

EPHEMERIS



Vision 2020: A reality or a Myth

Department of Economics
Volume III,
Issue 1 June 2013





From the Editor's Desk

Hi,

Greeting from the Editorial Team!

After a lot of continuous hard work from the members of the Editorial team, we finally bring to you Ephemericis, the first publication for this academic year 2013-14.

*The cover topic for the first publication is – **Vision 2020: A reality or a Myth**. Given the current adverse situation the Indian economy is facing, this magazine takes you through the goals that have been jotted down by the Government of India and whether we are moving in accordance to it. Rupee depreciation which has been on the headlines for the past one month or so has been given a special mention. Alongside, the gold price, ecological ecosystem and other related topics have also been appropriately covered in this month's publication.*

Ephemericis has also gone a step forward in bringing out some striking changes which we personally hope will make it an interesting read for all. Crosswords, fun facts and the likes have been implemented in this month's publication. However we request the readers to come up with more suggestions and ideas which will pull up the intellectual as well as the conceptual quality of the magazine in the coming editions.

Lastly I would personally want to thank the entire editorial team as well as the Faculty in Charge (Prof. GreeshmaManoj) for the commitment and the dedication that the team has portrayed in order to bring out the first publication of Ephemericis. I would also want to take this opportunity to thank all the students of the Economics Department who infused their ideas into this magazine without which all this would be redundant.

All suggestions, criticisms, analytical judgment and ideas are most welcome. Please write in all that you want to share to ephemeris1314@gmail.com without any hesitation. Looking forward to hearing from you all soon.

Warm Regards,

Cledwyn Fernandez

(Chief Editor of Ephemericis)

VISION 2020 – IS IT GOING KALAM’S WAY?

Praveen Kumar (3 MECO)

As the rupee in the recent past has become a senior citizen and its all time low value for the dollar has raised some concern to the economy. This article would deal with the issues of comparing the depreciation of rupees to the long term impact on the visualization of the growth story.

India vision 2020

India Vision 2020 is a Master Plan to transform India into a developed country by 2020. This idea was brought up by former President of India A.P.J. Abdul Kalam.

By the year 2020, if things go accordingly to the script, India would have become a force to reckon with. Of course, the economic meltdown has been something of a dampener.

Keys of India vision 2020:

- Indian agriculture will witness a revolution in productivity.
- There will be more employment opportunities for the rural population
- The urban economy will get a shoot up because rural affluence will spur the demand for goods and services.
- There will be advances in the fields of IT, biotechnology, medicine, and other areas of technology.
- These advancements will create more jobs for educated youth.
- Inequalities and disparities between various groups, regions and communities will disappear.
- There will be a more equitable distribution of wealth and resources so that India shines for everyone.
- Infrastructure will be modernized to compare with global standards with better roads, cleaner and less polluted cities.

A decrease in the value of a currency with respect to other currencies means that the depreciated currency is worth fewer units of some other currency. Rupee depreciation on everybody talks about the subject in recent times. We are experiencing a tough time with rupee depreciation every day. Given India’s ranking as the 12th largest economy in the world, there is much speculation since 2002 of what Indian economy would be at the dawn of two decade mark of the 21st century. The report on ”India Vision 2020” ever since some have speculated that by 2020 India will be the third largest economy, or the fifth largest or perhaps even a developed nation!

But the question or a concern is that is the rupee depreciation a real problem for the vision 2020?

The depreciation of rupees has impacts like expensive imports, increases oil prices, higher inflation, poor FII flow, repayment of loans by the government, foreign education, foreign holidays etc. with the above issues on depreciation it is difficult for the country to manage with its estimated growth and weak cues of achieving the objectives of India vision 2020. With all these concerns rupee depreciation has an obvious of a more negative impact on the economy. The obvious consequence of devaluation in the short run would be to worsen the balance of payment position and raise the burden of India's foreign debt and debt service liability and foreign loan repayment would break the back of the budget, which would in turn increases the trade gap. It will upset all the cost- price relationships in the economy, lead to galloping inflation, and will stall many ongoing projects due to rising costs. So now it depends on what the future has to reveal for, how effective the central bank can balance the foreign exchange rates with little impact to the relative areas of foreign exchange usage.

