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TITLE

Tulip mania- the first economic bubble...

Written by: *Muskan Kriplani & Ajay Bhagat*
(11TH C)



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INTRODUCTION

Robert Shiller, “Speculative bubbles do not end like a short story, novel, or play. There is no final denouement that brings all the strands of a narrative into an impressive final conclusion. In the real world, we never know when the story is over.”

Speculation and bubble, these are the most commonly used terms in economics. But before understanding the meaning of these terms we need to know what exactly economics is. Is it just information about the economy of a country or the statistics? Is it the science of wealth? Is it the study of man’s material welfare? Or is it the science which studies the relationship between unlimited ends and scarce means which have alternative uses?

All these are the important aspects and terms covered by economics but it also links all these elements with the growth aspect of productive resources. According to Prof. Samuelson, *“Economics is the study of how men and society, choose, with or without the use of money, to employ scarce productive resources which could have alternative uses, to produce various commodities over time, and distribute them for consumption now and in the future among various people and groups of society.”*

SPECULATION

What is speculation?

Speculation involves trading a financial instrument involving high risk, in expectation of significant returns. The motive is to take maximum advantage from fluctuations in the market. It is the act of trading in an asset or conducting a financial transaction that has a significant risk of losing most or all of the initial outlay with the expectation of a substantial gain. The main purpose of speculation is to profit from betting on the direction in which an asset will be moving.

Who is a speculator?

A speculator is a person who is engaged in commercial or financial speculation. In order to make quick and huge gains, speculators take high risks with respect to anticipating future price movements in the market.

Examples of speculation...

1. Share market or stock market is a legal speculation.
2. If a speculator believes ABC Company's stock is overpriced, they may short the stock, wait for the price to fall, and make a profit. This is also speculation.



BUBBLE

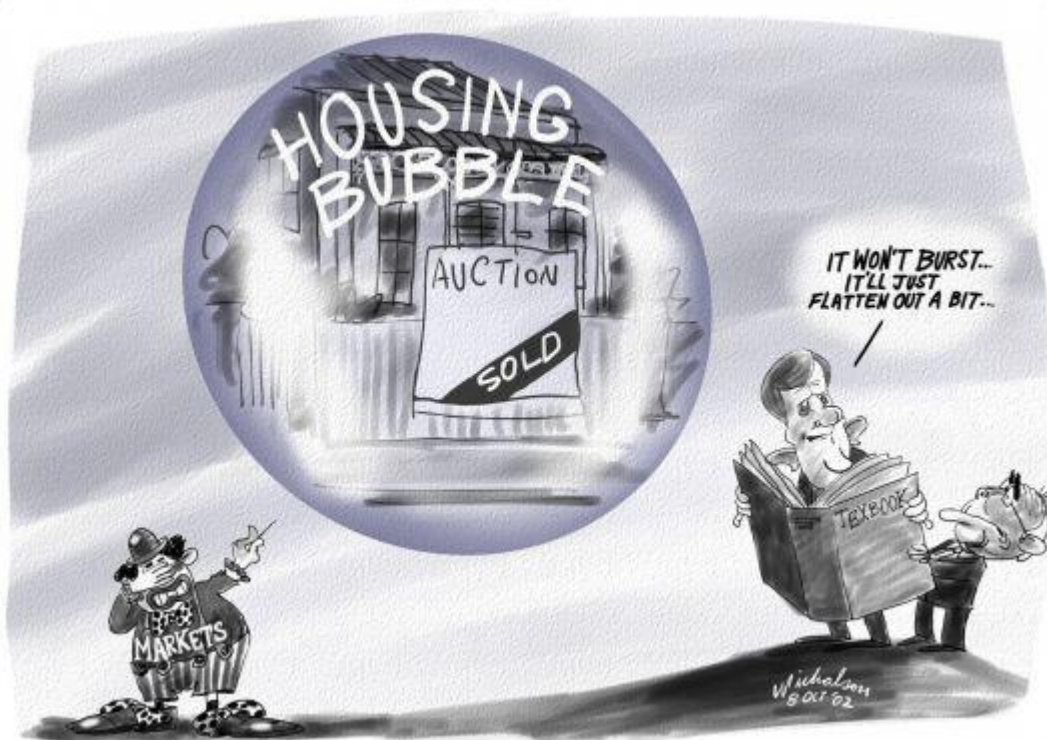
What is an economic bubble?

It is also referred to as a speculative bubble, a market bubble, a price bubble, a financial bubble, a speculative mania, or a balloon. It is a gush or rush in the market caused by speculation regarding a commodity which results in an explosion of activity in that market segment causing vastly over inflated prices. The over inflated prices are not sustainable and bearable and so the bubble is mostly followed by a crash in prices in the affected sector.



Examples of economic bubble...

1. Tulip mania (1636-1637)
2. South sea bubble (1720)
3. Mississippi company bubble (1720)
4. Railway bubble (1846)
5. Florida real estate bubble (America)(1920)
6. Stock market bubble (America)(1920)
7. Kuwait bubble (1980)
8. Nikkei bubble (Japan)(1980)
9. Dot-com bubble (1990)



THE STORY OF THE FIRST ECONOMIC BUBBLE...

“Tulipo mania or Tulip mania”

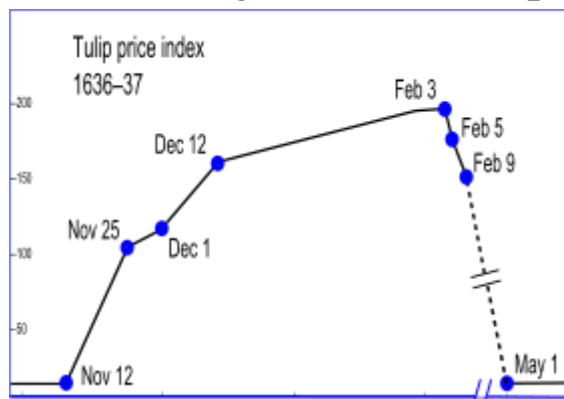


To even suggest a flower could bring down a whole economy seems to reasonable minds an absurdity, but that is exactly what happened in Holland near the turn of the 16th century.

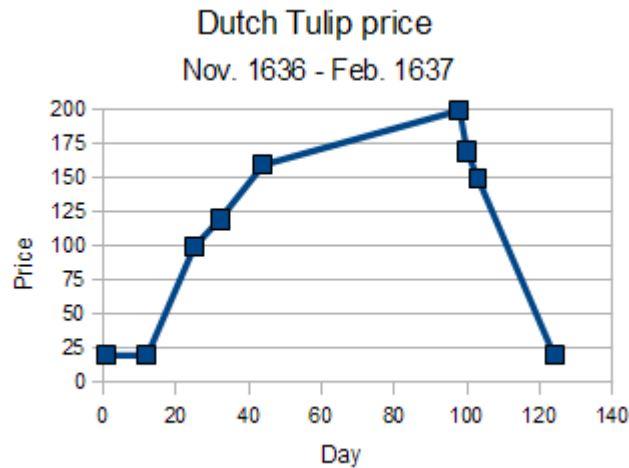
Tulip mania or Tulipomania was a period in the [Dutch Golden Age](#) during which contract prices for [bulbs](#) of the recently introduced [tulip](#) reached extraordinarily high levels and then suddenly collapsed. At the height of the market, the rarest tulip bulbs traded for as much as six times the average person's annual salary.

The tulip was brought to Europe in the middle of the sixteenth century from the Ottoman Empire. Holland's [upper classes](#) soon competed for the rarest bulbs as tulips became a [status symbol](#). And the one who did not have a tulip bulb was considered a poor person.

