



# ECONOTES

Volume 1

Over the Horizon & Validation

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## Message from the Vice Chancellor

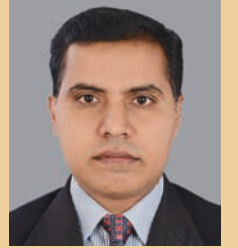


Prof (Dr.) Sabu Thomas

I am pleased to wish success to the new initiative taken by the students of K. N. Raj School of Economics, in bringing out a newsletter on the Current and Emerging problems that are faced by our State and the entire country. I wholeheartedly congratulate the students of K. N. Raj School of Economics for this endeavor. I have been witness to the zeal and enthusiasm with which KNRSEians have contributed significantly to the inter and intra college activities like Seminars, Workshops, Quiz Programs and other Cultural events. In addition to providing a forum to convey current problems, students can hone their skills in publication of research papers in the form of brief articles on topics in Economics.

## Message from the Director

Prof (Dr.) Johney Johnson



At the outset, I heartily congratulate the students of K. N. Raj School of Economics, M G University for bringing out their departmental newsletter. KNRSE has established itself as one of the leading institutes for imparting Master's Program in Economics. We invite learned speakers and thought leaders to regularly interact with our students as we put great significance on the Teaching-Learning process. The introduction of this newsletter is the result of your confidence, creativity and innovation. It is a commendable initiative as it provides a platform for our students to showcase their talents for writing articles on topics in Economics and filing reports on current And emerging problems of the Indian Economy and the Economy of the State of Kerala.

This newsletter, besides highlighting our department's achievements, gives a platform for our students to express their views on many contemporary and critical issues such as Climate Change, Inequality, Injustice, Future of work etc. it will facilitate the students with necessary information and foster a professional and social networking from time to time. I am glad to note that our talented students have tapped into the vast vistas of new possibilities of the digital media and worked tirelessly for bringing out the inaugural issue of EcoNotes. Turning over the pages, we can see how this initiative will continue to guide the present and upcoming students of the department. I am hoping that this will prove to be a milestone in the journey of KNRSE.

# 10 YEARS OF KNRSE



to encourage the students and scholars in understanding more about the budget process and promoting the participation of civil society in the discourse on budgets.

### INNOVATIONS

#### Technological Innovations

KNRSE initiated the project to establish the Business Incubation and Innovation Centre (BIIC) in the University.

#### Social Innovations

KNRSE has also embarked upon social innovation studies through its 'Pamba Project'. In the long run KNRSE aspires to build Social Entrepreneurship Skills among the tribal in and around Pamba river basin as the fall-out of this program. In 2017, the students from KNRSE with their peers from School of International Relations and Politics conducted a three-day trip through Pamba from Attathodu tribal colony to Kuttanad as part of KNRSE initiation of Social innovation project that is intended to make students understand the environmental and tribal issues. As part of the Yatra seminars / interactions were conducted at Attathodu Tribal School. Leading NGO, 'Pamba Samrakshana Samithi', Rice Institute, Kuttanad etc., made it possible for the students to have interface with leading environmentalists, tribals, and scientists.

#### WORKSHOPS @ KNRSE

A workshop may introduce a new idea, inspire participants to further explore it on their own, or may illustrate and promote actual process practice. The workshops/ seminars organized by KNRSE are listed as under.

▶ On 20 June 2019, Ms. Vineetha Jayan (Soft-skills trainer) led one of our students' most successful soft skills training sessions in communication, demonstrating the importance of teaching soft skills to economics students.

▶ In August 2019, from 5th Aug 2019 to 11th Aug 2019, our department conducted a one-week National Level Workshop for College Teachers on 'Teaching of Econometrics at UG & PG levels' that included a range of topics that are still rarely addressed in such teaching, but are now vital for understanding and conducting empirical macroeconomic research.

▶ Mr. John Samuel, International Governance Advisor and Leadership Mentor, presented a unique lecture on public policy and governance on 13th November, 2019. This has helped in focussing on improving leadership and accountability at different institutional levels and played a significant role in creating the rules and principles of this institution.

▶ Even in the thick of Covid-19, KNRSE made a noteworthy effort to bring up important discussions about education and other socio-economic issues in the best methods. On December 28 and 29, 2020, KNRSE conducted a two-day international webinar series on "Globalization at Crossroads - Are we Witnessing the End of Multilateralism?" by Dr. Biswajith Dhar (Centre for Economic Studies and Planning-JNU) and Dr. K.N. Harilal (Member, Kerala State Planning Board).

▶ A Talk, 'Eminent Scholars On a Lecture series', was delivered by Prof C.P Chandrasekhar on June 12th, 17th and 18th of 2021. Another remarkable symposium, 'Scholars of Eminence - Web Lectures' was conducted by Resource persons, Prof. Partha Chatterjee and Prof. T.T. Sreekumar on 21 April 2021.

▶ As part of our new outcome based syllabus, an Internship programme titled 'Economic Data And Visualization' was included in the course curriculum that propounded a spectacular change in the learning pattern. Dr. Shika Ramesh was invited to impart training on MS-Excel and SPSS to our students in April 2022.

▶ Mahatma Gandhi University was open to the public on 25th August 2022 to come and witness the activities conducted by various schools operating within the campus. The students of KNRSE put up a grand show of charts and models depicting the relevant topics/subjects imparted by the institution. The open day program was conducted with great enthusiasm by our students and teachers and was a great success.

▶ This was closely followed by Onam Celebrations on 1st September 2022. The students and faculties celebrated it with a great zeal.