Can the Dollar remain king or not, is no longer a million dollar question, but a million Rupee question!

THE ANTI-MIDAS TOUCH

SukritiJha (3MECO)

In ancient times, India was called ‘*a bird of gold*’ because of its rich heritage and bountifulness. Metaphorically putting, today this bird struggles to fly with the heft of gold it has on its wings.

For much of the last 2000 years of recorded history, India has been the largest buyer of gold. Even a 500% increase in its price level in last one decade has not been a deterrent. About 10% of the world's gold are in India's possession. At more than 18,000 tonnes, Indian households hold the largest stock of gold in the world, and much to our concern; it produces very little of it. India imported around 300 tons of the metal during the month of April and May, majorly aggravating the already struggling CAD. According to The World Gold Council, Gold contributes to nearly 30% of the trade deficit.

The story of this obsession of Indians with gold goes far back to ancient Hindu mythology and beyond. Gold has been much more than merely a metal for us. It attaches itself to various other meanings and significances. It is considered to be sacred, a holy ingredient without which almost all festivals and functions would be incomplete. It is a symbol of love, purity, prosperity and good fortune. It is a pervasive gift. It is ancestral and also a legacy in Indian society.

Bringing in the economic perspective, gold is the most riskless form of investment and the easiest way to save. It acts as a hedge against inflation and as a harbor against many other currency crises. Also it is highly liquid and doesn't include any problematic and chaotic paper work. Compared to any other form of investment, gold is most preferred and trusted in a country like India where the illiteracy rate is as high as 74% (2011 census). It is one of the easiest means through which money laundering can be done. The yellow metal has turned out to be best in making the *black* appear like *white* in a country which according to a Swiss Banking Association Report (2006) has more black money than the rest of the world combined.

Thus this yellow metal cannot be taken away from the Indians only by an increased import duty. By doing this, our financial authority is basically addressing the supply side while there is a need to lay more emphasis on the demand side issues.

Going deeper into the issue, it can be interpreted with an obvious logic that ‘inflation’ is the dominant reason why people would like to invest in gold. A panel of Bankers from RBI has agreed to the same and thus they suggest that “offering a real rate of interest as an incentive on a financial instrument would better address the issue of excessive clamor for gold imports.” There is a need for banks to introduce new ‘gold-backed financial instruments’ like a gold accumulation plan, gold-linked account, modified gold deposit and gold pension. Also the banks should take initiatives to make people aware and informed about these so that they are more comfortable while making such investments. This may lessen or adjourn the demand for gold imports. But the real challenge is to make these options work like products with higher returns and adequate liquidity to gain from it in the long run.

Certain initiatives must be taken in order to make other forms of investment more comprehensive, lucrative and trustworthy for Indians. The focus should be not only to deal with the rising CAD but also to develop a strong base of capital formation. The need of the hour is a complete brainwash of the Indian psyche to do away with their imbued phobia of investing.

The present situation of our country, in a satirical way, finds relevance with an old story from Greek mythology about a King named Midas. The king was rewarded a power that he can turn everything he touches into gold. Soon he found himself and his subjects in crisis and pleaded for forfeiting his power.

It is high time for Indians to realize that the shining metal comes with a stillness and stagnation which is economically lethal. May be, for our country now, we are in the need of an '*Anti-Midas Touch*' spell.

CREATIVE DESTRUCTION – A DISCERNMENT OF ITS ECOLOGICAL ASPECT

Sharon Prakash, BA ECO (H)

When Joseph Schumpeter, in 1945, popularised the phrase “creative destruction”, as a means of the capitalist economy to sustain economic growth by means of innovations which would destroy the existing established enterprises, little did he know that this in turn would become an environmental cause. The phrase first featured in his work, entitled "Capitalism, Socialism and Democracy" denotes a "process of industrial mutation that incessantly revolutionizes the economic structure from within, incessantly destroying the old one, incessantly creating a new one". In simple words, creative destruction was the phrase given to the process by which entrepreneurs introduce innovations that force established businesses to adapt or die. Schumpeter believed that long-term economic growth is sustained by radical innovators, even as they destroy the value of large dominant firms. The most suitable example can be that of Microsoft and Intel, which through personal computers destroyed the value of the traditional computers, but at the same time, created the most important invention of the century.

