G.D. Goenka Public School Dwarka

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The Fiscal Frontier

Eloquence in Economics

No nation was ever ruined by trade.

Benjamin Franklin

Editor's Pen

Dear Readers,
I am delighted to extend our heartfelt thanks to you for engaging with our latest newsletter. Your ongoing interest and support inspire us to deliver insightful and relevant content.

This edition is significant as it delves into the essential role of Economics in our daily lives, with a focus on the value of vocational subjects taught in schools.
We have curated a diverse range of topics reflecting current global dynamics, such as the Russia-Ukraine conflict, funding news agencies through public taxes, the transformative impact of digital currencies, the effects of GST on India's economy, the challenge of inflation, and the importance of sustainable development. Additionally, we've included some lesser-known economic fun facts to make this edition even more engaging.

We hope this newsletter offers fresh perspectives and sparks meaningful discussions. Your feedback is valuable as it guides us in enhancing our content to better serve you.

Warm regards,
Sapna Kashyap

Student editors

THE EDITORIAL TEAM

Palak Makhijani

XII C1

Ashwika Kochar

XII C1

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Should news agencies be funded from taxation?

Palak Makhijani, XII C1

Majority of the population around the world today treats mass media as their only source of news about the world. Whether it's about their country's political status or a war, news channels and newspapers are treated as trustworthy sources of information. Journalists try their best to cover the latest news, accurately and timely. The idea of a free media in a democracy is the freedom to be able to show both sides of a coin. An information ecosystem is overrun by the profit-minded and algorithmic-based approaches of tech platforms such as Google, Twitter (aka X) and Facebook, which prioritise clicks rather than public service. This losing interest in traditional media clearly requires external funding due to lack of resources. This can be done in a variety of ways with the first one being funding from taxation.

The problem of "prioritisation of clicks over public welfare" can be solved by this approach, since public welfare is any government's duty. However, funding from taxation curbs freedom of press. In most of the democracies around the world, the press is losing its freedom. This is not because journalists are being thrown in jail, as might occur in authoritarian settings. Instead, the media have fallen prey to more nuanced efforts to throttle their independence. Common methods include government-backed ownership changes, regulatory and financial pressure, and public denunciations of honest journalists.

An Open Society Foundations (OSF) study from two years ago found that in 31 out of 55 countries worldwide, the government used state funding to manipulate media. Even though these examples prevail, there are many countries which do have state funding of media like the state of New Jersey has agreed to give a nonprofit entity called the Civic Information Consortium $2 million to hand out to publishers. And in Canada, the government created a $600 million fund aimed at supporting journalism through a variety of tax breaks and grants. This may seem great just like government spending on building new and improved infrastructure, but people have contrary views regarding state funding of media. Having the government sign the paycheques of journalists who are supposed to impartially cover that very same government is a massive conflict of interest. More than 59 per cent of Canadians surveyed said the government should not fund newsrooms "because it compromises journalistic independence." These are the negatives of funding of news agencies from taxation.

funding by private business-owners or billionaires may not be the solution. The idea of a hundred percent free journalism in a world where almost every move is based on propaganda is a very ideal solution. Therefore, in the declining media market, funding by taxation/ grants might be the safest bet, just like Mike Rispoli, the senior director of journalism and civic information at the Free Press in New Jersey said. But how exactly can this be done?

New Jersey, New Mexico and California utilise tax credits for newspaper and other public policies which are also being considered by Illinois and Wisconsin.
Introduced in July 2023, the Community News and Small Business Support Act boasts bipartisan support for tax credits for local newsrooms' salaries and small businesses advertising in outlets.

However, Jeff Jarvis, the director of Tow-Knight Center for Entrepreneurial Journalism at the City University of New York states " what the government gives, it can take back". Many scholars do believe that going back every year to ask for funds can increase government interference despite the laws in place to prevent this. The issue is that governments can't be fully distanced from content they are funding, either directly or indirectly. Real journalism serves a watchdog function of the government. Watchdog reporters being funded by that government necessarily will be chilled, knowing who is paying their stipends

Media is an industry solely dependent on public response and one great way to revive the media would be through public funding. But the harsh reality is that commercial media will never return to the size that it was and it is in dire need to be revived for the sake if democracy instead of a "profit making widget". "There's no commercial future for the local journalism that our democracy requires," said Victor Pickard, a media and policy professor at the University of Pennsylvania. "The government has an affirmative duty to guarantee that we actually have a press system in place that makes democracy possible."