**Dr.** K.N. Raj School of Economics, established in 2012, is a befitting tribute to the memory of renowned economist Dr. K. N. Raj, whose contributions to India's development policy, especially planning, is profound and enduring. It was conceived as a Centre of Excellence in Economics with specialization in planning and fiscal federalism.

Currently, KNRSE offers MA Programme in Economics, with an emphasis on quantitative analysis. The institution's agenda is to offer innovative and frequently updated courses and curriculum in Economics, and thereby create the right platform for students to excel in the study of Economics, which will enable them to occupy high positions in the government sector as well as in business enterprises. Dr. K. N. Raj School of Economics has one of the best infrastructures and resources in the university.

### VISION

To be a leading academic institution delivering highly employable and socially conscious graduates with strong analytical skills, creative-intelligence, entrepreneurial and organizational skills. It is a vision that is anchored in our historically venerable values of intellectual excellence, which equally looks forward and embraces the expectations and ambitions of contemporary society.

### MISSION

The mission of the Centre is to provide, through both teaching and research, a better understanding of the global, national and local economic issues that will confront our society now and in the future.

To deliver challenging, stimulating, and research-based academic programs in an environment that supports learning and development of independent critical thinking among students.

To extend interactions with society and to encourage the use of experiential learning, including cooperative education that will assist the students in the development and advancement of career goals.

### CLASSROOM BEYOND THE WALLS

To provide hands-on experience to the students KNRSE ensures a direct interface between the students and the real world in its thrust areas. This includes Fiscal Federalism especially GST, Innovation Studies, Environmental Issues in Local Governance. The school aligns with reputed institutions having specialization in their areas and provides the students and teachers opportunities to interact with experts in the field. This initiative by K. N. Raj School of Economics, Mahatma Gandhi University in association with Gulati Institute of Finance and Taxation (GIFT) is a conscious step taken



# REVISITING THE ECONOMIC THOUGHTS OF DR. K. N. RAJ



**Jareena Elizabeth Jojo**  
2<sup>nd</sup> Year MA Economics

Dr. K. N. Raj is a widely respected development economist and one of the architects of the Indian Plan edifice. He was a master builder of institutions and a visionary who strived to improve the quality of teaching and research in economics in Kerala and elsewhere in the country.

He played an important role in India's planned development, especially in drafting sections of India's first Five Year Plan. He chalked out a plan to raise India's rate of savings in the post-Second World War period when the country was in need of foreign aid and also computed India's Balance of Payments for the first time for the Reserve Bank of India. Dr. Raj was also an advisor to several Prime Ministers from Jawaharlal Nehru to P.V. Narasimha Rao.

Kakkadan Nandanath Raj was born in Thrissur on 13th May 1924. He was a disciple of the well distinguished economist Malcolm Adiseshiah at Madras Christian college(MCC),Chennai. After graduating from MCC with a BA (Hons.)degree in Economics in 1944, Raj enrolled for MSc in Economics at the London School of Economics (LSE). At LSE, he was taught by Joan Robinson and Harold Laski, among others. Upon reading his MSc dissertation, Frank Paish, his supervisor, suggested that he spend a few more months working on it so that he can submit it for the award of a PhD degree. Subsequently, by the age of 23, Raj was awarded a PhD from LSE for his work on the monetary policy of the Reserve Bank of India (RBI).

For sometime, he worked as a journalist in Colombo and at the RBI. Jawaharlal Nehru, the then Prime Minister of India, invited Raj at the suggestion of Laski to help draft India's First Five Year Plan (1951-56). He joined the Planning Commission at the age of 26 and later became a Professor of Economics at Delhi University, where he nurtured, along with luminaries such as Amartya Sen, Jagdish Bhagwati and Sukhmoy Chakravarty, the Delhi School of Economics into an institution of global renown. When Raj became the director of DSE, he reinvigorated the PhD programme and revised the MA syllabus.

Raj had the vocation of a teacher and a researcher which explains why he left a lucrative government job and joined the Delhi School of Economics in 1953. To his multitude of students, he was a teacher par excellence but he also established himself as an economist of repute, both nationally and internationally, at an early age. He was closely associated with, and made considerable contributions to, the growth of three major institutions. The first was the creation of the Mumbai-based weekly, Economic Weekly (later renamed Economic and Political Weekly). The second was the Delhi School of Economics which he took to new heights by attracting brilliant economists to join as its faculty. The third, and a much bolder experiment, was the establishment of a centre of excellence, the Centre for Development Studies (CDS), at Thiruvananthapuram.

Dr. Raj went on to become Vice-Chancellor of Delhi University, a position he left after being disgusted with the rise of communal politics in the campus. In early 1970s, Raj returned to his home state Kerala and founded the Centre for Development Studies, an institution for applied economics and social science research whose early work gave shape to what later came to be known as the Kerala model of development, marked by high social sector spending that led to human development indices envied by other states. The CDS, which he set up using the architectural wizardry of Laurie Baker and support from the then Kerala Chief Minister C. Achutha Menon, is now a premier centre of applied economics and social science research in the country. Owing to Raj's friendship with Robinson, she visited CDS every December, until her death.

Raj and his colleagues at CDS, conducted and inspired work in applied economics on a wide range of topics including inter-cropping, health, nutrition, fisheries, education, livestock, and alternative energy sources (Kannan 2011). Broadly, his contributions can be classified as falling under the sub-field of development economics, with particular emphasis on labour, agrarian issues and the role of economic planning in LDCs at the national, state and local levels. Raj's interest in understanding the agrarian economy was based on his concern for Indian agriculture and its transformation. This led him to examine closely those policies that were advocated based on powerful ideas backed by international development agencies.