In the ecological system, a similar process can be traced. Though unaccounted for, forest fires, for example can actually be related to the creative destruction of the environment. Old growth in forests has a thick canopy allowing little sunlight to reach the forest floor. When a fire breaks out, it clears the canopy and allows the sunlight through. Plants that could not survive in the shade, start growing in the sunlight. The fire promotes a new, healthy growth by clearing away the brush and leaving the soil revitalized by depositing minerals.

This parallel is therefore fitting.

From 1990s, new paradigms in energy conservation have come up to vastly reduce the energy consumption, pollution and waste. The “clean-tech” companies, which are mostly small entrepreneurial businesses, now pose a challenge to the large dominant industrial companies. The term “clean-tech” was first used extensively to describe a group of emerging technologies and industries, based on principles resource efficiency. Its origin is associated with the rise of awareness on global warming, climate change and the impact on the environment due to burning of fossil fuels. Investments in clean- tech companies are soaring all around the world and their ventures are being significantly funded.

Clean-tech, in many ways was initiated as a means to push up manufacturing and drive down costs, but the question is: Will these companies be able to penetrate the marketplace and supersede the older and bigger firms that they are challenging?

Only time will tell, as it is too early to think about its future prospects. But at the same time, according to Clean Edge, a clean-tech research firm, the ventures are expected to quadruple in the next decade, from \$55.4 billion in revenues in 2006 to more than \$226.5 billion by 2016.

Therefore it can be said that, “*becoming eco-friendly*” is the contemporary manifestation of creative destruction as it dominates all economic metamorphosis. Going green may be the greatest of economic opportunities provided for sustaining steady economic growth. Schumpeter’s creative destruction has been adapted and has evolved from a primary observation to a massive ecological drive.

ON THE UNSUITABILITY OF MATHEMATICS IN ECONOMICS

HarshithAranya(IMECO)

“Torture numbers and they will confess to anything.” -Gregg Easterbrook

Human beings, unlike atoms or stones, possess consciousness and their action is motivated, and is therefore impossible to predict with mathematical accuracy. Mathematics is so useful in the natural sciences precisely because the objects studied possess no motivation of their own, and follow without variation the natural laws of the world. These can be duplicated, and certain laws be formed, using mathematics to aid in their expression. It can be seen that mathematics is useful in a much lower degree in the biological science -due to the presence, however diminutive, of consciousness- such as zoology, than in a physical science such as physics.

However, to attempt to do the same in a field which studies human action such as economics would be folly. This is not to say it should not be studied; but economics, due to its nature, should rely on descriptive and verbal logic, instead of mathematical models.

Because of the barrenness of the mathematical symbols, such a course would be likely to lead to grave errors. However, if anyone is hard enough to embark on the venture, we may only wish him well. And yet, such translation and translation would have to fall with one slash of Occam's Razor — the famous scientific principle that there is no unnecessary multiplication of entities, i.e., that science be as simple as possible.

Most currently popular economic explanations are plagued by mathematical equations and models. One can hardly flip two pages in a contemporary economics textbook without coming by a graph or an equation. This has led to a lamentable confusion over the workings of the economy, predictions which have to a large extent been failures, which as a result have led the world economy to the point of ruin.

ECONOMICS – AS YOU LIKE IT!

Cledwyn Fernandez(3MECO)

Christites - Excellence and Service is the tag that every individual wants to carry along with him once in his life. I am now going to give you an insight on this excellence and service that everyone craves for.

From what I experienced during my first three weeks in this college, I clearly understood that Christ University, Bangalore is a monopolistic institution of its kind. Thus it has the right to choose and make its own decisions without any such punishment strategies from the invisible hand.

As I stepped into this college especially taking up the Economics course of this Monopolistic Institution, I had thought for a second whether I had reached a point of equilibrium (Pareto efficient¹ or not, I am not too sure). I thought for once whether my choice was an optimal one or whether I could better my position by worsening someone else's thereby removing the dilemma, not of the prisoner's but of my Pareto efficient allocation.