What it should do is ensure the public has access to the kinds of information needed to support democracy and community involvement. This involves a range of media and communication policies, not merely press support. The better option would be to subsidise each copy the way necessities are subsidised in order to prevent newspaper mortality and upheld free and fair journalism. Moreover, people need to understand that dependance on only one source for deciding who would they vote for is certainly not the best choice.
In conclusion, I would like to state that, government funding should not be the only option for news agencies if given a choice, however, keeping in mind the current circumstances of commercial journalism, without government funding, the entire news industry might collapse.

Effect of the Russia-Ukraine crisis on the Indian Economy

Ashwika Kochar, XII C1

The ongoing Russia-Ukraine crisis has reverberated across the globe, significantly impacting major global economies, including India. The repercussions of the conflict are felt in multiple sectors, from energy and agriculture to trade and geopolitics, necessitating shifts in economic policies and strategic adjustments.
This was the second major blow - for not just India but the global economy as a whole- after the onset of the Covid-19 pandemic, at a time when they were gradually looking to rise above the pandemic distress which had triggered major recessions not too long before the conflict, in 2020.

As Russia is facing over 2700 sanctions which has led to a freeze of $300 Billion of its gold and foreign exchange reserves, USA and its allies embargoed Russian oil which pushed up the global crude oil prices past $139 a barrel and led to record highs in the months following the war. In April 2022, 2 months after Russian invasion, India's retail inflation jumped to 8-year high of 7.79% and remained above the RBI's tolerance band of 2-6%. Inflation spiked yet again in January 2023 to 6.52%, after staying within 6% for 3 months, on higher food prices.

Other key challenges faced by the Indian economy include:

- Weaker Rupee;

In the year since the Russian invasion of Ukraine, 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% - poorest since 2013.

- Reduced demand for exports;

The war has also led to a decline in demand for exports from many countries, including India. December 2022 recorded 12% fall in exports , while imports dipped 3% to $58.2 Billion, resulting in widening trade deficit. It was the fastest decline in 2 years. Similar patterns were observed in January 2023 when exports fell 6.58% from a year ago to $32.9 billion.

- Jump in Russian exports;

In 2021 to 22, Russia was India's 18th largest import partner, accounting for $ 9.86 billion of imports. In comparison, Russia became India's 4th largest import source during the 10 month period. From a market share of less than 1% in India's import basket before the start of the Russia Ukraine conflict, Russia's share of India's imports rose to 1.27 million barrels per day in January, taking a 28% share.

However, the Indian Economy showed extreme resilience to such external factors and expanded by 13.5% in the first quarter of the financial year (April-June 2022). This not only sharply reduced India’s economic growth prospects but also triggered an inflationary crisis that became New Delhi's primary policy focus between February and October. As food and fuel were the main inflation drivers, India began buying discounted Russian oil and fertiliser to mitigate the social and economic damages.

Hence, the name “bright spot” was earned by India from the World Bank and the International Monetary Fund (IMF), as even though India’s pace of economic growth was projected to slow down in the coming financial year, it was still the fastest among major economies.

“The country has done really well to turn to digitalisation that has been already moving quite well into a major driver of overcoming the impact of the pandemic and creating opportunities for growth and jobs, India did not shy away in learning the lessons from the pandemic and to implement very strong policies to overcome what has been a really difficult time for a number of months”, noted Kristalina Georgeiva, the IMF managing director.

UPI and its Impact on Indian Economy

Parth Kushwaha XI C1

Unified Payments Interface (UPI) has emerged as a transformative force in the Indian economy since its inception in 2016. Developed by the National Payments Corporation of India (NPCI), UPI facilitates real-time, seamless money transfers between bank accounts through mobile devices. This innovation has significantly impacted the Indian economy in several ways.

