

THE ECONOMIC MIRROR

INDIA → A Remedial Drug Or Healing From An Auto Immune Bug ?

ECONOMICS PUNTS THE WORLD
- Nelson Awan -



Reception Probabilities Worldwide 2023



HIGHLIGHTS OF BUDGET 2023

- ▶ The budget has been made available to Parliament in record 4 days.
- ▶ It is India's financial health (consolidated) under Finance Minister's guidance.
- ▶ Finance Minister Nirmala Sitharaman has laid out a digital strategy.
- ▶ It is a major step towards financial inclusion by using digital.
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Repor Ratio
The ratio of the amount of money in circulation to the total amount of deposits in banks. It is a key indicator of the health of the banking system. A high ratio indicates that banks are holding more cash than they are lending out, which can be a sign of a credit crunch or a loss of confidence in the banking system.



From Bull
The term 'bull' is a metaphor for an upward trend in the stock market. It is often used to describe a period of economic growth and rising stock prices. The opposite of a bull market is a bear market, which is characterized by falling stock prices and economic downturn.

INTERNATIONAL RELATIONS

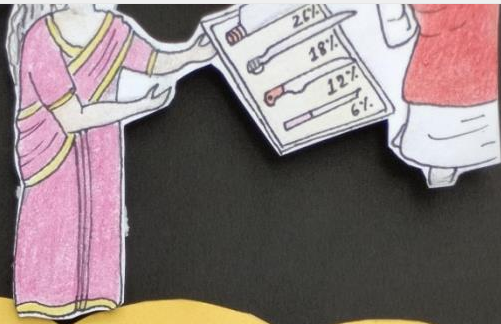
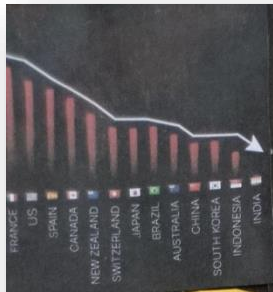
India looks a rising alternative market through America's US and now strengthening India as its market partner.

India has responded France as a global power for a variety of reasons. First, the political and economic ties between India and France are strong. Second, India has a growing economy and a large population, which makes it an attractive market for France. Third, India has a rich cultural heritage and a long history, which makes it an interesting country for France to engage with.

WAR IMPACT

The outbreak of the war has had a significant impact on the global economy. It has led to a sharp increase in oil prices, which has in turn led to a rise in inflation. It has also led to a decline in global trade, as many countries have imposed sanctions on Russia. The war has also led to a loss of confidence in the global financial system, which has led to a decline in stock prices and a rise in bond yields.

Economic growth without investment in human development is unsustainable - and unethical
- Amartya Sen



Repo Rate

Repo rate plays a crucial role in stabilizing the price level of a country and gives the central bank and monetary authorities to exercise their authority over the economy. The RBI on Feb 8th 2023 hiked the repo rate by 25bps upto 6.50% from 6.25% earlier to keep the inflation within the range of the 2-6%. This step by the RBI signals towards the start of an interest rate hike cycle. Short term depositors will greatly benefit from it, as a hike in repo rate will increase the returns from their deposits in bank.

The stock market might show a bearish growth in the ensuing period as people would be interested to convert their stocks to liquid money and deposit it in the bank to get higher interest.



INTERNATIONAL RELATIONS

→ India holds a neutral position in Ukraine - Russia war.

→ UK - India holds a strong diplomatic relation though combine US, UK are seen pressurising India on its neutral position.

→ India has regarded France as a global power for a variety of reasons. Amid geo-political crisis India sees France as its strong alliance.

→ The relationship between India and the US has strength and comfort though the two sides do not agree on rising of tension in Indo-Pacific region.

→ Modi's recent three-nation European tour has strengthened the spirit of cooperation.

WAR IMPACT

→ The outcomes of the geo-political crisis began when Russia invaded Ukraine on 24th February 2022.

→ The immediate effect of the invasion of Ukraine was the jump in crude oil prices, which traded upward of \$ 110 / barrel.

→ Due to war in Ukraine global supply chains are under threat, inflation rates are soaring high in every country.

→ Russia - Ukraine war has created a silver lining for Indian agriculture by disrupting global supply chain due to supply disruption.



