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economics
for the
social

*women's issues, education,
nudges & privatisation
– through an economic lens*

The Social Cost of Being a Woman

- ANUPREETA DATEY, PAVANI GANDHI

The wage gap between men and women has been talked about for a while now. What's more interesting, however, is that most people don't realize how exorbitant a woman's monthly expenditure can be.

So, while you're stroking your ego quoting Ben Shapiro about how the wage gap doesn't really exist, consider the massive expenditure gap and social cost of being a woman.

The Onslaught of Being a Female Consumer: The pink tax is a global phenomenon. It is an income-generating scenario for private companies, who find a way to make a pink product look more appropriate for the female population, and see that as a moneymaker. It is a vicious cycle of reinforcing stereotypes about the colour and its relation to gender.

In the Indian context, while we do not have a pink tax levied on women's products, we do have

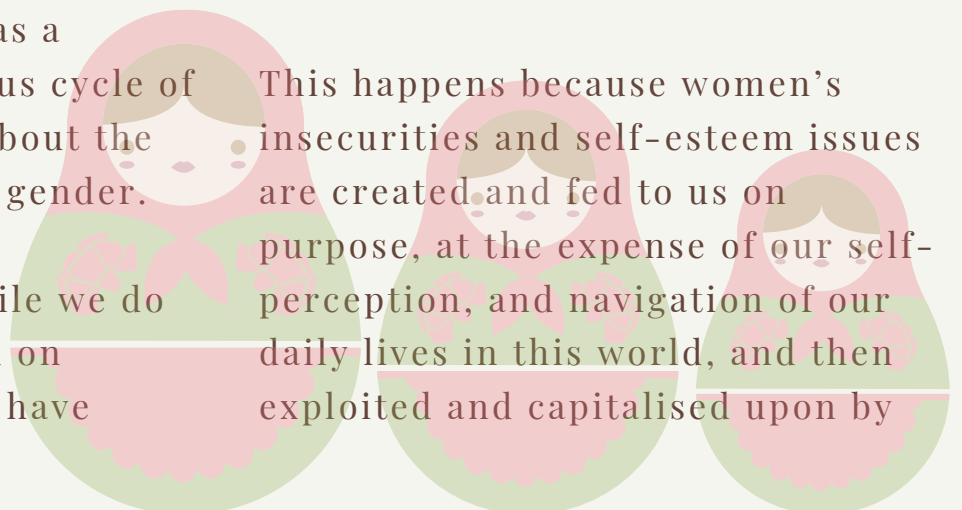
powerfully evident gender price discrimination in products and services.

According to *Outlook India*, there is glaring gender discrimination in the pricing of products and services. On average, women pay:

- 💰 7% more for girls' toys and accessories
- 💰 4% more for young girls' clothing
- 💰 8% more for women's clothing
- 💰 13% more for female personal care products
- 💰 8% more for female senior/home health care products

When adjusting for inflation, a study by *Vox* calculates that **over the course of a lifetime, the pink tax costs women \$100,000.**

This happens because women's insecurities and self-esteem issues are created and fed to us on purpose, at the expense of our self-perception, and navigation of our daily lives in this world, and then exploited and capitalised upon by



corporate organisations, which is reprehensible.

Impact of parenthood on mothers vs. fathers: If you're a woman, your first bundle of joy could be your worst career move. But if you're a man, a new baby could be as good for your career as a promotion.

According to research, the wage difference is 5.7% between men and women without children, but 12.5% between men and women who are parents. When men become parents, their hourly wages aren't significantly affected. Women, on the other hand, pay a price. Their hourly wages decrease by 4.4% compared with the wages they could have expected without children.

Thus, it penalises all women, particularly those who are on high incomes, and sets them on a trajectory of lower lifetime earnings relative to their male peers.

Reproductive Health Disparities:

Where healthcare discrimination is most often talked about, is in relation to women's reproductive health and access to

contraceptives. Almost all women of child-rearing age have used some form of birth control in their lifetimes.

