

# GCLE NEWS BULLETIN

*15 August 2018*

## **How to make a global economy work for all?**

Since the end of World War II, a broad consensus in support of global economic integration as a force for peace and prosperity has been a pillar of the international order. Since the fall of the Berlin Wall a generation ago, the power of markets in promoting economic progress has been universally recognized. Yet a backlash against the current paradigm of global integration is reshaping politics and economic policy in a way that may plague us for years. There is shift away from openness extends to immigration and capital flows as well. [\[Click here to read more\]](#)

## **How economics went from philosophy to science?**

Big changes have been happening in the economics profession, but many people still don't seem to realize this. But recognized or not, the changes are real and substantial. First, the profession has become much more empirical, increasingly emphasizing evidence and data over theoretical conjecture and economists are more willing to question basic assumptions, such as the premise that economic actors are perfectly rational and economists are much more concerned with inequality these days. More papers are making use of the data collected by government agencies, and techniques like machine learning are rapidly gaining in popularity. But the biggest change has been the increased emphasis on separating correlation from causation. [\[Click here to read more\]](#)

## **Do “sin taxes” work?**

MANY governments use “sin taxes” to dissuade people from smoking and drinking alcohol. In recent years, some lawmakers have turned their cross-hairs to a different vice: sugar. Obesity is on the rise all across the world. Several countries, along with a handful of American cities, have introduced taxes on sugary drinks in recent years. Their governments hope that these levies will both raise revenues and reduce how much sugar people consume. But do sin taxes even

work? There is a problem with sin taxes, it is not that they are ineffective. Rather, it is that they are inefficient.[\[click here to read more\]](#)

### **Relationship between protectionism and the business cycle**

Global concern over a new era of protectionism has been making headlines. The consequences of protectionism dominated policy debates after the Trump administration withdrew the US from the Trans-Pacific Partnership (TPP), started renegotiating the North American Free Trade Agreement (NAFTA), and imposed punitive tariffs against many trading partners. They argue that trade policy restrictions can be an effective macroeconomic policy tool, stimulating the domestic economy by reducing trade deficits. Research has been published on almost every aspect of the consequences of trade policy for international trade.[\[click here to read more\]](#)

### **The Industrial Revolution could shed light on modern productivity**

Economic growth of the sort familiar today is a staggering departure from the pattern of pre-industrial human history. More than a century of study has not resolved the question of why it began where and when it did. This is a matter of more than historical interest. Weak growth in productivity has economists asking whether humanity is running out of ideas, and whether it is losing its ability to turn new technologies into rising incomes. A clearer understanding of what exactly happened in 18th-century Britain could shed light on the matter. Industrialization occurred in Britain before rest of the Europe even though they share many characteristics, so what explains this difference? and can this difference be used to shed light at the theories of productivity? [\[click here to read more\]](#)

### **Centre may launch crypto tokens for financial transactions**

The government is considering launching crypto tokens in India for financial transactions and is evaluating if they can replace smart cards. However, unlike cryptocurrencies, crypto tokens do not impact the country's monetary policy as one will have to pay physical money to buy a token. A government committee is working on a set of regulations and specific actions, including a roadmap for permitting cryptocurrencies in India some time in the future. [\[click here to read more\]](#)

### **RBI Will Have To Tighten Monetary Policy To Control Inflation, Says IMF**

The Reserve Bank of India will need to gradually tighten monetary policy further due to rising inflation, driven mainly by higher oil prices and a falling rupee, the International Monetary Fund said on Wednesday. The central bank raised the repo rate for the second

straight meeting last week by 25 basis points to 6.5 per cent. While warning about the inflationary pressures. The average inflation is likely to rise to 5.2 per cent in 2018/19 from a 17-year low of 3.6 per cent in the previous fiscal year, the IMF said. IMF mission chief for India said the economy was gaining momentum and the government should reinvigorate reform efforts to accelerate growth and create more jobs. [\[click here to read more\]](#)

### **Rajya Sabha clears insolvency Bill**

The Rajya Sabha on Friday passed the Insolvency and Bankruptcy Code (second amendment) Bill to accord homebuyers the status of financial creditors. The Bill, meant to replace an ordinance promulgated in June, has already been approved by the Lok Sabha. It will be made into law soon once it gets the Presidential approval. The Bill allows promoters of micro, small and medium enterprises, who are not wilful defaulters, to bid for their stressed companies and provides for withdrawal of a case after admission by the adjudicating authority if it is approved by 90% of creditors. [\[click here to read more\]](#)

Banks take about ₹70,000-cr. hit due to frauds in last 3 years

Indian banks reported a total loss of about ₹70,000 crore due to frauds during the last three fiscals up to March 2018, the Rajya Sabha was informed on Tuesday. The extent of loss in fraud cases reported by scheduled commercial banks (SCBs) for 2015-16, 2016-17 and 2017-18 was ₹16,409 crore, ₹16,652 crore and ₹36,694 crore, respectively, Minister of State for Finance Shiv Pratap Shukla said in a written reply quoting RBI data. There were **139** borrowers with aggregate gross NPAs of more than **₹1,000 crore**. [\[click here to read more\]](#)

### **Another round of consultations on draft e-commerce policy**

The ministry has received few concerns regarding the draft e-Commerce Policy following which the minister has directed officials to conduct another round of consultation with stakeholders to address them. So far, the initial draft e-commerce policy has suggested several steps to promote the growth of the fast growing sector. It said online retail firms may have to store user data exclusively in India in view of security and privacy concerns. The draft also recommended permitting 49 per cent foreign direct investment (FDI) in inventory-based business-to-customer e-commerce model. Currently, FDI in such businesses is prohibited and it is allowed only in the marketplace model. [\[click here to read more\]](#)

---