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# ECOLLECTUAL

- ECONOMICS DEPARTMENT, LSR -

COVER STORY Israel

## FAANGS OUT

GUEST LECTURE:  
SHYAM SARAN

CELEBRATING READING

DOWN OF 377:

#WRITEWITHPRIDE

CATCH UP: FALL OF

RUPEE; FLUCTUATION OF OIL PRICES

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# The Rupee: Free Fallin'

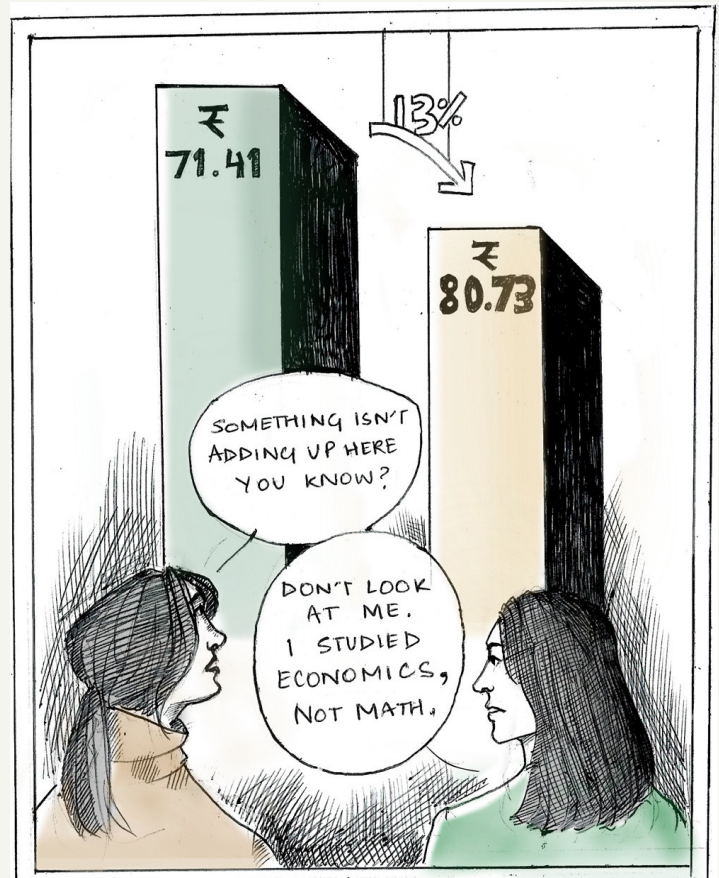
RASHI ANAND

Currency depreciation is the loss of value of a country's currency with respect to one or more foreign reference currencies, typically in a floating exchange rate system in which no official currency value is maintained.

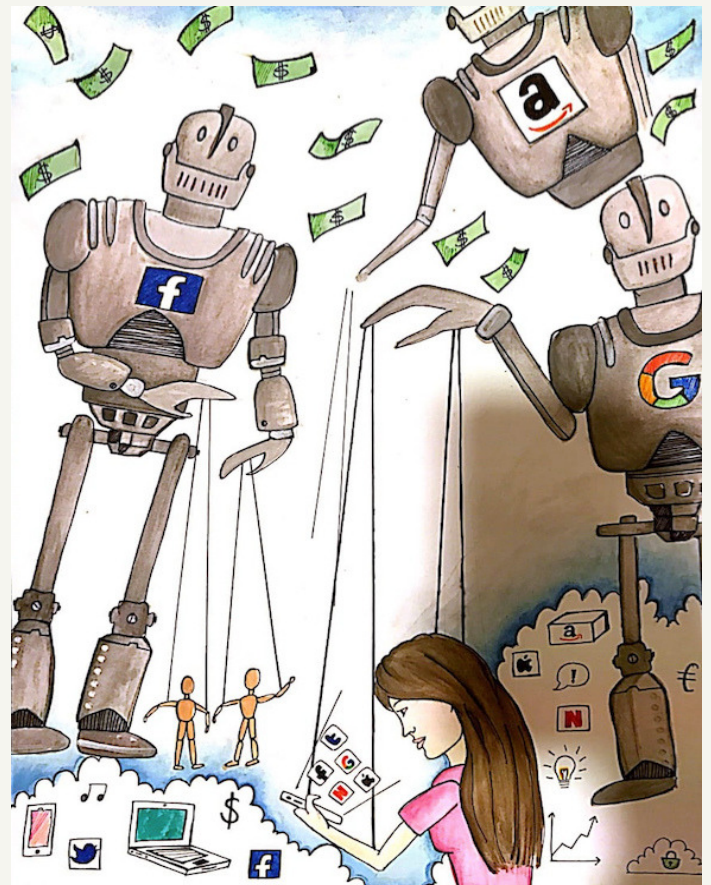
The past few months, rather days have seen rupee plummet to many “lifetime lows”- a striking 72.99 against the US dollar was recorded on 18th September, 2018. The IMF has estimated the “real” depreciation of the Indian rupee between six and seven percent this year as compared to December 2017. The rupee has been the worst performing currency in Asia, thanks to the skyrocketing crude oil prices, a widening current account deficit, poor performance by Lira (Turkey's currency) and the brewing trade war between China and the U.S.