Whereas the majority of men have the option of getting a vasectomy or using condoms in order to prevent pregnancy, child-rearing women are often faced with either expensive birth control pills, surgical removal of reproductive organs, or even more expensive procedures such as an abortion or having to raise a child – which can put many women in substantial debt.

The cost of ambition for women:

The social cost of being ambitious in the workplace can be high for women. While men's ambition increases over time, women's decreases.

Research suggests that this drop is not associated with wanting to have kids, or to stay home and look after them. It's related to not having support, mentors or role models to make it to the top, and the subtle biases against women. Again, women bear the brunt of this social menace deeply seated in our cultural consciousness.



Understanding the Experimental Approach to Alleviating Global Poverty

- MANSI CHAUDHRY

Recently, the Indian-American economist Abhijit Banerjee, his wife Esther Duflo and Michael Kremer jointly won the 2019 Nobel Economics Prize for their experimental approach to alleviating global poverty. The research conducted by them may considerably **improve the ability to fight global poverty.**

But what is this experimental approach and how does it differ from the earlier approaches to poverty alleviation?

The experimental approach starts **questioning the grass-root level of poverty alleviation schemes** which are usually insensitive to what people belonging to the lower economic strata really want.

To make their methodology scientific, the three researchers borrowed a key tool from clinical medicine: **randomised controlled trials**, which helped them

understand the cause-effect relation of the policies in a way that could directly inform policy-makers.

In other words,

to see whether a particular intervention works, researchers give some people immediate access to it while making others wait

and they compare the results from the two groups of people. If the intervention fails, they dig deeper to see whether they can explain why. The researchers have used trials to test interventions in the fields of education, health, agriculture and access to credit.

As poverty alleviation continues to be based on casual observation and intuition, which was largely ad-hoc, **the experimental approach proves to be evidence based.** The approach is allergic to grand generalisations.

Instead, **through systematic observations and experiments,** it makes us understand how poor people live and cope with adversities, and how they respond to various interventions.

Banerjee and Duflo take away our attention from the superficial critique and commonplace diagnosis of the failure of anti-

poverty programmes, usually ran in terms of ‘bad implementation’, ‘corrupt officials’ etc.

Their findings do not merely stop at pointing out the reasons for failure; with rigorous methodological approach and appropriate tools and techniques, **they show what might actually work.**

This positive message in concrete terms has made their approach substantially different from the earlier ones and more attractive to the international development community.



FROM L TO R: ABHIJIT BANERJEE, ESTHER DUFLO AND MICHAEL KREMER

Anju Gaur's Guest Lecture: Economic Management of Water Resources

- SHREYA MAHAJAN

On 24 October 2019 Dr Anju Gaur, a Senior Water Resource Specialist at the World Bank and the task team leader of the National Hydrology Irrigation Projects delivered a lecture. Here are its five major takeaways!

- 18% of the world's population resides in India, but only has access to 4% of usable water sources. According to a report released by the NITI Aayog, **21 Indian cities will run out of ground water by 2020** and 6% of India's GDP would be lost by 2050 due to the water crisis.
- The major reason for water crisis in India is **sporadic rainfall, the poor management of water resources, lack of government planning, over-exploitation of groundwater** and general lack of concern for the problem.
- A significant portion of water used for industrial and domestic purposes is also wasted when returned to the streams due to lack of proper sewage treatment and recycling facilities.
- We have **exported a great deal of our water resources** as we export food-grains such as rice that require an enormous amount of water to grow.
- Remedies for the burgeoning water scarcity are proper supervision of groundwater resources, effective irrigation practices, installation of water harvesting plants, treatment of sewage waste, usage of recycled water and checking our water footprint.



