St. Joseph's College Of Commerce (Autonomous)
Affiliated with Bengaluru City University
Accredited with A++ Grade by NAAC in 4th Cycle (CGPA of 3.57/4)
College with Potential for Excellence (Status Awarded by the UGC)
Ranked 93rd in NIRF 2022 by the Ministry of Education, Government of India
#163, Brigade Road, Bengaluru 560025, Karnataka, India

The Department of Economics presents

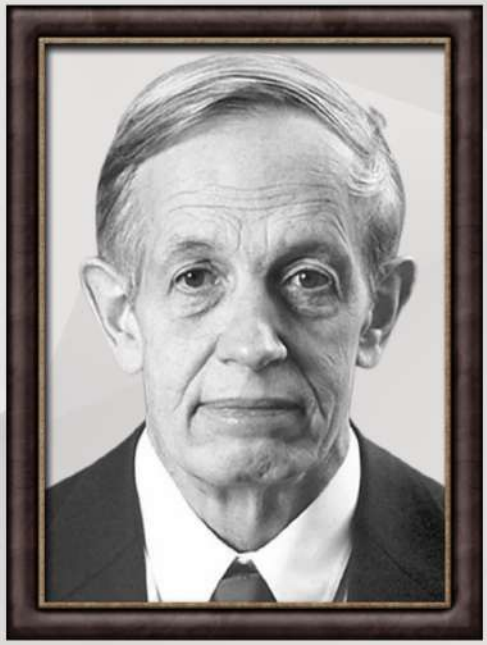
INTAGLIO

FEBRUARY 2023 / VOL 5

Inside this Issue.

Welcome to Intaglio! This issue is packed with entertaining and informative pieces regarding The Adani Revelations. Changes to the taxation systems in the Union Budget 2023-24, An economic examination of the union's finances, Experts forecast full economic recovery by 2022-2023, The Canadian Economy: An Analysis, and a fun quiz. Dig into this content to learn more about economics and see things from a fresh perspective. Our articles are a terrific method to learn new skills that can be applied in a variety of situations. You will learn something new, whether you are a student, a professional, or simply interested in economics. Make sure to take the quiz, which is both entertaining and educational.

"You don't have to be a mathematician to have a feel for numbers."



1928-2015

John Forbes Nash Jr. American mathematician who pioneered game theory, real algebraic geometry, differential geometry, and partial differential equations, a Nobel laureate

Major Economic Headlines India

- **Economic Survey envisages Indian economy to grow at 6.5 % in 2023-24 fiscal; CEA says India to be 5 trillion-dollar economy by 2025-26.**
- **Budget 2023: Growth-oriented, with aim to set India on the right course.**
- **Agriculture budget went up 5 times in 9 years to over Rs 1.25 lakh crore.**
- **Railways Budget: More Vande Bharat Express productions, Hydrogen-Powered trains to roll out by December.**
- **Budget is 'pro-poor', balances growth with fiscal prudence: FM**
- **India's February services sector activity at 12-year high**
- **India's fiscal deficit for first 10 months of FY23 widens to Rs 11.91 lakh crore.**
- **GST collections for February strong at Rs 1.49 lakh crore, but down 5% from January.**
- **ADB chief Masatsugu Asakawa expresses intention to give $20-25Bn resources over 5 years to India.**
- **India hosts G20 finance ministers in first major meeting of its presidency.**

Major Economic Headlines World

•Ex-Mastercard CEO Ajay Banga, Biden's pick to lead World Bank.

•Euro zone inflation eases in February but core prices surge.

•IMF chief says global economic outlook 'less bad' than feared.

•Norway Wealth Fund Sells $200 Million Worth Stake In Adani Group Firms.

•IMF Lifts Growth In Developing Nations To 4.0% In 2023.

•Pakistan's fresh £580m loan from China intensifies debt burden fears.

•Global economic slowdown 'to force more workers into poorly paid jobs' : ILO

• Asia's Easing Economic Headwinds Make Way for Stronger Recovery : IMF

•World Bank estimates Feb 6 earthquakes caused $34.2 bln in damage in Turkey.