Firstly, UPI has driven financial inclusion by bringing millions of unbanked and underbanked individuals into the formal financial system. With its simple interface and widespread availability, UPI has enabled people from rural and remote areas to access banking services without the need for physical bank branches. This inclusivity has empowered individuals and small businesses, fostering economic growth at the grassroots level.

Secondly, UPI has catalyzed the growth of digital payments, reducing the economy's reliance on cash transactions. The convenience and security of UPI transactions have encouraged consumers and businesses to adopt digital payment methods, leading to a decline in cash usage. This shift has enhanced transparency in financial transactions, curbing black money and tax evasion, and increasing the government's tax revenues.

Moreover, UPI has spurred innovation in the fintech sector, attracting investments and fostering competition. Numerous fintech companies have developed innovative applications and services around the UPI ecosystem, enhancing customer experience and driving economic activity. The interoperability of UPI has also encouraged traditional banks to upgrade their digital offerings, leveling the playing field and promoting a more competitive banking environment.

Additionally, UPI's role in promoting digital literacy cannot be overstated. As people become more comfortable with digital payments, their overall digital literacy improves, opening up further economic opportunities in e-commerce, online education, and remote work.

In conclusion, UPI has had a profound impact on the Indian economy by promoting financial inclusion, reducing cash dependency, fostering fintech innovation, and enhancing digital literacy. Its continued evolution and adoption are likely to further drive economic growth and development in India.

Government budget of India

Svastik Mann XII A1

The government budget is a crucial financial plan that outlines the government's revenue and expenditure for a specific period, known as a fiscal year. In India, the government budget plays a significant role in the country's economic development and stability.

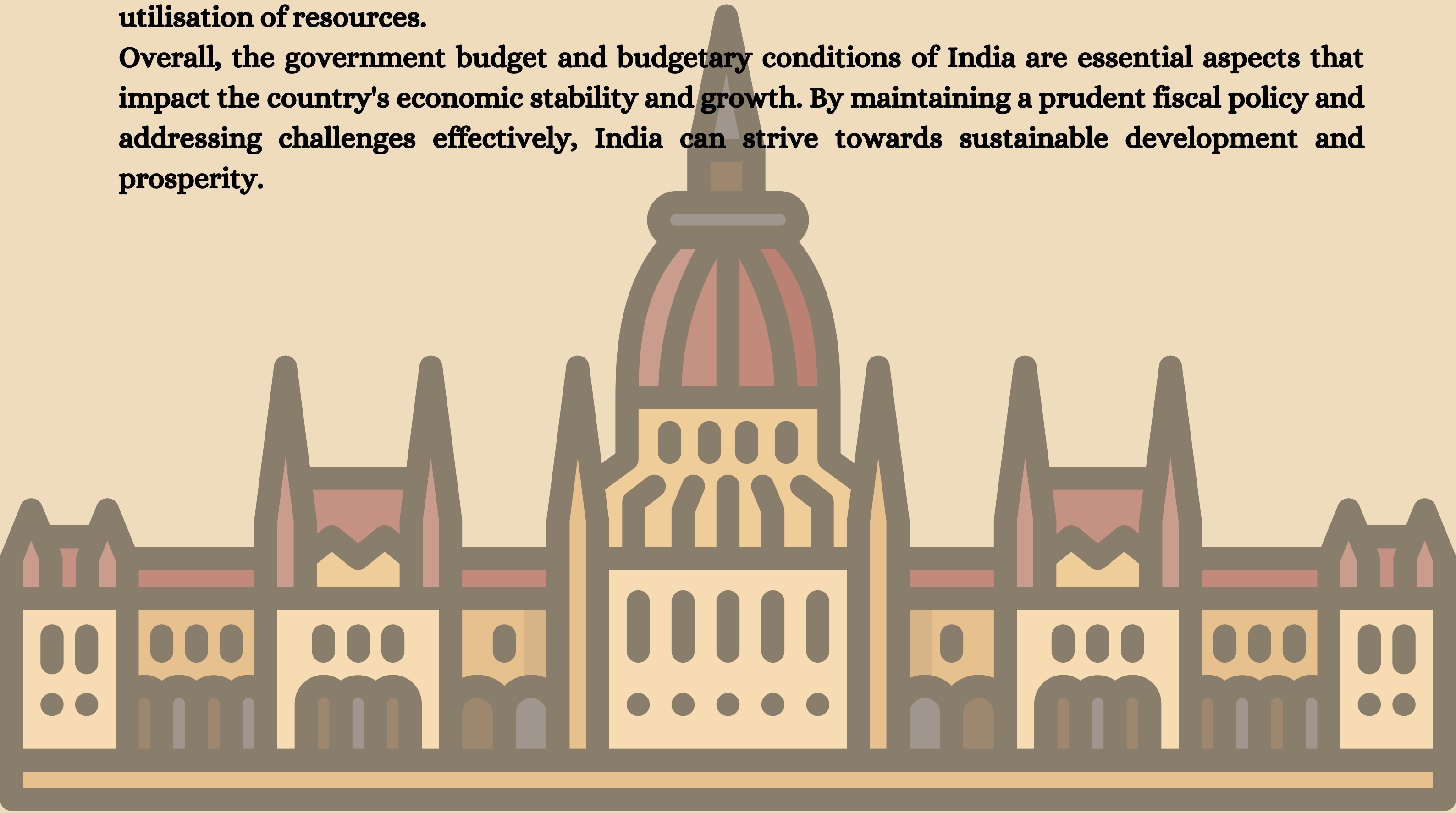
The Indian government budget consists of two main components: revenue budget and capital budget. The revenue budget includes the government's revenue receipts and expenditures, focusing on day-to-day expenses like salaries, subsidies, and maintenance costs. On the other hand, the capital budget deals with the government's capital receipts and expenditures , which involve longterm investments such as infrastructure development and asset creation.

