



BHAVAN'S VIVEKANANDA COLLEGE OF SCIENCE, HUMANITIES AND COMMERCE

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Sainikpuri, Secunderabad

Newsletter V ECHO o.3



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A-GREEK-MENT

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The seeds for the present government debt crisis in Greece were sown way before 2009. The great recession, unstable economic structure and loss of credit worthiness are considered to be the reasons that triggered the crisis.

The country's ability to repay its debts were questioned when it was revealed that the reports on the debt levels and deficits were misrepresented by its government.

When Euro was first introduced, trade costs among the European countries reduced and the trade volumes increased. But, in peripheral countries like Greece, labour costs were higher than in core countries, making their exports less competitive. This led to a sudden increase in their trade deficit.

Since 1999, there has been considerable rise in the country's trade deficit and budget deficit from below 5% of GDP to around 15% of GDP in the years 2008-2009. The lenders considered Greece as a higher credit risk alone, than it was as a member of the European Union. And they felt that the union would support it in the event of a financial crisis.

However, the great American recession, that spread to Europe almost stopped the flow of funds from the core to the peripheral countries. This led to a rise in the borrowing costs, which implied that Greece could no longer borrow to clear its trade debts.

Also, reduction in wages (upto 20%) from mid 2010-2014 did not help improve the situation. This further led to reduction in the total income, aggravating its recession. Unemployment has risen to nearly 25% from below 10% in 2003. To make matters worse, Greece has been declared to be the first developed country to fail to repay an IMF loan of 350 billion euros.

The cause of the crisis may be explained as: Greece was in a deadlock, i.e. a referendum took place, to decide whether Greece stays in the EU or cuts it self off from it, and fends for itself, on its own.

If voted yes, Greece would have the support of the EU, but the price of payment of an enormous debt is an extremely controlled economic condition, under the watchful eyes of the EU, with far less operating freedom than it requires (Debt=\$350 billion). If voted no, it would simply mean that Greece would be on its own, without any support from the EU, but with a scope for negotiating a bigger bailout with less austere terms.

Greece shocked the world by voting a NO.

But finally on Monday, the 13th, after marathon talks with the EU, both the parties settled for a compromise and negotiated an agreement.

Just as the devil asked the man to sell his soul as the price of his wish, the EU has demanded a series of belt tightening budgetary measures for Greece to adopt:

- 1) The offer contained a \$96 billion bailout (its 3rd bailout in 5 years to be paid in 3 years)
- 2) Greece's situation of recovery would be under the close observation of its creditors to ensure maximum efficiency and no misreports by the government (again)
- 3) Greece must agree to a host of significant economic reforms: pension cuts, relatively higher taxes, and sale of government holdings.

This is perhaps the best option that Greece has at the moment. Even if the agreement is made, the Greek banks are expected to be closed towards the following weekend, needing more emergency loans from the European Central Bank to reopen.

Even if the debt crisis deal is made, Greece will have a long, bumpy road to recovery, with no room for error and utmost faith in planning and efficiency.

India now a \$2 Trillion Economy 3



With the World Bank's annual report scheduled to have come in last week, there was much hush within the Indian government's circles seeing as how the new government focussed on infrastructural development with social and economical growth.

The World Bank declared Indian economy, *surprise revealed* at 2.06 trillion. That is indeed a moment to celebrate because having taken 60 years to cross the first trillion marks, India achieved the next trillion in seven years. This discourse, however, has more political roots than strictly economical. It can't be denied that the new BJP government had a lot to do in the year in which it was in power. The only major drawback was that India was more populist-scheme centred which resulted in lack of enough focus on infrastructural development.

Indian growth, pegged at a whopping 7.4% beat China's growth rate of 7.3% to become the largest growing democracy on the third planet from the sun. However, this is not a great feat if you consider China's GDP is a terrifying 10.4 trillion dollars, which is class above us. By extrapolating data, it would take India up until 2039 to achieve that class of development. Until then, we only have a per capita income of 1 lakh rupees. Post-crisis slowdown hit every major economy hard but India managed to survive the extreme meltdown, unlike China. This, I believe could chiefly be attributed to India's policies. The bright side of the moon is that India has grown at an average of 7%, which is more than that of China.

World Bank, in a statement praising India's growth commented that although there are many indicators of economic development, GNI still is the central yardstick that primarily distinguishes growing countries from those that are stagnated. With remittances soaring from the US and Saudi Arabia, the spur of investments is clearly going to grow.

NITI aayog chief, RBI governor have all asserted that India showed promise and work had to be done before it can be put back on the growth track of 9% though initial predictions of NITI aayog have fallen short in respect of growth rate for the FY-14-15, there is a general trend of optimism in the air. With the focus shifting towards manufacturing and service sector and convenient foreign remittances provisions with eased up norms in FDI, coupled with rising wages in other economies, India is proving an attractive destination for low cost skilled labour.