•KPMG becomes first Big Four accounting firm to remove 700 employees in US amid slowing economy: Report

"The Adani Revelations"

In a report released on January 24, the US-based short seller Hindenburg Research accused the Indian conglomerate Adani Group of using offshore tax havens in the wrong way and raised concerns about the company's high debt level. Hindenburg Research also pointed out that the group has engaged in a "brazen stock manipulation and accounting fraud scheme over the course of decades."

To give you some background, Nathan Anderson started an investment research company in New York called Hindenburg Research. Its main focus is activist short-selling. This company said that the seven listed companies of the Adani Group have a fundamental downside of 85% because their prices are so high. They had also been the only ones to talk about the conglomerate's debt. Most of the key listed Adani companies are in a lot of debt because they used shares of their inflated or overpriced stock as collateral for loans. Five of the seven most important publicly traded companies have "current ratios" below 1, which is a sign of short-term cash flow problems. The research firm Bernstein estimates the group's total debt at 2 trillion rupees now. Hindenburg Research also questioned the group's authority and ability to run things, since eight of the group's 22 key positions are held by family members of Gautam Adani, the group's founder and chairman. The Directorate of Revenue Intelligence said that Gautam Adani's younger brother, Rajesh Adani, was a key player in a diamond trading import/export scam in 2004 and 2005. The scam involved evading customs taxes, making fake import documents, and bringing in illegal coal. Even with all of this history, the research firm wanted to know why Rajesh Adani was then made Managing Director of the Adani Group. The same thing happened when Gautam Adani's brother-in-law, Samir Vora, was accused by the DRI of being the ringleader of a diamond trading scam, and the Adani Group promoted him to Executive Director of the Adani Australia division.

Before, the Adani Group was the focus of four major government fraud investigations involving alleged money laundering, theft of taxpayer funds, and corruption. These investigations, which totaled about $17 billion, were centred on the company. Members of the Adani family are said to have worked together to set up offshore shell companies in tax havens like Mauritius, the UAE, and the Caribbean Islands. These companies are said to have used fake import and export documents to make fake or bogus turnover and steal money from the

the listed companies. Hindenburg Research brought all of these cases to light while calling into question the legitimacy and faith of the group as a whole. After hearing so many claims and accusations, the Adani Group said that the report was false and that the claims were "unfounded speculations." Adani also took a nationalist stance and said that the claims were a direct shot at India and its market. In his 413-page rebuttal, he also said that the short seller wanted to make a fake market for securities so that he could make a lot of money illegally at the expense of many investors.

As a result of this whole mess, the market value of 10 Adani stocks has dropped by half, which means that the Adani Group has lost about $107 billion. Adani Enterprises also cancelled their much-anticipated, fully subscribed Rs 20,000 crore follow-on public offering due to investor pressure. The finance minister said that the withdrawal of the Adani FPO won't change the strength of the Indian economy.

RBI Deputy Governor MK Jain said that domestic banks' exposure to the Adani Group is not very big. He was talking about the Adani Group. Governor Shaktikanta Das added that India's banking sector is still strong and resilient and that the Reserve Bank of India (RBI) has looked at how much exposure lenders have to companies in the Adani Group.

Some clarifications received from domestic banks regarding their exposure and holdings are as follows: Life Insurance Corporation (LIC) has disclosed holdings of Rs 36,474.78 crore in the Adani Group's debt and equity, while SBI's total exposure to the conglomerate was 0.9% of its total loan book, or around Rs 27,000 cr. On the other hand, Punjab National Bank has about Rs 7,000 crore of exposure to Adani Group entities, and IndusInd Bank has an overall loan book of Rs 29 lakh crore.

Nirmala Sitharaman requested that the public give market regulator SEBI time to understand the situation and figure out what happened. As this case goes on and more information is found about it, only time will tell. As the government and regulators offer hope and reassurance, it is still unclear what will happen to the Indian economy.

