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Jayalakshmpuram, Mysore-570 012
College with Potential for Excellence



Newsletter from Department of Economics

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Page : 1

Editorial...

The department is happy to place before the earnest readers, the Thirteenth issue of *Kautilya*, the News letter from the department of Economics. At the outset, am thankful for the opportunity to continue as an editor for the Dept. News Letter *Kautilya*, and am glad to state that the very purpose of this News Letter is to provide updated information about the ongoing changes and current economic events taking place in the Indian economy to the targeted audience of the college. In this connection, the department is happy to bring out the 13th issue of *Kautilya*.

The present issue contains articles on current Economic topics and problems. As a regular feature, this issue of *Kautilya* covers a brief write up on the contributions of Nobel laureate, the current issue has the details of T C Koopmans, a Dutch-American mathematician and economist. He was the joint winner with Leonid Kantorovich of the 1975 Nobel Memorial Prize in Economic Sciences also includes few writings contributed by Staff and Students of the department.

The Newsletter consists of articles like Reasons for Srilankan Economic Crisis. Followed by reports on Field visit and Special Lecture. The main aim of the newsletter is to provide a platform to both staff and students to express their views on relevant economic issues through their contributions in the form of articles and write ups. We are sure that this issue will benefit all interested readers and it reflects a clear picture of what is happening in and around the economy.

Chief Editor

Dr. B.R. Jayakumari

Editors

Venkatalakshmi MN

HoD & Staff

Technical Support

D. Dasprakash

T C Koopmans (1910 – 1985)



Tjalling Charles Koopmans (August 28, 1910 – February 26, 1985) was a son of Sjoerd Koopmans and Wytse van der Zee, his middle name Charles was probably derived from his patronymic "Sjoerds". One of Sjoerd Koopmans's sisters, Gatske Koopmans, and her husband Symon van der Meer were the paternal grandparents of Nobel Prize winner Simon van der Meer. Koopmans and Simon van der Meer were therefore first cousins.

T C Koopmans was a Dutch-American mathematician and an economist. He was the joint winner with Leonid Kantorovich of the 1975 Nobel Memorial Prize in Economic Sciences for his work on the theory of the optimum allocation of resources. Koopmans showed that on the basis of certain efficiency criteria, it is possible to make important deductions concerning optimum price systems.

Koopmans was born in a place called Graveland, Netherlands. He began his university education at the Utrecht University at seventeen, specializing in mathematics. Three years later, in 1930, he switched to theoretical physics. In 1933, he met Jan Tinbergen, the winner of the 1969 Nobel Memorial Prize in Economics, and moved to Amsterdam to study mathematical economics under him. In addition to mathematical economics, Koopmans extended his explorations to econometrics and statistics. In 1936, he graduated from Leiden University with a Ph.D, under the direction of Hendrik Kramers. The title of the thesis was "Linear regression analysis of economic time series"

Koopmans moved to the United States in 1940. There he worked for a while for a government body in Washington D.C., where he published on the economics of transportation focusing on optimal routing, then moved to Chicago where he joined a research body, the Cowles Commission for Research in Economics, affiliated with the University of Chicago. In 1946, he became a naturalized citizen of the United States and in 1948 director of the Cowles Commission. Also in 1948, he was elected as a Fellow of the American Statistical Association. In 1950, he

P.T.O.



became a corresponding member of the Royal Netherlands Academy of Arts and Sciences. Rising hostile opposition to the Cowles Commission by the department of economics at University of Chicago during the 1950s led Koopmans to convince the Cowles family to move it to Yale University in 1955 (where it was renamed the Cowles Foundation). He continued to publish, on the economics of optimal growth and activity analysis.

Koopmans's early works on the Hartree-Fock theory are associated with the Koopmans' theorem, which is very well known in quantum chemistry. Koopmans was awarded his Nobel memorial prize (jointly with Leonid Kantorovich) for his contributions to the field of resource allocation, specifically the theory of optimal use of resources. The work for which the prize was awarded focused on activity analysis, the study of interactions between the inputs and outputs of production, and their relationship to economic efficiency and prices. Finally, the importance of the article by Koopmans (1942) deriving the distribution of the serial correlation coefficient

was recognized by John von Neumann, and it later influenced the optimal tests for a unit root by John Denis Sargan and Alok Bhargava (Sargan and Bhargava, 1983).