However all said and done, during my initial classes in Room no 909, I deduced an important inference that the students who studied economics in their under graduation had a comparative advantage² (big word, simple concept) to the so called 'Non Eco Background' crowd. I was still in the confusion as to how one could maximize one's welfare subject to all sorts of negative externalities. I was totally indifferent about the indifference curves and how the budget line would help in solving my budget problem or how simple the Simple Keynesian Model³ would ever be (which later I realized was not at all simple). Game Theory played dirty games with me and I still fail to understand the methodology that is to be applied in Research Methodology. Now let me tell you about the absolute advantages that students in Christ University, Bangalore possess. The students here are parametrically more intelligent than the students of some other colleges of the same discipline. We are the identified n samples from the known N population - [N being finite]. The sample population n is basically of two types:

n(a): Denoting the number of girls in the campus

n(b): Denoting the number of boys in the campus

{n(a)+n(b)=N & (n(a)>n(b);in the economics department)}

Essentially, there isn't much of a difference between n(a) and n(b) but that n(a) is considered to be more efficient than n(b) when it comes to labor while n(b) is more efficient than n(a) in terms of leisure. Thus the labor leisure curve here is yet to be derived. However n(a) is also

¹Pareto efficiency: is a state of allocation of resources in which it is impossible to make any one individual better off without making at least one individual worse off

² Comparative advantage: refers to the ability of a party to produce a particular good or service at a lower marginal and opportunity cost over another

³ SKM: Model by John Maynard Keynes (AD-AS Model)

Pareto superior to $n(b)$ in the academic perspective going through the past records. Thus and $n(a)$ has the advantage (this time absolute) of portraying to be on the highest indifference curve maximizing their utility. However all the $n(a)$'s aren't identical. Some of them are as frivolous as the $n(b)$ crowd of young men and they are considered to be the outliers in their sample space.

Now the population size N is stratified into k samples ($k=2$) and each stratum size being k_1 and k_2 such that $k_1+k_2=N$.

Here, k_1 : Number of student attaining 1st class (above 60%)

k_2 : Number of students attaining 2nd class (40% - 60%)

Now we come to the most interesting part of entering college life – Bunking Classes. This has a lot of risk attached to it but the students in our department are however known to be risk lovers and thus they find that the expected utility of sitting in The Gourmet, faced by the consumption puzzle of what to purchase being greater than the utility they would attain by sitting in class. Now, neither should I nor the teachers blame them. As students of economics they are doing what they learn and thereby experiencing the practical side of the subject (Applied Economics). They however do this keeping in mind the Inter- temporal decisions while doing so and thus keeping them in a safe position. This is a clear example somewhat of the bandwagon effect⁴ carried out by snobs (Snob Effect)!

Thus the subject that first puzzled me now seems to be the most interesting course one could ever take up in their college life. Now, believing that if students are rational and they believe in permanent stability for their next two (or three) years one should randomly walk into the prestigious institution- Christ University, Bangalore.

⁴refers to people doing certain things because other people are doing them, regardless of their own beliefs, which they may ignore or override

BEFORE A MILLION COMES ONE



*Tushar Talukdar (3MECO)
Summer Internship at CRY*

The first time when I was told about CHILDREN SESSION, I had few doubts about the area (Rajabazaar slum areas, Kolkata) and the actual value or let's say the worth of conducting such children sessions. What is the use of conducting such session where the target group is beyond my understanding? Sunday 5th May, 2013, I and my other intern-mate were asked to formulate a session plan which should include indoor educational and holistic interactive games & activities. Now by children session I mean an interactive event with a certain age group, say children aged six to fourteen.

They were quite enthusiastic about the whole thing and were around 12-13 children. The participating children were asked to introduce themselves and their ambitions or aspirations. Next activity was our leader-volunteer's brainchild where each of them were paired in two's and were asked to play a game which is similar to the more common rock-paper-scissor-stone game. Each of the volunteers made sure that they did something constructive with the children, and I had the easiest thing to do which was to click photos.