While this is one side of the moon, there will always be a dark side to this issue because it has so many discourses to embark upon. While the growth of Indian economy, on one hand, is highly commendable, there is an argument that refutes that. After all, what we have achieved is what China had already achieved. What is commendable in following in the tracks of a country that surpassed us more than a decade ago?

The true quest here is to see how this development affected the common man. While BJP government never failed to seize the chance to emphasize that true development originates when India becomes the hub for activities myriad, thereby generating employment and subsequently, growth, this hasn't come out so well in real life. The emergency convention of an expert group to assess poverty only serves to highlight the delectable condition we are thriving in. Past estimates have been scrapped and new estimates say that poverty is now at almost 30% which equals a population close to 40 crores. Estimates on what constitutes poverty have also been revised including the daily calorie input and the daily expenditure.

Though growth has been measured in terms of per capita income, is it right to say so the same for the poor? Is a person poor only if he can't spend beyond what is the poverty line? This theory had been disproved on grounds that, in a mean of several components, falling short of one of them need not necessarily constitute poverty if the aggregate mean is a specified number. After all, what is growth when the UNO reported that poverty and maternal deaths are really, really high in India? In that context, doesn't growth only refer to selective improvements of classes and essentially count as aristocracy? For a country that counts itself the world's largest democracy, this is point of embarrassment on its record. For lack of inside information, it lies upon us to rely solely on documents published by the respective government agencies and third party survey organisations. Unemployment has come to record low, but the slums and incommutably horrible roads are still a glaring blot.

Foreign relations have never been this good. Uranium from Australia, trade agreements with Iran, cordial relations with America and Russia are something that optimists perceived when realists were pessimistic. If that were so, why do we still have the most number of emigrations for lack of opportunities? The picture isn't just bleak. It is multi-faceted. It falls upon the cautious scrutiniser to know what's what, and I certainly am not here to aid in that process.

Aditya Pillutla
III-D

The Relentless Being

4



Every book will define what is an 'Entrepreneur', who is an 'entrepreneur' and what are the problems faced by them. But the reality is far away from those books, where it is the attitude, the mental stability of an individual who faces all the heat for the growth and survival of the Idea. Howard Shcultz's proposal was rejected 224 times. But today, he is a billionaire and also the CEO of Starbucks. What if he had given up? You wouldn't be enjoying time with your loved ones with the variety of coffee's in cup with your name written and a twin tailed mermaid on it.

Walt Disney was fired by his editor because he thought "Disney lacked imagination and had no original ideas." Disney then later started his own animation company, but he soon went bankrupt. His proposal of his ambitious dream Disney World was rejected over a hundred times. What if he had given up? He would have succumbed to the situation and we wouldn't have anything like Mickey mouse.

Soichiro Honda was turned down the job of an engineer in Toyota. Today his company 'Honda' is the world's largest two-wheeler manufacturer and it is also giving a tough competition to Toyota. What if he had given up? He would have been any other common person doing his common things.

Akshay Kumar worked as a waiter in a hotel in Bangkok. Even his acting career was going nowhere when he gave a string of flops. Today he has 2 production houses and is one of the highest paid celebrities of India with \$76.8 Million. What if he had given up? Bollywood would have easily run out Rs.2000 crores.

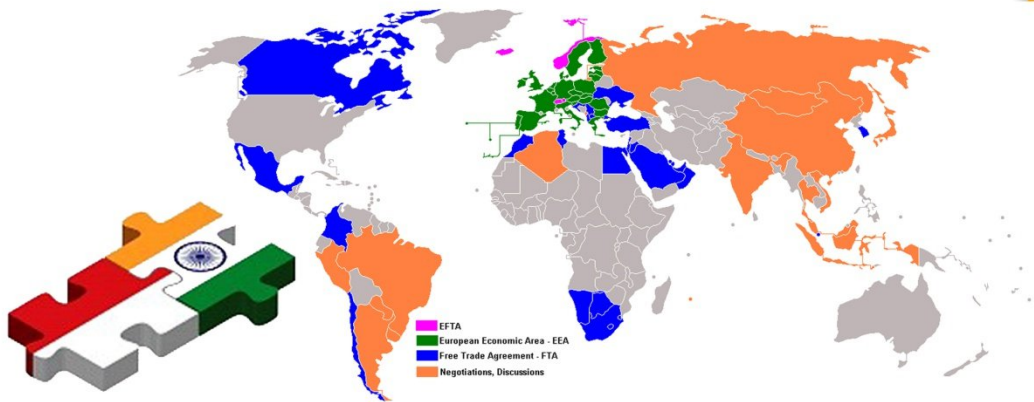
Richard Branson started with only £300 but today he has a net worth of more than \$3.6 Billion. He failed many times for putting his feet in the unknown but eventually was successful. If he had given up, there wouldn't be a Virgin records or Virgin Atlantic. Being an entrepreneur is not easy. There are few tough times, few dark times, when they lose faith, when they have nowhere to go, when they don't know what to do. But coming out of it is what makes them special.