Bills recently for structural bill 2020 provided

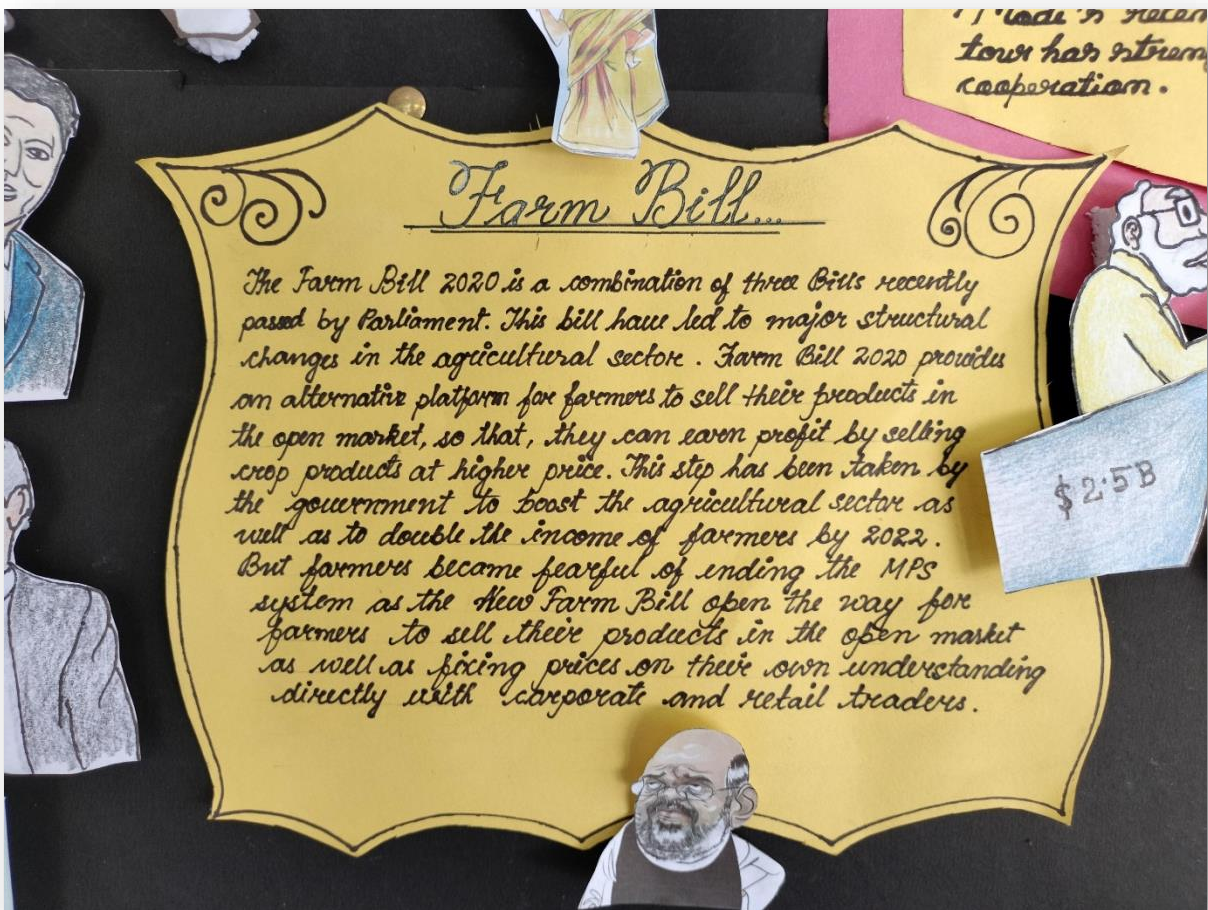


...low has returned
cooperation.

Farm Bill

The Farm Bill 2020 is a combination of three Bills recently passed by Parliament. This bill have led to major structural changes in the agricultural sector. Farm Bill 2020 provides an alternative platform for farmers to sell their products in the open market, so that, they can earn profit by selling crop products at higher price. This step has been taken by the government to boost the agricultural sector as well as to double the income of farmers by 2022. But farmers became fearful of ending the MSP system as the New Farm Bill open the way for farmers to sell their products in the open market as well as fixing prices on their own understanding directly with corporate and retail traders.

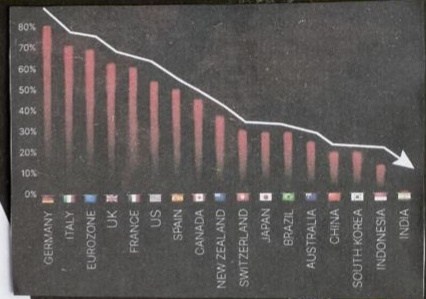
\$2.5B



HIGHLIGHTS OF BUDGET 2023

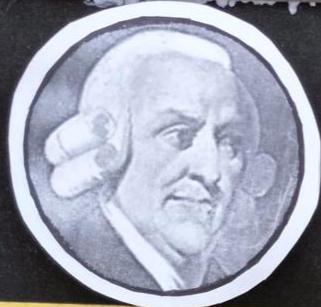
- Per capita has more than doubled to ₹1.97 lakh in around 9 years
- 11.7 crore household toilets constructed under Swachh Bharat Mission.
- Bharat Shree Repository of Inscriptions to be set up in a digital epigraphy museum.
- 9.6 crore LPG connections provided under Ujjwala.
- 220 crore covid vaccinations of 102 crore persons.
- Basic customs duty reduced on seeds used in the manufacture of lab grown diamonds.
- CGST Act to be amended.

Recession Probabilities Worldwide 2023



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Economic History



Adam Smith :-> Smith's best-known ideas formed the basis of economic theory, including the invisible hand theory, the division of labour and the measurement of economic activity.



Alfred Marshall :-> In the principle of economics, Alfred Marshall said that, "the excess of price which he would be willing to pay rather than go without the thing over that which he actually does pay, is the economic measure of this surplus satisfaction."



Irving Fisher :-> He developed the famous Fisher Effect which states that the real interest rate equals the nominal interest rate minus the expected inflation rate.



David Ricardo :-> He developed the classical theory of comparative advantage in 1817.



John Maynard Keynes :-> John Maynard Keynes is best known for his economic theories on the causes of prolonged unemployment and also for the Keynesian Theory of interest rate.



Amartya Sen :-> Amartya Sen's capability theory approaches that, "the assumption that freedom to achieve well-being is of primary moral importance."

NEW EDUCATION POLICY, 2020

- The Union Cabinet has approved the new National Education Policy (NEP), 2020 to modernize Indian Education System from school to college level. It aims to make India 'A global Knowledge super-power.'
- The current '10+2' system to be replaced by a new '5+3+3+4' curricular structure.
- Government aims to 100% gross Enrollment ratio by 2030 from pre-school to secondary level.

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13/5/2023

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