GAUHATI COMMERCE COLLEGE

ISSUED BY :

THE DEPARTMENT OF ECONOMICS

365 COMMERCE

A ONE STOP GUIDE TO THE LATEST INSIGHTS

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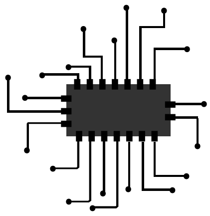

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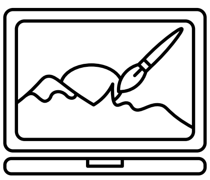

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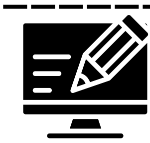


ASSAM: FUELING INDIA'S GROWTH & FUTURE

A Assam as a state holds approximately an estimated 3.12 crores population, making up 2.22% of the nation's total population and 68% of the north-eastern region's population has a major role to play in shaping our country's future. Assam exhibits huge cultural diversity and ecological diversity which provides the state with greater scope and prospects to contribute to the Indian subcontinent.

THE SIGNIFICANT ASSAM

Assam is the gateway to northeast India. The whole economy of the northeastern states depends on Assam. The northeastern states have numerous potentials to provide for the country, and here comes the vital Pavel of Assam to act as a region of transport and trade for all the incoming and outgoing commodities and supplies. Hence, Assam is connecting the whole northeastern region to mainland India

NORTH-EAST INDIA: THE ISOLATED PART, CURSE OR A BOON?

The North-East region consists of 7 states, these are often denoted as the 7 sisters. This region is considered to be isolated from the rest of the country. And, Assam being part of these, it is a matter of concern to be discussed about if it's a curse or a boon.

The Geographic isolation is due to the 'Chicken Neck' part being the only area of connection to the rest of the country, which is a narrow terrain of land with a width of 22 km present in the state of West Bengal. The North East also faces e Cultural isolation because of the difference in socio-cultural environment from the mainland. The North-Eastern peoples often face difficulties as well as discrimination which makes it hard for them to coexist with the rest of the nation's population.

ASSAM AS A BOON FOR THE INDIAN SUBCONTINENT

Connection with East Asia :

The northeast shares its borders with East Asian countries and Assam being the gateway to the northeast, it can internationally be considered as the gateway to East Asia. The under-construction Myanmar - Thailand Trilateral highway will connect India via Myanmar to Thailand by road, this will facilitate trade and transport between the East Asian countries and India.

Monopoly market of Muga Silk:- Muga is one of the rarest silks in the world that is predominantly produced in Assam. Assam has the geographical monopoly of producing this silk. It has an incredible demand in the international market.

Tourism: Assam has a vast scope in the tourism sector as it is naturally gifted with a biodiversity that is enough to attract tourists if channelled properly. Assam consists of 7 national parks, 17 wildlife sanctuaries and 2 proposed wildlife sanctuaries.

Ecological diversity: Assam is home to a huge variety of animals and plants. And also has an abundant variety of medicinal herbs which has a huge demand in the international market.

Agriculture: Assam is an agricultural land, whether being the largest tea producer of India or producing a wide variety of crops and vegetables grown in this state. It is bringing foreign money into the country through the export of agricultural produce and still holds the potential to boost it further.

Assam as a state has not reached its full potential. All the shortcomings and strengths of the state have been discussed, it has to contribute much to the Indian subcontinent and has a greater role to play in its growth and future.

Written by Pragyashreei
Desined by Naman

THE INDIAN ECONOMIC REVOLUTION

THIRD-LARGEST BY 2028

THE PROMISING BHARAT

THE RISING WATER

In the wake of its independence in 1947, India's economic odyssey has been truly extraordinary. The nation has undergone a remarkable transformation, transitioning from a predominantly agrarian economy into a dynamic powerhouse, focusing on industries and services. In 2019, its GDP reached an impressive $2.9 trillion. As India charts its course to claim the coveted position of the world's third-largest economy by 2028, the path ahead is laden with both formidable challenges and unprecedented prospects. It's a challenging but thrilling path that calls for wise navigation.

FROM PROMISE TO PANDEMIC

India's economic ascent is driven by a burgeoning youthful population, rapid urbanisation, and a commendable receptiveness to international trade and investment. These dynamic elements converged to yield a notable average annual growth rate of 7.5% between 2014 and 2019. Nevertheless, the unprecedented global economic disruption triggered by the COVID-19 pandemic temporarily obscured this trajectory, resulting in a notable 7.7% economic contraction in the fiscal year 2020-21.

STEPS TO THIRD-LARGEST ECONOMY

1. <u>A Sustainable Economy:</u>
India's steadfast dedication to renewable energy, bolstered by initiatives such as the National Solar Mission, serves as a robust defence against rising energy demands, bolstering energy resilience, and leading the charge in environmental conservation.

2. <u>Nurturing India's Agriculture</u>
India's agriculture sector, employing over half of its population, faces challenges like low crop yields, inadequate irrigation, and climate change susceptibility. Measures like the Farmers' Produce Trade and Commerce Act aim to improve farm incomes and protect farmers' rights. Programs like Ayushman Bharat and PM-KISAN aim to address economic disparities and promote inclusive development.

3. <u>Make In India, Made in India:</u>
The Digital India initiatives are propelling India's digital economy, which offers prospects for development and innovation in several areas. In addition to addressing trade imbalances, the "Make in India" campaign seeks to revive indigenous manufacturing. There is considerable room for expansion in the service sector, especially in the IT and healthcare industries.

4. <u>Role of Education :</u>
Education is a major factor in India's transition, and it has to change to suit the needs of the twenty-first century. Even if they are good, programmes like Skill India and the Pradhan Mantri Kaushal Vikas Yojana must reach underserved populations while upholding high standards of quality.

PURSUING AMBITIONS

India's determined quest to secure its position as the world's third-largest economy by 2028 is a captivating narrative, brimming with both hurdles to overcome and uncharted horizons to explore. India's economy, now valued at $3.5 trillion, has recently climbed to become the world's fifth-largest, surpassing the United Kingdom. Prime Minister Modi envisions India achieving developed nation status by its 100th year of independence in 2047. Despite this economic growth, the government faces challenges, notably a 6-6.5% growth forecast for this fiscal year.

In summary, India's economy is thriving and aims to reach developed nation status, but it grapples with rising unemployment, a critical issue that must be tackled as elections loom on the horizon. With a strategic mindset and unwavering resolve, the nation is on the cusp of unlocking its vast economic promise.

Written byAnkit
Designed by Naman

INDIA- CANADA TENSION - ITS IMPACT ON THE ECONOMY

INDIA AND CANADA HAVE LONG-STANDING BILATERAL RELATIONS. INDIA ESTABLISHED DIPLOMATIC RELATIONS WITH CANADA IN 1947. THE DEEP CULTURAL AND POLITICAL TIES BETWEEN CANADA AND INDIA ARE STRENGTHENED BY A GROWING NETWORK OF OFFICIAL DIALOGUES, MEMORANDUM OF UNDERSTANDING ETC.