The Economic Cost of Homophobia

- SHREYA MAHAJAN, SHREYA KHURANA, NEETIKA KANOJIYA



Recognising, fighting and upholding the human rights of the LGBT community has social, cultural, ethical and economic implications. The victimisation of individuals from the LGBTQIA community doesn't simply damage individuals; **it harms families, organisations and the whole nation.**

Studies in numerous countries have discovered the extent of **destitution, undernourishment, weakness and joblessness** within the LGBT community. As indicated

by a pilot study conducted for the World Bank a year ago, the victimisation of LGBT individuals in India could be costing the nation's economy up to \$32 billion every year, which is **1.7% of its GDP in lost monetary yield.**

A 2005 *Naz Foundation* study found that half of MSM (men having sex with men) respondents had experienced harassment and violence from their teachers and classmates, and it hampered their ability to continue with their education. The *2011 Census*

supplies us with the observation that **only 46% of people belonging to the "other" gender option were literate**, compared to 74% of the general population.

This inherent discrimination and denial of formal education and training will lead to a lower return on investment in human capital. Lack of on-job training and formal training in their workplaces, along with social exclusion will result in unequal compensation earned by LGBT individuals.

Moreover, a 2013 survey of college-educated, **white-collar LGBT workers in India** found that **56% had experienced discrimination in the workplace based on their sexual orientation**.

This will reduce GDP due to unemployment, underemployment, lower wages, all of which induce adverse effects on productivity, housing options, family formation and further self actualisation plans

Furthermore, businesses may experience ineffective staffing, absenteeism, lack of fresh blood and competitiveness, low job commitment and low employee retention, which will reduce profits.

Discrimination, family rejection, and fewer financial resources may lead to increased poverty in the LGBT community. A study of kothis in five Indian cities and one city in Bangladesh found that **64% of respondents had incomes below \$70 per month**.



LGBT individuals face additional mental and physical health issues due to exploitation, violence and sexual assault, and societal and familial ostracisation.

Furthermore, economic discrimination reduces the financial resources available to them to seek health care services.

In Chennai, **55%** of a community sample met the criteria for **clinical depression**. This reduces their quality of life and efficiency.

Untreated depression has led to high rates of suicides

.In Tamil Nadu, approximately **30% of MSM and transgender people living with HIV expressed suicidal intent**. Rates of HIV contraction among LGBTQIA in India is high. This has a massive impact on life expectancy leads to reduced HDI.

A few months ago, **Taiwan became the first state in Asia to legalise same-sex marriage**. The rights extended to the LGBT community in Taiwan **promote inclusion in all aspects**; be it the anti-discrimination laws in employment and education, recognition of same-sex couples in the public sphere and the right to serve in the military.



India does have non-discrimination protection rights for the transgender community in education and employment, but this is limited only to government workplaces. The Supreme Court of India ruling out Section 377 has encouraged businesses all across India to tap into the so-called “Pink Economy”.

Leveraging different perspectives fuels innovation, fosters collaboration and strengthens relationships. It is our job as budding economists to help the community achieve their full potential. As stated in a 2013 *World Bank* report, ***social inclusion matters, because exclusion is too costly.***

Why Checking the Quality of Education is Important

- MEDHA SINHA, MANYA JAIN

The Indian Education System has come a long way from its origin at the feet of our British overlords and students have evolved substantially as well. The modern education system that we've grown accustomed to today was introduced by the British to cater to the needs of the Industrial Revolution. But where has it brought us to?

According to the 2019 Annual Employability survey by *Aspiring Minds*, **80% of engineers are not fit for any job in the knowledge economy.** Any changes whatsoever to the education system have been at best ad-hoc, which has kept the unemployability numbers very high and stubborn. Graduates are collecting their degrees despite not being skilled enough to be a productive part of the Indian economy.

Who then, should be blamed for this?

The finger can arguably be pointed towards our education system. As the world progresses towards a future that needs more innovative minds and experimental ideas, our system continues its tirade for marks above 95%, CGPA above 9 and other similar approaches that measure **intellect based on retention capacity and rote learning.**

There needs to be an **increased focus on practical applications and analytical skill development.** We need to change our view of intellect and intelligence. Our students have a lot of theoretical knowledge but often falter when it comes to applying the very same knowledge in their respective field of work.