The budgetary conditions of India are influenced by various factors, including economic growth, inflation, fiscal deficit, and government policies. India aims to maintain a balanced budget where government revenue equals expenditure. However, due to various reasons like economic slowdown, natural disasters, or policy changes, the budget may face deficits.

One key indicator of India's budgetary conditions is the fiscal deficit, which represents the shortfall in the government's total expenditure compared to its total revenue. A high fiscal deficit can lead to inflation, higher borrowing costs, and reduce investors' confidence. To manage the budget effectively, the Indian government implements fiscal policies, taxation reforms, and expenditure control measures.

In recent years, India has been focusing on improving its budgetary conditions by promoting economic growth, increasing tax compliance, and rationalising subsidies. The government also aims at enhancing transparency and accountability in budgetary processes to ensure efficient utilisation of resources.

Overall, the government budget and budgetary conditions of India are essential aspects that impact the country's economic stability and growth. By maintaining a prudent fiscal policy and addressing challenges effectively, India can strive towards sustainable development and prosperity.



VISITING THE BANK

Kritika Verma XII H

We start our tale with little Goldilocks,
Entering the abode of currency, a bank.
She notices two people,
The first in a fake branded T-shirt,
The second in a workman's uniform,
Both sitting on the bench.
A third trails in, clad in a finely-pressed suit.
The one in the suit is immediately doted upon,
A clerk offers a drink of choice,
A personal accountant rushes over,
And all his worries are assuaged in a jiff.
The one in the fake-branded T-shirt grew tired,
Grabbed a cola from the shop outside,
A public accountant calls him over,
And lets him know that his request for a student loan has been declined.
The one in the workman's uniform grew hungry,
But he'd already eaten the day's lunch and had no money left over.
No accountant calls him over even when he runs around everywhere,
And another hour of his day is eaten up by the goons guarding the vault.
Which situation is just right?
A wondering Goldilocks asked herself.
The rich man, presumably.
But what if he were to lose all his money?
What if someone stole it,
As it was all a little too much?
The middle-class student, maybe.
But what about all the work he did?
What if he was only destined for rejection,
As it was all just a little too mediocre, a little too right?
The poor man, then.
But what about all the days he starved?
What if he kept chasing to no avail,
As it was all too little, the amount of money he had.
Goldilocks was only able to realise this:
Money was the master,
And everyone else was simply its transient servant.