The India-Canada relationship is seen to be depleting as both countries have announced the expulsion of diplomats of the other country after the Canadian Prime minister accused Indian government agents of having links in the killing of a Canadian citizen Harpreet Singh Nijjar.

The business world must be brooding about the looming impact on trade relations between the two countries that have bilateral trade running into billions of dollars. The political situation has also led to a pause in negotiations for a free trade agreement between India and Canada. The bilateral trade between these countries has grown significantly in the recent year, reaching $8.16 billion in 2022-23.

In the case of investments, Canadian pension funds will continue investing in India on the grounds of India's large market and good return on money invested.

•India imports from Canada -

1 . Mineral fuels, mineral oils, and products of their distillation, bituminous substances, and mineral waxes.

2. Pulp of wood or other fibrous cellulosic minerals, waste and scrap of paper or paper board.

3 . Edible vegetables and certain roots and tubers.

• India exports to Canada -

1. Pharmaceutical products
2. Articles of iron or steel
3 . Nuclear reactor, boilers, machinery and mechanical appliances.

Also, Canada is important to India as a supplier of Muriate of Potash(MOP) and Masur or red lentils.

India and Canada also have a strong educational partnership. There are over 200 educational partnerships between Indian and Canadian institutions.

Over 3,19,000 Indian students are enrolled in Canadian institutions, making them the largest international student cohort in Canada.

According to the Canadian Bureau for International Education, Indian students contributed USD 4.9 billion to the Canadian economy. Indian students are the largest international student Group in Canada. The benefits of educational partnership are mutual and hence the current situation may have no impact on the relationship.

INDIA- CANADA TENSION - ITS IMPACT ON THE ECONOMY

The ongoing disputes between India and Canada will have a mutual impact on both countries. It would be beneficial for both countries to take correct legal measures to address the political issue. As India and Canada are two strong economies, the countries should transform politically contentious issues. They should work on building cooperation as the future of both countries holds promising results together.

Written by Deblina
Edited by Ankit

CHANDRAYAAN 3
A BOON FOR INDIA

August 23, 2023,
Around 18:04 Hrs IST

The enormous success of India's third lunar exploration endeavour i.e. the successful soft landing of The Chandrayaan 3 has had a gigantic impact on India's global economy, especially the space economy. After the Mangalyaan, ISRO's yet other triumph proved to be a marvellous transition for India's economic as well as technological growth.

The global space industry exhibits a great demand for a highly skilled workforce in science and engineering technologies and The Indian Space Research Organisation (ISRO) has already proved its potential to create high technical jobs through the very recent mission i.e. The Chandrayaan 3. In addition to these scientific and technical workers, support and administrative roles will also be created.India became the only country to have achieved an unprecedented milestone by successfully landing on the South Pole of the Moon. With this monumental achievement, India became the fourth country in history to accomplish a successful soft landing on the lunar surface.

India witnessed a prime levitation in its global space economy. After a major increase in the value of USD 546 billion, it was seen that India alone contributed 91 per cent in this regard thereby playing a crucial role in this enormous increase of the totality. The global space economy is no longer restricted to only science fable. The success of Chandrayaan 3 acted as a catalyst for the economic upliftment, and employment generation which in turn will alleviate poverty and increase private investments. With this huge success, India entered into a whole new economic zone whereby job creation and technological advancements will increase abruptly. It brought a positive change for India and its humanity as a whole. India's participation in the new space race exhibits its commitment to international cooperation in space exploration.

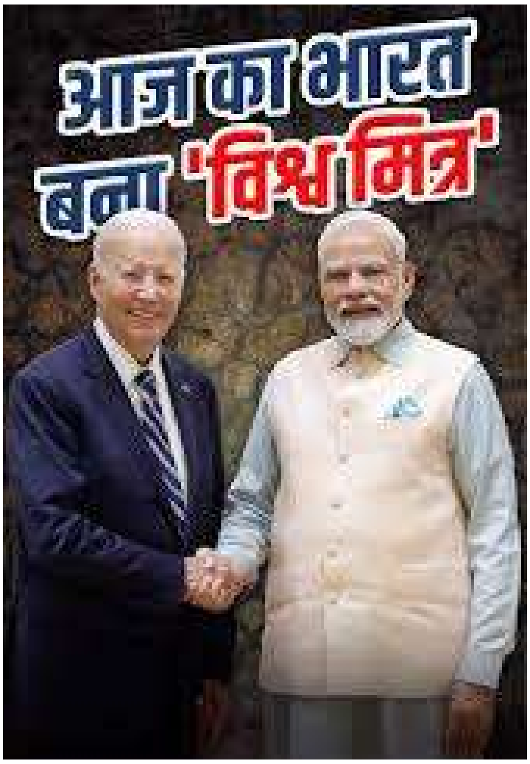
Written by Shatadruty
Designed by Naman

Vishwamitra Bharat

Is here anyone who is unaware of the G20 summit? I highly doubt it.
So, what's the significance of the G20?
And Why should we as Indians be interested in this year's G20? Allow me to elaborate:

India is one of the member countries of G20 and its presidency in G20 SUMMIT 2023 with the theme of "Vasudhaiva Kutumbakam " (One earth - one family - one future) to discuss and redress Global economic issues. Various meetings in different tracks have been held and the meetings were jointly chaired by Union Minister of Finance and Corporate Affairs Smt. Nirmala Sitharaman and Governor of RBI , Shri Shaktikanta Das. So here's the deal, we all are aware about "Great Recession", "Satyam Scandal" and "IRS scam".

Great recession began in 2007 and ended in 2008 . The crisis demonstrated that economic problems in one country could quickly spread to others, making it clear that a coordinated global response was necessary to stabilize and revive the economic growth. Satyam Scandal and IRS scam also trembled the structure of the Indian as well as global economy. So, G20 finance track plays a crucial role in promoting sustainable economic development.



WHAT IS FINANCE TRACK ?

The G20 or Group of Twenty, is an international forum of major economies that raises various financial and economic issues. The Finance Track is headed by the finance ministers and central bank governors, who usually meet four times a year, with two meetings being held on the sidelines of the World Bank and International Monetary Fund (IMF) meetings.

MAJOR FOCUS AREAS :

1. Global economic growth
2. Financial stability
3. Taxation
4. Trade and investment
5. Sustainable development
6. Digital economy

Global Economic Growth :

The focus of the discussions in the Finance Track is coordinated to -

- Stabilise the global economic growth
- Structural measures to promote inclusive growth and to reform proposals for the international financial system.

The objective is to detect crisis more effectively and at an earlier stage and to prevent the development of global imbalances. At the same time, the international financial, economic and monetary system is to be made more stable.

CAN INDIA BE SUCCESSFUL IN ACHIEVING FINANCIAL STABILITY?