Raj made a lot of contributions as a professional economist. His lectures on the employment elements of planning that he gave at the National Bank of Egypt in the early 1950s are considered some of his finest work. These were released by the bank, but unfortunately, the book soon became almost impossible to find. The lectures demonstrate an impressive comprehension of the socioeconomic structure of rural India. According to him, the supply of labour was made up of two parts: the more or less purely agricultural labour households seeking wage employment and farming families in which members worked on the family farm and occasionally took up outside employment. The western concept of a labour market was directly applicable to the former, but not fully to the latter. He attacked Arthur Lewis's concept of unlimited supply of labour at the existing wage available to the modern sector, arguing that this was not valid for the self-employed and unpaid family workers within cultivating households, as their decision to work outside the household depended upon such factors as the decision of the household or its head and the relation between the average household income and the wage offered in the modern sector.

This view of the complexity of labour supply in the Indian rural economy was carried forward by him in his contributions to the work of the ILO Committee of Experts on Employment Objectives of Economic Development in 1961 and in his work on the Planning Commission's Committee of Experts on Unemployment Estimates in 1969 and 1970.

Another important contribution of Dr. Raj lay in stimulating discussion in India on regional and inter-State disparities in economic growth. His paper in the Economic and Political Weekly in the early 1960s led to a whole field of study and considerable improvements in the measurement and comparison of State domestic products. He was later to pioneer comparisons between the growth records of India, Pakistan and China.

When he wrote Chapter 1 of the First Five Year Plan, K.N. Raj stated that:

The problem of development of an underdeveloped economy is one of utilizing more effectively the potential resources available to the community, and it is this which involves planning. But the economic condition of a country at any given time is a product of the broader social environment, and economic planning has to be viewed as an integral part of a wider process arising not merely at the development of resources in a narrow technical sense, but at the development of human faculties and the building up of an institutional framework adequate to the needs and aspirations of the people.

The drawbacks in the implementation of the First and Second Five Year Plans were also pointed out by Raj. In particular, he criticized the lack of attention accorded to agriculture, and therefore to the production of wage-goods (chiefly, food) in the Second Five Year Plan. Raj was concerned not only about the availability of food but also its accessibility. It is interesting to note that Raj's emphasis on the production of wage-goods or necessities is similar to that of William Petty, the founder of classical political economy, who also viewed the production of necessities as the foremost responsibility of any society. He also pointed out the need for resource mobilization as well as the need to focus on rural development. In a paper reviewing the First and Second Plans, Raj advocated several measures for resource mobilization such as progressive



rates of taxation including a land tax, a tax on agricultural rent as well as the improvement of tax collection from the urban sector. It was in this context that he advocated a system of decentralized governance by forming what he called 'a new layer of self-government and administration in the rural sector covering about a hundred villages with its own elected body and giving it powers to raise revenues.

Many of Raj's writings had direct implications for public policy, be it his position on the devaluation of the Indian rupee in the mid 1960s - he took a position against it when the country was dependent on foreign aid, although he was not against exchange rate adjustment when needed, or the nationalization of banks.

Raj's active intellectual contribution spanned a little less than four decades, from 1947 to 1986. He was unable to continue the kind of intensive research he had been doing due to a cerebral thrombosis in 1986, but he quickly overcame its effects and continued to be active, giving lectures and advocating on issues close to his heart, prominent among them being the idea and practice of decentralized development. The author of several works, Raj delivered lectures in leading universities in India and abroad. He was awarded the Padma Vibhushan in 2000.

K.N. Raj was known for his deep concern for the poor. Raj once wrote philosophically: "I think that most of the things that welfare economists talk about are those that are obvious to all of us, especially the common people. In fact, even a pure philosopher and religious thinker like Sree Narayana Guru, who achieved a social transformation in Kerala, spoke about the very same things that welfare economists speak about today: education, health care facilities, even small-scale industries. Many people like me practised welfare economics without knowing that it was welfare economics because we were anxious that economics should help the poor. But people who take economic theory literally would say that this is not our problem." Long before 'inclusive growth' became a clichéd word of growth managers and power brokers, he passionately believed it to be the core of economic growth. That concern lasted till his death on 10th February 2010. A systematic work of Raj's work on labour, employment, and the village economy will hopefully inspire a study of economics characterized by both conceptual rigour and empirical humility.

## THE IMPACT OF COVID-19 ON THE GLOBAL ECONOMY;

### A quick look



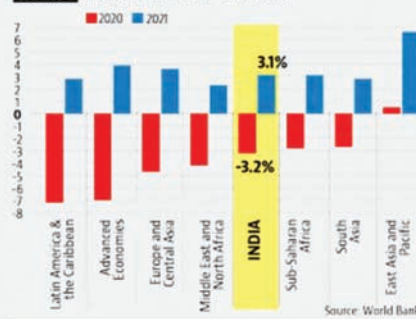
**Matthews Kondwani Ng'onayasauka**  
2<sup>nd</sup> Year MA Economics

The Covid-19 pandemic is one of the major economic shocks which has had a huge impact mainly on both global development and economic growth in recent times. This pandemic has been accompanied by a series of poor economic performances shown by reduced productivity leading to slowed economic growth hence decreased standards of living in most economies across

