

prices by making demand elastic to price fluctuations and by switching over to substitutes whenever I feel the need to do so. I do not get carried away by advertisements and their misleading extravagances which do not reflect the real quality and purpose of the product.

I am well versed in all consumer protection laws. I am not an easy target in the consumer market, nor am I a naive consumer who buys everything that is for sale. I am aware of the competitive structure of consumer markets, where there cannot be any price discrimination. I am conscious of the ingredients or parts used in the products I purchase, and I carefully refer to the product information and instructions.

Finally, I have a strict upper limit on my expenditure, and a major part of my income is devoted to savings. I keep myself fully informed about the ongoing interest rates and carefully manage my portfolio decisions. My consumption today must compromise with my needs in the future and I must constantly strike a balance between the two. Having said that, I also know that a higher quality, more expensive product will last longer, saving me money in the long run, but that does not mean shelling out hundreds or thousands of rupees for any commodity.

I believe in the empowerment of consumers all over India.

Inflation

Aayushi Verma
I Year

Inflation refers to a persistent rise in the general price level of goods and services in

an economy over a period of time. Consequently, it reflects erosion in the purchasing power of money or a fall in the value of real income. A chief measure of price inflation rate would be the annualized percentage change in the general price index (normally the consumer price index) over time. Inflation's effects on an economy can be positive or negative concurrently. The negative effects of inflation include a decrease in the real value of money, bonds and other monetary stocks over time. High inflation leads to a shortage of goods as consumers begin hoarding out of concern that prices will increase in the future. Positive effects include increased ability of the central banks to adjust nominal interest rates as well as incentives for investment in non-monetary capital projects.

Since the last decade, India has been increasingly identified one of the fastest growing emerging economies. It has advanced in every field, be it industrialization or satellite launching. However, these are just appearances, and as they say, "all that glitters is not gold". In keeping with the above statement, if we really want to look at the true picture of our nation and understand what is going on in every nook and corner of our country, we need to go visit and look at the ground realities of every town, district and city which constitutes India. India is not only replete with corruption, selfishness in every soul, and illiteracy, but also with poverty. Poverty does not enter people's lives on its own; it is the rise in prices that makes them a prey to this curse. The prices of basic commodities have increased exorbitantly. Due to this, poor people find it increasingly difficult to get a loaf of bread to fill their stomach twice a day. This is not the life they dreamt of for themselves, but it is the life that they are given and forced to live in. Aren't they a part of democratic India? Why

does the government not act proactively and consider their problem as a part of the general development process?

According to our finance minister Mr P. Chidambaram, "The hard fact is that there are certain situations like high oil and commodity prices in international market, expenditure on oil, fertilizer and food subsidy that have shot up and on which we do not have control, and so we have to face the consequences." As per his statement, the basic fundamentals of the Indian economy are still strong.

It might be easy for him to say that, but it is difficult for the people who suffer because of it. Poor people can't afford these prices; their lives have become a challenge. If we move around the countryside, we may find their plights overshadowing their happiness. The government should take immediate steps to reduce the prices of commodities and bring about real growth of our economy. When we will start considering villages and their problems as a part of the nation building process, then we would be a country that shall reach the heights of development.

Lifting the Veil: The Informal Economy

Falak Arora
I Year

There are 2 facets of our economy - the formal sector and the informal sector. While much is known about the formal sector, the informal sector is like a hidden chest of lost treasure. It constitutes everything outside the realm of the formal sector. From the private security guards, household help, drivers of cabs, *dabbawalas*, *presswalas* etc;

it includes all who work behind the walls of the formal sector. These people do not have fixed wages but rather work on a contractual basis. They are paid only when there is work. The rest of the time they are left to fend for themselves. They have no job security, or any Diwali bonus, pensions or medical benefits. They rely on sporadic employments.

The term 'informal economy' refers to all economic activities by workers and economic units that are, in law or in practice, not covered or insufficiently covered by formal arrangements. Their activities are not included in the law, which means that they are operating outside the formal reach of the law; or they are not covered in practice, which means that although they are operating within the formal reach of the law, the law is not applied or not enforced on them; or the law discourages compliance because it is inappropriate, burdensome, or imposes excessive costs. The International Labour Organisation describes the informal economy as follows: "According to a recent report, we are underestimating our GDP by almost 15%. This is because we fail to take into account the growth pioneered by almost half of our workforce falling under the informal sector".

The informal sector makes up for 50% of the economy and its workforce constitutes almost 90% of the total labour force. With such huge numbers, it is surprising how such a ubiquitous sector has been easily sidelined by our politicians. Half of India's \$1.85 trillion economy is informal. With 55%, only sub-Saharan Africa has a larger unorganised economy than India's. The reason why our GDP remains underestimated is due to outdated methods for such calculations. Most of the people in the informal sector are self employed and