The tulip bulb trade started inadvertently when a botanist brought tulip bulbs from Constantinople in 1593 and planted them for his own scientific research. Neighbours then stole the bulbs and began selling them. The wealthy began to collect some of the rarer varieties as a luxury good. As their demand increased, the prices of bulbs surged with rare varieties commanding astronomical prices.



Even when the tulips were affected by some viruses their trade didn't stop because due to the viruses some spots appeared on the tulips which made them look more attractive. And due to this there was also a rise in their prices.



During that time the yearly income of a person used to be around 150 florins. And the price of one bulb of the breed of tulip “*Semper Augustus*” was 40 times the yearly income of a person i.e. 150×40 which is equal to 6000 florins. When we compare the value of 1 florin during that time with its value in the year 2002 it would be equal to about Rs.500. so in the year 2002 the value of one bulb of tulip would cost 6000×500 i.e. Rs. 30,00,000.

In 1636, the bulbs of tulips were also introduced in the stock exchanges. Due to this, many people, whether small businessmen, people belonging to lower middle class, upper middle class and the rich class invested their money in the speculation of tulips thinking that it will give them some or the other benefit in the future. This made some of them rich while some of them poor. At some places in Netherlands, auction of tulips used to be conducted in the bars.

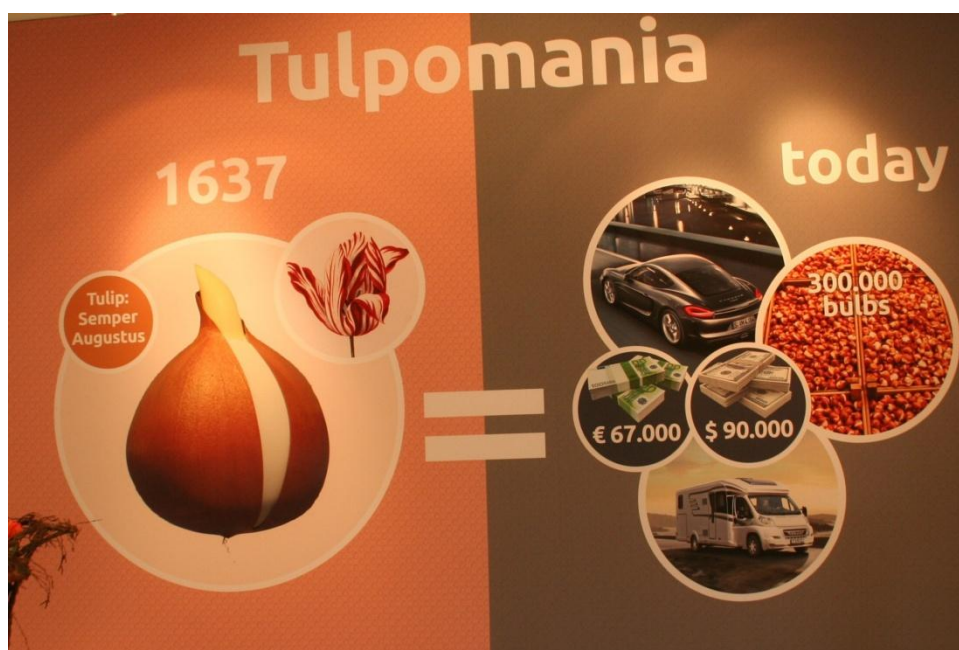
After some time there was even a much higher rise in the prices of tulip bulbs. Due to this the price of the tulip bulb was determined on the basis of its weight. During that period “*gram*” was not regarded as the smallest unit of measurement rather they introduced a new unit of measurement known as “*paristus*” which was regarded as the smallest unit of measurement. This was done because the prices of the tulips would rise or fall even with a small difference in the weight.

The price of the breed of tulip “*linifolia*” weighing 400 paristus was 4400 florins. Some other tulips of the same weight but different breed were sold for 3000 florins. Bulbs were traded for anything with a store of value, including homes and acreage. At its peak, Tulipomania had whipped up so much of a frenzy that fortunes were made overnight.

By anticipating future gains and future prices of the tulip bulbs, there was creation of futures exchange, where tulips were bought and sold through contracts with no actual delivery, fuelled the speculative pricing. These contracts were known as “*future contracts*” or “*wind trade*”.

As we all know that every story after a point of times comes to an end and so did this tulip story come to an end in 1637 and the bubble finally did burst. The bubble burst in the year 1637 on 3rd February in Haarlem when a seller arranged a big purchase with a buyer, but the buyer failed to show i.e. there was a sudden fall in demand for tulip bulbs in the market due to this there was a decrease in their prices. Tulips which were sold for 4000 florins now were sold for 100 florins and less.

The realization set in that price increases were unsustainable. This created a panic that spiralled throughout Europe, driving the worth of any tulip bulb down to a tiny fraction of its recent price. Dutch authorities stepped in to calm the panic by allowing contract holders to be freed from their contracts for 10% of the contract value. In the end, fortunes were lost by noblemen and laymen alike.



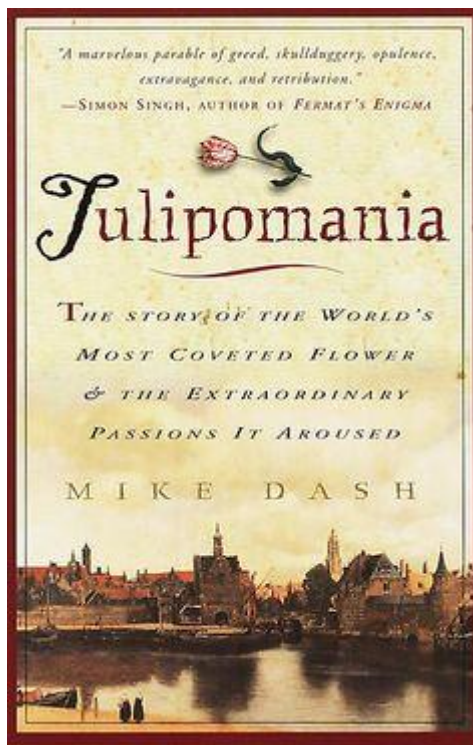
INCIDENTS

Some of the “interesting” and “comedy” incidents which took place during the speculative bubble (tulip mania) of 1636-1637...