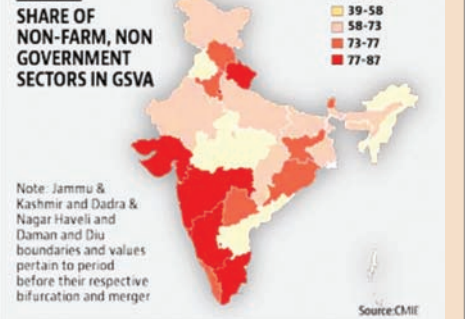
the globe starting from the year 2020 to date. Most of the developing economies are struggling to recover from this negative growth now that other shocks have also emerged and are escalating the economic hardships brought about by the pandemic. Although Shang, Li and Zhang (2021) have suggested that the full impact of the covid-19 can be assessed by adopting a general equilibrium approach by analysing the damage done in all sectors by looking at the health, social and economic impacts, a partial approach to the impacts such as looking at the economic impacts, alone gives more insights on their magnitude and extent. Furthermore, the economic aspect in these sectors is their most fundamental building block as such this write-up focuses on the

## MAPPING THE RECESSION

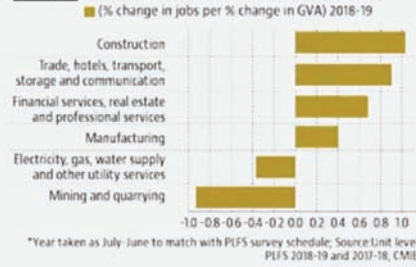
**CHART 1 PROJECTED GDP GROWTH**



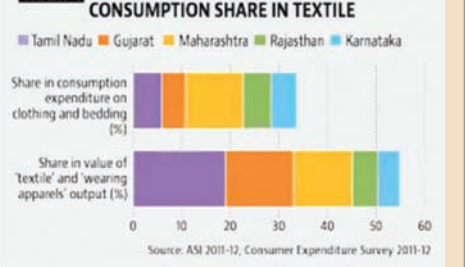
**CHART 2 SHARE OF NON-FARM, NON GOVERNMENT SECTORS IN GSDA**



**CHART 3 EMPLOYMENT ELASTICITY OF OUTPUT\***



**CHART 4 MISMATCH IN PRODUCTION AND CONSUMPTION SHARE IN TEXTILE**







impact of the Covid-19 on Global Economy.

**Reduced economic growth, living standards and prolonged poverty**

To begin with, increased lockdowns in economies across the globe were affected following the spread of the pandemic in an effort of containing it. This resulted in low productivity across industries. In so doing many firms started scaling down and this led to decisions like the retrenchment of employees to reduce costs and be able to still make a profit or stay in the market. Major industries affected by this retrenchment include tourism, hospitality and transportation in almost all economies worldwide. The decrease in productivity has resulted in a deviation of output away from the initial estimates which were provided before the pandemic. The retrenchment on the other hand has increased poverty and decreased the standards of living of many. This is now causing the achievement of goal number 1 of the UN SDGs of ending poverty in all manifestos by 2030 unachievable.

**Global Value Chains**

According to Shang, Li and Zhang (2021), Covid-19 has severely impacted the global value chains across the globe, especially the agricultural and industrial forms over the past 30 years. The pandemic caused a serious shortage in supplies of goods manufactured in China, especially the shortage of medical supplies affected many countries' health scenarios. Due to growing nationalism and protectionism for industrial sovereignty, many countries have imposed an export ban, which resulted in the shortage of medical supplies such as pharmaceutical drugs, personal protective equipment (PPE kits), and other medical products. As a result, the pressure on domestic value chains has increased, and de-globalization has emerged again. The value chains will have to be restructured after the pandemic to improve the quality and quantity of jobs and ensure sustainable transitions.

**Debt**

Every nation wanted to bail out its population from the atrocities brought about by the pandemic. For most countries that are net borrowers, they put their interest payments on hold and those who are providers of credit became more closed

to lending as they also needed the funds for their use. Many countries focused on creating social protection transfers and other related programs for the unemployed, the laid off and the self-employed but who were not economically active due to the lockdowns so that they can support their livelihood. The stoppage of debt servicing is of no doubt costly as it comes with penalties. In addition to that, the closing of economies and reduced lending opportunities has decreased the value of local currencies making repayment of dollar-denominated debt harder. Governments are also facing a fiscal deficit due to reduced tax revenues, especially during this pandemic. The debt from Covid-19 is different from that of the financial crisis of the 1980s or 2007-08 and will not be explainable through the international development paradigm (14).

**Digitalization**

A positive impact of COVID-19 on third-world economies has been the increase in digitalization. With the increasing threat of infection transmission through physical contact, the virtual space of transactions has gained popularity. The chance of its spread through social contact has accelerated online working platforms and digitally organized logistics. With online transactions and digital platforms for work, there is an opportunity to develop a centralized database that can serve as an economic asset. It has become essential to be a part of the global digital drive for improved socio-economic fortunes and mitigate the impact of the Covid-19 pandemic through digitalization.

A fair observation is that the actual Economic impact caused by the pandemic cannot be quantified currently. Two main underlying precursors, the first one being the ongoing nature of the pandemic and the second being the current shock of the Russia and Ukraine War which is adding to the damage Covid-19 caused to the global economy. It is difficult to completely attribute the worsening global economic outlook today such as rapid inflation, continued currency depreciation, disrupted supply chains, deteriorated terms of trade, etc., to the covid-19 alone. But we should kindly note that although digitalization has been presented as a positive of the pandemic, overall, the pandemic has had huge negative impacts on the global economy.