By Ashmita,XII H

You know how some people have a lot more things than others? That's what we're diving into today!

Imagine you're playing a game with your friends, but some start with way more Monopoly money than others. That's kind of how it works in our world. Some folks have fancy gadgets and vacations, while others struggle to afford school supplies or healthcare.

During the pandemic, this gap got even wider. Some families had no trouble switching to online learning, while others faced internet issues or had parents who lost their jobs. It showed how uneven things can be.

So, why does this matter to us? Because understanding inequality helps us see how we can make things better for everyone. Whether it's sharing resources, speaking up for fairness, or learning more about economics, we can all play a part in making our world a more equal place.

As our Holy Books such as The Bhagavad Gita and The Ramayana mention about this era being of severely full of disparities, looks like it isn’t just in books anymore but can be seen in front of us happening everyday being more profound. High per capita income and low population growth make rich states or rich social groups get richer, whereas low incomes and high population growth reinforce each other to make poor states and poor groups get poorer. From a Global perspective, this disparity contributes to the gap between the Northern and Southern countries of the world. Within the South, disparities have also sharpened.

But here's the cool part: people are working to fix it! Governments are talking about ways to make sure everyone has a fair chance at a good education and a decent job. Organisations are pushing for change too, like making sure everyone gets a fair shot at opportunities.

But still a question remains will this be possible? will everyone be at the same line? Will the people in power let things go smoothly because it will pose threat to their luxury, power and status, and once in power nobody wants to let it go. Power and money is addictive you crave for it when you don’t have it and once you have it you would NEVER want to lose it. For people it could possibly be a nightmare to lose all.

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Inflation: A Boon or a Bane?

Navya Mahajan, XI C1

We all hear people saying that inflation is causing them to spend in a constricted manner. News channels often host debates on the rising prices of goods and services, and newspapers have special segments dedicated to inflation in costs of goods.

These days, even social media users are discussing the hike in the price of various goods.

In fact, inflation can be noticed in the prices of almost all goods ,ranging from land and petrol to even basic necessities like tomatoes and onions! In India, the government has to keep a constant check on the prices of basic necessity goods to make sure that the prices do not skyrocket!

Inflation, or a rise in the general price level of goods and services, has long been a subject of concern and debate around the world. So, as we all are affected by inflation on a daily basis, a question arises, is Inflation good or bad?

As the cost of goods rises, everyone's wallet feels a bit strained. As I mentioned earlier, you might have felt the impact of inflation in your daily life, whether it's through rising utility bills, increased grocery prices, higher rent or mortgage payments, elevated transportation costs, or even more expensive healthcare services. Inflation can affect nearly every aspect of our lives, making it harder to live in the ever evolving world.

The truth is, rising costs do not necessarily equal rising salaries or wages, which means many people, particularly those with fixed incomes suffer the wrath of increasing prices. End consumers always bear the brunt of rising prices to the greatest extent.

However, at low rates, it keeps the economy healthy. But when the rate of inflation rises rapidly, it can result in lower purchasing power, higher interest rates, slower economic growth and other negative economic effects.Inflation isn't always a bad thing, in fact, rising prices are beneficial for almost any economy, given that they stick to a maximum of 2%. So, as long as inflation exists at a low rate, it is good for the economy, and even helps with the economy’s development. However, sudden price rises are detrimental for any country ,no matter how developed the country may be.Ordinary people will have to suffer from a lack of basic necessities, simply because they are too expensive to purchase due to the hike in prices.

So, one can conclude that inflation can be beneficial if kept to a bare minimum, because as the saying goes, excessive amounts of anything can be harmful.

The Impact of Digital Currencies on Global Financial Systems

Vidhan Mehta XII C2

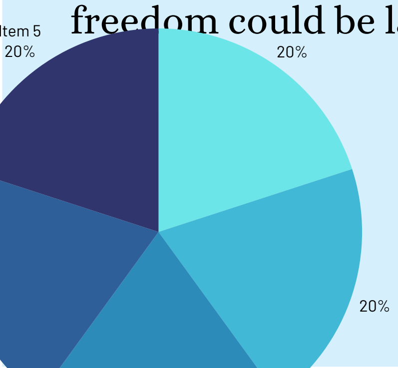
In a landscape where tweets can impact markets and TikTok trends influence popular culture, digital currencies have positioned themselves as the global finance disruptors-in chief. These digital darlings, from Bitcoin to the meteoric rise of decentralized finance (DeFi), are not only disrupting financial systems; they're fundamentally altering the definition and conception of money as we know it.