~ Amogh Boddu, 1 BSc Economics

Alterations to the taxation systems in the Union Budget 2023-24

With India's $5 trillion economic goal, citizens anticipated various measures that would support it. Several measures were added to increase spending in the economy, make it easier to follow the rules, help MSMEs and the middle class, and make the tax system easier to understand and use. The Finance Minister on Wednesday tweaked the slabs to provide some relief to the middle class by announcing that no tax would be levied on annual income of up to Rs 7 lakh under the new tax regime. On February 1, 2023, Finance Minister Nirmala Sitharaman presented the first paperless budget. The budget is divided into two parts: the capital and revenue budgets. One of the most important aspects of the budget was that no tax would be levied on annual income up to Rs 7 lakh. There is nothing to be changed if a person has chosen the old tax regime, which has some exemptions for investments, and the new regime is now the default unless the old has been opted for. The old tax system also allowed a deduction like this and said that income up to Rs 5 lakh was not taxed. And the exemption limit for the old regime has been raised to 2.5 lakhs from 3 lakhs, leading to a savings of 38,000; for up to 10 lakhs,

a savings of 23,400; and a savings of approx. 49400 for those up to 15 lakhs. Subcharges for high-net-worth individuals with an income of Rs 2 crore have been reduced from 37 percent to 25 percent, resulting in a savings of approximately Rs 20 lakh for those with an income of Rs 5.5 crore. "It is proposed to increase the rebate for the resident individual under the new regime so that they do not pay tax if their total income is up to Rs 7 lakh," said Mrs. Sitharaman. She proposed extending the benefit of the standard deduction to the new tax regime. Under the revamped concessional tax regime, no tax would be levied on income up to Rs 3 lakh. Income of Rs 3-6 lakh would be taxed at 5%, Rs 6-9 lakh at 10%, Rs 9-12 lakh at 15%, Rs 12-15 lakh at 20%, and income of Rs 15 lakh and above would be taxed at 30%.

Table 1:

Change in new tax regime slabs for FY 2023-24 (AY 2024-25):	
Income range	Income tax rate
Up to Rs. 3,00,000	Nil
Rs. 300,000 to Rs. 6,00,000	5% on income which exceeds Rs 3,00,000
Rs. 6,00,000 to Rs. 900,000	Rs 15,000 + 10% on income more than Rs 6,00,000
Rs. 9,00,000 to Rs. 12,00,000	Rs 45,000 + 15% on income more than Rs 9,00,000
Rs. 12,00,000 to Rs. 1500,000	Rs 90,000 + 20% on income more than Rs 12,00,000
Above Rs. 15,00,000	Rs 150,000 + 30% on income more than Rs 15,00,000

Table 2 :

Presumptive Taxation Limits Revised for FY 2023-24		
Category	**Previous limits**	**Revised limits**
Sec 44AD: For small businesses	Rs 2 crore	Rs 3 crore
Sec 44ADA: For professionals like doctors, lawyers, engineers, etc.	Rs 50 lakh	Rs 75 lakh

~ Tasha , 1 BSc Economics

A review of the union's finances from an economic perspective

On February 1, 2023, the Finance Minister of India, Nirmala Sitharaman, presented the Union Budget of India for the fiscal year 2023-2024. Nirmala Sitharaman unveiled a number of initiatives, with a focus on popularising the new tax structure by raising the exemption threshold from Rs. 5 lakh to Rs. 7 lakh. The new tax system will now be the default, while the old system will still be in place. Some of the major changes in the tax system are: the tax limit increase in the new regime; tax slabs; benefits to the salaried class and pensioners; a reduction in the tax surcharge; and an exemption on leave encashment. The new tax regime has been introduced to simplify the tax structure and reduce the compliance burden for

taxpayers. Under the new tax system, taxpayers with an annual income of up to Rs. 7 lakhs will not be required to pay any taxes. Taxes will not be due from taxpayers with annual incomes between zero and three lakh rupees. The tax rate for individuals is 5% of their annual income, or between Rs. 3 lakh and Rs. 6 lakhs. Taxpayers with annual incomes between Rs. 6 lakh and Rs. 9 lakh and between Rs. 9 lakh and Rs. 12 lakhs will be subject to a 10% tax and a 15% tax, respectively.