**Dr. V Mathew Kurian**

The English term 'economics' is an adapted Greek word 'Oikonomia', which comprises 'oikos' and 'nomos'. Oikos means 'family' or 'home' and 'nomos' means 'rules', 'norms' or 'principles'. In ancient Greek Society, there were certain principles for home management. Later, the Greek philosophers like Plato and Aristotle extended it to the governance of the state. The key objective of this was the enhancement of the welfare of the people. One could discern similar intellectual attempts in all ancient societies like Buddhists, Jains, Vedic Saints, Hebrews, Christians, Mayans and the like.

In ancient times, 'economy' was embedded in 'society' and therefore, social norms governed economic activities. In the modern era, 'economy' got disembedded from society and it started functioning by its own market laws. The outcome was the formation of Industrial Capitalism. The early capitalist economic gurus favored 'capitalism' for its self-regulating 'market mechanism' which Adam Smith dubbed as the 'invisible hand'. The pioneering advocates of capitalism theorized that any excesses of human selfishness would be automatically curbed by the competitive forces in the market.

After critically surveying the key arguments of capitalist advocates, Karl Marx and Friedrich Engels theorized its 'inhumanity' and 'unsustainability'. But the mainstream economists, in general, excluded 'Marxian Economics' in their analysis. So pro-market economics alone was considered 'Economic and Science'.

Later, 'Competitive Industrial Capitalism' metamorphosed into monopoly capitalism and in the post-war global scenario, the monopolists became 'Transnational Corporations' (TNCs) with immense political power, even to transcend national boundaries.

The world is now passing through a process

of technologically mediated 'Globalization' and 'Financialization' with terrific consequences on global humanity. The present economic science is quite incompetent to explore the grave dynamics of the economic process which demand an alternative people-centric and eco-friendly economic science. This paper argues for it specifically on the following grounds.

When industrial capitalism was formed, economy was disembedded from society; but with new capitalism, society is getting embedded into its fold. As a result, market laws are playing a predominant role in all human relations, with grave moral implications.

One of the major challenges of global economy and its constituent parts is that it is significantly driven by speculative forces which have toxic setback on global production. Covid-19 and the Russia-Ukraine war also had a deep socio-economic implication. While corporate profit is going up, wage income of the poor working class is getting dwindled. As new technology is increasingly labour saving, the reserve army of the unemployed in the world is swelling.

The loss in employment and real income generates a drop in effective demand, which has entrapped the world economy into a 'great recession'. The global recession which erupted in 2008 is still haunting us.

The 'Development Economics' which was constituted in the post second-world war era totally failed to resolve the global poverty question. Further, the UN engineered Millennium Development Goals (MDGs) also did not succeed. The ongoing Sustainable Development Goals (SDGs), so far, show the signs of the fate of MDGs.

'Modern economy' is hugely responsible for the emerging global ecological crisis. Human induced global warming and climatic changes are making the spaceship earth uninhabitable to all life-forms including the human species. The richest persons in the present world are predominantly speculators like Warren Buffett and George Soros.

In this predicament, it is very late to intellectually develop a new People's Economics. This may sound like 'Utopia'. But the future generation and peaceful living of the humanity demands it.

**MY EXPERIENCE IN KERALA**



A traditional saying in Chichewa, a local Malawian language, "kuyendan' kuvina"; which translates to "Travelling is like dancing", kept echoing in my ears when I left Kamuzu International Airport, for India. The traditional saying as simple as it may sound, has a deep meaning for one who has just left his country. It implies that travelling is like a dance

practice, you learn new moves as you go just as you experience new things when you travel, cultural values, perception and the general way of living in different societies. A traveller starts experiencing a diversified form of values from the plane itself. As for India, there is a lot to be shared, starting from the education system, food, dances etc. This write-up will summarize



**Matthews Kondwani Ng'onayasauka**  
2<sup>nd</sup> Year MA Economics

my major personal experiences.

If we stick to the opening Chichewa traditional saying, my "major dance move" in India was education. One can adequately agree that when seeking an answer on YouTube, for example, about a specific problem in class, almost 80% of verified videos available as attempted answers; were done by Indians. This has instilled a deep trust in the Indian education system that people here are indeed invested and serious about it. I was lucky to be one of the first batches to benefit from the Outcome Based Education syllabus. This syllabus has enabled me to follow the subject

matter in theoretical Economics deeply. At the same time, it has sharpened me in practical industry needs. Indian system allowed a proper teacher-to-student free interaction under a mentorship programme.

School aside, the other moves experienced as part of "my dance" include the culture of Kerala people. Their culture is seen in the togetherness in celebration, food, language and religious diversity. We have had blended cultural celebrations in school a thing that most academic institutions across the world do not do. As for food, I was not able to eat spicy food when I arrived. I thought I would starve, but ask me now; I cannot enjoy food without minimum spice. You can also see people of different religions peacefully coexisting and also friendly to foreign students like me. As for language, it is hard to get and sometimes provides a barrier to full participation. All in all, I am glad that I have classmates who try to translate the Malayalam contents whenever I am in need and who have tried to improve their English for my sake. Kerala has been Amazing.



# Russia-Ukraine War

## Effect on India and the World Economy



**Amalu Benny**

2<sup>nd</sup> Year MA Economics

The media reported that neighbouring nations Ukraine and Russia had some tensions between them. Russia had deployed almost 100,000 Russian soldiers to the borders of Ukraine, so there is a chance of a third world war. What is the history behind the Russia and Ukraine chaos, what is the current scenario, and has it led to a third world war?