Yes, The G20 finance tracks commitments can help India in boosting confidence in financial markets. The G20 finance track provides a forum for rapid response to crisis. Finance track would connect India's financial sector to the global financial system in a convenient way. So, during times of economic turmoil, member countries can collaborate on measures like liquidity injections, currency stabilisation, and economic stimulus to mitigate the macroeconomic issues. Successful in such ways as to:

- **Promote export - import dynamics and global cordiality among nations.**
- **Diminish international epidemics such as COVID - 19 pandemic via vaccination.**

Taxation

In India, through Income tax Act and other tax laws come into force yet Tax evasion become a major issue. Concentration of G20 finance track would be–

- comprising efforts to combat tax evasion and promote fair taxation. India has a rapidly growing digital market, this track would help India to ensure whether digital companies are appropriately taxed or not. It allows India to shape international tax standards and policies to attract investment. The finance track tries to resolve various issues through two – pillar solutions i.e. minimum taxation for MNCs and supports timely mobilization of funds for climate finance and enhance sustainable finance for better health and education of children.

Trade and Investment

A finance track focusing on trade and investment can certainly help India's economic growth and development. Here are some key areas to consider:

1. Encouraging FDI can bring in capital, technology, and expertise, which can boost various sectors of the Indian economy.
2. Negotiating favourable trade agreements and improving infrastructure, simplifying regulations.
3. Investment in education and skills would intensify innovation and ensure sustainability.

G20 discussions on currency exchange rates are pertinent to India's trade competitiveness. A stable exchange rate can make Indian exports more competitive in global markets, influencing trade flows and investment decisions.

DI-FI SAKSHAM INDIA

DI- FI itself means Digitally - Financially Saksham India . Via Finance track , India would concentrate on easy accessibility to financial inclusion. India has a thriving fintech ecosystem. Collaboration within the G20 Finance Track can facilitate knowledge sharing and cooperation on fintech regulation and innovation, ensuring that India's fintech sector continues to grow and innovate responsibly.

How does G20 finance track work?

G20 members countries cooperate with each other to stabilize the world economy and G20 Finance track works through working groups.The working groups play a crucial role in addressing the challenges and complexities in policy formation.

Specialised subgroups : resolute to solve problems

- Corruption Working Group (ACWG)
- Sustainable Finance Working Group (SFWG)
- Joint Finance and Health Task Force
- International financial Architecture (IFA) working groups
- Investment and Infrastructure Working Group (IIWG)
- International taxation working groups (ITWG).

Global economy & Indian Economy

The G20 Finance Track has a direct impact on both the global economy and the Indian economy. Example :

Curbing Illicit Financial Flows = Corruption often involves the illicit movement of funds, which can have a detrimental impact on India's economy.

The Finance Track can facilitate international cooperation to combat illicit financial flows. By collaborating with other G20 members and relevant international organizations, India can access expertise, intelligence sharing, and resources to track and repatriate illicit funds. G20 discussions on governance and transparency can encourage India to adopt best practices in public administration and anti-corruption measures. This can improve the investment climate and foster economic growth . It's important to note that while the G20 Finance Track can indirectly influence foreign currency inflow and exchange rates in India, the primary responsibility for managing these aspects lies with the Indian

Written by Rimjhim
Designed by Navneet

CENRTAL BANK DIGITAL CURRENCY

“A NEW DAWN IN THE PAYMENT SYSTEM”

DO YOU NEED AN SAFE AND EASY TRANSPARENT PAYMENT SYSTEM?

Central Bank Digital Currency Or CBDC will be a great option for those who are searching for a safe online payment system as because these are based on the blockchain technology and centralized By RBI which makes it difficult for anyone to corrupt the programme and codes.

ARE *CRYPTO AND DIGITAL CURRENCY SAME*? *CAN CBDC* BE *A PERFECT ALTERNATIVE FOR CRYPTO* ?

Actually not, though both uses the same system i e. blockchain technology but they are different in many ways. An interesting topic that is to be discussed,will CBDC provide equal satisfaction to users to that of holding a crypto . CBDC is a legal tender money and it is equal to country's fiat currency .For those who are eager to hold a digital currency based on cryptography but they do not want to handle the risks associated with it such as it's volatile market, no authorised regulation, will find it as a great alternative of holding bitcoins and other such currencies. On the other hand, For those who wants to take the risks of crypto and wants to invest on it as like other assets will not found CBDC as a useful system as it's value will be determined by a central authority and not by market conditions. Moreover, crypto was designed in order to have a type of money whose control is not in the hands of a few.

WHY CBDCWHEN THERE IS UP. I?

Now, the question may arise that we have UPI(Unified Payment Interface) then why do we need another digital payment system. Actually, there is an involvement of Banks in UPI. Banks act as an intermediary between or among the parties who are engaging in the transactions. But CBDC is free from any kind of involvement of banks. Money gets transferred from one E-wallet to another E-wallet, through the payment app.

INDIA's POSITION AND PARTICIPATION IN CBDC?

₹ R. B. I is in its way to develop it's own digital currency called (e). RBI has proposed two version of e₹ , CBDC-W (wholesale) and CBDC-R (Retail) . The pilot project of CBDC-w started on 1st November, 2022 with 4 banks including- SBI, ICICI, YES BANK, IDFC and later on 4 more were added. The pilot project of CBDC-r started on 1st December 2022 in Mumbai, New Delhi, Bengaluru and Bhubaneswar. The retail CBDC is launched in the denomination of 50 paise and ₹(1,2,5,10,20,50,100,200,500 and 1000).

HOW TO PARTICIPATE IN THE PILOT ?

To use CBDC one need to register with the bank to have the e-rupee wallet. Banks will inform via SMS and email to participate in the digital rupee pilot program . Once registered we have to load money into our E₹-wallet, which will be in digital form. Money can be load from the account linked to the bank or from various UPI apps. Now, we can start transacting in e-rupee.

INTEREST OF OTHER NATIONS IN CBDC?

Over the world, CBDC has become a hot topic to discuss. The Island Nation, The Bahamas, launched the world's first CBDC in 2020, called the sand dollar. Nigeria has launched its CBDC project the currency is called E-Naira. China has also developed it's prototype since2016. The digital Yuan was also introduced to visitors at the winter Olympics games, 2022 in China for making payment.

IS THERE ANY BENEFIT OF THIS SYSTEM?

As per experts, it will accrue many benefits for its users over traditional currency and UPI such as;

- Speedy transfer of money due to no involvement of banks.
- Reduction in cost of printing and circulating paper currency by central banks.
- Facilitate government in tracing utilization of funds.

BULLET PROOF TO CYBER ATTACK OR NOT

At present, it can be said that CBDC has a great potential to solve the problems related to cyberattack which are general in case of Other digital payments. In CBDC , there will be a unique token number and if the system is hacked , the old token number will be reset to a new one and the user will get his money back . However, to what extent it can prevent cyber attacks is still uncertain but it seems that it could prevent such issues.