A workforce which falls behind the rest of the developed world when it comes to skilled labour spells great trouble for the economy. This problem will only magnify as there seem to be no steps that are being taken to resolve this issue. As time passes by, it will only get worse.

Another issue with our system is how **our curriculum puts very little emphasis on innovation**. The importance of innovation for economic development cannot be overstated as it creates sustainable jobs and adds to national prosperity.

In 2015, India had the largest diaspora in the world at 16 million people. Can the education system be blamed for the brain drain

currently plaguing India?

The reasons for **brain drain** are often better opportunities and standard of living in foreign countries, therefore an improvement in the education system, especially in terms of infrastructure, can lead to a considerable reduction in brain drain. Favourable changes in taxation and wages for workers and entrepreneurs will not only prevent migration but also solve the problem of unemployability.

At this point of time there is a need to change our view of creativity and education, because we may not see the future of the nation but our children will, so let's help them make something of it.



Privatisation: Yay or Nay?

- SHRADDHA TALWAR, ANANYA KALRA

Privatisation is **the increase in the involvement of the private sector in the economy**. It could be done by transferring ownership of a public company to the private sector (**decentralisation**) or by opening up

an industry to the private sector, which was previously reserved for the public sector (**liberalisation**). While privatisation has been a matter of discussion in the past few decades (and continues to be),

we take you through a quick ride of pros and cons on the same:

As a consequence of privatisation, efficiency and productivity is achieved due to freedom from bureaucracy, red tapism and corruption.

The primary motive of private companies is to earn maximum profit and they overlook social welfare, because of which they tend to charge more from the consumers.

Resources are utilised optimally, product quality is improved, production costs are cut down and profits of the firms soar, at a micro level.

Typically, private companies are less transparent than government offices, and this reduced transparency paired with a drive for profit can be a breeding ground for corruption.

It frees the government from the burden of the loss making undertakings, by providing an exit route, on one hand. At the same time, a more active role by the private sector can help in the revival of such entities. Such enterprises no longer drain the revenue of the state and wasteful spending is also minimised.

Disinvestment tends to arise political opposition from employees who may lose their jobs, from bureaucrats who stand to lose patronage and from those sections of the public who fear that national assets are being concerned by foreigners, the rich or a particular ethnic group.

The private sector emerges monopoly and the concentration of economic power in the hands of few. The dominance of some business groups in terms of capital and assets is an economic and social problem.

On a macro level, the proceeds from asset sales can be used for development projects and privatised entities attract more foreign investments.

Private sector units are influenced in those areas which are most suitable for profit purpose. It results in the concentration of individual units in a few areas. Thus, privatization will be harmful to balance economic development. They also don't invest in long term projects.

Yamini Aiyar's Lecture: Centralisation vs. Decentralisation: Tug of War

- ANANYA KALRA



On 17 October 2019 our esteemed guest Ms Yamini Aiyar, President and Chief Executive of the Centre for Policy Research, delivered a lecture. Here are its five major takeaways!

- The changing demands of development play a major role in policy making. **Our federal structure is going through a critical transformation** and is shaped by the institutional shifts between the centre and the state.
- The challenge India faces is of placing various functions at the different levels of government. The Indian constitution, keeping the mind the principle of unity in diversity, laid down the **asymmetric federal structure**. India does not have a pure federal structure, rather a quasi-federal one.
- From the 1990s onwards, while state politics became regionalised, the Planning Commission came up with **centrally-sponsored schemes** which provided specific fund transfers to the states for goals such as education, health etc.
- Studies show that there was a clear political trend as to where the discretionary funds would go. We saw that this **fiscal centralisation went hand in hand with political decentralisation**.

- Seeing that the **states were already innovating on central schemes for their own specific interests**, changes were made to the existing structure.

