



# BEDEnomics

ST. BEDE'S COLLEGE, SHIMLA  
DEPARTMENT OF ECONOMICS



## THE ECONOMICS OF SOCIAL SECURITY

Social Security is a "pay-as-you-go" system. Money contributed by current employees is used to pay for the benefits of current retirees. Any money that remains goes into the Social Security Trust Fund, to be used in future years when current contributions aren't sufficient to cover all of the program's obligations.

Economists view social security differently than the public at large. Many journalists and politicians speak of social security as if it were a defined contribution pension plan. They speak as if the benefits that someone receives from social security reflect that person's contribution to the program.

Economists instead view social security as an ongoing intergenerational transfer mechanism. At any point in time, the working-age population is being taxed to support retirees. India's social security system is composed of several schemes and programs spread throughout a variety of laws and regulations. Keep in mind, however, that the government-controlled social security system in India applies to only a small portion of the population.

Furthermore, the social security system in India not only includes insurance payment of premiums into government funds (like in China) but also lump sum employer obligations. Generally, India's social security schemes cover the following types of social insurance: Pension, Health Insurance and Medical Benefits, Disability Benefit, Maternity Benefit, Gratuity.

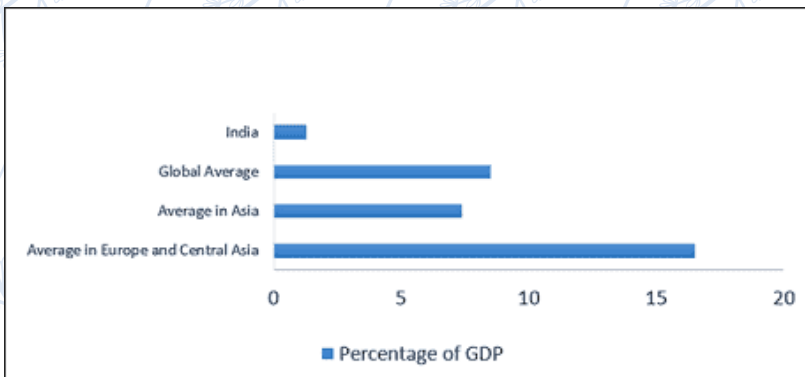
*"If economists were laid end to end, they would not reach a conclusion."*

*- George Bernard Shaw*





While a great proportion of the Indian population is in the unorganized sector and may not have an opportunity to participate in each of these schemes, Indian citizens in the organized sector and their employers are entitled to coverage under the above schemes. There are two major social security plans in India, the Employees' Provident Fund Organization (EPFO) and the Employees' State Insurance Corporation (ESIC). The EPFO runs a pension scheme and an insurance scheme. All of these are supposed to grant EPFO members and their families benefits for old age, disability, and support if the primary breadwinner dies. The ESIC covers low-earning employees, providing them with basic healthcare and social security schemes. Originally aimed at factory workers, the coverage was extended to include greater parts of the population, e.g. employees in hospitals or educational institutions.



Source: World Social Protection Report 2017-19  
International Labour Organisation

Some of the welfare schemes for unorganized workers stipulated under this act are:

- The National Social Assistance Programme (NSAP),
- Janani Suraksha Yojana (JSY)
- Rajiv Gandhi Shilpi Swasthya Bima Yojana
- National Scheme of Welfare of Fishermen
- Aam Admi Bima Yojana
- Rashtriya Swasthya Bima Yojana (RSBY)

### Recently launched schemes:

- Atal Pension Yojna (APY)
- Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)
- Pradhan Mantri Suraksha Bima Yojana (PMSBY)
- Pradhan Mantri Kisan Mandhan Yojana
- Pradhan Mantri Laghu Vyapari Mandhan Yojana

Why are they needed? With about 22 per cent of India's population living below the poverty line, the "unorganized" sector, i.e. enterprises — mainly in agriculture, which are not legally covered by any form of social security, is disproportionately large.

The social security schemes for the unorganized sector, in addition to enhancing labour-market efficiency and providing income security to the poor and vulnerable, also address multiple facets of poverty by building resilience against socio-economic crises and shocks, e.g. health hazards, disability, unemployment, and old age. According to the World Bank (2015), social safety nets reduce the poverty gap by 15 per cent and the poverty headcount rate by eight per cent. According to the International Labour Organization (ILO) and the G20 forum, social-protection systems act as self-regulating economic stabilizers, increase employability, and strengthen aggregate domestic demand, easing the transition to a more formalized economy.

By: Bhanu Sharma  
B.A. Economics Honours 3rd Year





## Slowdown, Recession and Depression

Slowdown, Recession, and Depression - words that are frequently used nowadays. So let's find out what they really mean.

**SLOWDOWN** - A slowdown simply means that the pace of GDP growth has decreased. During the slowdown, GDP growth has remained positive, but the rate of growth has slowed significantly.