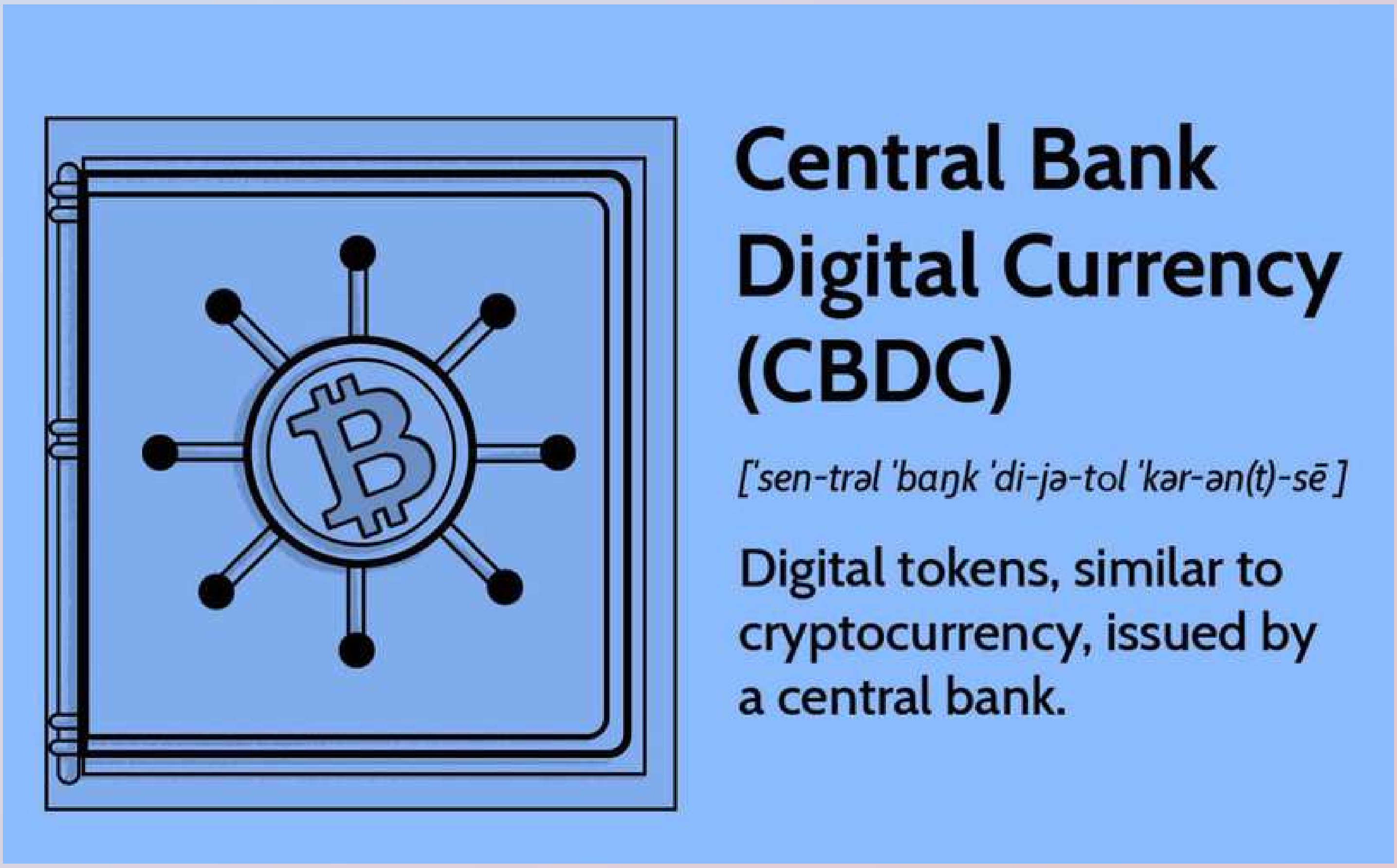
PROBLEMS THAT MAY ARISE IN THE FUTURE?

Like the two faces of a coin, CBDC may pose many problems and risks associated with it which cannot be ignored at all such as:

- People living in remote areas do not have any access to mobile phones and online system. For instance, in Odisha about 4,549 villages do not have any internet connectivity, similarly in Arunachal and other hilly regions also faces this problem so, it will lead to a serious problem of digital divide.
- Bank deposits accrue some interests over time but storing digital currency in E wallets will not accrue any interest which may demotivate individuals to use CBDC. . Implementation of CBDC would require large amount of investment on infrastructure and technology to remove all technical issues.
- Risk of breaching out user privacy as RBI has to solely manage all the data and so, high cybersecurity data protection would be needed.

SO WHAT IS THE CONCLUSION?

CBDCs are becoming a hot topic to discuss in the financial world. Many experts had provided their views on this. . This new concept is only in its evaluative stage and there is yet to discover more. It will not be justified to have a particular view on this. It's effectiveness can only be understood once it is in use. The development of CBDCs are a rapidly evolving area of research and it will be interesting to see how they are adopted and used in the future.



Written by Manas
Designed by Neelabh

GLOBAL ECONOMIC TURMOIL TO SHAKE UP INDIA'S FINANCIAL SYSTEM

India has undergone numerous challenges since Independence and manages to rank as the 5th largest economy in the world. India had a 7.2% share of the global economy in 2022, as recorded. However, the structure of international relations has drastically changed in the recent past. The global order was confronted with a variety of challenges due to the cores of incidents. In 2008, the global economy was shattered by Lehman Brothers' failure. The EU seems to be under tremendous pressure due to Brexit and the Ukraine crisis. The US and China are struggling to revive their economies due to their controversial political and economic decisions. COVID-19 related lockdowns resulted in the destruction of many people's income sources. The start-up ecosystem has been impacted by the Silicon Valley Bank crisis. Despite offsetting efforts, poverty has increased by almost 100 million in 2020 to 745 million.

THE DEATH OF REAL ECONOMY: LEHMAN BROTHER CRISIS

After the dot com crisis and 9/11 attack, USA was heading towards recession as American public and market lost trust in the economy. The Federal Reserve tried to control the situation by printing more currency and lowering the interest rate to 1%.

The general public was now able to borrow money from banks at a lower interest rate and invest the same in the real estate market. After 2004, the Federal Reserve started increasing interest rates again as the economy was growing . Due to this, it became difficult for the general public to pay their house mortgage on the adjusted interest rates. By 2007, around 2.3 million houses were foreclosed due to non payment of instalment.

Subprime lenders filed for bankruptcy as they did not receive payment and the investment bank associated with these subprime lenders started to collapse. Another factor that led to the collapse of investment banks was the investment in risky financial instruments like CDOs (Collateralized Debt Obligations). Bears Stearns was the first bank to collapse, followed by Lehman Brothers after its stock dropped by 73%. AIG provided insurance for CDOs and so they were in a lot of trouble when the housing market crashed.

WAS INDIA AFFECTED BY THE FINANCIAL CRISIS?