Now, going back to my initial thoughts on the usefulness of a children-session and my doubts regarding its worth, what it actually did was make my thinking process change a bit. After that session I looked forward to the next session just to see their enthusiasm and eagerness, Where I used to run away from camera lenses during my childhood, they come running towards it with ever-eager eyes for the next shot. It would be highly philosophical and wishful thinking, if I say that these sessions will change their life drastically but I am rest assured that these sessions are one of the various many things that they look forward to and also the reason for my write-up's title.

DIVERSE OUTLOOKS WITH GLOBAL SOLUTIONS



*Ishita Bhattacharya (3MECO)
Summer Internship at Goldman Sachs*

My Internship at Goldman Sachs was nothing short than overwhelming, to say the least. The people I worked with were very welcoming and never made me feel out of place. I interned with the Private Wealth Management (Operations) department in the Middle office team. The team focuses on back hand operations and is classified into US Middle office and Asset transfer team. The US Middle office is primarily involved with account terminations, class actions and J-codes of clients whereas asset transfer team is responsible for transferring securities of clients from one custodian to another through offline entries.

I was involved in daily production and was also assigned a project. The project was named as “Streamlining of Mutual Funds”.The project was to realign the open ended mutual funds from where it is custodies currently to international mutual funds trading platform for redemption purpose. I closely worked with the Mutual Funds team. The assignment took two months to complete. I learnt a lot during my internship, right from basic professionalism to meeting daily deadlines. The experience allowed me to grow as an individual by granting me a chance to understand the depth of my abilities and the extent of my shortcomings. I also learnt corporate professionalism and the value of ethics to aid me in all my future pursuits. The experience I got was insurmountable and consider myself fortunate to have interned at such an incredible place.

BANKING UPON THE BANKER'S BANK



*MEENAKSHI SHREE GAUTAM (3MECO)
Summer Internship at RBI*

Being an economics student, the RBI seemed like the perfect place to be an intern. I was also very keen to combine classroom knowledge with a practical setting.

I couldn't find a better place to have an internship- the work was really interesting and everyone was super helpful! It was a great chance to see what really goes on at the RBI. Through the internship period, I got to meet awesome people with varied experience and diversified portfolios. There were also lots of visiting speakers sharing their practical experiences which added to my basket of learning to a great deal.

At the bank, I was placed in the foreign exchange department. I worked on the project involving authorized dealers in foreign exchange. It gave me an opportunity to learn and understand in depth about the financial market reforms that took place in the country and the development of the foreign exchange market, especially after 1978. It proved to be a great chance to learn things that we don't get to learn sitting in the classroom.

If there would be anything that would stay forever etched in my memory for the quality of learning and extent of sheer amazement, then it would be this. A few events help one to set a standard and a few more to raise it but there are very few which would make one realize that standards virtually have no boundaries. My internship was one which was quite like the last.

THE RESEARCH SCHOLAR



*Rahul Kumar Thakur (3MECO)
Summer Internship at ISEC*

ISEC is one of the prominent institutes meant for social science research and a place of doctoral studies. Many conferences and workshops at Christ University has ensured the presence of these intellectuals. No wonder their personality, in-depth knowledge and list of credentials has kept us amazed and curious to make use of every opportunity for interaction.

A desire to explore the unknown world of research came with an opportunity to work as a Research Project Intern for a period of 2 months on **“FINANCIAL EXCLUSION IN URBAN REGIONS: A CASE STUDY OF KARNATAKA”**. A Project Funded by CAFRAL, Mumbai under Dr. Meenakshi Rajeev (Prof. at ISEC).

In the period of two months, I started with reviewing literature on financial inclusion and exclusion; reading many articles, research paper, reports etc. and writing thereafter. Next I was involved in making presentations on NPA (non performing assets) and Financial Inclusion, then I reviewed and wrote a synopsis of her upcoming book (monograph), *“Assets as Liability?: NPAs in the Commercial Banks of India”* (A Research Project Funded By South Asia Network of Economic Research Institutes). After that I worked on ‘Microfinance institutions and SHG’ contributing on introductory chapter and then into external sector determinants, collecting data and analyzing it using time series analysis in econometrics.