When the Russian empire was established, Ukraine was already a part of it.

By 1918, a change occurred as the 1917 Russian Revolution took place under the leadership of Vladimir Putin, leading to the overthrow of the Russian Empire and the formation of a democratic government; thus, Ukraine, which was earlier part of Russia, was liberated and became an independent nation. But this lasted only for 3 years. The reason was that in 1921, when the Soviet Union was to be established, we could see Ukraine as a part of it because it was Ukraine's Soviet socialist republic. Later, Ukraine became completely independent in 1991 as the USSR declined, leading to its split into 12 important nations. One such nation was the now-independent Ukraine. Ukraine is situated in the western part of Russia. The Crimean Peninsula is a part of the so-called Ukraine, which leads to the Black Sea. 77 percent of people here are Ukrainian. And the region close to Russia has 17 percent of its population that is pro-Russian. As Ukraine has a mixed population, the problem of rejoining Russia arose when Ukraine became independent.

During this period, European countries joined to form the European Union, and along with the European Union, there was also another organisation named NATO (the North Atlantic Treaty Organization). NATO is a military organisation that was formed by America to end the spread of the USSR and socialism. By 2004, almost 10 nations had joined the EU and NATO. Among these 10 nations, 8 were earlier parts of the Soviet Union. (Latvia, Lithuania, Romania, Hungary, etc.) And Latvia, Lithuania, and Estonia are the nations that share a border with Russia; when joined by the EU, Russia finds them a security threat. Later, along with these nations, Ukraine also revealed its desire to join NATO. This was against the wishes of Russia. Later, Russia started taking steps to prevent Ukraine from joining NATO and the EU. Russia imposed sanctions on Ukraine; it hindered trade, banned exports to Ukraine, etc. By the time Vladimir Putin was able to canvass Ukrainian President Victor Yanukovich, he had repealed signing the agreements to join the EU. Later, many oppressions emerged, and by 2014, the president was impeached and the existing government was overthrown. Then Petro Poroshenko was elected as the new president, who stood with the people, and Russia was not able to canvass him. In the same year, 2014, Russia created fear and took a strategic advantage in Ukraine by capturing the Crimean Peninsula. Many nations stood against Russia on this issue, but Russia responded to it with a referendum, stating it was based on the will of the people; later, it was proved wicked, and the referendum has no international legitimacy. The world nations responded to it by eliminating Russia from the G8 group.

### The current scenario

Ukraine is again trying to be a part of NATO, and the meetings are going on, which will be a constant security threat to Russia as Ukraine is sharing the most important border with it. Russia even tried diplomatic talks with the American president, British prime minister, and French ministry but failed as the members of NATO were on the side that Ukraine is an independent nation and it can decide whether



to join NATO or not. Thus, Russia moved forward with its objective of bringing Ukraine under its control. As a first step, it even started a proxy war using the pro-Russians in the east. Many important nations came forward and offered their support to Ukraine, and US President Joe Biden officially announced his country's support for Russia, but the uneven fact is that China went on the side of Russia.

### How does the Ukraine crisis affect India?

Two regions in the eastern part of Ukraine include Donbass and Luhansk. Russian President Vladimir Putin, as part of his strategy, declared these two regions independent.

No other countries have declared them so. The Russian military had been deployed afterward to those regions, saying they were not part of Ukraine. To discuss the issue, the UNSC joined forces. India is a temporary member of it, and major nations were against the Russian invasion, but India took a different stand, saying that it was taking the situation more cautiously and wanted to de-escalate the situation. Later voting had been conducted in the UNSC on whether to conduct a discussion regarding the Russia-Ukraine war. The majority of nations thought they should discuss the issue, but China and Russia were against it. But India abstained from the voting. India is being lenient with its position. Conflict affects India mainly in five ways.

It is a kind of world war-like situation. India cannot join on either side as the two blocs were headed by powerful countries: the US on one side and Russia on the other. India has a good diplomatic and military relationship with them. India and Russia have a very big military deal. India had purchased an S400 missile from Russia.

Economic reasons, mainly the energy crisis. Russia is a hub for oil and natural gas, and many European countries depend on it for the same. As a result of the war, there is a constant decline in the supply of oil and natural gas, and there are disruptions to the pipeline passing through the region. As a consequence, the international oil market saw a hike in price that is close to 100 dollars per barrel of crude oil, which is a 14 percent increase. If the situation persists, then the price of crude oil will reach \$150 per barrel, says J.P. Morgan. As India is also a country importing oil from the major bloc, this will affect India's market highly.

Since the start of Russia and Ukraine, we have been witnessing a crash in the stock market, and people are shifting from stocks to bonds. People started to invest only in currencies that were performing strongly, which would impact currencies like the rupee. People are also investing in gold as gold prices are increasing in the international market.

Approximately more than 20,000 students as well as professionals are living and working in Ukraine. When an issue occurs, India faces the problem of how to make these people come back to India.

The most crucial problem that India faces because of the war with China is now a superpower, and all the countries are turning

their attention from China to the war-centered region. This is a feasible situation for China as there are no opponents. India always has conflicts with Pakistan. And India is always backed by other countries. As the countries are toward Russia, India is facing a crucial problem and is in fear of attack as it is now standing alone. Security is a great concern now.

### Who won and who failed?

Many debated that Russia failed as they were not able to make a great leap forward and Ukraine tried to keep up with itself. Some people are of the view that neither Ukraine nor Russia is falling but that it's the European countries that are at the brim of decline. Others think that it's the stage of the cold war.