The financial crisis of 2008-09 had relatively less impact on Indian Economy. The impact was initially visible in the stock market and then in the GDP. ICICI, SBI and PNB were exposed to the bankrupt bank, which caused their shares to go down. Real GDP experienced a decline from 7.7% in FY08 to 3.1% in FY09. Many Indian companies maintained their funds through offshore subsidiaries. During the 2008-09 crisis these firms experienced lower liquidity of dollars and began lending rupee from the domestic market and exchanged it into dollar because of which rupee depreciated sharply. To control depreciation of rupee, RBI sold 18.6 billion dollar.

DILEMMA OF COVID 19 PANDEMIC :

A novel coronavirus spread all over the world that caused detrimental health issues among general Public. The Coronavirus has adversely affected all the sectors of India as domestic demand and export sharply plummeted with some notable exceptions where growth was observed. On 19 March,2020, PM Modi announced the 'janata Curfew' and a series of lockdowns were announced by Indian Government to control COVID 19 pandemic.

DISRUPTION IN BANKING SECTOR:

Due to rise in unemployment rate and low income of general public during the pandemic, the public deposits decreased significantly which in turn affected the process of credit creation and thus less money was lended to public and institutions. This also resulted in devaluation of bonds and other securities. The disruption in the banking sector's workforce resulted in a decrease in the agency functions that are typically held by the bank. Various branches of banks were completely shut down.

TREMBLE IN INSURANCE SECTOR:

Insurance companies modified their policies during the COVID era as customers started looking for better customization and targeted products due to flexibility in payment system and therefore innovative products were added. Eventually, premium prices were increased. An unexpected shock was experienced as profits were dropped by 16.6%. Whereas, claims were increased by 38.4%. Mainly the Health and General Insurance policies were being affected.

VOLATILE FINANCIAL MARKETS:

During pandemic, both Sensex and Nifty dropped drastically. Due to lockdown, movements of raw material was not possible which stopped all kind of manufacturing activity. To avoid losses, industries laid off their work force. Again the demand for goods also plummeted because of these the shares of such company fell causing loss to investors.

COLLAPSE OF SILICON VALLEY BANK

In 2020, when lockdown was announced large Venture Capitalists began investing in software companies. A boom was seen in the software industry, this allowed startups to raise a lot of money. As a result, most of these start-ups deposited their funds in Silicon Valley Bank, the 16th largest bank of US. But the problem was that there were less demand for loans so, SVB used these billion dollars and invested in long term Government bonds and Treasuries at low interest rates which caused them a loss of $1.8 Billion.

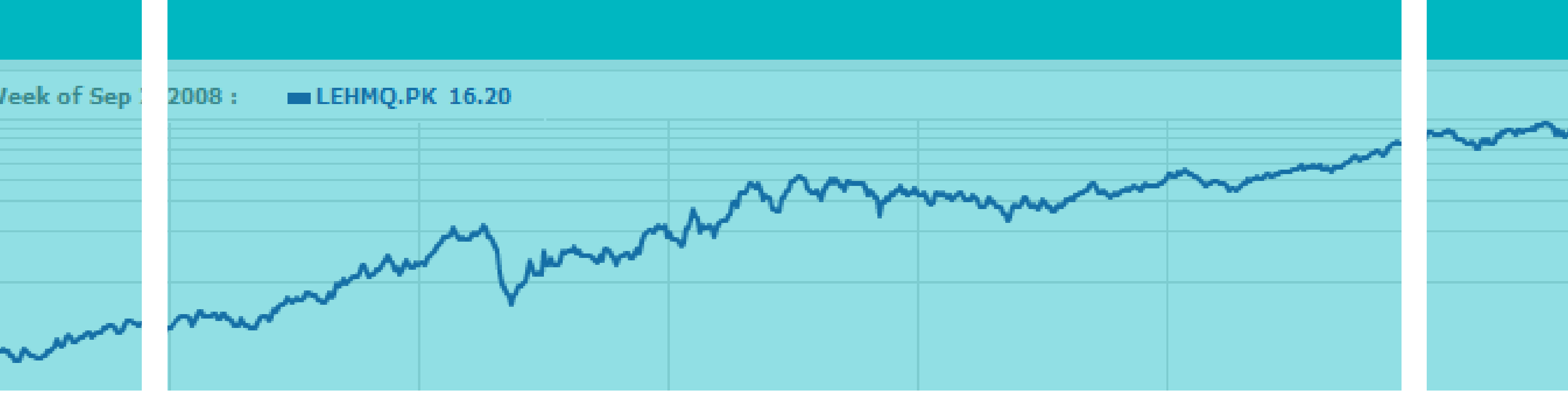
The Government bonds held by SVB crashed because of which SVB shares went down by 60% which triggered BANK RUN (situation where all customers demand withdrawal over fear of bank's solvency). And as a result the bank collapsed, eventually banks like First Republic and Signature Banks also sank.

TECH BASED START UP HURDLE

The loss was suffered across the globe as SVB was a hub of startups as it was specialised infinancing and banking for those startups that were in venture stage, especially startups based on technology. Below are its aftermath in Indian start up ecosystem :

- *Troublesome for Indo Tech Start-ups* : Being a start-up friendly bank it lend fundings to several companies in the world. Many of Indo tech companies were also among them but implosion of SVB may lead to improper inflow of funds and result in shut down of those companies.

- *Cash Crunch* : It means a situation where the company don’t have required funds to operate it's business. As SVB was a prominent institution who funded start-ups so they were highly dependent on them but companies ran out of cash when the bank suddenly collapsed.

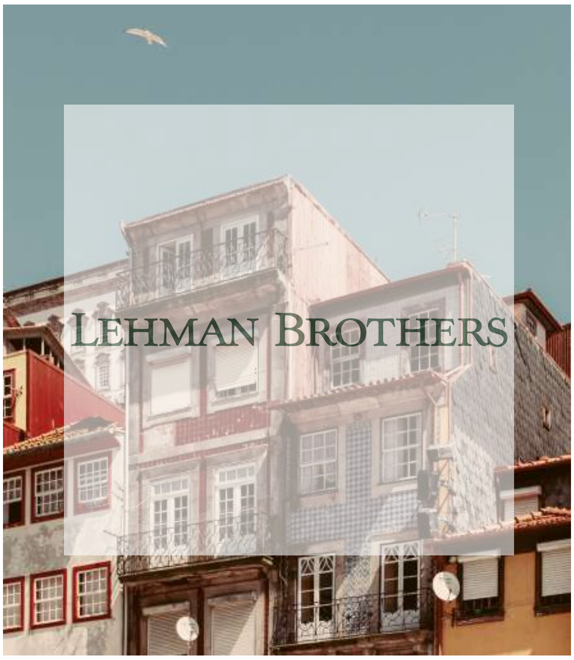


RUPEE VS STOCK CONFLICT: RUSSIA - UKRAINE WAR

Russia invaded Ukraine on 24th February 2022 and this was followed by months of war. US and many countries of European Union imposed sanction on Russia. This was the second blow on Indian economy after the onset of Covid-19 pandemic in 2020.