Firstly, the states now had to contribute 40% to the revenue pool. Secondly, there were restrictions on centrally sponsored schemes. Thirdly, the newly established NITI Aayog emphasised competitive and cooperative federalism, with states being the drivers of

reform. Fourthly, the GST was introduced.

- We saw the country move from centralisation to decentralisation, but this has caused **disparities between states**.

There are also concerns that state-implemented schemes tend to be less efficient across the board. Hence, it seems that the tug of war between centre and state will continue.



Malancha Chakrabarty's Lecture: Policy Briefing

- MAITREYEE GUHA

On 25 October 2019, we welcomed Dr Malancha Chakrabarty, a researcher at the Observer Research Foundation (ORF) to give us an understanding of the work that think tanks do and how policy briefs are written.

Five major takeaways from this lecture are:

- Think tanks are **individuals committed to the pursuit of knowledge and research**. In evidence-based policy formulation, it is vital that third parties such as think tanks provide governments with the necessary information and insight with which they can make informed decisions.



- Policy briefs are **short research documents that aim to summarise and simplify** the complicated nuances for a layman audience, such as the general public, the media, as well as for ministers, bureaucrats and other authorities.

When writing an effective policy brief, it is vital that you are thoroughly familiar with the existing literature on the subject, and can present your ideas in a lucid, engaging manner.

It is important to take the audience you are writing for into account as well, and engage with them prior to writing. Never plagiarise, and be sure that you

are adding something valuable to the existing body of knowledge.

- A career in think tank research is a **bridge between the rigor of academia and the practical considerations of real-world policy**. As a researcher you can use your learnings to better the day-to-day lives of people.
- As an undergraduate student, you are currently developing your grasp over the tools required to conduct research. However, it is never too early to start preparing for a career in research. Undergraduate students should aim to work under experienced researchers and learn from their guidance. **Be informed and identify your areas of interest!**

Nudges That Backfired

- AVANTIKA BUNGA

It is a common belief that carrots and/or sticks can induce people to behave in a certain manner, which may be desirable to the person enforcing a certain issue. However, things sometimes do not go as planned.

1. Organ Donation: This is one of the most well-known examples of nudges, wherein many countries made the default option organ donation, that is, if a person died and did not fill out any declaration that they do *not* wish to be used as a donor, they would automatically be used as donors. It was quite successful in many countries, so Netherlands decided to adopt such a practice too.

The end result wasn't what they expected - the Dutch rebelled, and the number of citizens refusing to donate shot up! The legislature eventually tamped down the backlash with some crucial adjustments to the bill. This example goes to show that reciprocity is an important value among humans, and nudges might not lead to favourable outcomes.

2. Seat-belts: Many regions enforce seat belt laws stringently, as it can lead to a fall in casualties from car accidents. However, it was found that it actually ended up increasing incidences of reckless driving! The seat-belts saved the passengers, but lead to a noted increase in pedestrian deaths. Sometimes, nudges have unintended consequences.

3. Paleontologists: In the 19th century, paleontologists in China paid peasants for every bone the excavated, thinking that it would induce the peasants to work harder. The plan misfired though - the peasants did dig up the bones, but they started breaking them apart, and sold all the pieces separately to the scientists! These are referred to as perverse incentives.

Nudges can be helpful, and nudges can also make a mess of things.

Achievers of the Month

We are pleased to announce our achievers
for the months of September and October!



**Best Contingent Award
at Arthanomics '19,
Jai Hind College, Mumbai**

- Maithili Kamble (1B)
- Bhavya Singh (1A)
- Sangyukta DAS (1A)
- Sweta Kumari (2A)



**2nd Position
in Khoj at Atharv '19
IIM Indore**

- Samiksha Rai (1A)
- Radhika Gupta (1A)



**3rd Position
in ZPT at Esya '19
IIIT Delhi**

- Radhika Gupta (1A)

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Team Head

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