**RECESSION** - A recession refers to a phase of the downturn in the economic cycle when there is a fall in the country's GDP in some quarters. It begins after the economy reaches its peak of activity and ends as the economy reaches its trough. As a rule of thumb, a recession is two quarters of negative GDP growth. "A recession is a period of decline in total output, income, employment, and trade that typically lasts 6 months to a year," according to the NBER (National Bureau of Economic Research).

**DEPRESSION** - A depression is a prolonged period of economic recession marked by a significant decline in income and employment. In other words, a depression is when a recession turns out to be more severe and continuous for a long time. A common rule of thumb for depression is a negative GDP of 10 per cent or more for more than three years.

By: Kriti Verma  
B.A. Economics Honours 3rd Year



## Importance of Population in the Survival of an Economy

The general view that prevails amongst people is that the economic development of a nation slows down with the bursting population, but the relationship between population growth and economic advancement is controversial.

It is observed that there is low population growth in high-income countries and high population growth in low-income countries. This is likely to create social and economic imbalances. Many analysts believe that economic growth in high-income countries is likely to slow down in the coming years because population growth in these countries is predicted to slow down considerably. Population growth affects various phenomena like the age structure of a country's population, international migration, economic inequality, and the size of the country's workforce.

China enacted the one-child policy in 1979 and relaxed it to 2 children in 2016. The restriction left the country with an aging population and not enough people to look after them. The population is also more heavily male with 106 men per 100 women. In China, the percentage of the aged population is expected to rise to 24 per cent from 8 per cent by 2050.

The US economy is also facing the crisis of an aging workforce that has the potential to harm the economy as more people are exiting the workforce than the number of people entering it. By 2030 it is predicted that 20 per cent of US residents will be aged 65 and above as compared to only 13 per cent in 2010.

*"Lack of money is the root of all evil."*

*- George Bernard Shaw*





The combination of a low birth rate and an increasingly aging population leads to a slowdown in the replacement rate making it difficult for the US to sustain or increase its economic growth. An aging population impacts economic growth in a short span through a decrease in labor productivity. It is predicted that a 10 per cent increase in the proportion of the population over 60 years of age will lead to a decrease in the growth rate of GDP per capita by 5.5 per cent.

With a rapidly aging population and a shrinking workforce, Japan is one of the world's oldest societies, now fearing that its demography is hampering its economic growth. Japan's economy has contracted by 0.02 per cent in the first three months of 2018 after its longest period of uninterrupted growth since 1989. A shrinking population means a smaller domestic market with fewer people buying goods and services. It may be true with the rest of the world, but India had some higher immunity to resist the global meltdown which started in the USA in 2007. India is one of the largest economies in Purchasing Power Parity terms. This is because of its huge population, which creates a huge internal economy. This makes India a preferred location for foreign direct investment. Indian markets are still untapped at large, hence providing a greater capacity for risk aversion. Another aspect of why India survived the recession is the poverty prevailing in the country. According to the World Bank, 80 per cent of India's population survives on \$2 per day, which leaves them least affected by the turmoil.

According to the basic concepts of economics, the producer would produce only when they see a fair opportunity to sell their produce.

The demand will be created only with consumption and consumption is made by the population. Without an increase in the population, the urge to increase production won't be there because every individual has a limit to consumption. Slowly and steadily, consumption will fall, leading to a situation of overproduction, hence the producers will reduce production. When consumption becomes nearly constant, the economy will see stagnation. If production starts falling, the economy has already started crashing.

Secondly, assuming a situation of the inelastic supply curve, i.e. generally a situation of full employment, the aging population will increase but will not live forever. Similarly, if the infant and young population start decreasing, then the overall consumption will decrease. Decreasing consumption will lead to a decrease in production, ultimately leading to unemployment (due to a decrease in market size). It is difficult to balance even with trade because all the nations are striving to achieve population control, but its ripples will wipe out the economy itself in the long run. Therefore, without mass, an economy can never survive and speaking of the various problems of overpopulation, it can be solved by fuller utilization of resources and other economic policies.

By: Debashmita Saha  
B.A. Economics Honours 2nd Year





# EVENTS CALENDAR

## DEPARTMENT OF ECONOMICS

### DISASTER PREPAREDNESS & TRAINING SESSION - 12TH DECEMBER 2019

On 12th December 2019, The students and faculty of the Economics Department attended the Disaster Preparedness & Training session in association with the Home Guard & Civil Defence and Central Training Institution, Sargin. The students were divided into different teams namely, first aid team, search and rescue team, evacuation, and fire safety team. The exercise was informative and prepared the students to face a disaster effectively. Then a mock drill was conducted to practice the safety-related measures and evacuation of a building during an emergency.