The internship came to an end on 12th June 2013 and I took back with me a lot of wonderful memories of that place. My two month tryst with the research world finally left me thinking about the depth of the subject and I personally suggest ISEC to all those who are interested in the research field in the near future.

HANDS ON EXPERIENCE



*Ridhi Sahai (3MECO)
Summer Internship at KPMG*

My internship at KPMG was a great learning experience. The work profile focused on business and strategy consulting. The work entailed being involved in a live project with a team of about 4 to 5 other senior consultants and experts. The tasks assigned to me were mainly research oriented and analytics based. For the first time I got the opportunity to apply my knowledge of economics, math and statistics in a real life scenario.

The work environment at KPMG was relatively informal. This made the whole working experience a more enriching one. Interacting with people who have been involved in a wide variety of projects with the biggest names in the corporate world, was a dream come true. All in all the 5 weeks exposure to corporate life helped me understand how classroom lessons can be fit into reality.

Eco-no-mix (think out of the box)



This section of the magazine will give you a deeper and different insight of the topics that you generally come across. So as to make you think out of the box.

In the first issue of this column we start with the most fundamental topic: Theory of Demand and Supply. Remember when we bought our first economics book in class 11 (or may be in graduation for some of us). We learnt the laws that people demand more at lower prices and vice-versa and suppliers supply more at higher prices and vice-versa illustrated by two oppositely sloping curves. Today if we stop for a moment and think about it, keeping in consideration the application of the same laws in the real world, I am sure all of us will be able to add many ifs and buts to it.

This is an endeavor to provide you with an innovative interpretation of the same subject matter.

(This passage was written by Dwight R. Lee . He Dwight Lee is Ramsey Professor at the Terry College of Business, University of Georgia, and an adjunct fellow at the Weidenbaum Center on the Economy, Government, and Public Policy at Washington University in St. Louis.)



The Basics of Demand and Supply

Although a complete discussion of demand and supply curves has to consider a number of complexities and qualifications, the essential notions behind these curves are straightforward. The demand curve is based on the observation that the lower the price of a product, the more of it people will demand. There may be occasional exceptions to this behavior (and indeed economists have developed the theoretical possibility of such an exception), but they are so few and transient that economists refer to the negative relationship between price and quantity demanded as the “law of demand.” Because of the law of demand, demand curves are always shown as downward sloping, with the price on the vertical axis and the quantity demanded (over some period) on the horizontal axis.

The basic notion behind the supply curve is that the higher the price of a product, the more of it producers will supply. In other words supply curves are upward sloping. A justification for this upward-sloping relationship between price and quantity supplied is that the cost of producing additional units of the product increases as more is produced. So it takes a higher

price to motivate additional output. But this is not necessarily the case when there is time for new firms to enter an industry, or for existing firms to expand their plant size. Such long-run adjustments to a higher price can permit more of the product to be made available at the original cost (or even a lower cost), in which case the supply is horizontal (or negatively sloped). But over periods of time that can extend to several months or more, it is reasonable to assume that supply curves slope upward. Obviously, a lot of things affect the amount of a product that will be demanded and supplied besides its price. But for any set of demand and supply curves, all of these other influences are held constant, since the purpose of the analysis is to allow us to concentrate on the effects of the product's price on the amount demanded and supplied.



Communicating through the Market

Assume that we start off with a price for denim jeans say P_1 .

The most important thing about that price from an economist's perspective is that it fails to coordinate the decisions of suppliers and consumers. At price P_1 suppliers are willing to supply only say Q_S pairs of jeans, but consumers want to buy say Q_D pairs ($Q_S < Q_D$). Consumers will be frustrated because they are unable to obtain all the jeans they want at the prevailing price, and in response to this frustration they will start bidding up the price of jeans relative to the price of other products. By doing so, they communicate to suppliers that they want more resources devoted to the production of additional jeans because they are worth more than what those resources are currently producing elsewhere. Suppliers respond appropriately to this information by moving up the supply curve, increasing the availability of jeans.