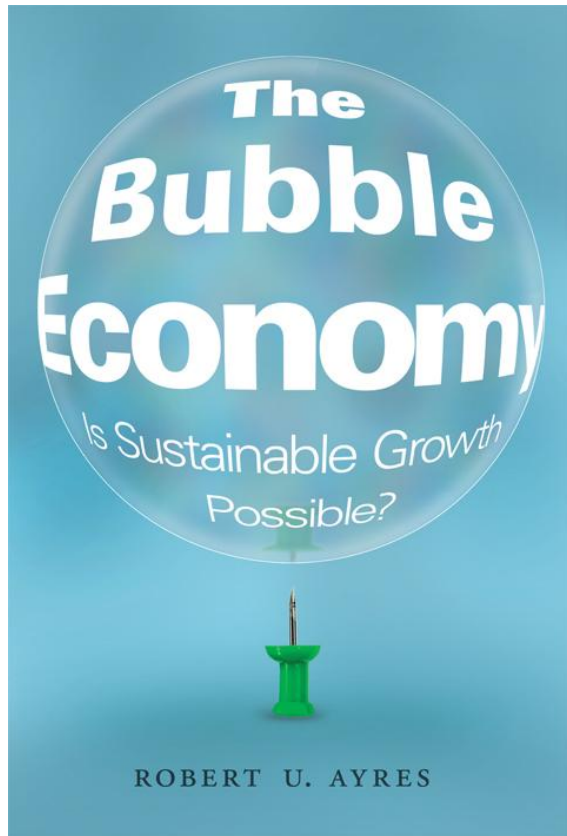
1. There were only two bulbs of the breed of tulip “*Semper Augustus*”. For purchasing a single bulb of “*Semper Augustus*”, a person gave away 12 acres of land, 4600 florins, 2 horses and a new horse cart.
2. A person after his death left 70 bulbs of tulip for his seven children.
3. A person belonging to Haarlem borrowed a huge amount of money from his friends to purchase the bulbs of tulip. Even if he gives his whole life’s earning to his friends he would not be able to repay the amount of money which he had borrowed. This shows that it was really a very huge amount of money.
4. A businessman had purchased the bulbs of tulip for 3000 florins. Next day he found that those bulbs of tulip were missing. While searching for them he came across a boatman who was eating those bulbs of tulip for he (the boatman) had misunderstood them to be onions. Seeing the boatman, the businessman got so angry that he took him to the police. The boatman was punished for what he had done and was kept in the prison for several months.

5. Once a botanist had come to visit a Dutch businessman. The botanist saw some tulip bulbs and again misunderstood them to be onions and started to peel them off. Later he came to know that the price of that “*onion*” was 4000 florins. As a result the botanist was punished for what he had done.

Many such “interesting” and “comedy” incidents took place during that time.



CONCLUSION



At last tulip mania did burst but after that the economies of different countries were also faced by other bubbles. So we can say that the affinity or likeness for speculation is in the minds of the people. There's huge risk in it but sometimes there is also possibility of quick gains and that's why people are attracted towards it.

People purchase particular things or commodities like shares, house, car, land etc. anticipating that there will be a rise in its price in the future. Due to this they purchase the commodity and sell that same commodity in the future at a price higher than the price in which they had purchased it. If there is a rise in the price of the commodity in the future people are benefitted but instead if there is a fall in the price of the commodity in the future people have to bear huge losses. Due to this thing the speculative bubble expands and then after a point of time it also bursts. In the course of speculation some people become rich while some become poor.

Economics is unpredictable because it all depends on human behaviour. We all know that if a speculative bubble will expand it will also burst after a point of time but has anyone ever wondered why does this bubble expand?? The answer to this question is not a complex one rather it is very simple. It is just the greed for money and the laziness of people to earn quick gains responsible for the beginning and expansion of such bubbles. People are reluctant to work hard and then get rich; they just want quick means which can get them the luxuries of life.

And most of the times, what are the consequences of these bubble?? The answer is sufferings, the common people suffer (e.g.: the recession of 2007-2008 in America). So why not take a step to control it. According to me, this can be brought under control if we change our thinking and our mentality.

TITLE:

The Birth of Money...



Written by:

Sonakshi Kajale & Sahil Nasi (11th C)

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INTRODUCTION

They say “**Money makes the world go round,**” and long before the invention of money as we know it, people were using goods such as salt, cattle and even weapons as forms of currency.

But Where Did This Started From?

Where do potatoes come from? — From the farmer's field. Where are little calves born? — In the cowshed. Where do plums come from? — From the plum tree.

Everybody knows that. But now ask the same question about money:

Where does money come from? Where is born the paper Money that I have in my pocket? Who gave birth to it, for what reason, and in what circumstances?



What Actually Is Money?

Everyone uses money. We all want it, work for it and think about it. If you don't know what money is, you are not like most humans. However, the task of defining what money is, Money is any clearly identifiable object of value that is generally accepted as payment for goods and services and repayment of debts within a market or which is legal tender within a country.



Many things have been used as medium of exchange in markets including, for example, livestock and sacks of cereal grain things directly useful in themselves, but also sometimes merely attractive items such as cowry shells or beads were exchanged for more

useful commodities. Precious metals, from which early coins were made, fall into both categories.

In modern times the broader concept of "money" includes other forms of money such as bank accounts. Now A Days All Forms of Electronic Cards(Debit, Credit Cards) Are Also Considered As A Form Of Money

Numismatics is the study of physical money such as coins and paper money.

The Importance of Money

The importance of money in human life is similar to the importance of food for the body. Just like you can't live even for a few days without food, you can't survive for long without money.

You can definitely solve most of your problems of life if you have unlimited supply of money.

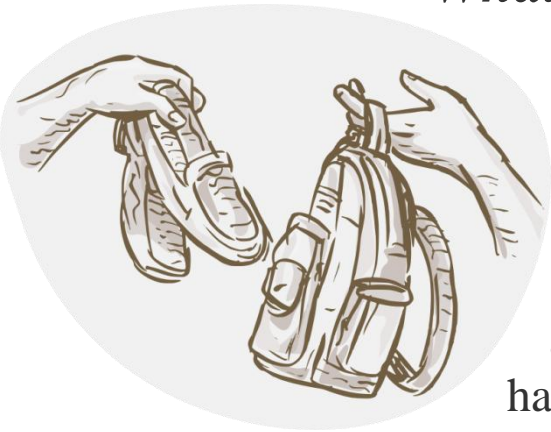


The only problem is that money does not come just like that to any person by any amount of wishing, praying or wanting. You have to work hard and compete with fellow human beings to earn money as the **supply of money is limited in this world but the demand of money is unlimited.**

THE DAWN OF MONEY...

If you've ever swapped one of your toys with a friend in return for one of their toys, you have bartered. Bartering is trading services or goods with another person when there is no money involved. This type of exchange was relied upon by early civilizations. There are even cultures within modern society who still rely on this type of exchange. Bartering has been around for a very long time, however, it's not necessarily something that an economy or society has relied solely on.

What is a Barter System?



A barter system is an old method of exchange. This system has been used for centuries and long before money was invented. People exchanged services and goods for other services and goods in return. Today, bartering has made a comeback using techniques that are more sophisticated to aid in trading; for instance, the Internet. In ancient times, this system involved people in the same area, however today bartering is global. The value of bartering items can be negotiated with the other party. Bartering doesn't involve money which is one of the advantages. You can buy items by exchanging an item you have but no longer want or need. Generally, trading in this manner is done through Online auctions and swap markets.



History of Bartering

The history of bartering dates all the way back to 6000 BC.

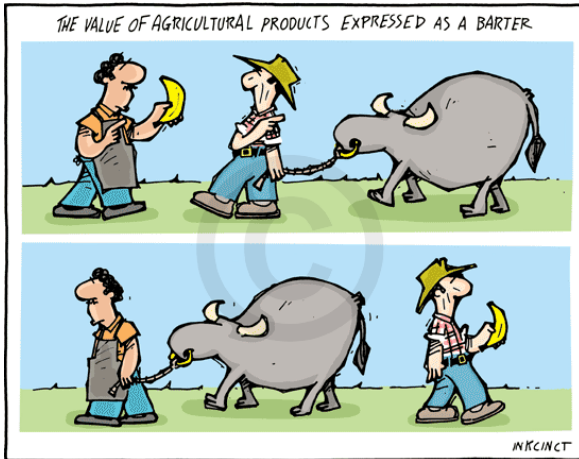
Introduced by Mesopotamia tribes, bartering was adopted by Phoenicians.