### INTER-DEPARTMENT PRESENTATION - 13TH SEPTEMBER 2019

An inter-departmental activity was organized jointly by Economics and Commerce departments on September 13th, 2019. The agenda for the activity was to make students aware about the economic policies of the country. The students of Economics department presented their views on Monetary and Fiscal Policies. B.Com students put forth their views on Economic Survey and Budget, 2019. The queries of the students were taken at the end of the session. It was a knowledge- enhancing and interactive activity.

### COLLOQUY WITH MS. SHAZIA ILMI - DECEMBER 2019

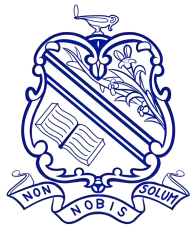
St. Bede's College proudly hosted its alumnus Ms. Shazia Ilmi, in December 2019, an acclaimed Indian politician and a former television journalist. The students got a golden opportunity to interact with her, they were all agog. She talked about the importance of politics, social activism and economic journalism as the elements of national advancement and the need for the youth to take up a career in these fields to become a catalyst in the process. She recounted, how her anti-corruption bill media campaign had created a cult in the common people to question those in power and seek accountability. The campaign grew to national prominence, giving voice to the voiceless. She further talked about the documentaries she had produced that highlighted the poor economic condition of the marginalised sections of the society, encouraging us to think about economic journalism as a future métier option. The session was not only thought provoking but also gave us refreshing perspectives and valuable insights.



*"Economic progress, in capitalist society, means turmoil."*

*- Joseph A. Schumpeter*





## MARCH FOR DISASTER RISK REDUCTION - 11TH OCTOBER 2019

Every year Himachal Pradesh State Disaster Management Authority (HPSDMA) organizes a Mass Awareness Campaign on Disaster Risk Reduction - 'SAMARTH', as a symbol of solidarity with the global efforts to observe the celebrations related to the International Day for Disaster Reduction (IDDR).

In this context, HPSDMA organized a "Solidarity March for Disaster Risk Reduction" on 11th October 2019. This march was flagged off by Hon'ble Chief Minister, HP from his official residence the Oak Over to Scandal Point, The Mall. The students and faculty of the department participated in the event. The students actively participated in activities like "Fire Safety Practice Session", Medical First Aid and Search and Rescue Operations and learnt several life-saving skills.



## SKIT COMPETITION

To stimulate their creative minds the department organized a skit competition for the 2nd year Economics Honours students. It was quite a thrilling event and the judges for the event were Mr. Manu Mahajan, Head, Commerce Department and Ms. Nivedita Chauhan, Assistant Professor, Economics Department.

## PAPER PRESENTATION

A paper presentation session on Probability was organized by the department for the 2nd year students to help enhance their communication skills and to get more clarity on the topic in a simple and interactive manner.

## ORIENTATION PROGRAM

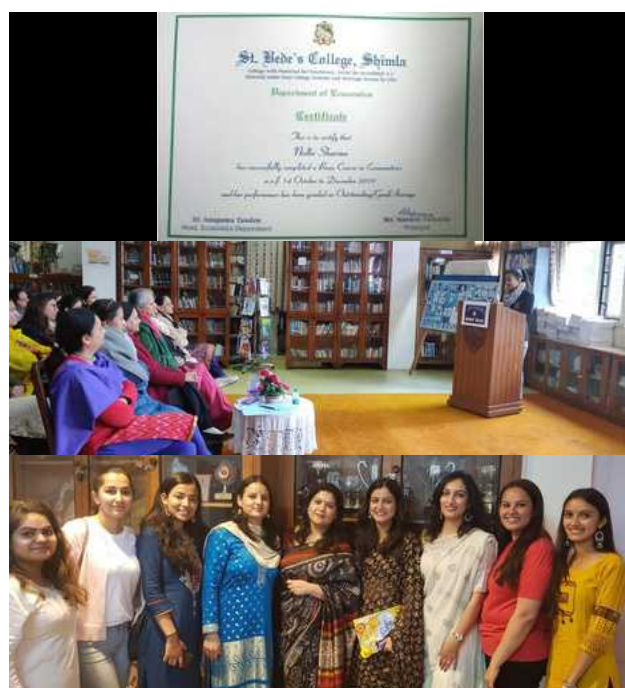
An orientation program was organised by the department of economics for BBA, B.Com and Geography honours students to introduce them to the certificate course in basic econometrics offered by the department. They were informed about the course and how it can be useful for further studies and research.

## BOOK TALK

A book talk was held in the college library where students and staff came together to discuss and describe their most significant reads.

## TEACHER'S DAY CELEBRATION

Teacher's Day was celebrated with full gusto by the students of the Economics Department.