But the increase in price does more than communicate information from consumers to suppliers. It also is the means by which consumers communicate valuable information to one another. As consumers bid up the price of denim jeans, they are telling each other that these jeans are in short supply and that everyone should economize on their use, take better care of the ones they have, use substitute clothing, and so on. And consumers respond appropriately to this information by backing up the demand curve as they reduce the number of jeans they demand. This process continues to increase the price of denim jeans until it reaches a higher price say P^* , the price determined by the intersection of the demand and supply curves. This price is often called the equilibrium price, because at P^* there is no pressure for the price either to increase or decrease. At P^* we can clearly observe the miracle of market communication and cooperation. Millions of people pursuing their private advantages as consumers and producers, with almost no direct knowledge of, or interest in, the concerns and circumstances of others, are led to a completely coordinated pattern of decisions by responding to the information contained in market prices. Each consumer decides to consume

an amount perfectly compatible with the amounts that all other consumers are deciding to consume and all producers are deciding to supply.



It's the Process

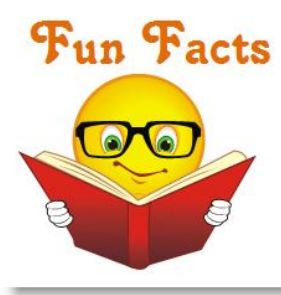
The equilibrium price, along with the corresponding equilibrium quantity say Q^* , is typically presented as the most important feature of demand and supply analysis.

But seldom do real-world markets ever get to equilibrium. The world is constantly changing, and demand and supply curves constantly shift. Equilibrium is a moving target. The most important insight from demand and supply analysis is that the market process is constantly directing people to accommodate one another in ways that move them toward the coordination represented by equilibrium, and not just for one product, such as denim jeans, but for thousands of products. Things may not stay still long enough for equilibrium to be reached in any market. But freedom and market communication accomplish a pattern of cooperation that can never be duplicated by the coercion of central planning.

One of the best ways to appreciate the coordination and cooperation of market communication is by considering the problems that arise when political authorities censor it with price controls.



ECO-fun-fact-ONOMICS



**In no particular order...*

1. As of January 2013, **there are 16 people left in the world who were born in the 1800s, according to the Gerontology Research Group. With dividends reinvested, U.S. stocks have increased 28,000-fold during their lifetimes.**
2. If you divide their net worth's by their age, **Carlos Slim and Bill Gates have each accumulated more than \$100,000 in net worth for every hour they've been alive.**
3. According to Forbes, if a Google employee passes away, *"their surviving spouse or domestic partner will receive a check for 50% of their salary every year for the next decade."*
4. According to the Deutsche Bank Long-Term Asset Return Study, **the last time interest rates were near current levels, in the 1950s, Treasury bonds lost 40% of their inflation-adjusted value over the following three decades.**
5. Start with a dollar. Double it every day. **In 48 days you'll own every financial asset that exists on the planet — about \$200 trillion.**
6. Adjusting for inflation, **Warren Buffett was a millionaire by age 25.**
7. Including dividends, the S&P 500 gained **135% from March 2009 through January 2013, during what people remember as the "Great Recession."** It gained the exact same amount from 1996 to 2000, during what people remember as the **"greatest bull market in history."**
8. The U.K. economy is **3.3% smaller than it was in 2008.** The U.S. economy is **2.9% larger (both adjusted for inflation).**