When a currency depreciates, the prices of domestically-produced goods decline relative to international prices. Exports increase and if the growth is significant, production and employment also expand and the entire economy accelerates. But it also increases country’s current account deficit which poses a threat to the overall growth of the economy.

The weakening rupee has already started to show off its negative impacts- surging fuel prices across the country as well as a hit to the investors’ sentiments. Prices of most of the imported goods is also likely to jack up in the coming days. Intervention by the RBI is still awaited, while the government has announced plans to rope in additional capital inflows of \$8-10 million to address the ever increasing current account deficit.



[ARTWORK by MAITREYEE GUHA]

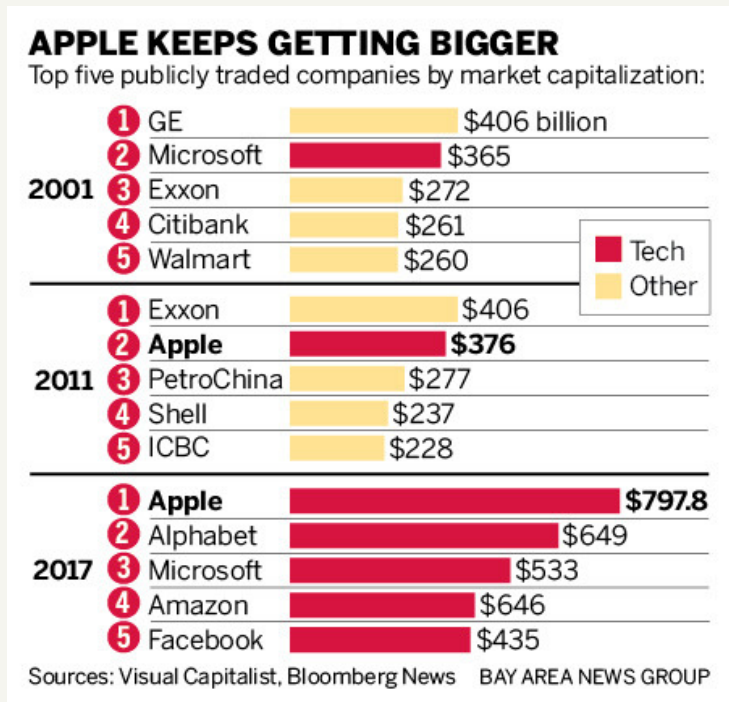


[ARTWORK by SHREYA BHARDWAJ]

# FAANGs Out!

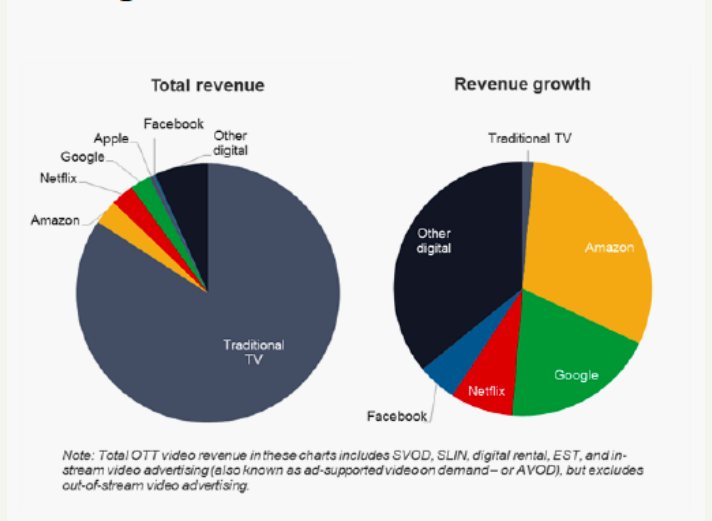
AASHIMA DHINGRA

FAANG is an acronym for the market's five most popular and best-performing tech stocks, namely Facebook, Apple, Amazon, Netflix and Alphabet's Google. Why have these companies become important enough to acquire an acronym? Here's the answer:



These companies have left behind enormous corporations in terms of size, market capitalization and profits. Giants like Exxon and Shell have failed to keep up-exemplifying how data really is even more important than oil now. But there are ways that these companies have sunk their teeth into our daily lives as well.

## Cutting the Cord

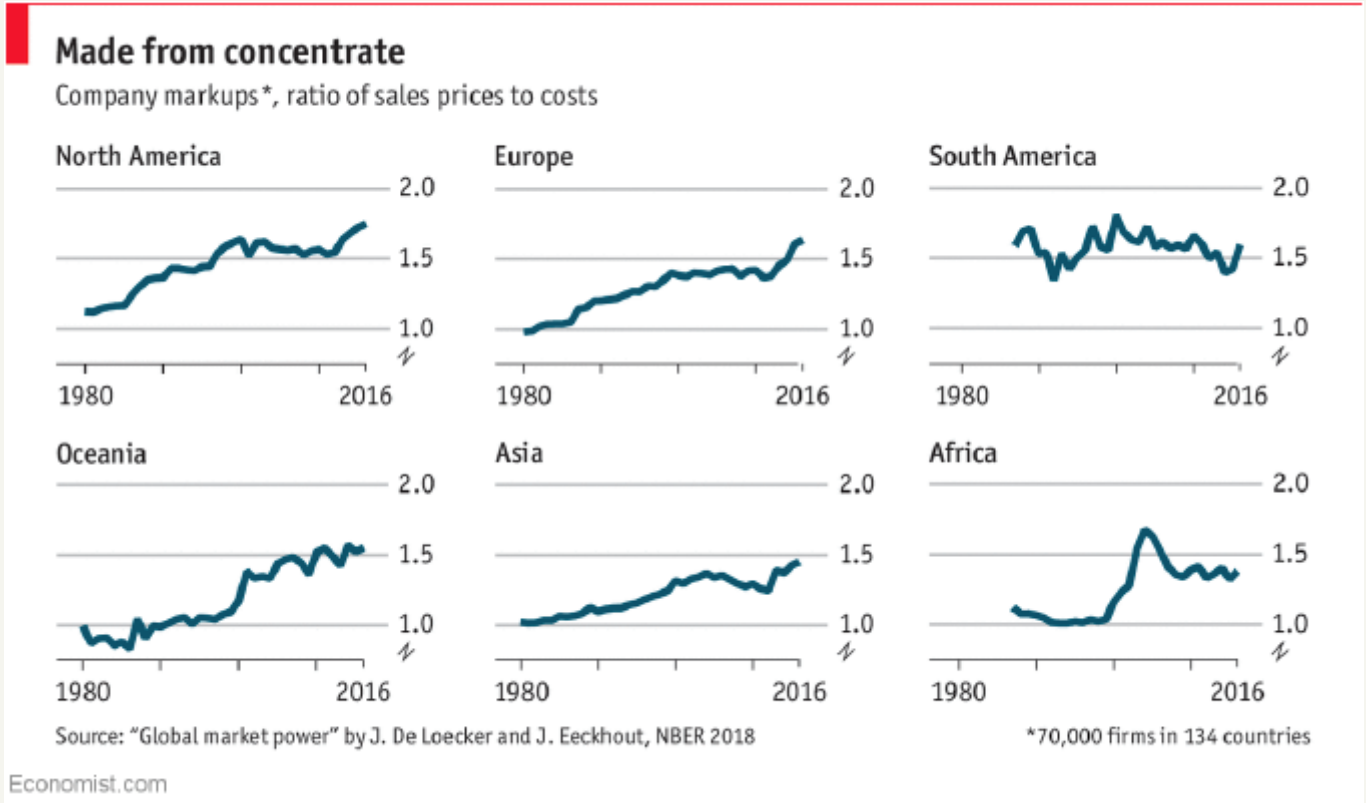


Your humble cable tv network is lagging behind faster and more inventive mediums like Netflix and Amazon- at least in the US, where cable is much more expensive than the OTTs (Over the Top) services mentioned before. And poof, as a result, entertainment is shrinking into your laptops and phones- while becoming more dynamic and diverse.