Phoenicians bartered goods to those located in various other cities across oceans. Babylonian's also developed an improved bartering system. Goods were exchanged for food, tea, weapons, and spices. At times, human skulls were used

as well. Salt was another popular item exchanged. Salt was so valuable that Roman soldiers' salaries were paid with it. In the Middle Ages, Europeans travelled around the globe to barter crafts and furs in exchange for silks and perfumes. Colonial Americans exchanged musket balls, deer skins, and wheat. When money was invented, bartering did not end, it become more organized.

Due to lack of money, bartering became popular in the 1930s during the Great Depression. It was used to obtain food and various other services. It was done through groups or between people who acted similar to banks. If any items were sold, the owner would receive credit and the buyer's account would be debited.





Disadvantages and Advantages of Bartering

Just as with most things, there are disadvantages and advantages of bartering. A complication of bartering is determining how trustworthy the person you are trading with is.

The other person does not have any proof or certification that they are legitimate, and there is no consumer protection or warranties involved. This means that services and goods you are exchanging may be exchanged for poor or defective items. You would not want to exchange a toy that is almost brand new and in perfect working condition for a toy that is worn and does not work at all would you? It may be a good idea to limit exchanges to family and friends in the beginning because good bartering requires skill and experience. At times, it is easy to think the item you desire is worth more than it actually is and underestimate the value of your own item.

On the positive side, there are great advantages to bartering. As mentioned earlier, you do not need money to barter. Another advantage is that there is flexibility in bartering. For instance, related products can be traded such as portable tablets in exchange for laptops. Or, items that are completely different can be traded such as lawn mowers for televisions. Homes can now be exchanged when people are travelling, which can save both parties money. For instance, if your parents have friends in another state and they need somewhere to stay while on a family vacation, their friends may trade their home for a week or so in exchange for your parents allowing them to use your home.

Gift economy

In a gift economy, valuable goods and services are regularly given without any explicit agreement for immediate or future rewards. Ideally, simultaneous or recurring giving serves to circulate and redistribute valuables within the community.

There are various social theories concerning gift economies. Some consider the gifts to be a form of reciprocal altruism. Another interpretation is that implicit "I owe you" debt and social status are awarded in return for the "gifts". Consider for example, the sharing of food in some hunter-gatherer societies, where food-sharing is a safeguard against the failure of any individual's daily



foraging. This custom may reflect altruism, it may be a form of informal insurance, or may bring with it social status or other benefits.

Origin of Money

The emergence of money was a great boon to the human race. Without money—without a general medium of exchange—there could be no real specialization, no advancement of the economy above a bare, primitive level. With money, the problems of indivisibility and “coincidence of wants” that plagued the barter society all vanish.

THE MONEY TIMELINE...

1000 B.C. First Metal Coin and Money

Bronze and Copper cowrie imitations were manufactured by China at the end of the Stone Age and could be considered some of the earliest forms of metal coins.

Metal tool money, such as knife and spade monies, was also first used in China. These early metal monies developed into primitive versions of round coins. Chinese coins were made out of base metals, often containing holes so they could be put together like a chain.



500 B.C.: MODERN COINAGE

Outside of China, the first coins developed out of lumps of silver. They soon took the familiar round form of today, and were stamped with various gods and emperors to mark their authenticity. These early coins first appeared in Lydia, which is part of present-day Turkey, but the techniques were quickly copied and further refined by the Greek, Persian, Macedonian, and later the Roman empires. Unlike Chinese coins which depended on base metals, these new coins were made from precious metals such as silver, bronze, and gold, which had more inherent value.



118 B.C.: LEATHER MONEY

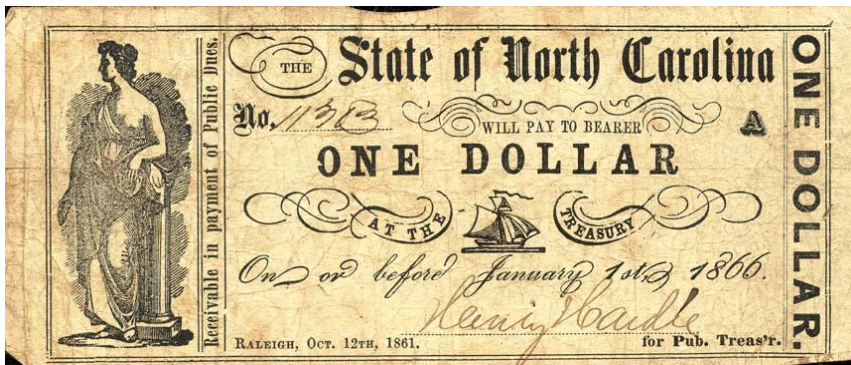
Leather money was used in China in the form of one-foot-square pieces of white deerskin with colourful borders. This could be considered the first documented type of banknote.



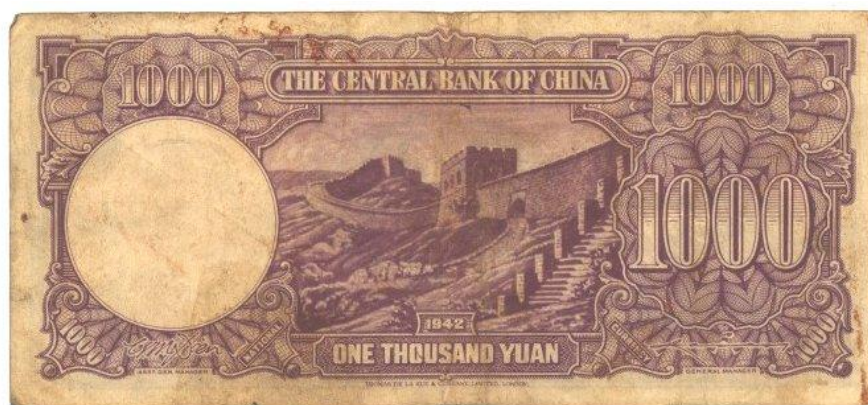
806: PAPER CURRENCY

The first known paper banknotes appeared in China. In all,

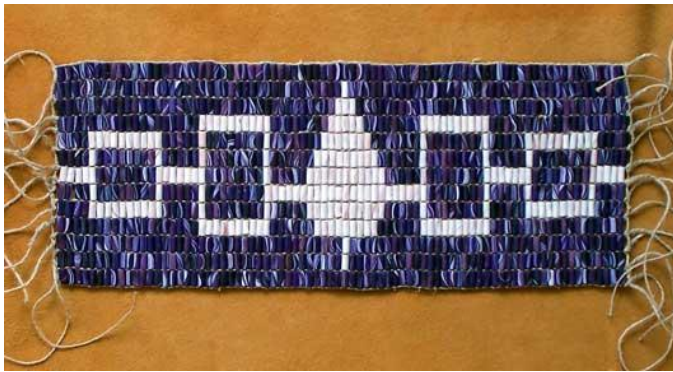
China experienced over 500 years of early paper money, spanning from the ninth through the fifteenth century. Over this period, paper notes grew in



production to the point that their value rapidly depreciated and inflation soared. Then beginning in 1455, the use of paper money in China disappeared for several hundred years. This was still many years before paper currency would reappear in Europe, and three centuries before it was considered common.



1535: WAMPUM



The earliest known use of wampum, which are strings of beads made from clam shells, was by North American Indians in 1535. Most likely, this monetary medium existed well before this date. The

Indian word "wampum" means white, which was the colour of the beads.

1816: THE GOLD STANDARD

Gold was officially made the standard of value in England in 1816. At this time, guidelines were made to allow for a non-inflationary production of standard banknotes which represented a certain amount of gold. Banknotes had been used in England and Europe for several hundred years before this time, but their worth had never been tied directly to gold. In the United States, the Gold Standard Act was officially enacted in 1900, which helped lead to the establishment of a central bank.