Crypto: Beyond Bits and Bytes

Digital currencies, enabled by blockchain technology, are the financial equivalent of a teenage anarchist: they rebel against authority, refuse to comply without unequivocal transparency, and put complete decentralization on their vision board. Imagine a financial system where no central authority is needed, and transactions are verified by a network of computers.

Bitcoin: Digital Gold - and a Bit More

The price of Bitcoin, the most famous and first digital currency, has been on a historic rollercoaster ride since its inception, attracting cheers from investors but proving skeptical otherwise due to its relentless bearish behavior. It's not merely buying a stake in the future; it is upending what value actually means, and certainly how one utilizes this same data-moving power required to implement provably scarce commodities. Traditional financial institutions are either confounded or bemused by the concept while Bitcoin enthusiasts gleefully HODL (crypto-slang for holding onto their coins) and dream of a world where financial freedom could be layered freely across national borders.



Ethereum & Decentralised Finance: Remaking Finance

More than Bitcoin, in the ongoing saga of crypto, Ethereum and DeFi envision a world where banks are outcompeted by programmable self-executing agreements minted on the blockchain. This shift highlights where we stand. DeFi spans lending, borrowing, trading, and insurance, putting traditional banks on notice and democratizing access to financial services.

Challenges & Opportunities: Navigating the Crypto Seas

Of course, the crypto world is not all moonshots and Lambos. While a runaway market creates instant riches, it also destroys them equally fast - and any tweet or ban serves as currency-printing regulators for the other side. ON TOP of embracement, there are regulatory hurdles as governments struggle to promote innovation while ensuring consumer protection and systemic safety.

Takeaway: Joining a Crypto Tsunami

Summing up, virtual currencies are not a mere fad; they represent an irreversible explosion into the way we think of, use, and control money. In this new era of blockchain and DeFi, the certainty is that financial systems worldwide are being an increasingly large hamster wheel driven by innovation, disruption, but also a dash of good old fashioned crypto curiosity.

A New Approach to Sustainable Development

Tulika Subarno, XII H

Sustainable development, as defined by the Brundtland Commission in 1987, is "development that meets the needs of the present without compromising the ability of future generations to meet their own needs." While this concept has guided global development for decades, the current environmental, social, and economic challenges necessitate a new approach. Traditional economic models that prioritize short-term growth often neglect the long-term health of our planet and societies. Thus, a paradigm shift towards sustainable development is essential.