During Russia Ukraine war, a negative conflict between rupee and global stock market was seen as Indian rupee and stock market fell drastically.

- Devaluation of Indian currency: The rupee has weakened by almost 800 paise or 9.8% against the US dollar. In all of 2022, the depreciation has been over 11% which is poorest since 2013 as a result rupee plunged against US dollar.
- BSE Sensex: Global Stock markets across the world witnessed one of their worst falls since pandemic. The war led to one of the drastic falls in BSE Sensex in the last 2 years. In first 20 days of war, the index crushed nearly 4000 points which causing massive losses to investors.



CONCLUSION

India has faced a series of significant challenges stemming from global economic turmoil. Despite these adversities, India's economy has displayed resilience and adaptability. The nation's ability to weather these storms can be attributed to several factors, including a relatively limited reliance on foreign exports, the prudent actions of its central bank (RBI), and the diversity of its economic sectors. While these global disruptions have left their mark on India's financial system, the country remains positioned for growth in the coming years. The Indian Economic Survey 2022-23 forecasts a growth rate of 6-6.8% in FY24, reflecting India's capacity to navigate the global uncertainties.

Written by Pushpa
Designed by Navneet

Surge of Private Sector Capex in India

Private sector capital expenditure (Capex) in India is finally rebounding with the announcements more than doubling in Financial Year 2023 from pre pandemic levels, and outpacing Central and state governments' capex plans for the year

While India's capital expenditure was largely driven by the government outlay since Financial Year 2019 , the private sector finally caught up with an outlay of Rs 26 trillion in the last financial year, up 85% on-year. Not only this, indicators such as capital utilisation and improving GDP ratio suggest that a broad based capex revival is on the horizon.

According to the Economic Survey of 2022-2023 , its been mentioned that the estimation of an increase in GDP growth of 6.0 percent to 6.8 percent in 2023-2024 is greatly due to positives including increase of Capital Expenditure (Capex)

An analysis of data gathered by the Reserve Bank of India (RBI) and the Department for Promotion of Industry and Internal Trade (DPIIT) shows that the Indian economy is on the verge of a new private capital expenditure cycle that affirms the confidence of private businesses and investors in the resilience of the country's economy. While India's push for roads and renewable energy will continue to dominate the country's investment cycle, recent expansions announced in a diverse range of industries, including railways and electronics , suggest a more ambitious shift away from modular capital expenditure.

For example, sectors such as crude oil, base metals, power, and telecom continue to dominate the capital expenditure of the private sector. Moreover, broad basing is also visible with an increase in capital expenditure activity across cement, chemicals, healthcare and logistics

Indian economy will do well in the coming quarters, despite spillovers of high US interest rates, Finance Minister Sitharaman said. The investment starting to come from the country's private sector is expected to boost the economy in the near future, she said.

In recent years, India has witnessed a significant resurgence in private sector capital expenditure (capex), marking a pivotal moment in the country's economic landscape. India's private sector capex had been sluggish for a prolonged period due to various factors, including economic uncertainty, regulatory hurdles, and global volatility. However, in the last few years, a notable transformation has been observed as the private sector has increasingly shown confidence in investing in capital projects. Several factors have contributed to the resurgence of capex such as- Government Reforms Initiatives like "Make in India" and "Atmanirbhar Bharat" have instilled confidence among investors, Infrastructure Development - Governments emphasis on public-private partnerships (PPPs), Global Investment- Increase in foreign direct investment (FDI). Despite the positive trends, challenges remain such as- Regulatory Hurdles: Regulatory bottlenecks, land acquisition issues, and bureaucratic red tape continue to hinder private investments, Infrastructure Gaps: While progress has been made, India still faces infrastructure gaps that can deter private sector participation, Global Economic Uncertainty: The global economic environment remains uncertain, which could impact the willingness of private players to invest.

Aided by rising capacity utilisation and improving balance sheets, private companies' investments in capital expenditure have started gaining momentum, which in turn may bring back animal spirits and provide a multiplier effect for the economy, the Economic Survey 2022-23 has said.Experts, however, cautioned that potential global slowdown and rising inflation could affect this rise in capital expenditure. According the survey, the economy saw private investments to a tune of Rs 3.3 lakh crore in first six months of FY23, up 50% from Rs 2.2 lakh crore a year earlier

” Also, the amount of capital expenditure nearly doubled in past five years, the survey noted. “The strong balance sheet of banks and corporates are rightly assumed to give a private capex push in addition to the government capex push if the assumptions on the external and demand front are realised,” said Sanjeev Krishan, chairperson of PwC in India.

In the eight months ended November 2022, India saw capex investments to a tune of Rs 4.5 lakh crore against Rs 2.7 lakh crore and Rs 2.1 lakh crore, respectively, in the first eight months of FY22 and FY21. “Going forward, investment growth could be because of adaptive expectations — expectations for the future influenced by recent experiences,” she said. “Amidst impending global slowdown, it is important to anchor the expectations so that they don’t weigh on private investment decisions.” Growing capex by both private entities and government has served as a powerful stimulus to industrial growth, the survey noted. Capacity utilisation hit a tipping point of 75.3% in the fourth quarter of FY22 and settled at 74.3% in the first quarter of this fiscal. Higher capacity utilisation often leads to increase in capital expenditure since the existing capacity may not be sufficient to support the growing demand, prompting companies to expand their capacity. “Capacity utilisation...has already reached the tipping point of 75.3% in Q4 of FY22, at which investments in building new capacities are undertaken,” the survey said. “New investments announced in the manufacturing sector during April-December of FY23 was five times the corresponding level in FY20,” it added. In first half of FY23, the economy recorded the highest share of gross fixed capital formation (GFCF) in GDP during first half of a financial year since FY15, the survey said.

The resurgence of private sector capex in India is a promising development with far-reaching implications for the nation's economic growth and development. Government support, continued reforms, and a proactive approach to addressing challenges will be crucial in sustaining and enhancing this positive trend. As private investments surge, India stands on the cusp of unlocking its true economic potential and emerging as a global economic powerhouse

Private Sector

['prī-vət 'sek-tər]

The part of the economy that is run by individuals and companies, often for profit, rather than a government.

Written by Rinki
Designed by Neelabh

INCREASE IN GST COLLECTION

The Goods and Services Tax (GST) is a reincarnation of VAT which was used in India for the supply of goods and services. The Goods and Service Tax Act was passed in the Parliament of India on 29 March 2017. GST has replaced various indirect taxes, which already existed under the previous tax regime. The Trump card of having one single tax is that every state follows the same rate for a particular product or service. This makes it easier in the administration process for the Central Government to decide the rates and policies. There are four types of GST :

CGST - Central goods and services tax. It is charged by the central government on the intrastate movement of goods and services, i.e., transactions within one state.

SGST - State Goods and Services Tax. Under GST, the same amount of SGST is imposed on intrastate supplies of both goods and services by the particular state government where the product sold is consumed.