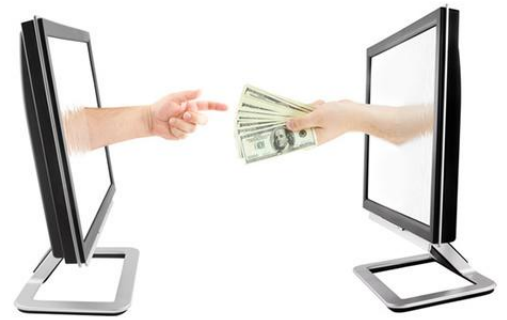


1930: END OF THE GOLD STANDARD

The massive Depression of the 1930s, felt worldwide, marked the beginning of the end of the gold standard. In the United States, the gold standard was revised and the price of gold was devalued. This was the first step in ending the relationship altogether. The British and international gold standards soon ended as well, and the complexities of international monetary regulation began.

THE FUTURE: ELECTRONIC MONEY

In our digital age, economic transactions regularly take place electronically, without the exchange of any physical currency. Digital cash in the form of bits and bytes will most likely continue to be the currency of the future.



Some FAQ'S (Frequently Asked Question)

What is an electronic funds transfer?

Electronic funds transfer (EFT) is the **electronic transfer** of money from one bank account to another, either within a single financial institution or across multiple institutions, through computer-based systems and without the direct intervention of bank staff.

What is a fund transfer?

Fund Transfer is **transferring** money from your own enrolled accounts (Savings and Current Accounts, and BDO Cash Card) to any BDO Savings and Current Accounts. However, **transferring** to Another Person's account requires an enrollment.

What is a digital payment?

Payments are made using **payment** instruments. Cash, for example, is a **payment** instrument. So too are checks. However, **digital payments** are not one instrument but rather an umbrella term applied to a range of different instruments used in different ways.

History of Rupee

The origin of the word "rupee" is found in the Sanskrit “*rūpya* "shaped; stamped, impressed; coin" and also from the Sanskrit word "**raupya**" meaning silver.

In 712 AD, the Arabs conquered the Indian province of Sindh and brought their influence and coverage with them. By the 12th Century, Turkish Sultans of Delhi replaced the longstanding Arab designs and replaced them with Islamic calligraphy. This currency was referred to as '**Tanka**' and the lower valued coins, '**Jittals**'. The Delhi Sultanate attempted to standardise this monetary system and coins were subsequently made in gold, silver and copper.

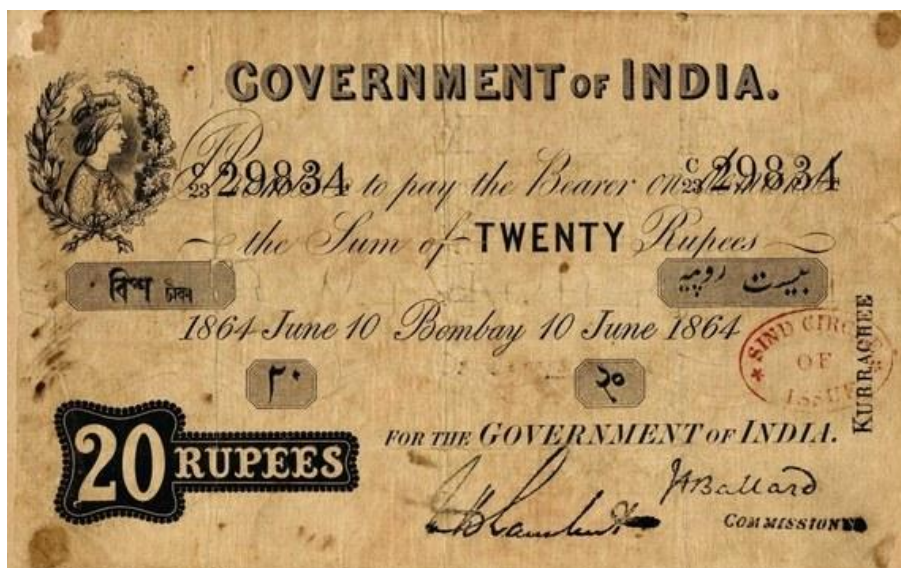
- In 1526, the Mughal period commenced, bringing forth a unified and consolidated monetary system for the entire Empire. This was heavily influenced by the Afghan Sher Shah Suri (1540 to 1545) who introduced the silver Rupayya or Rupee coin.
- The original *rūpaya* was a silver coin weighing 175 grains troy (about 11.34 grams). The silver coin remained in use during the Mughal period, and later during the British rule.



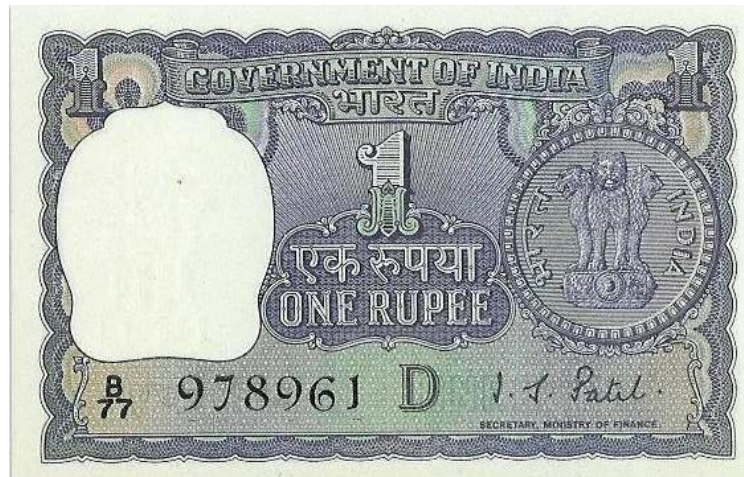
- The Coinage Act of 1835 provided for uniform coinage throughout the country. It was only in 1858 when the British Crown gained control of the one hundred Princely states, and subsequently ended the Mughal Empire, that the coin's native images were replaced by portraits of the Monarch of Great Britain to indicate British Supremacy.



- In 1866, when the financial establishments collapsed, the control of paper money also shifted to the British Government. This was subsequently passed to the Mint Masters, the Accountant Generals and the Controller of Currency. In 1867, the Victoria Portrait series of bank notes was issued in honour of Queen Victoria and later many emperors followed suit.



- After gaining its independence in 1947 and becoming a republic in 1950, India's modern Rupee reverted back to the design of the signature Rupee coin. The symbol chosen for the paper currency was the Lion Capital at Sarnath which replaced the George VI series of bank notes.



- In 1996, the Mahatma Gandhi Series of Paper notes was introduced.



TITLE:

*Demonization- a bold step
towards nation*

Written by:

Nandini Arora & Anmol Sharma (11th C)



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INTRODUCTION

What is demonetization?



“Demonetization is the act of stripping a currency unit of its status as legal tender. Demonetization is necessary whenever there is a change of national currency. The old unit of currency must be retired and replaced with a new currency unit.”

The opposite of demonetization is remonetization where a form of payment is restored as **legal tender**.

There are multiple reasons why nations demonetize their local units of currency.

Some reasons include:

- to combat inflation,
- to combat corruption,
- And to discourage a cash system. The process of demonetization involves either introducing new notes or coins of the same currency or completely replacing the old currency with new currency.

