

production.

The other big problem which is jeopardizing this bill's implementation is the identification of the poor. The Government has not yet decided how it will select beneficiaries. Thus there are high possibilities of committing both inclusion and exclusion errors. The National Advisory Council suggests three types of vulnerabilities: residential (homeless people-obviously poor; slum dwellers-high chances of being poor), occupational (rickshaw pullers, construction labor, domestic help, beggars etc) and social (households with no able-bodied male aged 18 to 60). In rural areas, where it is harder to decide who is poor, it may make sense to follow socio-economic categories-single women, disabled women, old people, and scheduled castes/tribes. This approach may include some undeserving people (such as rich widows), but it is less likely to exclude the poor.

Although the Bill has many loopholes and flaws, it has some impact-creating strength too. Apart from guaranteeing meals to children upto age of 14, pregnant women and destitute, it also ensures a monthly allowance of Rs 1000 for 6 months to pregnant women and nursing mothers, to enable them to eat better, and breastfeed their children. It accords migrants and their families the right to access food entitlements anywhere in the country. Ration cards are in the name of adult women, who are heads of families under this law.

India has the largest number of hungry people in the world which means that food security measures are urgently needed. The Government will have to rise above politics of fulfilling electoral promises and focus on carrying out its responsibilities for the people. In order to deal with the hunger problem for a

longer term, the poor must be taught how to earn food, which implies strengthening job-oriented programs such as MGNREGA. The National Food Security Bill must be comprehensive and should incorporate supply of essential food items (pulses, oil and sugar) of good quality, means to improve the distribution system, investment in agriculture and rural development and healthcare. The Bill must be brought into action after considering the implementation problems and how to reach the poor most effectively and we, the people must rise above the fiscal prudence stand of the Bill, and try to focus more on its strengths.

Euro: Some facts

Ishita Trivedi

Greece, Portugal and Ireland struggled to finance their huge deficits; thus, weakening the Euro and shaking confidence of investors in the Euro zone. Chances of a spillover of the crisis to other countries like Belgium, Italy and the UK has led to some concerted albeit ineffective action and extensive bailout plans.

Paradoxically, while stable economies which are doing well, like France and Germany, the ones known to be holding the Euro stable(which was trading higher at the end of 2011 than at the beginning of the crisis) are also known to be behind the poor performance of other countries in the Euro Zone.

Germany, with a trade surplus of more than the deficits of Spain, Italy, Greece and Portugal taken together, at \$188 billion, is supposed to

be one of the main reasons why smaller economies like Greece can't keep track of their expenditure on imports. Since a large trade surplus appreciates the value of the currency, this makes goods of other countries like, Greece, who haven't 'earned' it, so to speak, more expensive in the international market, rendering their exports unattractive whilst they continue to import, creating a trade deficit.



In 2011, you saw regular press coverage of how the euro was faring and how countries that were making use of it were walking on thin ice. It could very easily qualify for being the economic buzzword of 2011! So, let's go back to the foundations of the Euro crisis- the euro itself and re-discover some engrossing facts.

- The first official purchase using euro coins and notes took place in the French island of ofRéunion in the Indian Ocean, for a kilogram of lychees.
- People in Italy had to buy purses when the Euro was introduced because Italians had almost cease to use coins, as the lowest denomination of a Lira banknote was L1000

which corresponds to €0.5. Since there are 1 and 2 euro coins, many Italians offered a purse to each other as a Christmas gift in December 2001.

- Andorra, Montenegro and Kosovo use the euro as their de facto legal tender currency. Other non- EU member like Vatican City, Monaco, San Marino have also gained the right to mint their own coins. The Euro is also very popular in North Korea, whose official currency, won, is not convertible and can't be used to buy foreign goods.

- Inspiration for the Euro symbol € came from the Greek epsilon (€) – a reference to the cradle of European civilization – and the first letter of the word Europe, crossed by two parallel lines to 'certify' the stability of the euro.

- Sweden pointed to studies that up to 20% of women may suffer from nickel allergies and insisted on a replacement alloy called Nordic gold. But in February 1998 it turned out that Europe's 7 million vending machines and the countless payphones and parking meters could not distinguish between the new 20 and 50 cent coins containing Nordic gold.

- The Maastricht Treaty created the European Union and led to the creation of Euro. The Maastricht criterion (convergence criteria) lists what economic conditions must be satisfied for a country to adopt the Euro, they are:
 1. Their inflation rate should be within 1.5% of that of the Eurozone.
 2. Their exchange rate should be stable in relation to the euro.

3. Their annual budget deficit should be below 3% of their gross domestic product (GDP - the total output of their economy).

4. The total amount of money owed by the state, known as public debt, has to be less than 60% of GDP. (At the end of 2010, only 2 countries using Euro met this criterion!)

- All new EU member states have to join the Euro once they fulfill the necessary monetary and budgetary conditions, except Denmark and the UK which have negotiated an 'opt-out' clause.

Euro Crisis: What went wrong?

VatsalaShreeti

2012 is said to be the make or break year for the wounded Euro zone. Economists and politicians worldwide seem to be in a fix. Finding a permanent solution to a problem this complicated is nothing short of a gruesome and tedious task. Before we even get close to finding a solution, we need to answer some pressing questions. What has led to this global mess? Is the notion of a single monetary authority operating with numerous fiscal authorities feasible? Are the efforts by the ECB to get things back on track having a positive effect? And finally, is the disintegration of the European Union imminent?

Adoption of Euro and the beginning of the Crisis

The euro was adopted on 16 December 1995 and was introduced to world financial markets as an accounting currency on 1 January 1999, replacing the former European Currency Unit. Doubts regarding the feasibility of a common currency for the entire euro zone were raised even back then but its adoption got a green signal based on the argument that a common currency would enable firms to invest freely across the borders in Europe without worrying about exchange rate fluctuations and related risks and costs thus facilitating growth consistent throughout the continent.

Although the currency fared well initially with trade and investment in the continent rising by an estimated 5-10% and 5% respectively, things began to take a different course when Greece faltered in 2009. The sovereign debt for Greece reached 120% of the country's GDP, bond yields began to rise and the Greek government bonds were downgraded to junk status. Portugal, Ireland and Spain soon followed suit and the situation turned into a full-fledged Sovereign Debt Crisis.

Probable Cause

The basic reason why things turned ugly is the irresponsibility on the part of European governments. Massive over spending over the last decade by these countries raised public debt beyond sustainable levels. To expect from the popular Keynesian mechanism that this spending would lead to higher growth is incorrect. Empirical evidence suggests that beyond a certain limit, debt stunts growth. (The negative or counter multiplier effect as