IGST - Integrated Goods and Services Tax. Under GST, IGST is a tax imposed on all interstate supplies of goods and services across two or more states.

UTGST - Union Territory Goods and Services Tax (UTGST) is a tax imposed by the respective Union Territories.

The gradual high GST collections mark improving economic activity. GST is a consumption-based tax, so increased collections depict a rise in domestic demand and overall economic vibrancy. During festival seasons the increased consumer spending for homes, cars, vacations, and other consumer items also adds to higher monthly GST collections.

GST collections grew by 11% to over Rs 1.59 lakh crore in August. The growth in the collection of GST over the years can be observed in the data below. Here's a closer look at yearly GST revenue collection data

Financial Year	GST Collection Data
FY 2021-22	Rs. 14,87,313 Crores
FY 2020-21	Rs. 11,36,803 Crores
FY 2019-20	Rs. 12,22,117 Crores
FY 2018-19	Rs. 11,77,370 Crores

(Source: Bajaj Market)

Written by Mohsin
Designed by Navneet

The gross GST revenue collected in August 2023 is Rs 1,59,069 crore of which Central GST is Rs 28,328 crore, State GST is Rs 35,794 crore, Integrated GST is Rs 83,251 crore (including Rs 43,550 crore collected on import of goods) and cess is Rs 11,695 crore (including Rs 1,016 crore collected on import of goods).

The Goods and Services Tax (GST) collection was over Rs 1.43 lakh crore in August 2022. Revenue Secretary Sanjay Malhotra said GST collections have grown more than the nominal GDP growth rate in the April-June quarter despite no increase in tax rates. "This is because of better compliance and improved tax collection efficiency," Malhotra said, adding tax evasion and avoidance have been low.

(Source: NDTV Profit)

The key factors behind this record-breaking GST collection are Improved economic activity and quick recovery after the second wave of the COVID-19 pandemic. Effective measures taken by the government, such as e-invoicing, e-way bills, data analytics, audits, etc. had a significant effect on the collection of GST.

Conclusion: This increase in GST collection helps the central government to build a stronger nation through capital expenditure like infrastructure as an increase in the number of taxpayers in the nation, which will help in the development of the nation's economy and a stronger nation

Investing 101 for Gen-Z

Disclaimer: The things mentioned in this article and resources cited are purely for the purpose of education and none of them is financial advice.

In the records of financial history, few events have left an inerasable mark like the 2008 global financial crisis. It was a cataclysmic moment that shook the very foundations of the global economy, sending shockwaves through markets worldwide. While major financial hubs crumbled under the weight of the crisis, the repercussions reverberated far and wide, transcending borders and stretching across oceans.

Likewise, the stock market, the Sensex, which is the benchmark of the 30 companies in the BSE fell by 13 13,500 points. The Nifty 50 Index, the Indian stock market index that represents the weighted average of the top 50 largest Indian companies listed on the NSE also fell by 3-800 points.

We all know that the markets have made a comeback in the last decade index funds in particular is a special case.

Warren Buffett, the CEO of Berkshire Hathaway and the Wizard of Investing, once made a $500,000 bet, that a simple S&P 500 Index fund would outperform the actively managed funds by the best of Wall Street. This bet was taken up by Ted Seides, of Protege Partners and the bet officially started on the 1st of January, 2008. And now I'll simply let the charts talk ;

Needless to say, Buffett won his bet. He started investing just at the age of 11. This gave him invaluable experience and knowledge which in turn allows him to make ludicrous bets like the one above. But here is a nugget of wisdom that is priceless for beginner investors, the charts that you see there aren't simply coloured lines, numbers and candlesticks, they tell a story, a story [about the psychology of the buyers and sellers and] about support and Resistance(and much more).

Support is an area or a zone where the price doesn't go lower, but it bounces up and eventually breaks out from its resistance to create higher lows. Resistance is also an area or a zone from which the price tries to breakout to create higher lows but the price gets bounced back. Name a more Iconic Duo than Munna bhai and Circuit?

I'll go first; Money and Compound Interest. There are broadly two classes of funds, Passive funds and Active funds. The key difference between the two is that active funds are managed in real time by an Asset manager and Indexes. or, in this case, Index funds, are those funds which mirror the indexes, which are a measure of the overall stock market's performance. Indexes have outperformed active funds on several occasions. Here's a list of a few:

If an index fund such as the NIFTY 50 is the average performance of all the top 50 companies in India, it is safe to say that they represent our economy in a way, so when you put your trust in NIFTY. You are putting your trust in your economy and not some asset manager.

Why index funds? An index fund is an investment strategy that passively replicates the performance of a specific index by holding the same stocks in the same proportions as the index. Not only have many actively managed large-cap funds failed to outperform their benchmarks, but index funds offer other advantages as well. With index funds, there's no need for extensive research to find a scheme that might outperform in the future. Passive schemes provide investors with returns mirroring the index, eliminating concerns about performance. Instead, investors should monitor the fund's tracking errors. Moreover, passive funds are cost-effective, with significantly lower expense ratios compared to actively managed funds.

The beginning of the journey:

•To start investing you need two apps, namely,

1. Groww (or any stock broker platform):
2. Smallcase(The app which will do all the research for you):

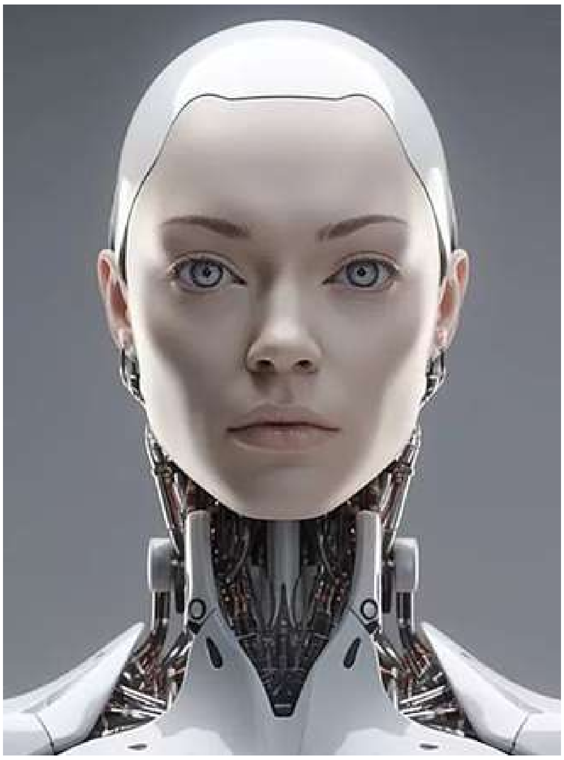
https://smlc.se/53BT

Written by Aaron
Designed by Neelabh

A.I- Driven Management: Navigating the future of business

In recent years, artificial intelligence (AI) has revolutionised the way businesses operate in a data-driven world. Artificial Intelligence-powered tools and technologies have become an integral part of today's business management, allowing companies to operate daily, provide insight from a wealth of information, and make better decisions.