Legal tender: Legal tender is any official medium of payment recognized by law that can be used to extinguish a public or private debt, or meet a financial obligation.

In other words, demonetization is a process wherein either the old currency is replaced by the new currency or change in the national currency .Generally, this step is taken to curb black money, to decrease cash transactions, or to decrease corruption.

List of countries which have taken this step:

<i>S.no.</i>	<i>Name of the country</i>	<i>Year</i>	<i>President</i>	<i>Special steps or purpose</i>	<i>Worked Or nor</i>
1.	Nigeria	1984	Muhammadu Buhari	Banned old notes	No
2.	Ghana	1982	Jerry J rawlings	Prevention of tax evasion	no
3.	Zimbabwe		Robert Mugabe	One hundred trillion note valued 0.5 dollar after demonetization	no
4.	North Korea	2010	King John ii	Knocked off two zeroes from the old currency	no
5.	Australia	1988	Bob Hawke (Prime Minister)	Polymer notes Were introduced	neutral

DEMONITIZATION IN INDIA

The [demonetization](#) of [₹500](#) and [₹1,000](#) banknotes was a policy enacted by the [Government of India](#) on 8 November 2016, ceasing the usage of all [₹ 500](#) (US\$7.40) and [₹ 1,000](#) (US\$15) banknotes of the [Mahatma Gandhi Series](#) as [legal tender](#) in India after 9 November 2016.

Basic Advantages and Disadvantages

The frontier between
hell and heaven is
only the difference
between two ways of
looking at things.

George Bernard Shaw

QuoteAddicts

Advantages:

1. Black Money tracking

This move will help the government to track unaccounted black money or cash on which income tax has not been paid. Individuals who are sitting on a pile of cash usually do not deposit the amount in the bank or invest anywhere as they would be required to show income or submit PAN for any valid financial transactions. They would hide it somewhere and use it as and when necessary. Banning high-value currency will impact people who will have no option, but, to declare income and pay tax on the same or destroy the cash somehow.

2. Reduction in illegal activity

Reduction in illegal activity Banning high-value currency will halt illegal activity as the cash provided for such activities has no value now. Black money is usually used to fund the illegal activity, terrorism, and **money laundering**.

3. Tax payment

Most of the businessmen who have been hiding some income are ready to pay advance tax as current year's income. Tax payers who have been hiding some income can come forward to declare income and pay tax on the same. Individuals are required to submit PAN for any deposit above Rs 50,000 in cash, which will help tax department to track individuals with high denominations. Also, deposit up to Rs 2.5 lakh will not come under Income tax scrutiny.

Disadvantages:

1. Cost of currency destruction

After the news, we have seen that many individuals have burnt their cash and discarded the same, which is a loss to the economy. The government has to bear the cost of printing of new currency and its circulation. It makes sense when benefits of demonetization are higher.

2. People and chaos

The biggest disadvantage of demonetization is that once people in the country gets to know about it than initially for few days there is chaos and frenzy among public as everybody wants to get rid of demonetized notes which in turn sometimes can lead to law and order problem and chaotic situation especially in banks and ATMs which are the only medium to change the old currency units to new currency units.

3. Limitations to curb black money

Another problem is that majority of times this move is targeted towards black money but if people have not kept cash as their black money and rotated or used that money in other asset classes like real estate, gold and so on then there is no guarantee that demonetization will help in catching corrupt people.

Government's systematic steps towards this bold action:

1. Pradhan Mantri Jan Dhan Yojna
2. Income Tax Declaration Scheme
3. The Final Step

Exciting rumors about demonetization:

1. Transporters are going on strike, so you must stock up essential goods in your household.
2. Fake currency of new denomination already in the market.
3. New 2000 rupees note has a Nano chip and there were rumors that if we burnt the 2000 note we could see the chip, if we took the note nearer to the light, it generates power and we can see Narendra Modi speaking his speech that turned the world upside down.
4. Shopping mall in Delhi looted as people didn't have cash to buy goods.
5. 200% penalty will be imposed on cash that will be deposited in banks.
6. BJP leaders and their relatives already had 2000 rupee notes.
7. Violence outside banks and ATMs due to long queues of people withdrawing cash.
8. Many deaths due to unavailability of ready cash.

Prior hints:

- The information of demonetization of currency had been published on 1 April 2016 in a [Gujarati](#) newspaper called *Akila*, The editor of the newspaper claimed that it was only an [April fool's day](#) prank.
- A night before the official announcement, a news report in the Hindi daily [Dainik Jagran](#) quoting RBI sources mentioned about the coming release of new 2000 rupee note alongside withdrawal of 500 and 1000 rupee notes.
- Similar news came in The Hindu [Business Line](#) on 21 October 2016 which also mentions about coming 2000 rupee note and about possible withdrawal of 500 and 1000 rupee notes.
- A businessman reportedly admitted in an interview that he had received prior warning of the impending demonetization from a source in the government, and that he had sufficient time to convert most of his money into smaller denominations.
- The chairman of the [State Bank of India](#) had also openly spoken in April 2016 about the possibility of demonetization of □ 500 and □ 1000 notes.
- A BJP MLA from Rajasthan, Bhawani Singh Rajawat, claimed in a video that '[Ambani](#) and [Adani](#)' were informed about the demonetization, and made arrangements but later he denied.

People Who Supported This Decision:



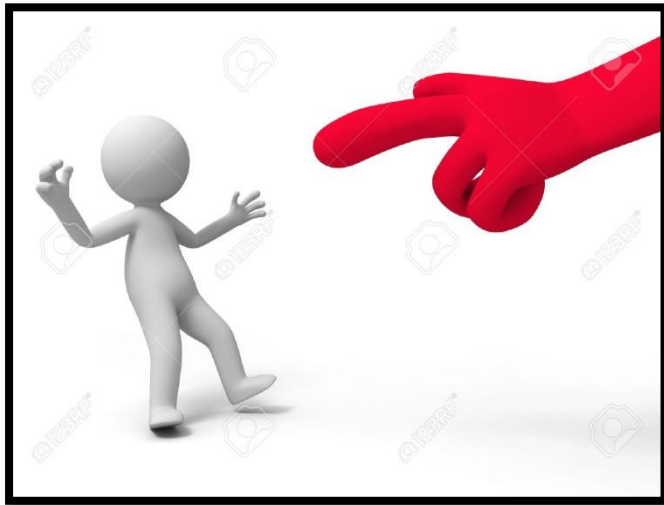
- [Arundhati Bhattacharya](#) (Chairperson of [State Bank of India](#))
- [Chanda Kochhar](#) (MD & CEO of [ICICI Bank](#))
- Businessmen [Anand Mahindra](#) ([Mahindra Group](#))
- [Sajjan Jindal](#) ([JSW Group](#)),
- [Kunal Bahl](#) (Snap deal and [Free Charge](#))
- Infosys founder [N. R. Narayana Murthy](#) praised the move
- Finance Minister [Arun Jaitley](#)

He said that demonetization would help in expanding and building a strong-based-economy.

- The [President of India Pranab Mukherjee](#)

And many more.....

People Who Criticized:



- Amartya Kumar Sen
- Former Senior Vice-President and Chief Economist of the World Bank Kaushik Basu
- Prabhat Patnaik, a former professor of economics
- Mamata Banerjee,
- Arvind Kejriwal
- Pinarayi Vijayan
- And even the Indian nationalist leaders, who hadn't been party to this decision sounded confused about this subject. They said, congressmen have no sympathy with profiteers and dealers in the black market, it isn't right to penalize honest people who in the good faith have their savings in notes of demonetized value many middle class and lower class families will hit hard.