Taxpayers with yearly incomes of between Rs. 12 lakh and Rs. 15 lakhs would be required to pay a 20% tax. Individuals who earn more than Rs 15 lakh per year will be required to pay a 30% tax.

Advantages For the Salaried Class and Pensioners: The finance minister declared that the standard deduction would now be available to pensioners under the new tax system. Any salaried individual making at least 15.5 lakh rupees will gain 52,500 rupees.

Decrease in Tax Surcharge: This budget also lowers the top tax rate, which was 42.74 percent. According to her, the new budget has lowered the maximum surcharge from 37% to 25%. As a result, the top tax rate would drop from 42.74 percent to 39 percent. The price hasn't changed, though, for those who prefer to go with the previous system. She also stated that, although the new tax system will be the default, taxpayers. may still opt to continue using the previous method. Leave Encashment: In 2002, when the maximum basic pay in the government was 30,000 per month, the limit of 3 lakh for tax exemption on leave encashment on retirement of non-government salaried employees was last set. I suggest raising this cap to Rs. 25 lakhs in order to keep up with increases in government pay.

Currently, a 5 percent tax is levied on total income between 2.5 lakh and 5 lakh, 10 percent on 5 lakhs to 7.5 lakh, 15 percent on 7.5 lakh to 10 lakh, 20 percent on 10 lakhs to 12.5 lakh, 25 percent on 12.5 lakh to 15 lakh, and 30 percent on income above 15 lakhs. With effect from April 1, these slabs will be modified as per the budget announcement. This budget looks promising for middle-class taxpayers with enhanced slab limits. Revisiting the leave encashment exemption in line with prevalent salary levels is much appreciated. One has to be prepared for how the new tax regime will be implemented going forward.

In conclusion, the new tax system will encourage taxpayers on both ends of the income scale since, on the one hand, there will be no responsibility up to an annual income of Rs. 7 lakh and, on the other, the surcharge on annual incomes exceeding Rs. 5 crore has been decreased from 37 to 25% at the high-income end.

~ Darshan Surana, 1 BSc Economics

Economists predict full economic recovery by 2022–2023.

In general, global economic shocks in the past were severe but spaced out over time. It all started with the pandemic-induced contraction of the global output, followed by the Russian-Ukraine conflict, leading to a worldwide surge in inflation. Then, central banks from around the world, led by the Federal Reserve, took action and responded with synchronised policy rate hikes to curb inflation. The rate hike by the US Fed drove capital into US markets, causing the US dollar to appreciate against most currencies. This led to the widening of the current account deficit (CAD) and increased inflationary pressures in net-importing economies.

The rate hike and persistent inflation also led to a lowering of the global growth rate forecasts for 2022 and 2023 by the IMF in its October 2022 update of the World Economic Outlook. Apart from monetary tightening, slowing global growth may also result in a financial contagion emanating from the advanced economies, where the debt of the non-financial sector has risen the most since the global financial crisis. With persistent inflation in advanced economies and central banks hinting at further rate hikes, downside risks to the global economic outlook appear elevated. The Indian economy, however, appears to have moved on after its encounter with the pandemic,
staging a full recovery in FY22 ahead of many nations and positioning itself to ascend to the pre-pandemic growth path in FY23. Yet in the current year, India has also faced the challenge of reining in inflation that the European strife accentuated. Measures taken by the government and RBI, along with the easing of global commodity prices, have finally brought retail inflation below the RBI's target and its upper-tolerance target in November 2022.However, the challenge of the depreciating rupee, although better performing than most other currencies, persists with the likelihood of further increases in policy rates by the US Fed. The widening of the CAD may also continue as global