Koopmans Outstanding Contributions

- Koopmans, Tjalling C. (March 1942). "Serial correlation and quadratic forms in normal variables". Annals of Mathematical Statistics. Institute of Mathematical Statistics.
- Koopmans, Tjalling C.; Montias J.M. (1971). "On the Description and Comparison of Economic Systems". Cowles Foundation Paper No. 357.
- Koopmans, Tjalling C. (December 11, 1975). Nobel Memorial Lecture: Concepts of optimality and their uses (PDF).
- Koopmans, Tjalling C.; Debreu, Gérard (December 1982). "Additively decomposed quasiconvex functions" (PDF). Mathematical Programming. Springer.

- Venkatalakshmi MN

Associate Professor & HoD, Economics.

A one-day field visit to Karnataka Milk Federation (KMF), Nandini

A one-day field visit to Karnataka Milk Federation (KMF), Mysore was held for the final year students on Thursday i.e, 9-06-2022 as a part of the Curriculum organized by Departments of Economics & Geography. **Karnataka Milk Federation (KMF)** is the largest Cooperative Dairy Federation in South India, owned and managed by milk producers of Karnataka State. Around 42 Students of Economics actively took part in the visit and had a very good interaction with the officer of the cooperation. Enthusiastic students came to know about the process of procurement of milk and processing of milk to

other milk products, storage and supply of the dairy products to the market on daily basis.

Approximately 7.75 lakh liters of milk is procured from the households nearby the unit daily at the cost of 29 rupees. The milk is then bought to the unit for processing and later, a huge quantity of 1.5 lakh liters of milk is sent for quality and adulteration check at a time. Then milk is sent to chillers and the pasteurization is done followed by extraction of milk fat, which is completely automatic in nature.

After processing, the final production of output is mentioned below:



*2.75 lakh litre of milk /day

*75000 litre of curd /day

*10000-10500 litres of lassi and butter milk /day

Except these, the other dairy products produced are ghee, sweets, paneer, butter, milk powder etc. The selling price of milk ranges between Rs. 20 per litre and Rs.28 to 30 based on their different flavors, thickness and other characters. By this study, it could be easily analysed that there is a difference between procurement cost (PC) and Selling price (SP) and the milk federation earns a normal profit which is further used as an investment for the future production or for the welfare of the primary sector (which is the supplier of milk to the unit).

Further, Students were able to visit other units where the production of butter milk, curd, butter and sweets will take place. They were able to note

down the sales of of milk that is 2.75 lakh litre milk, 75000 liter curd and 1000-15000 butter milk and had an opportunity to visit the cold storage rooms where they store the milk and other various products, the temperature was 4° Celsius over there.

Students of Economics have been able to understand as to how a particular industry works and functions with supporting system. They also understood the structure of the processing unit and tried to apply economic aspects throughout the visit. The initiative and organization of the event was carried out by Venkatalakshmi M N, HoD & Associate Professor, Economics. The Teacher Escorts are: Mr. siddappa, Mr. chelvegowda, Assistant Professors, Department of Economics and Dr. K.K Somashekar, HoD & Assistant Professor, Dept. of Geography.

- **Raazik Rasheed A A**
VI Sem BA HEG

‘Srilankan Economic Crisis- Special emphasis on Socio- Economic aspects – A Report

On 15th June 2022, the Special Lecture was organised by the Departments of Economics and Sociology jointly on the Topic ‘Srilanka Economic Crisis ‘- Special Emphasis on Socio-Economic aspects. As it is known, Srilankan economy has been affected both in terms of economy and society. To give us a wider range of analysis of the said topic, the source person invited was Dr. R.H. Pavithra, Chairperson, DoS & Research in Economics, KSOU, Mysuru, who was resourceful and has achieved not only in the **field** of Economics but in the **field** of arts and culture too.

She has received the best award for her outstanding achievements in the field of economics and society, she started her career

from the SBRR Mahajana First Grade College. The students were keen to know about the Srilankan economy and its present situation. In this context, professor gave a wide spectrum on the aspects of socio-economic and political as well and made a mention that J.M Keynes once said that “Inflation is essential for economy”. But in the case of srilankan economy it is not true and worsened the situation., there is deterioration in the foreign exchange reserves, which has led to the crisis. It is true that srilanka is n’t a developed country but a developing country. The crisis became serious in the year 2019, where it gave a death blow to Srilanka .

she also opined COVID cases there was a **P.T.O.**



decline in tourism activities and income to the extent of 30-40% and majority of the tourists were from the Russia and Ukraine.

The other factors which affected Sri Lanka are the tea production and demand for the same. Sri Lanka was a large exporter of Tea to Ukraine and this declined due to Russia-Ukraine war. With these facts she gave a brief explanation on how India is contributing and stretching his helping hands towards Sri Lanka in this critical condition.