The Circular Economy

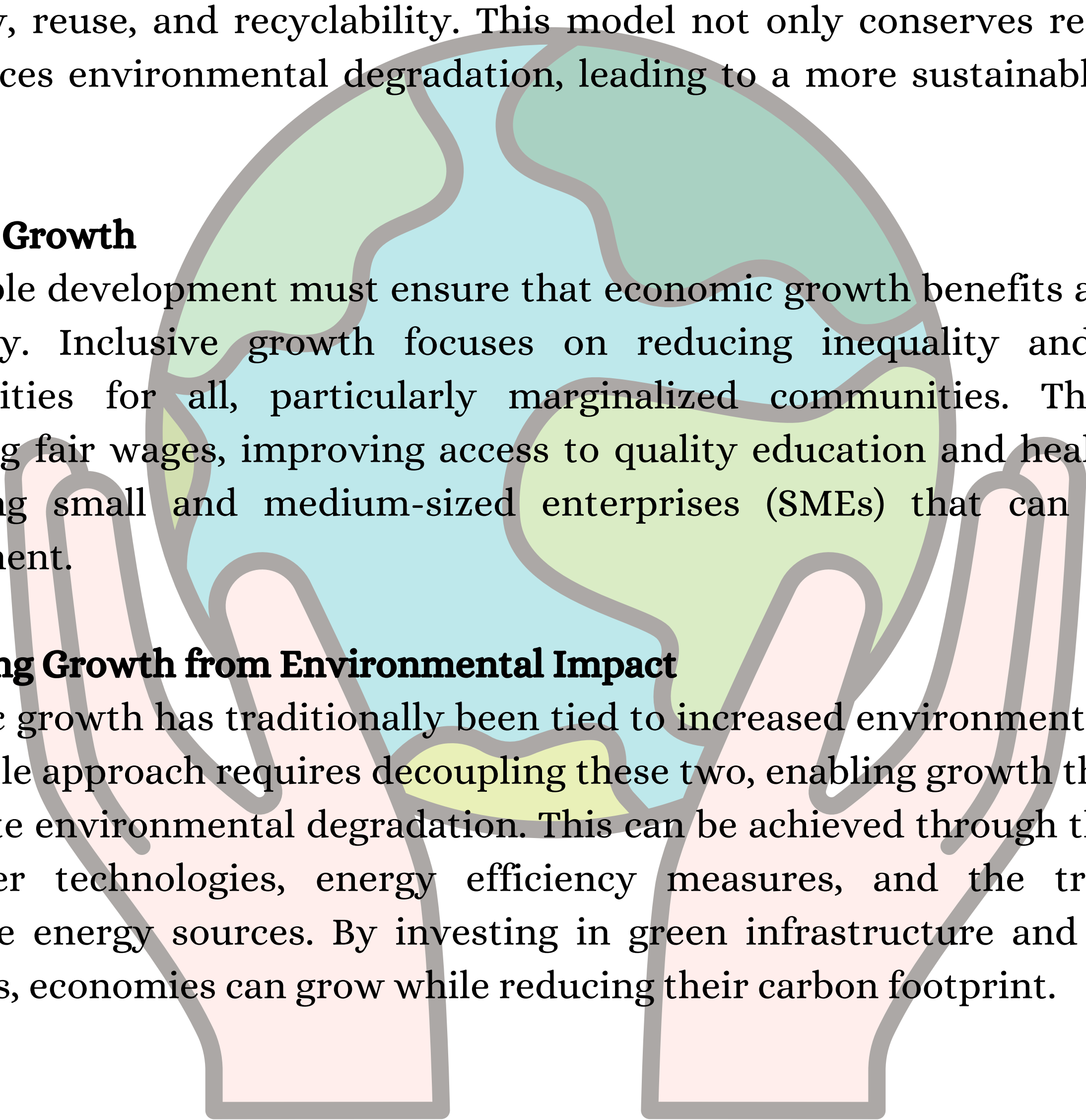
A cornerstone of this new approach is the circular economy, which contrasts sharply with the traditional linear economy. The circular economy aims to minimize waste and make the most of resources. Products are designed for durability, reuse, and recyclability. This model not only conserves resources but also reduces environmental degradation, leading to a more sustainable economic system.

Inclusive Growth

Sustainable development must ensure that economic growth benefits all segments of society. Inclusive growth focuses on reducing inequality and providing opportunities for all, particularly marginalized communities. This involves promoting fair wages, improving access to quality education and healthcare, and supporting small and medium-sized enterprises (SMEs) that can drive local development.

Decoupling Growth from Environmental Impact

Economic growth has traditionally been tied to increased environmental impact. A sustainable approach requires decoupling these two, enabling growth that does not exacerbate environmental degradation. This can be achieved through the adoption of cleaner technologies, energy efficiency measures, and the transition to renewable energy sources. By investing in green infrastructure and sustainable industries, economies can grow while reducing their carbon footprint.



Biodiversity Conservation

The conservation of biodiversity is critical for maintaining ecosystem services that are essential for human survival, such as clean water, fertile soil, and pollination of crops. Sustainable development policies must include measures to protect natural habitats and promote biodiversity. This can involve creating protected areas, restoring degraded ecosystems, and implementing sustainable land-use practices.

