run' case along with a temple scene with a separate line for rich, V.I.P devotees. A powerpoint presentation discussing the concept and varied aspects of poverty and inequality was also given. The entire presentation was judged by Ma'am Anupama and Ma'am Upasana. Three best performing actors- Bharti Nanta, Ashima Gupta & Sagrika Singh were awarded with chocolates.

It was a great learning experience for all of us. Besides having fun, we developed better and more cordial relations with our peer mates. We worked in a positive environment of support, trust and mutual co-operation. It also provided us with a platform to enhance social skills as some of us succeeded in overcoming our stage fear. This positive group experience has certainly motivated us & contributed to a better understanding of the aforementioned economic concepts.



29<sup>th</sup> September, 2016 was the day when our efforts, materialized into action in the college auditorium. The rampant poverty in India was shown by enacting a 'fight scene' over scarce resources (particularly water)



1. EQUALITY: is giving people the same things/s.
2. EQUITY: is fairness in every situation.





**Economists must always be prepared for surprises: they find many in trying to find order in the universe of their study.**  
—Simon Kuznets





## INDIA-US Relations

India-US relationship is headed for the best days ahead under the new president Donald Trump. This is the beginning of a new era, new dawn of new (India-US) relationship. Mr. Trump on a national television said that he loves India, Indians and wants to help India to fight terrorism. Trump understands India very well and dared to say in the middle of a heated political debate that he loves Hindus. The relationship is going to be fantastic, both the nations are natural allies. Trump has already made a statement that they are going to be the best friends. Trump recognizes US relationship with India is very different than the rest of the countries. Indians are talented and are economic engines in America. India contributes a lot to the American society. Under Trump, the US-India relationship would be far better than it has been under any other American president. Trump is a businessman and is going to establish a good business relationship with India. And India will greatly benefit from his administration.



—Aashruty Jain  
B. A. III  
Economics Major

## Quiz

1. A large increase in the number of fast-food restaurants in a community is most likely to result in:  
A. Lower prices and higher quality.  
B. Lower prices and lower quality.  
C. Higher prices and higher quality.
2. A person who starts a business to produce a new product in the marketplace is known as:  
A. A manager.  
B. A bureaucrat.  
C. An entrepreneur.
3. An increase from 5% to 8% in the interest rates charged by banks would most likely encourage:  
A. Businesses to invest.

- B. People to purchase housing.
- C. People to save money.
4. For most people, the largest portion of their personal income comes from:  
A. Wages and salaries from their jobs.  
B. Interest from stocks and bonds they own.  
C. Rent paid to them from property they own.
5. If the real gross domestic product of the United States has increased, but the production of goods has remained the same, then the production of services has:  
A. Increased.  
B. Decreased.  
C. Remained the same.
6. If the price of beef doubled and the price of poultry stayed the same, people would most likely buy:  
A. More poultry and less beef.  
B. Less poultry and more beef.  
C. The same amount of poultry and beef.
7. If the United States stopped importing automobiles from Country X, who would be most likely to benefit?  
A. Automobile manufacturers in Country X  
B. Consumers in the United States  
C. Automobile manufacturers in the United States
8. If your city government sets a maximum amount landlords can charge in rent, what is the most likely result?  
A. There will be more apartments available than people want to rent.  
B. There will be fewer apartments available than people want to rent.  
C. The number of apartments available will be equal to the number of people that want to rent.
9. In the United States, who determines what goods and services should be produced?  
A. Producers and government  
B. Consumers and government  
C. Producers, consumers, and government
10. Mexico grows fruits and vegetables and Argentina produces beef. If Mexico voluntarily trades fruits and vegetables in exchange for Argentinean beef,  
A. Both Mexico and Argentina benefit from the trade.  
B. Both Mexico and Argentina lose from the trade.  
C. Mexico benefits and Argentina loses from the trade.

Economists think about what people ought to do. Psychologists watch what they actually do.  
—Daniel Kahneman





## ECONOMICS Everywhere?

- # Economics is the world's biggest and most followed art form which touches every person in the planet without them acknowledging it.
- # It is the only science where we can alter the law by the way we behave.
- # It is the only science which concerns itself with your welfare.
- # It is the only thing that politicians are afraid of other than elections.
- # It can significantly alter your like or dislike to a product without actually changing anything about it.

# It helps people make the most rational decisions in the most emotionally complex situations.

# It helps set a tag on your time and labour. Though very crude it is the only thing we have to understand in the ever changing inter connected world.



**-Manvika Bimbraw**

B. A. III

Economics Minor

## Opportunity Cost



**-Aishwarya Jain**

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## Inflation: It's A Good Thing

While increasing prices may not be what strapped consumers want, it is exactly what economists want to hear, at least right now. Prices are constantly changing, economists believe that in an economy where average prices increase at a low rate of a less than 3 per cent annually provide the best environment for economic growth.



High inflation lowers the value of our money so we can get fewer goods and services for every rupee. For instance, when gas prices spiked, we paid more for gas, but didn't get any additional benefit in return. So we are worse off, but the bigger concern with high inflation is the systematic increase that comes from what economists call an inflationary spiral. This happens when prices rise, people have more money to spend on higher priced goods, the demand increases and the prices tends to go up.