The session was very interactive and informative as well. It was well attended and

received by 158 students studying Economics and sociology in II, IV & VI Semester BA Classes. Principal Presided over the session, Venkatalakshmi M N, HoD, Economics and Radha M S HoD, Sociology were present on the occasion. Siddappa R Assistant Professor Dept. of Economics, welcomed and Introduced the guest, Dr. Pushparani PG, Assistant Professor, facilitated the interaction Session and program was concluded with Vote of thanks by Chaluvegowda S M, Assistant Professor, Dept. of Economics.

- **Vijaya Promodini**
VI Sem B.A., JEE

Special Lecture on Sri Lankan Economic Crisis



Dr. R.H. Pavithra
Chairperson
Department of Studies
& Research in Economics
KSOU, Mysuru



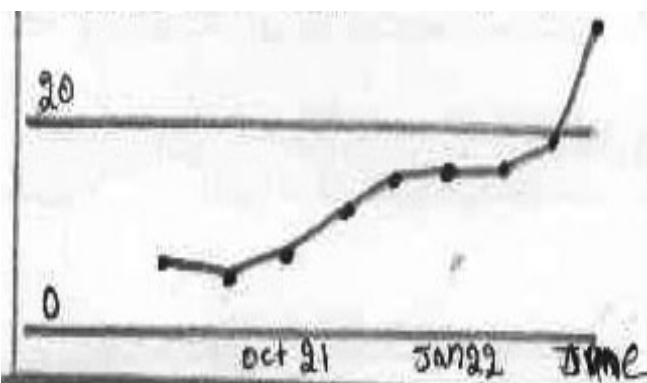


Srilanka’s Economic Crisis - An over view

Srilanka’s Economic crisis unparalleled since its Independence in 1948, added to the Covid-19 pandemic, rising oil prices and popularist tax cuts by the President Gotabaya Rajapaksa has lead Lanka to this Economic Crisis.

Key Macro Economic Figures have Fallen Down

Srilanka was a model for emerging Market Economies and grew at an average rate of 6.2% between 2010 and 2016, according to WB figures. In the next three years, the figures dropped to 3.1%. The country now faces a fiscal deficit amounting to 13% of their Gross Domestic Product (GDP). In addition, the chronic Foreign Exchange shortage has led to rampant inflation with prices surging almost 30%, food prices sky – Rocketed by 46.6% year on year.



Sri Lanka has no dollars to pay for petrol shipments, power and many more food & basic commodities.

Here is an index of prices shoot-up as much as 200% due to shortage of foreign reserves.

Cost of essentials on March 23, 2022 and March 23, 2001 in Lankan Rs.

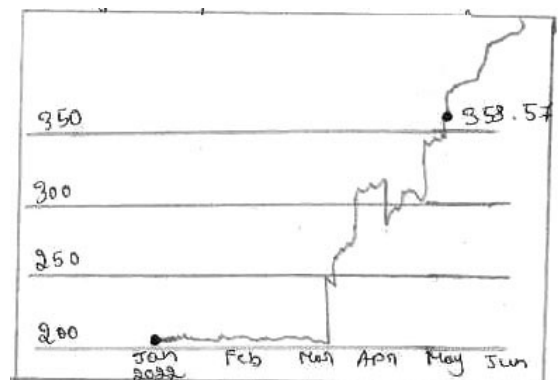
Essentials	2022 Per Kg	2021 Per Kg
Tomato	320	120
Dal	420	180
Coconut	110	50
Petrol	400	180
Diesel	389	120
Egg	30.5	15
Coconut oil	852	486
Sugar	188	112
Rice	185	128
Carrot	240	160
Onion	170	120
Potato	280	160

*** Currency plunges 33% against US dollar**

Srilankan rupee depreciated against the US dollar by 33 percent during the year upto April 1st, 2022.

Srilakna Rupee is one the worst performing currencies at present.

Sri Lankan Rupee against US Dollar (in graph)





\$ 7 billion foreign loans due,
The country is nearly bankrupt and has suspended repayment of \$ 7 billion foreign loans due this year out of \$ 25 billion to be repaid by 2026. It's total foreign debt is \$51 billion.

- \$ 75 million needed to keep economy running
- Rs. 37,200 crore – Srilankan Airlines loss
- Tackling 13% budget deficit for 2022

- Political Destruction & unrest in Lanka (no stable govt.)
- Chinese debt trap policy over corruption and other problems

These are main reasons which put Srilanka into the worst Economic crisis now and mainly political leaders of Lanka the main reasons for Lank's today's crisis.

- Rahul C

II Sem B.A. EG

Field Visit to KMF Nandini by Students of Economics & Geography