The first opinion is due to the fact that Russia was not able to completely capture or annex Ukraine. But it's not Russia's actual aim. Ukraine's eastern part is the Donbas region, and the people there are pro-Russian. When the Ukraine government

Trying to suppress the people there, Russia came to action. This explanation is given by Russia when it comes to the war, but it's only a reason. Other reasons include mainly the Crimean region, which has more Neap River, which is a sustained resource, and when capturing the Donbas region, Russia will get this resource. Another important reason is that one-third of the industries in Ukraine are located in this Donbas region. If it is separated from Ukraine, its income from this sector can be



diminished by one-third. In a real sense, Russia tried to destroy its economy.

Russia is an important supplier of gas and oil, which is transported through pipelines mainly in Ukraine. When the oil supplies pass through this region, it will provide Ukraine with a fee, which is an important part of its income, and Ukraine is also getting one portion of the oil at a subsidised price. As the war gets hilarious, all these facilities and provisions were stopped by Russia.

Ukraine also lost its infrastructure. According to a UN report, Ukraine had lost approximately 100 million dollars' worth of infrastructure. Even though European countries are helping, they are not able to build the infrastructure.

Military losses are also huge. Paramilitary forces are also engaged in war, and people of ages 18 to 60. Many people died. And Ukraine won't be able to come with the military that it earlier had in a few years. The meat grinder effect, or attrition effect, is taking place there.

In the case of Russia, there is not much loss in the army. Only 10 percent of the total 10,000 army personnel directly participated in

the war. Along with them, army personnel from the Donbas region and the private army group PMC Wagner were also involved. There is no infrastructure damage to Russia, as there is no direct attack on its part.

As this is modern warfare, it's just a part of the war. Many indirect inducements also took place, which showcases how the US and other European countries indirectly joined in the war against Russia. Many economic sanctions were imposed on Russia.

They prohibited Russia from global trade, which reduced their trade by 80 percent, and many international companies stopped their work in Russia.

Russia is banned from the SWIFT system, and almost 300 billion dollars of Russian forex is banned at the will of America. Through these ways, European countries were able to prick Russia badly.

but this hits European regions badly and 27 countries of the European Union are facing a constant decline in their GDP. Why did this occur when they together came against Russia?

**Reason: food sector (30%)**

**20 percent of corn**

50 percent of the world's sunflower oil is exported from Ukraine and Russia. When war came to force, the price of these essential commodities went up, and price inflation reached 11 percent.

### Energy sector

Europe is mainly a region of low temperatures, and oil and natural gas are essential for the survival of people there. It's worth noting that in 2020, almost 40 percent of European oil and natural gas imports will be from Russia. During the war, Russia reduced its supply of gas to Europe by 60 percent, which caused an increase in demand for gas, leading to its high price.

Putin also insisted that if any European company is to buy oil from Russia, payment should be made in rubles, not dollars. These affected the European economy badly. According to the data available, it's seen that there is an increase of 33 percent in oil prices, and the oil prices in the European Union increased by 144 percent. This also leads to an increase in the price of industrial production. Thus, their overall inflation reached 9.6 percent, and their food inflation reached a 20-year high. At the same time, the Russian economy and the Russian ruble improved.

Along with this, Russia was backed by Asian countries, India, and China, which also created a high level of growth for Russia.

Now that the winter season is coming, European countries will again be in turmoil as there is a reduced gas supply and gas is mainly used for their heating applications. Russia can use two strategies here.

It can supply oil and gas to Europe at a high price and pay in ruble.

A complete ban on oil and gas to Europe, which is an extreme case and will affect the entire European region badly,

According to the data, it is revealed that even if the European nations try to store up to their full potential, it won't sustain more than February as the consumption rate is too high.

From the current scenario, we can see that Ukraine is on the losing side. When it comes to Europe and America, they tried their best to put sanctions on Russia, but unfortunately that created growth in Russia and harm to themselves.

And when it comes to Russia, we cannot say that it won the war. But the positive is that what others thought would have happened to Russia hasn't occurred. Thus, it's part of the victory. But this is for the short term, as European nations are trying to find alternatives to replace Russian oil and gas. So chances for a price decline in Russian oil and gas and a fall in the Russian economy are not so remote.

The option available here for all nations is to team up. Create powerful blocs to develop their economies.



# REMINISCENCE



**Mwangi Wanjiku Grace**  
2<sup>nd</sup> Year MA Economics

It just feels like yesterday, I woke up and took my neatly packed suitcases, and headed for the airport, Jomo Kenyatta International Airport. This was the beginning of my never-ending experience. On August 1, 2017, I landed at Kochi, Kerala and the first culture shock I got was the design of the buses, I always wondered what if it rains, does it mean we shall get wet? Until I saw that you can drop down the panes.

One thing for sure was that I was very excited to be here and it felt a bit scary because I was very young to have moved out of the country to try life on my own but on the flip side, it was a very brave decision. I had come one month late from when the classes began and you know what that meant? Yes, I had to do a lot of catching up to do. One thing I have always noticed with Keralites, it is that you will not struggle alone, my classmates and faculty were more than willing to help me be on par with them and just like that three years were done and that meant one important thing in my academics, I was now a Bachelor's Degree holder in Economics.