*"No nation was ever ruined by trade."*

*- Benjamin Franklin*



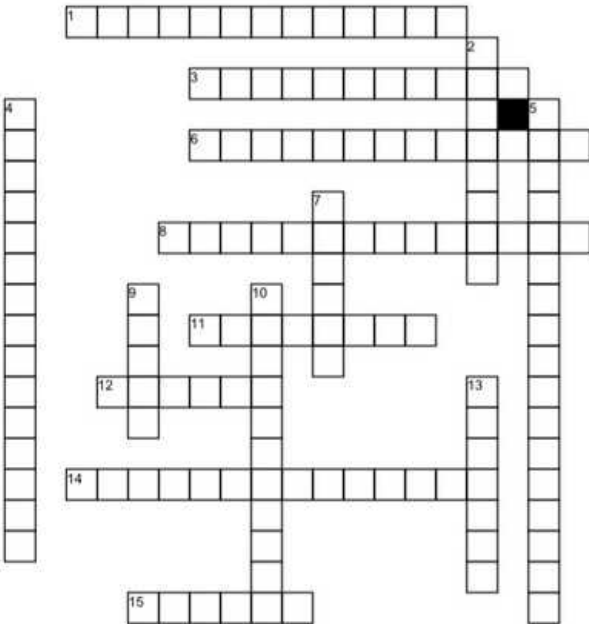
## Farewell to Ma'am Alaka - A Heartfelt Adios



Dearest Ma'am Alaka,  
your kindness and loving nature shall always be engraved in our hearts now and forever.

## Entertainment Corner

### Economic Terms




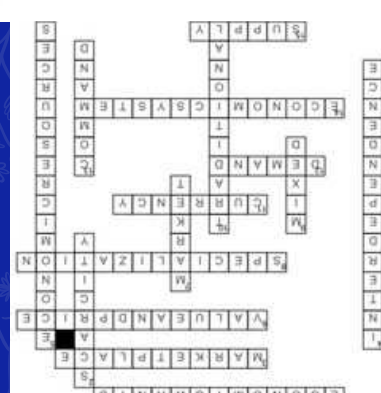
**Across**

1. People have desires that can be satisfied with goods or services
3. Any place that allows buyers and sellers to trade goods and services
6. The worth of a good or service that is determined by the total cost of economic resources that went in to producing and providing good or service.
8. Goods and services are produced in better quality, quantity, and speed when someone focuses on one particular task.
11. Something that is used to buy and sell goods or services.
12. How much people want of a good or service at a certain price at a certain time.
14. The way a society organizes to produce, distribute, and consume goods and services.
15. The amount of a resource, good, or service sellers are willing to sell at possible prices.

**Down**

2. Wants are unlimited and resources are limited.
4. People, businesses, and nations depend on others to produce the goods.
5. Human, natural, and capital resources used to produce a good or service.
7. Individuals make most of the major decisions about production and distribution of goods and services
9. Economic decisions are made by individuals, businesses, and government.
10. Tradition determines how a society is organized to produce, distribute, and consume goods/services.
13. A central authority makes most of the major decisions about production and distribution of goods and services





"The production of too many useful things results in too many useless people."

- Karl Marx



# Our Achievers



Angel Shan of 1st year Economics GE and Irina Thakur of 1st year Economics Honours went for a 6 month internship for content writing, for the magazine Biohackers Update. The magazine focuses on biohacking, or do-it-yourself biology and self-optimisation. Their work has been published on both the Biohackers Update website as well as the first issue of their magazine.

Debashmita Saha of 2nd year Economics Honours participated in Youth Festival (Himachal Pradesh) organised by the State government on 16th September 2019 under the category non-percussion (Sitar), against 17 competitors and achieved 2nd position. It was held in Govt. Post Graduate College Seema, Rohru.



Khusboo Sharma of 2nd year Economics Honours represented the college in an open Basketball Tournament which was held in Reckong Peo, Kinnaur and was organised by NSUI from 26th July to 30th July. The team bagged the 1st position. She also participated in the Inter College Basketball Tournament which was held in Manali, H.P organised by the Himachal Pradesh University from 19th to 20th November 2019. The team won the runners-up trophy.

Kriti Verma of 6th Semester Economics Honours obtained the 3rd position in The Tribune Inter-college Debate Competition held on December 11, 2019 at Government College, Sanjauli, Shimla. The topic was “Is India facing an economic slowdown?” She spoke against the motion. She stood 2nd in Elocution Competition held to celebrate National Milk Day at St. Bede's College organised by Amul Corporation and the topic was “The Role of Dr. Kurien in Nation Building”. She also presented a Research Paper titled “Child Labour and Child Sexual Abuse” in the National Seminar on Human Rights: Issues and Challenges held on 10th August, 2019 organized by Himachal Pradesh University Institute of Legal Studies (UILS).



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**A collective effort by:**  
Department of Economics  
St. Bede's College, Shimla

Printed at:  
Mahajan Printing Press, Sanjauli, Shimla-6

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