

Mehr Chand Mahajan DAV College for Women Sector 36-A, Chandigarh (U.T.)



Weekly Newsletter: 05-2-2023 to 12-2-2023
An initiative of PG Dept. of Economics.

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- India's forex reserves drop by \$1.5 billion to \$575.3 billion as on February 3

India's foreign exchange reserves fell for the first time in four weeks, dropping to \$575.27 billion in the week ended February 3, Reserve Bank of India data showed on Friday. This is the biggest drop since October 21, with reserves taking a 1.5% hit this time.

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- RBI says domestic banks' exposure to Adani group not very significant, single case can't impact system

Domestic banks' exposure to the Adani Group is "not very significant", and the system is strong and large enough to not get impacted by a single case, the Reserve Bank said on Wednesday.

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- ADB approves \$130 million loan for promoting horticulture in Himachal Pradesh

"Improving subtropical horticulture in the state offers a lot of economic opportunities to farmer households. Supporting horticulture value chains will also boost the subsector's contribution to the country's development and food security," Kim said.

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- RBI lifts loan costs to tame inflation

The Monetary Policy Committee (MPC) of the Reserve Bank of India on Wednesday raised the benchmark lending rate by 25 basis points (bps) to 6.5% as the RBI targets persistently high core or underlying inflation that it sees as a risk to the improving outlook for the economy.

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- Rajasthan Budget 2023: CM Ashok Gehlot announces Budget; Key highlights

Here are the key highlights of the Budget:

- Ujjwala scheme consumers to get LPG cylinder at Rs 500; 76 lakh to get benefit

- 100 units/month electricity to be provided free of charge to domestic consumers as compared to 50 units/month earlier
- One-time registration to appear in competitive exams; no multiple fees to be charged
- Medical cover under Chiranjeevi Health Insurance Scheme increased to Rs 25 lakh/family per year from Rs 10 lakh
- Inflation relief package of Rs 19,000 crore to provide relief to the masses from rising prices. The package includes free food packets every month to poor families.
- Free Chief Minister Annapurna food packets every month along with free ration to about one crore families coming under the purview of the National Food Security Act which will include one kilogram pulses, sugar, salt and one litre edible oil. A sum of Rs 3,000 crore will be spent on this.
- Govt to provide benefits under the old pension scheme to personnel of various boards and corporations in the state. Benefits of the scheme will be granted to personnel of boards, corporations, academies and universities.

This is the first time when a state budget will be shown live in all government and private colleges of the state.

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• Reliance, BPCL among buyers using UAE currency for Russian oil

Reliance Industries, Bharat Petroleum Corp and Nayara Energy are among Indian refiners using United Arab Emirates dirham to pay for some shipments of Russian crude as they navigate Western sanctions.

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• Government may reduce reserve price of wheat auction from Rs 2,350 to Rs 2,200 per 100 kg

The government may reduce the price of wheat auction under Open Market Sale Scheme (OMSS) to further bring down prices.

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- **G20: Urbanisation must be instrument of job creation, poverty elimination, says Amitabh Kant**

India's G20 Sherpa Amitabh Kant on Thursday said successful cities are fundamental to a successful nation, underlining that urbanisation must be an instrument of growth, job creation, and elimination of poverty. Speaking at the inaugural session of the two-day Urban20 City Sherpas' inception meeting here, Kant said cities must be designed for cycling, walking and not for cars, and they must grow and evolve on the bank of transit-oriented development.

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- **Indian households bracing for higher prices: RBI survey**

Despite softening of consumer inflation for two consecutive months, inflation expectation of households rose for three months ahead period as well as for the one year ahead expectations remained unchanged to double digit levels 10.8 percent from November 2022, the Reserve Bank's latest survey on households' inflation expectations indicate.

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- **Govt efforts to double farmers' income yielded positive results: Agri Min Narendra Tomar**

The government's efforts to double the income of farmers have yielded "very positive" results, Agriculture Minister Narendra Singh Tomar said in Parliament on Tuesday. The government had set up an Inter-Ministerial Committee in April 2016 to examine issues relating to "Doubling of Farmers' Income (DFI)" and recommended strategies to achieve the same.