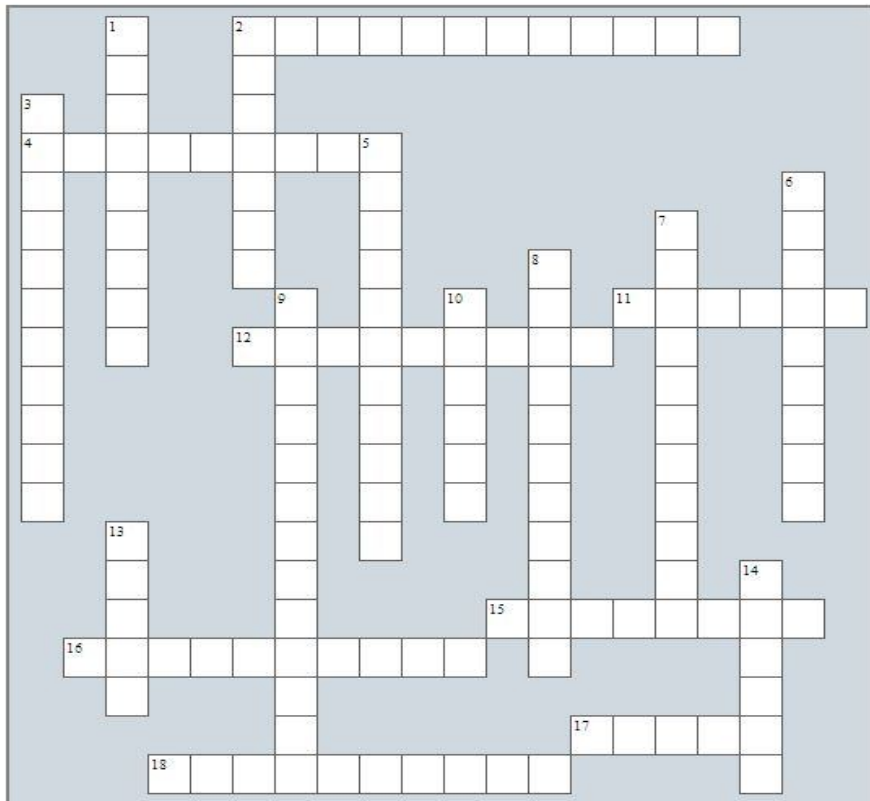
9. The International Labour Organization estimates a record 200 million people will be unemployed around the world in 2013. **If you gave them their own country, it would be the fifth-largest in the world.**

10. The first record of a coin is by **Croesus, King of Lydia (now part of Turkey)**. The world's smallest coin weighed **only .002 grams and was from Nepal.**





Economics Crossword



Across

- 2. payment of a loan by instalments
- 4. used to reduce the downside of risk.
- 11. he sole right to make, use, or sell something.
- 12. taking advantage of price difference between two markets
- 15. provides a remedy for purchase of second hand cars.
- 16. debt without collateral
- 17. Reducing your risks.
- 18. solution for information assymetry

Down

- 1. used to internalize positive externality.
- 2. economy without trade
- 3. a good for which demand increases as its price rises
- 5. supply=demand
- 6. branch of economics based on the ideas of Keynes
- 7. Slow growth with high price levels
- 8. an index devised by Pam Woodall
- 9. Selling state-owned businesses to private investors
- 10. transition point between economic recession and recovery.
- 13. price of labor
- 14. agreements to increase profits by reducing competition

This crossword puzzle was created by MAECO, Christ University with EclipseCrossword. Try it today—it's free!

From the Ex- Editor

*The time I spent editing **Ephemeris** was a very insightful experience, nevertheless I leave with the feeling that I did not complete all my tasks as well as I would have liked to. I take my leave with heartfelt thanks to the Department of Economics; in particular Professor DivyaPradeep, who supported me in every phase, upon whom I could always rely and who significantly formed the concept and style of the magazine. My thanks are further directed towards our enthusiastic Editorial Board for their unremitting hard and committed work with which they have contributed. All the student writers of Christ University deserve honest appreciation for their valued contributions to the magazine.*

Last but not least, I would like to thank the publishing team for their ubiquitous and invaluable support, guaranteeing a smooth course of events during all stages of publishing.

***Ephemeris**, in principle, exhibited Economics with a blend of creativity, passion, humor, sense and sensibility. I am confident that my successors will add immense value to the magazine, and re-define economics beyond the clichéd seriousness of the subject.*

My best wishes to the new editorial team!

DivyaMalhotra

(Ex- Chief Editor of Ephemeris)

Editorial Board

Editor-in-chief:

Cledwyn Fernandez

Sub editor:

Yashas N.K.

Faculty in charge:

Prof. GreeshmaManoj

Editing Team:

SukritiJha

RidhiSahai

TusharTalukdar