The year is 2020, and I wanted to apply for my Master's Programme. My friend Aldrine

Kimtai, advised me to join the "K N Raj School of Economics" and that was the best decision I made. I asked Dr. Johnny Johnson, the director, if I might apply, and he was more than happy to have me join the department. That was in November when we began our classes. Because the Covid-19 pandemic occurred during the year of our entrance, physical classes were not permitted, therefore we had to take all of our classes online. It was a huge hardship for me and my classmates, but the K N Raj staff has always been very supportive and assisted us in adjusting to the online class format.

The first and second semesters of the online course were a lot of fun and exciting. Together with my classmates, despite never meeting physically, we formed a bond and we were friends. The teaching staff too, and everyone in the department has always been very supportive and approachable at all times. All together it felt like a second home. I call K N Raj my second family. Although I tend to come across as a fairly quiet, introverted person, I was able to identify with departmental programmes that gave me the impression that I actually love social activities. The jokes made in and out of class made it interesting and lively too.

I know you are asking yourself, did I learn Malayalam? The answer is both yes and no because, as I've already mentioned, this is one of the hardest languages I've ever learned or dealt with, but having lived here for so long, I've learnt a lot. I had to obviously pick up a few words like Chettah, Chechi, Per, Sugamano, santāā, vada, Chaya, manasilayo, among many others. At the department, I remember my teachers and classmates were trying to

teach me some words and it really helped me when I integrated with the local community outside of campus.

My two years journey has been very smooth, joyful, and interesting. I have been able to learn a lot from my lecturers, non-teaching staff, classmates, and also the community at large. I've been able to flourish in my studies because my lecturers are knowledgeable in their subject area, they have a very clear teaching style, and they're always willing to help if you have any questions. In addition, K N Raj library is well-equipped and has the latest study materials. Also, the department has an Econometrics laboratory where all the statistical tools are brought to practice and we are taught how to use the softwares that are very important in analysis.

All work with no play makes Jack a dull boy (in this case; Grace a dull girl). We always had activities that made life playful, we could organize co-curriculum activities and celebrate significant holidays such as Onam. Onam is one holiday that carries good energies, and happy moments; from wearing a saree, decorating the Onam pookalam, dancing, and eating the Kerala Sadhya among other activities.

The experience I had in Kerala is something that I will always treasure, in particular K N Raj School of economics, from the joy, and laughter to the hard trying times we have experienced as a family and it has been effortlessly smooth. Thank you my lovely family for these memories and for always being ready to help me.

## A Face in the Crowd



**Vaishnav T. M.**  
Batch 2021-23  
NET Qualified, November 2022

"I have always understood that the best way to achieve something in life is to go through the best way to work for it. I owe my success to the continuous inspiration and support received throughout this quest to Dr. S. Muraleedharan whose special workshop sessions and professional classes led to immense value addition, helping me crack the NET exam in the very first attempt. Other faculties of this institution, my parents and my dear friends were very encouraging too. With every uplifting word, they reminded me to work hard in a time bound manner and harness my potential to realize this dream. I'll forever be grateful to the entire family of K. N. Raj School of Economics."

## ONAM AN AFRICAN OUTLOOK



**Melida Moyo & Mwangi Wanjiku Grace**  
1<sup>st</sup> & 2<sup>nd</sup> Year MA Economics

why it is so heavily recognized. Onam is a celebration that connects all the students and their professors, helping them become familiar with the festival and culture. We commemorate this event, which removes all barriers, with joy and togetherness. In spite of all of our diversity, Onam undoubtedly holds a special significance.

The school and all the streets were exquisitely decked and discussing Onam would not be complete without mentioning the floral arrangements called Onapookalam. From all of the ladies wearing 'set sarees' and all of the men wearing 'shirt and dhoti', I still vividly recall the appetizing and attractive Onamsadhya, which were quite lavish. More than 20 different dishes were served as part of this feast and watching students and lecturers eat together added to the festive atmosphere. In terms of games, there is a game called "Malayali Manga". I found it interesting because it is a form of appreciating cultural attire and fashion. My favorite part of the festivities was the dances I participated in with my classmates. I'm looking forward to the next Onam celebrations and I hope to enjoy myself just as much as I did this year at K.N. Raj School of Economics. It brings culture to life and it ensures that history lasts forever from one generation to another.

Less than a month after I arrived at K N RAJ, my classmates and African students who had been here longer than I had never stopped talking about the 10-day Onam vacation. According to several of my students, the Onam festival is one of the biggest celebrations in South India. They stated that the event is held to remember King Mahabali, who was blessed by Lord Vishnu with a boon that he will be able to visit his subjects in Kerala once in a year. This day of homecoming is celebrated as Onam festival. In addition, they noted that it is also a agricultural harvest celebration. They also informed me of the festivities that will be held at the school and by the university as a whole to honour the festival's anniversary. I was still baffled by how and why educational institutions should celebrate, but I simply awaited the days of the celebration in wonder.

Onam festivities started on August 10 and were celebrated at our school on September 2. Finally, everything made sense to me, including the importance of celebrating Onam at educational institutions and the reasons



## NOBEL LAUREATES



Ben Bernanke



Douglas Diamond



Philip Dybvig

**Year 2022**  
Area - Research on Banks and Financial Crises



Joshua Angrist



David Card



Guido Imbens

**Year 2021**  
Area- Labour economics



Paul Milgrom



Robert B. Wilson

**Year 2020**  
Area- Theory of Auction



Abhijit Banerjee



Esther Duflo



Michael Kremer

**Year 2019**  
Area- Global Poverty



William Nordhaus



Paul M. Romer

**Year 2018**  
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# Open Day