commodity prices remain elevated, and the growth momentum of the Indian economy remains strong. Export stimuli may be reduced further as global growth slows and trade shrinks the global market in the second half of the current year. Despite these, agencies worldwide continue to project India as the fastest-growing major economy at 6.5–7.0 percent in FY23. These optimistic growth forecasts stem in part from the resilience of the Indian economy. The economy can be seen in the rebound of private consumption, which is seamlessly replacing export stimuli as the leading driver of growth. The uptick in private consumption has also given a boost to production activity, resulting in an increase in capacity utilisation across sectors. The world's second-largest vaccination drive, involving more than 2 billion doses, also helped to boost consumer sentiment, which may help extend the recovery in consumption. Vaccinations have facilitated the return of migrant workers to cities to work on construction sites as the housing market has recovered. This is evident in the housing market, which has witnessed a significant decline in inventory overhang to 33 months in Q3 of FY23 from 42 months last year. The capital expenditure (Capex) of the central government, which increased by 63.4 percent in the first eight months of FY23, was another growth driver of the Indian economy in the current year, crowding in private Capex since the January–March quarter of 2022. On current trends, it appears that the full year`s capital expenditure budget will be met. A sustained increase in private capex is also imminent with the strengthening of the balance sheets of corporations and the consequent increase in credit financing that it has been able to generate. The financial health of well-capitalised public sector banks has significantly improved, positioning them better to increase the credit supply. Consequently, the credit growth for the micro, small, and medium enterprises (MSME) sector has been remarkably high, at over 30.6 percent on average during the period January–November 2022, with the assistance of the extended Emergency Credit Linked Guarantee Scheme (ECLGS) of the Union government. If inflation declines in FY24 and the real cost of credit does not rise, then credit growth is likely to be brisk in FY24. India's economic growth in FY23 has been principally led by private consumption and capital formation. It has helped generate employment, as seen in the declining urban unemployment rate and the faster net registration in the Employee Provident Fund. MSMEs' recovery is accelerating, as evidenced by the volume of goods sold and the GST they pay,

while the Emergency Credit Linked Guarantee Scheme (ECLGS) is easing their debt servicing concerns. The Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) has been directly providing jobs in rural areas and indirectly creating opportunities for rural households to diversify their sources of income generation. The results of the National Family Health Survey (NFHS) also show improvement in rural welfare indicators from FY16 to FY20, covering aspects like gender, fertility rate, household amenities, and women's empowerment. Global growth has been projected to decline by 2023 and is expected to remain generally subdued in the following years as well.

~ Sayee Esha Rao, 1 BSc Economics

The Canadian Economy: An Analysis

An analysis of the economy of Canada, On the surface, it might look like Canada is like any other advanced economy: it has a relatively high standard of living, a high income, advanced industries, and an advanced financial system to keep the whole thing going. But, beneath the surface, Canada is plagued with a range of macro-economic issues that have led many economists and even the Organisation for Economic Co-operation and Development (OECD) to believe that it will be the worst-performing advanced economy in the coming decades. Nobody can predict the future, least of all economists, but that doesn't mean the concerns that these organisations have raised are not genuine. At the very least, they can teach us a lot about the challenges that we will face in our own economies, because while Canada might be the hardest hit by these issues, everybody else will by no means be immune. Canada is both blessed and cursed by its regional position. It is lucky to be close to and share a culture with the country with the biggest economy in the world.

Because of this, China is the United States' biggest trading partner. It also has access to both the Pacific and Atlantic oceans for even more international trade opportunities, all while being very protected in a peaceful part of the world. Unfortunately, its position also means that most of its land mass is uninhabited tundra, and its population is highly concentrated in just a few urban centres close to the southern border and close to that much larger and more dominant economy. Now, geography is not the reason that Canada is in trouble, but it could make It starts somewhere; the average Canadian salary is way lower than the average American salary. Why? Americans work more hours than Canadians, and thus they have more time to produce more value for their country. [Average annual hours worked by a citizen, Canadian: 1685, American: 1791] [Average value produced by a citizen per hour, Canadian: $66, American: $50] Many economists explain that this massive gap is due to the high-performance industries in America, i.e., there is no Canadian equivalent of Wall Street or Silicon Valley, but this would also mean, from a more micro approach, no difference in the lives of an average citizen. The OECD has found that Canada performs worse even on a per-industry basis, so this excuse doesn't hold good. The real reason is that the US just invests