Views of some of the famous economists:

1. Prof. Arun Kumar

Hoarded money is not necessarily black money

the demonetization move may demobilize only a **small part of the stock of black wealth** held in the form of cash, but it won't stop the flow. The need is to **stop black income generation** which results in generation of black wealth. Income needs to be distinguished from wealth, and **so black money should be distinguished from black income**. Black money is only a tiny part of the black wealth that has been accumulated. Black income generation will continue due to the existence of a large number of mechanisms by which it is generated, such as businesses resorting to under and over invoicing; manufacture of spurious drugs; charging of capitation fee for admission in school and colleges; adulteration of food, etc.

Black money is largely circulating in businesses. It's black wealth that is parked. First, we need to understand the difference between **black money, black income and black wealth**. It's not the same. Black money is possibly less than 1 percent of the black wealth.

The demonetization move won't put an end to generation of black wealth. The actual people behind black wealth are not being targeted. The misnomer is that black economy means cash. That is where the understanding of the government is lacking. They are thinking that if they demobilize the cash, the black economy will collapse, it won't.

2. Nangia

“I think, in the immediate term all sorts of illegal activities, like terrorist financing, etc... have been completely hit,” Nangia said.

While, like in other sectors, this virtual shutdown of the black market is more than likely only temporary, there may be some longer-lasting impacts. Cashless transaction systems have been encouraged across the board, which will not rid India of its massive shadow economy but may make it a little tougher to conduct business. Also, this initiative indicates that such wide-ranging, deep-striking governmental actions to combat what it sees as corruption could happen again.

The demonetization process has also repaired India’s counterfeiting problem for the near to mid-term. It was previously estimated that **250 out of every million Indian bank notes were fakes**. This recent culling of the bulk of the country’s currency instantly rendered counterfeits as valuable as the paper they’re printed on. It has also been reported that the new 500 and 2,000 rupee notes are less vulnerable to counterfeiting, having advanced security features — with one report claiming that it will be “impossible” for Pakistan (India’s counterfeiting bogeyman) to fake them.

Impacts:

Positive views

“If you are moving the informal economy into the formal economy and if the transactions which for years were never reported as part of GDP are now transacted through banking channels, it will only add to the GDP,” Minister of State Piyush Goyal told the Economic Times.

This potentially broad swath of people being push onto the economic grid also theoretically means more revenue for the government boxes.

“Digital economy is an economy which is tracked in real time. Each transaction is mapped. It will certainly help expand the tax net,” Prasad proclaimed.

Government reports from 47 cities in India indicate an overall 268% year-on-year increase in tax collection for November 2016, the month the demonetization campaign began. The marginal rise in the tax collection can be used for special schemes which could improve the tax collection efficiency.

India is a country that has over a billion people, and suddenly govt telling that the currency had no value could lead into mass hysteria (uncontrollable mental outburst). Although, there had been contradictions but there were people who acted sensibly and dutifully as they believed that the whole population and the country itself would be benefited. Results claimed that 90% of Indians support the demonetization initiative.

Negative views

“I personally think it’s a chicken or egg situation because the more prepared you are, the more people who are aware, the more opportunity you’re giving to people to find loopholes in the system,” said Arpan Nangia, the head of the India desk for HSBC’s commercial banking division. “Whereas the downside of making it a surprise was [that] the government and the central bank were severely **unprepared to manage** the whole situation.”

Modi’s demonetization initiative caused a sudden breakdown in India’s commercial ecosystem. Trade across all facets of the economy was disrupted, and cash-centric sectors like agriculture, fishing, and the voluminous informal market were virtually shut down, with many businesses and livelihoods going under completely — not to mention the economic impact of millions of people standing in line for hours to exchange or deposit canceled banknotes rather than working or doing business.

“The poor do not have the access to structural and cultural resources to adapt to shock doctrine economics. The poor were taken totally off guard and the banking infrastructure in the hinterland is rather limited. The tech class has poor exposure to critical social theory in order to understand the impact on the ground. There is an empathy deficit.”

Impact on stock market:

As a combined effect of demonetization and [US presidential election](#), the stock market indices dropped to an around six-month low in the week following the announcement. The day after the demonetization announcement, [BSE SENSEX](#) crashed nearly **1,689 points** and [NIFTY 50](#) plunged by over 541 points. By the end of the intraday trading session on 15 November 2016, the [BSE SENSEX](#) index was lower by 565 points and the [NIFTY 50](#) index was below 8100 intraday.

Impact on transport industry:

The demonetization exercise has put the trucking business, one of the largest unorganized, cash-based sectors in the country, in great difficulty. Operators say their truck transport business has been badly hit by the demonetization of Rs 500 and Rs 1,000 notes as they have no new cash even to pay the drivers, while clients are finding it tough to pay them in the new currency. It was announced that highways across India until midnight of 11 November, later extended until 14 November and again until midnight of 18 November, and yet again till 2 December.

Impact on Agricultural Sector:

Reports of stress in agriculture have begun to appear because of demonetization. Cash is the primary mode of transaction in agriculture sector which contributes 15% to India's total output. States like Punjab, Uttar Pradesh, Odisha, Maharashtra, Gujarat and Kerala are significantly disturbed as this is the time of kharif harvest and start of rabi sowing, also known as a busy season .

Agriculture is impacted through the input-output channels as well as price and output feedback effects. Sale, transport, marketing and distribution of ready produce to wholesale centres or mandis, is dominantly cash-dependent.

Impact on Banking Sector:

With demonization, more people are depositing money into the banks. This means the banks have more liquid funds and more money to lend. Many banks have also slashed their deposit rates including SBI, ICICI Bank, HDFC Bank.

- Canara Bank, ICICI Bank and HDFC Bank have cut their fixed deposit rates by up to 1%. State Bank of India cut their fixed deposit interest rates by 0.15% on select maturities.
- HDFC Bank and ICICI Bank have cut their deposit by up to 0.25%.
- United Bank of India has slashed their rates by 1% only on the short-term deposits.

Impact on business:

The lopsided rural-urban spread of ATMs and bank branches has snuffed out economic activity in rural India, with micro, tiny and small enterprises finding it impossible to get cash in 100-rupee notes for their daily operations.

Consider this statistic: every bank branch in a rural and semi-urban centre caters to more than double the number of people in an urban and metropolitan centre. According to a December 2015 Reserve Bank of India report on “financial inclusion in India”, each rural and semi-urban bank branch serves 12,863 people compared with an urban and metropolitan branch which serves just 5,351 people. The spread of ATMs too is skewed in favour of urban centres. Delhi, for instance, has 9,070 ATMs, more than Rajasthan, the largest state in terms of size.

Impact on income tax raids:

There are many income tax raids which have taken place since the demonetization has taken place. Official sources said the taxman carried out a total of 677 search, survey and enquiry operations under the provisions of the Income Tax Act since the note ban was declared on 8 November, even as the department has issued over 3,100 notices to various entities on charges of tax evasion and hawala-like dealings.

Impacts on railways:

The smart Indians started spending their black money by booking railway tickets and there was a sudden increase in the turnover of railways in just few days after the day when demonetization had taken place.

On Wednesday, Prime Minister and Railways announced they would accept Rs 500 and Rs 1,000 notes till November 11 midnight, which lead to heavy rush on reservation counters.

By Thursday evening , **Indian railways in a smart move** announced refund of more than Rs 10,000 for cancelled ticket bought between November 9-11 will be given through cheque, e-transaction or after taking KYC (Know your customer).