“ *Tata Sky will be the supplier of Netflix, Hotstar, Amazon Prime* ”

Harit Nagpal, CMD, Tata Sky

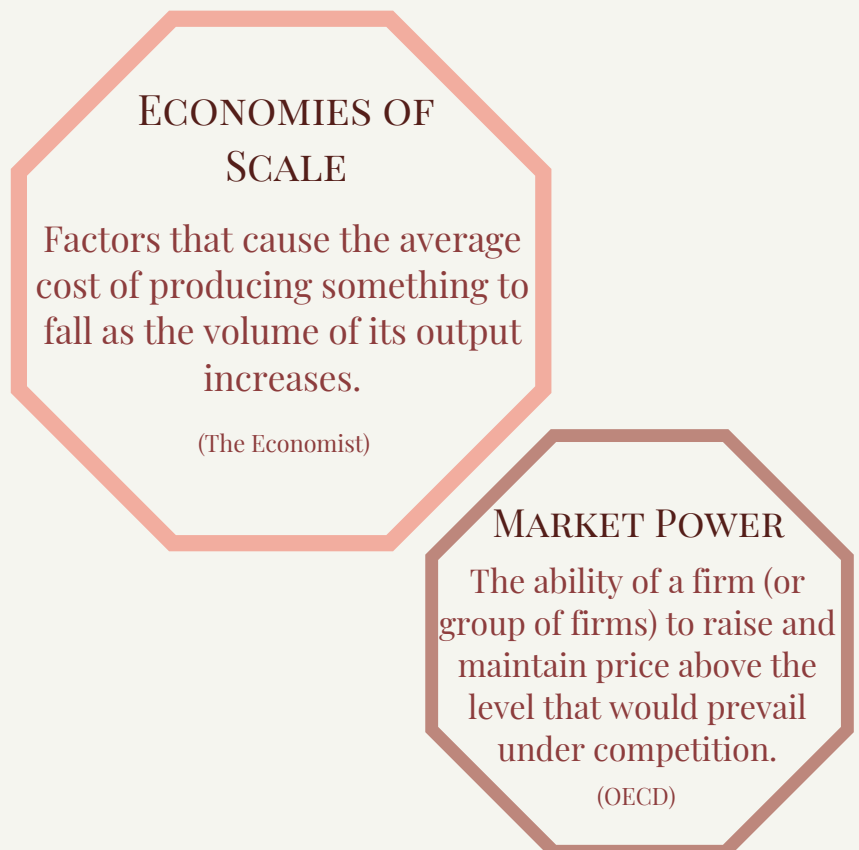
What does this mean for India? If cable prices do not shrink, and OTT services manage to serve the areas cable does- similar possibilities may exist in India as well.



As a head-mounted display (HMD) designer at the University of Southern California, Palmer Luckey earned a reputation for having the largest personal collection of HMDs in the world. This excerpt from the Wikipedia page for Oculus VR, led by Luckey is telling of how his firm was at the top of the technology curve in this potentially expansive and important market.

Till Facebook purchased it.

Of course, it is argued that purchases by huge corporations like Facebook offer an attractive incentive to small entrepreneurs to innovate, and these companies can exploit economies of scale to offer new services to customers at lower costs. But then- it is important to think about the sheer market power that these companies are amassing by gobbling up smaller ventures, and how we should be stopping them, if at all that is desired.



# Sustainable Development: Which way forward?

PRIYA BAREJA & LATIKA

On August 30th, the Economics Department invited Ambassador Shyam Saran, honourable former foreign secretary of India, to deliver a talk on “An Ecologically Sustainable Growth Strategy for India.” Undoubtedly, it was a really enriching one, and rather than being just a lecture, it was an interactive session.