To produce anything, we need the factors of production. Land, labour, and capital You can make your labour force more productive by making your population younger, better educated, and healthier. Land is more productive if it's close to water reserves or rich in natural materials. Capital, like machinery and infrastructure, becomes more valuable the more it is invested in. It's important to consider that improving any of these factors will have a positive impact on the other two factors.Canada lacks capital investment. As of 2019, Canadian businesses spent $13,000 per worker per year on capital, which is way lower than the $20,500 they spent in the US. The financial markets also play a huge role. Since US markets are proportionally bigger than Canadian markets, there is a lot of liquidity available for new businesses of all sizes looking for investors. But of course, the relationship between labour efficiency and capital intensity is not exactly linear in Canada. But why is this a problem for Canada when the majority of other countries have less efficient labour than the United States? Because of its "silent" rivalry with the US, which is why this analysis was so focused on the US economy, Canada has a true economic rivalry with the US. For the sake of clarity, Canada and the US are allies, and they have very open trade policies and are culturally

extremely close, but that makes the competition for talent more fierce. Because of the reasons already stated, 45,000 Canadians relocate to the United States each year, while only 9000 Americans do the same. This is just a decision people make based on better opportunity. Highly skilled workers from Canada will be paid much more in the US, and they will have to pay much less tax on the amount earned. The social security system might be a problem, but it doesn't matter much for high-income earners in Canada. So, Canada needs more workers, but it's getting harder and harder for them to get skilled immigrants because housing prices are going up so fast. Why? Think back to the geographic conditions of Canada: most people live in some major metropolitan cities, and because of this, home prices in Canada are increasing by the day. This issue also causes businesses to spend more on land while investing less in capital. It's going to be harder for businesses to raise money because banks and investors will be more drawn towards the real estate market than the business financing market. Ironically, this housing affordability issue is only exacerbating the issue of skilled Canadians looking to move out of the country to American cities where they can earn more and pay a lot less.

~ Neeladri Panigrahi, 1 BSc Economics

QUIZ

1. *When analysing the impact of a variable on the economic system, the other things .....*
2. *The central role of markets is to determine the .....*
3. *When one event occurred before another event, the fallacy in economic reasoning that the first event caused the second event is called .....*
4. *The three fundamental economic problems of what, how, and for whom are solved by .....*
5. *The increase in economic integration among nations is termed as .....*

~ Jayasree Bhaskar, 1 BSc Economics

A Sincere Thanks To:

Principal:
Dr. Charles Lasrado S J

Vice Principal (S1):
Ms. Sneha Rai

Vice Principal (S2):
Dr. Veenu Joy

Vice Principal (Liaison):
Dr. D.Raja Jebasingh

HOD:
Ms. Jhumur S Roy

Editorial Team:

Mahith V Unni
Jayasree Bhaskar
Neeladri Panigrahi
Nisha Shetty
Fardin Pasha N
Vaishnavi H R

Designed By

Mahith V Unni

To be featured on the Next Volume!

Submit your details here

Follow to Learn More:

About SJCC:

St. Joseph's College of Commerce (SJCC) began as a Department of Commerce in 1949 at St. Joseph's College (Estd. 1882). This department was moved to Brigade Road campus in 1972 and became an independent college under the name St. Joseph's college of commerce (SJCC). SJCC is affiliated to the Bengaluru City University. Currently there are over 3000 students in B.Sc, B.B.A, B.Com, B.A. & M.Com programmes at SJCC. SJCC was conferred autonomous status in October 2004 and recognised as a "College with Potential for Excellence" in February 2010 by UGC. The college is re-accredited with 'A++' grade by the National Assessment and Accreditation Council (NAAC). It has been consistently ranked within the top 100 colleges by the National Institutional Ranking Framework (NIRF), MHRD. Since it's inception, the college has been a state-of-the art space for Commerce and Management Education focusing on multi-dimensional response to the significant changes and developments in the field of Higher Education as well as in the domain of Commerce and Management. The academic year 2022- 2023 marks the Golden Jubilee year of the establishment of SJCC.

About Dept of Economics:

The Economics Department at St. Joseph's College Of Commerce seeks to instill an academic drive among the students of the program. With its numerous workshops, seminars and events, it aims to further the students' understanding of Economics from how to chalk out a graph to creating models. The Department envisions to nurture the potential of every student, in a bid to invigorate and inspire them to get one step closer to their vision.