Building Resilience and Adaptation

As climate change and other global challenges intensify, building resilience and the capacity to adapt becomes crucial. This includes designing infrastructure that can withstand extreme weather events, developing early warning systems, and implementing community-based adaptation strategies. Investing in resilience not only protects lives and livelihoods but also ensures the sustainability of development gains.

Policy Integration and International Cooperation

Governments need to integrate sustainable development principles across all policy areas. This holistic approach ensures that economic, social, and environmental objectives are aligned and mutually reinforcing. Furthermore, international cooperation is vital. Sustainable development is a global challenge that requires coordinated efforts. Sharing knowledge, technology, and resources can support developing countries in their sustainability efforts and foster global progress.

Technological Innovation

Technological innovation is a powerful driver of sustainable development. Advances in renewable energy, sustainable agriculture, and waste management can significantly reduce environmental impact and improve efficiency. Governments and businesses should invest in research and development and create environments that foster innovation.

DO SUCCESSFUL BUSINESS PEOPLE BENEFIT OTHERS WHILE MAKING MONEY, WHILE SPENDING IT, BOTH, OR NEITHER?

Tanishqa Singh XII C1

While Making Money

While running their businesses, entrepreneurs hire employees across various roles, from manufacturing to sales and research. Thus, workers benefit greatly from these new job opportunities and sources of income. According to Say's Law, the production of goods and services leads to the generation of income which in turn leads to further consumption in a cyclical, self-sustaining process. Therefore, it also leads to increased production by firms due to the profit-seeking nature of businessmen, creating prosperity for all.

In today's knowledge-based economy, business leaders invest heavily in human capital to maintain their market position, augmenting both, labour quality and quantity. Their efforts to boost their workforce's knowledge base contribute to economic growth through enhanced productivity and therefore output. However, this may not be true in low-skilled industries, where there still exists heavy exploitation of workers. Large corporations often outsource their production to countries with cheaper labour to lower costs. Nevertheless, more legislative measures are adopted by both, governmental and non-governmental organisations globally.

As businessmen expand their enterprises, they are increasingly capable of exploiting internal economies of scale (IEOS) — which arises from the spreading out of fixed costs, productivity improvements and greater buying power over inputs when a firm expands its production. Therefore, successful business people increase productive efficiency to meet the needs of consumers.

In hopes of obtaining further market share, successful businessmen invest in research and development (R&D) projects to create new products, pushing up the economy's Total Factor of Productivity.

To achieve sustained growth, changes in exogenous factors such as technological improvements brought by businesses are required. These technological improvements, apart from driving sustained economic growth, also boost non-material welfare of society.

When They Spend Their Money

Some successful business people have also set up charities or have done philanthropic work. Detractors, however, would point to how charities can be covert mediums for the rich to evade taxes, which negatively affect the government's ability to redistribute income and provide welfare schemes, exacerbating inequality.

Furthermore, while it is undeniable that there exists successful businessmen who donate solely for philanthropy, most successful businessmen are unwilling to give away their fortunes to help others.

The Impact of GST on Indian Economy

Shanvi, XII H

In a landscape where tweets can impact markets and TikTok trends influence popular culture, digital currencies have positioned themselves as the global finance disruptors-in chief. These digital darlings, from Bitcoin to the meteoric rise of decentralized finance (DeFi), are not only disrupting financial systems; they're fundamentally altering the definition and conception of money as we know it. Crypto: Beyond Bits and Bytes Digital currencies, enabled by blockchain technology, are the financial equivalent of a teenage anarchist: they rebel against authority, refuse to comply without unequivocal transparency, and put complete decentralization on their vision board. Imagine a financial system where no central authority is needed, and transactions are verified by a network of computers. Bitcoin: Digital Gold - and a Bit More The price of Bitcoin, the most famous and first digital currency, has been on a historic rollercoaster ride since its inception, attracting cheers from investors but proving skeptical otherwise due to its relentless bearish behavior. It's not merely buying a stake in the future; it is upending what value actually means, and certainly how one utilizes this same data-moving power required to implement provably scarce commodities. Traditional financial institutions are either confounded or bemused by the concept while Bitcoin enthusiasts gleefully HODL (crypto-slang for holding onto their coins) and dream of a world where financial freedom could be layered freely across national borders.

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