The attitude of not giving up no matter what it takes to changes things is what makes all the difference .This is what makes them an 'Entrepreneur'.

Akshay Singh
III-H

Demand of Export between India and Indonesia

5



India's population in the year 2015, is the 2nd largest in the world with the number approaching 1.3 billion people. Therefore, India will always be an obvious place, as a target market for various products from different countries across the world. Indonesia is one such country that maintains cordial import and export relations with India, trading in goods like cocoa, plastic, oil, fur skins, etc. India is one of the countries in which the economic conditions were not disturbed by the global economic slowdown, that occurred due to fall in the prices of various commodities and the growing strength of the currency of US dollars. A number of surveys by the international agencies predicted that India's economy will grow up to 8.1% during the years 2015-16.

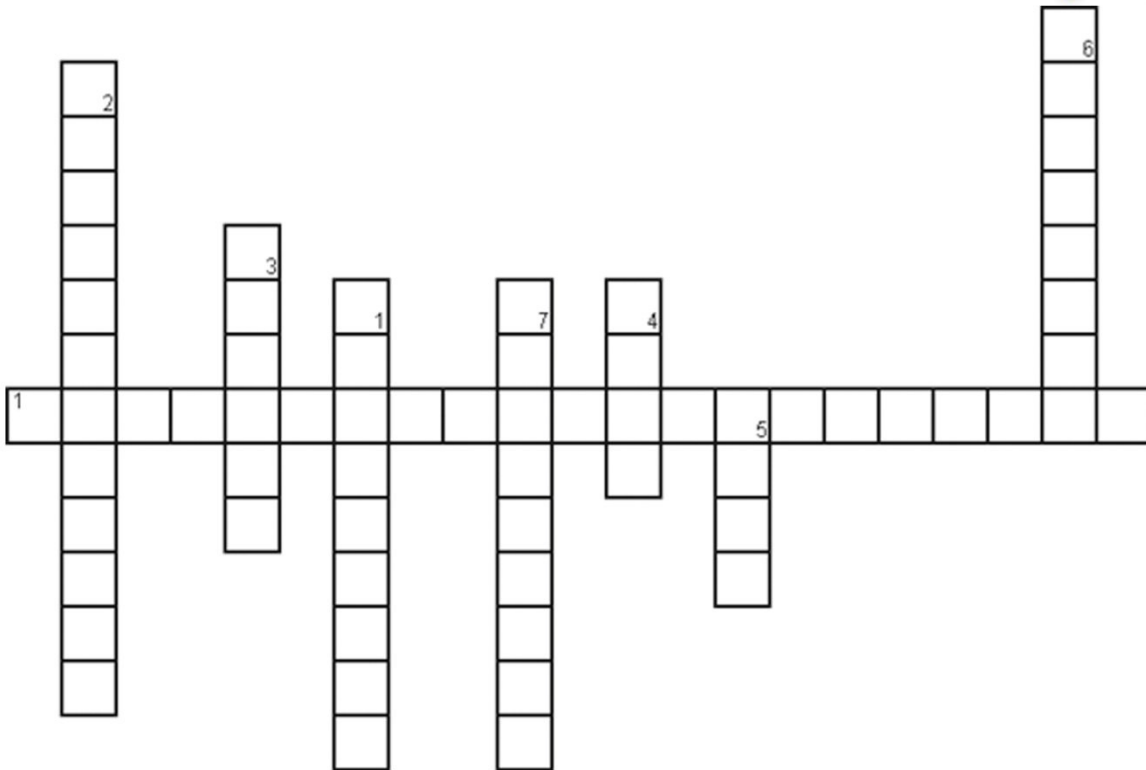
Nowadays, the Indian industries and the purchasing power of the Indian community is growing. This is indicated by the rise in the surging demand for imports. Based on the reports of the Central Statistics Agency, the value of Indonesian exports to India continues to increase. The government of Indonesia is looking forward to boost its exports to India, and due to India's current increase in the economic growth it considers this to be a good opportunity to improve the trade performance and relations among the two countries.

Out of a list of 13 main destination countries, the increase of the export value to India from Indonesia during January-April 2015 accounted to 13.38% compared to the same period last year. It is also followed by the exports to Taiwan 8.91% and to Malaysia at 5.45%, while exports to the other 10 main destination countries is decreasing.

Nadia Ingrida
11-E

CROSSWORD CONNECT

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Across :

1. Bills of exchange, Promissory Notes, Cheque

Down :

1. The world largest coffee chain
2. M.S Dhoni and N. Srinivasan
3. Munch, Cerelac, Milkmaid
4. Columbia Pictures, Playstation, Olympus
5. Croma Retail and Westside
6. India's 1st online market place
7. Apple Inc. and Pixar

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