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- **India's economic rise vs crisis in Sri Lanka, Bangladesh, Nepal; here's what India did right vs neighbours**

Political stability, clubbed with strong foreign policy has played a major role in the development of the country, as it ensures investors and manufacturers that policies will continue for a longer period of time. The introduction of the Production Linked Incentive (PLI) scheme has attracted various international manufacturing giants. While the continuous development in the infrastructure sector has led to a rise in employment. India has the world's second-largest army which makes sure that there

is no threat to the people as well as the infrastructure of the country, making India a safe investment destination. Schemes like Make in India and Start-up India have pushed the economy upward. The digital revolution has made people's lives easier, bringing more transparency by introducing projects like Unified Payment Interface (UPI) and Aadhaar cards.

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• **Auto retail sales rise 14% in January: FADA**

Automobile retail sales in India rose 14% in January owing to robust registrations across passenger vehicles, two-wheelers and tractors, dealers' body Federation of Automobile Dealers Associations said on Monday.

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• **India, Qatar discusses ways to strengthen Maritime cooperation**

India's bilateral trade with Qatar in 2021-22 was USD 15.03 billion. India's export to Qatar during 2021-22 was USD 1.83 billion and India's import from Qatar was USD 13.19 billion.

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• **Hindustan Zinc terms Africa Zinc assists as an "attractive opportunity."**

Hindustan Zinc's proposed \$2.98 billion purchase of THL Zinc Ltd., Mauritius, which owns zinc mines in Namibia and South Africa, through a related party transaction is "an attractive opportunity" to grow, scale up its overseas foothold and take the brand global, the company said on Tuesday.

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• **"INSPIRING STORY OF THE WEEK"**

A polyhouse farmer in Karnal, Haryana, who earns a profit of Rs 5 lakh per acre.

Anil Kamboj is an organic farmer who used to grow multiple vegetables like mustard, sunflower, cauliflower, and bell-pepper on his farmland. A visit to Australia changed his life as he learnt about polyhouse farming. Now he cultivates flowers, bell-pepper and cauliflower in his hi-tech polyhouse and earns great profits.

He was among the five odd farmers who were selected by Indian Council of Agricultural Research – Indian Institute of Wheat and Barley Research (ICAR-IIWBR) to go to Australia as a part of the collaboration with wheat farmers of the island continent.

“Under the Mission for Integrated Development of Horticulture, the farmers are provided with a 65 per cent subsidy for setting up a polyhouse,” said Manoj Kundu, joint secretary at Haryana’s Horticulture Department. “To set up a polyhouse, a farmer is paid Rs 844 per square kilometre and the total ceiling is Rs 4,000 per square kilometre. There are close to 2,500 farmers who have benefitted from the subsidy ever since its inception in 2011-12,” the official added.

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STUDENT’S CORNER

TAX THE RICH?!

“The top 1% of the world’s richest folks hold 46% of global wealth”.

“For every \$100 of new wealth created in the global economy between December 2019 and December 2021, \$63 went to the top 1%, while the bottom 90% gained only \$10%.”- **OXFAM**.

People work hard in their 9-to5 jobs and they get paid a salary. And that income has to go from various levels of taxation which are quite high but

This is not the case with rich people.

Their wealth increases from their investment in stocks, and shares. They pay **CAPITAL GAINS TAX** only when they sell their stocks and earn profits. It’s a tax on realized gains. And the twist is that this tax rate is far lesser than the tax on the income we pay.

But things may get crazier. So when the rich want to draw an income for themselves, they use some clever tricks to avoid taxes. Well, they simply use the stocks they have as collateral and borrow money from banks at super-low interest rates. These loans are not treated as income. So, it’s a tax-free income in the hands of the rich.

Meanwhile, they don’t have to sell their stocks and the value of their stocks continues to compound year after year.

Therefore, more wealth.

Eventually, this tax-free income gets passed on from generation to generation. This is how rich people keep cultivating their income.

BUT HOW DO COUNTRIES FIX IT?

“THE WEALTH TAX”?

Consider this a tax on everything you own, including cash, stock, jewellery, jets, etc.

But is levying wealth tax fair?

So, a lot of wealth tied in stock is just paper money. You could be \$500 million today and maybe \$400 million after one year.

So, it doesn't seem fair to put a tax on such unrealized gains. True?

Also, if you think that the rich will take away your money somewhere or they will keep their money in secret banks in Tax havens then let's jump into Europe.

France had a wealth tax but didn't make the rich happy. So, around 42000 millionaires left the country between 2000 & 2012. Eventually, the government blocked the wealth tax, which was not a successful deal.

So, there's no escaping that problem, or maybe we can't simply say that the rich will run away.

Payal Sharma
BA-III