An important aspect of artificial intelligence is service in business management. Chatbots and virtual assistants are now widely used to provide live customer support, answer questions, and even make suggestions. Sentiment analysis tools powered by AI can help businesses understand customer feedback and improve their products and services, track inventory levels, and shipments and forecast demand. Additionally, AI-powered analytics can help businesses analyze large amounts of data from multiple sources, including social media, customer feedback, and sales data, to understand consumer behaviour, market conditions, and competition. Artificial intelligence also facilitates financial reporting, budgeting and forecasting, allowing companies to make smarter financial decisions.



Overall, artificial intelligence is changing the way businesses do business, allowing them to simplify their operations, improve customer service, and compete in terms of revenue. As AI technology continues to evolve, we can expect to see new applications in business management.

Another additional advantage is that machines are programmed to work for longer hours without getting bored or distracted. They can easily solve boring and monotonous tasks with the help of smart algorithms. But it has some disadvantages too :

1. More likely to cause human fatigue :

Automation of tasks and the increasing availability of digital assistants will increase dependence on technology, which in turn will cause human fatigue. Relying on too much intelligence to complete simple tasks, such as performing small calculations or remembering numbers or addresses, can interfere with a person's memory or analysis of daily tasks. The emotional use of wisdom is important to avoid negative effects on future generations.

2. Artificial Intelligence is expensive to use :

Deploying Artificial Intelligence requires a lot of investment because companies need to invest in the Artificial Intelligence framework, including new tools and software. Additional fees include training groups to learn how to use artificial intelligence systems. All this makes artificial intelligence systems expensive to implement and maintain.

3. It will increase unemployment :
Although AI replaces repetitive tasks and other types of manual work, which is beneficial for organizations, it also has a negative impact on business. In the future, traditional jobs will be replaced by skills, causing people doing these jobs to lose their jobs.

A.I- Driven Management: Navigating the future of business

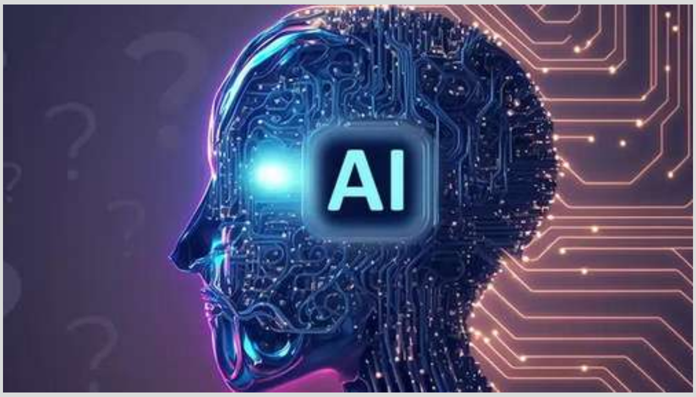
4. No Creativity :

There can be no creativity, especially in the field of content marketing, as AI systems rely on a set of predictive algorithms.
As AI systems evolve from ideas and experiences over time, they may not be able to think outside the box or develop good ideas for tasks.

5. Failure to understand emotions

Artificial intelligence machines can work faster and without intervention, but they cannot measure behaviour before making decisions. Therefore, it is difficult for AI systems to display emotions when interacting with customers because emotions play an important role in sales and marketing and motivating customers.

Therefore, intelligent machines cannot act and think like humans. It is very difficult to integrate ethics and morality into this process. The higher judgments of intelligence, such as the emotions of the mind and self-awareness, once realized, only use ethics in intelligence. Currently, these machines are still in form and are used only in some cases The use of ethics in artificial intelligence is still a long way off.



In conclusion, AI has its advantages and disadvantages. While AI has improved efficiency and productivity in various fields, it has the potential to replace human jobs and create biases that could lead to discrimination and other ethical issues. Therefore, it is essential to recognize the limitations of AI and ensure that it is developed and used ethically and responsibly to benefit society as a whole. So we must know more about machines and should be aware of the future that can happen if we give them intelligence. AI cannot be as bad or good. It varies in the way we utilise and use it.

WRITTEN BY MANISHA
EDITED BY ANKIT

START-UP MANAGEMENT (A JOURNEY OF SUCCESS)

In the world of new emerging businesses and entrepreneurs associated with innovation, new ideas, risk-taking and challenges; start-up management has become a roadmap for all the entrepreneurs to tackle these challenges to foster growth success and expansion of their new startups. Start-up management fuels the spirit of young entrepreneurs and encourages them to take risks.

India has emerged as the 3rd largest ecosystem for startups globally as of 2023. Entrepreneurs face a lot of challenges while starting their startups, therefore effective management of startups is essential. Some of the ways entrepreneurs can overcome these challenges are:

1. Clear Vision and Planning: It is important to have a very clear and defined vision of the business regarding the target audience, location, cost etc. Proper strategic planning helps in forming the core of every business and helps to manage the finance and sales of the new enterprise. Planning shapes the future of the business enterprise.
2. Funding and Finance Management Challenge: The most common problem faced by entrepreneurs is lack of capital which is required for starting any business enterprise. The entrepreneur can seek various funding options such as angel investors, crowdfunding, venture capital or bootstrapping.

The root cause of the failure of any business enterprise is not being able to keep up with costs. If the cost of materials exceeds the revenue of the firm, the enterprise suffers immense loss leading to its failure. Proper financial management such as (regular monitoring of expenses, credit alternatives etc) is vital to forecast the overall sales and profit and loss of the firm.
3. Effective Market Research- A proper marketing plan should be developed to reach the target audience. Market research gives a good idea about the overall demand for a particular product, the market size, sales, competitors and investments. It helps to analyze the overall strengths, weaknesses and opportunities of a firm. Proper study of the market helps the business to know about its rivals and competitors. After conducting a proper study, investment should be made in appropriate marketing tools and techniques to reach the target audience and retain the customers.
4. Forming the Right Team- New startups find it very challenging to attract skilled and professional personnel based on the particular field of the job. Selection and recruitment of capable and skilled employees are of utmost importance, the new startups should offer competitive salaries and build a positive working environment to attract and retain such employees.
5. Differentiation – Any business entity must develop its U.S.P (Unique Selling Proposition) to stand out in the market. It is important to highlight the unique features of their product to attract customers and make it different from the other competitors. It should also have a catchy tagline that gets the immediate attention of customers.
6. Product Development- The product needs to be modified and enhanced based on the needs of the customers. The product quality should be maintained and adjusted as per the customer's preference. The startups should focus on the valuable feedback given by the customers and develop their products accordingly.

In conclusion, start-up management is very challenging as it incurs a lot of risk, innovation, leadership, market research and strategic planning. Startups must be able to cope with the changing environment and uncertainties. The manager must be able to adjust to new policies and frameworks as and when necessary. Startup management acts as a ladder of success for the new enterprises. It acts as a guide for the survival, growth and success of the new startups.