Throughout his talk, Ambassador Saran used words that were not only understandable, but relatable too. For instance, he said that if we correlate environment with the economic concepts of stock and flow, the planet and its resources forms the stock, while policies for its optimum extraction and use can be treated as flow. According to him, the key to sustainable development is to not extract more than what can be regenerated. He didn't shy away from quoting that the prevalent knowledge system is detrimental to ecology, as ecological problems cannot be dealt with single-minded expertise or knowledge. Cross-disciplinary expertise is absolutely needed. In an answer to a student's question, he replied that “Globalisation is irreversible, inward looking nationalism does not help to achieve any goals.”



The best part of the session was that Ambassador Saran supplemented all his views with examples from the real world, like stressing on the fact that the Kerala floods could indeed be prevented, had there been adopted a more “cautious [and] intergenerational” approach. One of the reasons was surface run-off as the natural barriers formed by forests in the Western Ghats were depleted, which led to loss of ability to absorb excess water due to heavy rains. The 483 people who died in the incident would probably have had a very minuscule responsibility in contributing to processes that led to this catastrophe. Every action that is, in the slightest manner against the ecology, will undeniably lead to such calamities in the future.

“ It is high time now that we Indians, rather than “contributing” only when the calamity strikes somewhere, start contributing our bit to the earth to prevent such incidents in the future. ”

# Catch Up: Rise of Prices!

AVANTIKA BUNGA & SHEFAALI DESHPANDE



[ARTWORK by SHRAVYA SINGH]

It is commonly known now that fuel prices are rising at unsustainable rates. This colossal economic and political upheaval, is not going to see the end of the tunnel anytime soon. The upheaval owes to surge in International crude oil prices, as a result of US' exit from Iran nuclear deal and the invariably high demand and shortage of supplies from Venezuela.

Undoubtedly, India stands at a vulnerable position. The need to fuel the engines of industrial revolution has paved a path for India to overtake China as the world's largest oil demand growth center, in the next five years.

Ergo, the trade deficit is about to touch a five year- high, owing to the spiking international crude oil prices, along with the depreciating currency. Consequently, the slump in the rupee and the high custom duties have caused a high import bill, leading directly to a rise in domestic fuel prices.

As of 21st September 2018, fuel prices continued their steep rise, with petrol hitting Rs 82.22/litre in Delhi, the price of petrol increased to 89.60/litre in Mumbai, touching an all-time high. Diesel prices stood at Rs 73.87/litre in Delhi, whereas in Mumbai it is 78.42/litre.

The opposition has criticized Central Government over the relentless rise in price of petrol and diesel, claiming that the difference in state levies is no excuse for this surge in prices.

But here's the question:

## WHAT DOES HIGH FUEL PRICE MEAN FOR INDIA?

### INCREASE IN IMPORT BILLS

India imports about 1575 million barrels of crude oil on an annualised basis and a dollar increase in oil prices would increase the import bill by roughly \$1.6 billion

### FISCAL DEFICIT ISSUES

Every \$10 per barrel rise in the price in the price will worsen India's fiscal balance by 0.1% and current account balance by 0.4%, of GDP, according to estimates of global financial services major, Nomura.



### ISSUES OF INFLATION

Nomura said, economy is affected as rise in inflation due to higher prices could lower real disposable income of households and therefore hurt consumer demand.

### OIL MARKETING COMPANIES IN TROUBLE

Fuel prices primarily of petrol and diesel have been deregulated and are linked to the international crude oil prices. With oil marketing companies raising petrol, diesel prices, now there are more chances that Indian Oil marketing companies will have to raise prices of petrol and diesel too on a daily basis. They are estimated to have lost about Rs 500



### FALL IN PROFIT

These are several industries and companies which use crude oil and its by-products as raw material for their final products. Therefore, increasing prices will lower profits.



There is an urgent need to control the fuel prices. Failure to do so will result in huge economic losses, which may disrupt growth patterns as well. We hope that there will be speedy intervention on the same.

# today, a new day

ANUSHKA HAIT

Far too many days have gone by,  
With me averting my gaze,  
Always a little scared, always a little wrong;

Far too many days, since my fingers  
Last brushed yours  
And tucked your hair behind your  
Ear, in a moment of unrivaled giddiness.

Today though, no more.  
Today, I don't hide my gaze, I don't beat my heart,  
Today, I'm a little more brave, and a little more shy.  
Today, I walk towards you,  
With nothing but heartfelt joy.  
Today, I dare to breathe, and live with pride.