(If you are dizzy, don't be alarmed. That's what happens to everyone when they are first exposed to economics). Just think of it as an upward spiral where prices keep rising, but we never really get anything more for our money. While the dangers of high inflation seem obvious, the opposite of inflation, *i.e.* deflation is also very dangerous. A deflationary spiral will also make you dizzy, but in the opposite direction. People spend less and prices fall which lead to people waiting to make purchases as they think that prices will continue to fall. Due to fall in demand firms reduce production leading to unemployment and fall in purchasing capacity of the consumer. Now money supply falls, leading to fall in demand and fall in production. While falling prices may seem like a good thing to an average consumer, it can devastate an economy by turning into a deflationary spiral. Thus inflation is better than deflation.

So when is (a little) inflation good thing?  
Always.

**-Bharti Nanta**

B. A. III  
Economics Minor

**Inflation is when you pay fifteen dollars for the ten-dollar haircut you used to get for five dollars when you had hair.**

**-Greejesh Prakash**





## The Undercover Economist---by Tim Harford



You don't need to be a great economist to read it but it sure will make you one, by revealing the secrets of great theories in a simple and lucid style. The book deals with issues varying from pricing of products by firms to traffic congestion, pollution, stock market behaviour, globalization, poverty and even "how China grew rich". The author explains how scarcity determines the price of everything. Scarcity definition of rent, when extended to price turns every cent of price beyond the cost into rent. Harford brings his World of truth to solve all the problems. He is a staunch advocate of the market based solutions to environmental problems. His solution includes pollution tax on car owners, rather than high excise duties on cars or taxes on fuel. In his chapter "rational insanity" he examines the irrational behaviour of the stock markets. In the chapter "the men who knew the value of nothing" he pays tribute to Neumann and Nash and explains how game theory can be applied to designing auctions. He examines certain non market system that prevails in UK. For e.g.; UK regulations require schools to take students locally so parents migrate to localities where good schools are housed, which pushes up prices in localities having reputed schools. Harford thus plays the role of the undercover economist exclusively as he links and relates our daily life with economics and takes us to a world where economic theories come to life.

**Dr. Anupama Tandon**  
Head, Economics Department

## Collaboration with The University of Fraser Valley Canada

Dr. Anupama Tandon co-ordinated with UFV Canada to organize a teacher exchange programme from 1<sup>st</sup> March to 7<sup>th</sup> March 2017 and a Workshop on the 'Revolutionary Potential of Scholarship of Teaching and Learning (SOTL)' by Dr. Eric Davis, Provost and Vice President Academic University of Fraser Valley, Canada on March 27, 2017.

## Demonetization

As the Narendra Modi government nears the halfway point of its five-year term, economic and administrative reforms continue to be a priority. In a 40-minute-long speech the Prime Minister announced on November 8<sup>th</sup> 2017 the demonetization of Rs. 500 and Rs. 1,000 i.e. they will not be a legal tender anymore.

Our rulers have trashed our cash twice in recent times. Morarji Desai scrapped all 500-1000 and 10,000 rupee notes in 1978 and told the people to 'keep the change'. The 500s came back in 1987 and 1,000s in 2000. The sources have arranged for banks and ATMs to give people new notes in exchange. Demonetization seems to have made friends of foes, and foes of friends in the political firmament. There were certain limits on the cash exchange and cash flow earlier but now the stability has arrived in the economy in terms of money. This bold step was basically encouraged to tackle the black money and eliminate the fake currency. Also, it helped in lowering the cash circulation.

—**Rudhrika Agarwal**  
B. A. III  
Economics Major



**A study of economics usually reveals that the best time to buy anything is last year.**

—**Marty Allen**



Dr. Robin, a Canada based 'Pure mathematics' professor taught 'Abstract Algebra' and 'Real Analysis', sharing her valuable knowledge and experience with the students. A trip to the Indian Institute of Advanced Studies and surrounding area was also organized to acquaint her with the beautiful city of Shimla. It was a short week filled with lots of learning.

Dr. Eric informed that a paradigm shift is taking place all over the world and the Teacher Centric Learning is undergoing a change to Learner Centric Learning. Accountability and Quality Assurance are the benchmarks of the learning paradigm. He suggested that self-directed, self-paced and work integrated learning is essential for the survival of higher learning. This was followed by an interactive session with the students.



**A budget tells us what we can't afford, but it doesn't keep us from buying it.**  
—Umberto Eco



## Our contribution towards Economic Development

India even after 69 years of Independence is still a developing country. Numerous reasons given in this regard are-the colonial rule and plundering of wealth by the British, the deeply rooted corrupt social setup, indifferent attitude of the citizens towards hardwork and positive change. People claim that the government is corrupt but who gave them power-we did! One cannot think about economic development without developing social overheads (such as roads, bridges, etc.) which require investment from the government. The foremost solution to end corruption is curbing unaccounted cash donations to educational institutions and refraining from bribing higher officials for getting work done. All these unhealthy economic practices lead to delays and inefficiencies which affect growth directly. If someone really wants to invest in gold, then Gold Exchange Traded Funds (ETF's) is a better option. One should not evade taxes and hoard money. It is important to ask for bills for any transaction as



they have TIN numbers on them which can be used for verifying whether tax paid on that bill is going to the right place or not. For the better and bright future of our country, the government and citizens must work in coordination and harmony.

—Aruna Rohal  
B.A. III  
Economics Major



A talk by Mr. Indra Vadan Jha from Delhi School of Economics was organized by Mrs. Alaka Verma to inform the students about various opportunities available for higher studies in economics in India and abroad.



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Answers Quiz : (1) A 2) C 3) C 4) A 5) A 6) A 7) C 8) B 9) C

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Many scientists and economists also say putting a price on carbon through carbon taxes and/or cap-and-trade is necessary.  
—David Suzuki