Evasion Techniques:

1. Gold purchases
2. Donations
3. Railway bookings
4. Multiple bank transactions
5. Municipal and tax payments
6. Back dated Accounting

AXIS Bank Fraud:

An Axis Bank branch in Delhi's Kashmiri Gate converted old notes worth Rs 30 crore received from a hawala operator and converted it into new currency, the Income Tax (I-T) department has found. This confirms the fear among I-T sleuths that the bank managers would collaborate with hawala operators in converting the black money.

On Friday, the I-T department carried out searches on the bank premises and residences of two senior bank officials. The tip-off came from Delhi Police after they arrested a person with Rs 3.5 crore on November 21.

“These two bank officials received old notes worth Rs 30 crore from a hawala operator and converted it for newly minted Rs 500 and Rs 2,000 currency. The bank officials took 30% commission in gold bars,” said I-T sources.

I-T sleuths said the two bank officials are the key link in the black money operations.

“It is the responsibility of a bank manager to ensure the bonafide of a customer through Know Your Customer (KYC) norm and alert suspicious transactions to I-T and Financial Intelligence Unit,” said a finance ministry official.

COVER PAGE

**NAME :- RUTUJA GHATGE AND
SAMYAT CHORDIYA.**

STD :- 11th.

SUBJECT:- ECONOMICS.

**TOPIC :- ECONOMIC IMPACT OF
INDIAN CRICKET**

COLLEGE:- ASHOKA UNIVERSAL.

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ECONOMIC ASPECT **OF INDIAN CRICKET.**



INTRODUCTION

Cricket during British India

Cricket was first introduced by the British in 1721 when they were playing on a western. The early days of cricket was a platform for communal identities following the British divide and rule policy which also involved many cacophonous inducing constitutional reforms and legislations. For instance, communalism between the Indians and Muslims found expression in the Pentagonal cricket tournament in 1937 that had teams pitted against each other along their religious background. These tensions persisted beyond the Partition in 1947 which resulted in the creation of Pakistan, as cricket in India acquired nationalistic overtones above and over the existing communal identities.

One might expect that any colonial legacy would be strongly resisted by the colonized. On the contrary, cricket was embraced in India as a national game and this should largely be attributed to Gandhi's nationalist movement which was principally focussed on non violence and love. He had urged people to accept the British for their good deeds and ignore their evils .This simply meant that cricket would generally be accepted by the Indians as one of the benign effects of the imperial rule after independence. Hence, despite deepening communalism, cricket at this stage served as a consolation to many Indians who had been subjected to years of systemic oppression.

Post- independence : Economic developments and cricket

The end of British occupation in India marked the beginning of cricket as a vehicle for entertainment as well as the appropriation of nationalism and consumerism.

Under President Nehru, cricket became a "tamasha spectacle" as he was an active promoter of the game. Unlike the British, the game could not be played politely before an elite crowd in India. Instead, due to the exuberant nature of the masses, cricket in India had to be celebrated like a festival .One can attribute the festivity nature of the game to the economic development in India. Since India adopted economic socialism, a hybrid model between socialism and capitalism, masses from villages started coming to the cities to look for job opportunities. As a result, the value of entertainment took precedence over nationalistic sentiments as cricket became a source of escapism that allowed these masses to overcome the drudgery and hardships of their daily lives. Furthermore, in

the absence of one day test matches during this period, cricket was played over five days and hence became a definite source of entertainment.

Conversely, the appropriation of cricket primarily as an identity for entertainment has resulted in critics belonging to the higher strata of the Indian society to argue that India has failed to generate a body of cricket literature beyond journalism . These critics believe that owing to the rich tradition and history of the game in India, cricket should not be confined within the spheres of entertainment but instead be used to document the progress and development of the nation. Hence, this criticism exposes the possibility of existing tensions between various classes in India regarding the general appropriation of cricket as a source of entertainment.

INDIA's emergence as world's cricket superpower over past decade upends an old colonial era hierarchy. It's a highly visible showcase of political effects of economic power, where sheer market size creates new forms of leverage

India becomes to cricket economy as it has become to cricket economy, it will have the throw weight to demand changes in world order to accommodate its goals. That may be India's future as it seeks to transform itself into a leading global power.

Call it crickets pivot to Asia:-The recognition that is future, and its prosperity increasingly depended on its growing fan based in India and to a lesser extent of neighbouring

countries .Although India has been cricket mad for decades,and it has long been largest cricket playing nation in world, there wasn't probably another market where one sport matter so much disproportionately to everything else .So what happened in 21st CE that made India's rise in cricket possible.

THREE POINTS

Indian economy took off,

Indian television rapidly expanded and thoroughly commercialised itself,

Indian cricket created a new friendlier league IPL.

ECONOMICS OF CRICKET.

1.AN IMPACT ON ECONOMY.

Hosting an cricket event in India affects our economy.In 2011 The economic impact of hosting the WCC 2011 was studied by whom the event benefited, whether the Indian society developed, whether black economic empowerment was improved, whether jobs were increased, whether small businesses were benefited, whether the business was increased, their sales and profits, whether business was strengthened in regions where the stadiums were located and whether foreign investment was boosted/increased.

Here is a table of mean opinion score of respondents about the economic impact of hosting the WCC 2011.

NO	Statements	Total	Coaches	managers	Administrative
1	Region in which stadiums were located, business was strengthened	4.28	4.55	4.18	4.26
2	Jobs increased	4.26	4.20	4.39	4.19
3	Small business benefited	4.26	4.22	4.37	4.22
4	Sales and profit of business.	3.96	3.37	4.08	3.98
5	Foreign investment boost	3.30	3.43	3.20	3.31
6	Rich only benefited	3.31	2.87	3.02	3.28
7	Black economic empowerment was improved	2.87	2.97	2.73	2.75



The 2015 Indian Premier League (IPL) contributed Rs.11.5 billion (\$182 million) to India's Gross Domestic Product (GDP),

The BCCI appointed KPMG Sports Advisory Group to undertake a survey on the economic impact generated by the IPL on the economy of India, which brought forward the figures.

IPL 2015 consisted of eight franchises that played 60 matches over 44 days in 13 host venues of 12 cities across the country.

As many as 193 cricketers took part in the tournament that attracted 1.71 million spectators at the venues, the BCCI statement added.

“The total economic output associated with IPL matches in India for 2015 is estimated at INR 26.5 billion (USD 418 million). This is the aggregate value of all transactions that took place as a direct, indirect or induced effect of the economic activity of the 2015 matches. Hosting an IPL match also adds value and revenue to the economy of the state,” BCCI said.

“The 2015 season, saw around 20 percent of attendees visiting from cities other than the host city. Also notable were international visitors primarily from the United Kingdom, Australia and South Africa.”

The IPL matches directly affected the economy in a variety of ways, according to the survey. The key benefits and opportunities that arose were employment generation across sectors, tourism development, support of tier two cities providing key media exposure and development of cricket and sport participation across the country.

“It is inspiring to know that IPL has had such a positive impact on India’s economy; the contribution of Rs. 11.5 billion to India’s GDP through a 60-day event is surely testament to the tournament’s success.

2. RELATION WITH COST AND PRICE OF LIVING.

Hosting events like WCC 2011 and IPL leagues increase price of certain commodities. During WCC 2011 the price of some things such as food, transport and hotel values around the stadium locations, and host cities was increased. The overall cost of living increases around the stadium locations and host cities.

WCC 2011 increased the prices of some of the items such as food, transport and accommodation around the stadium locations and host cities. The increase in the price of food, transport and accommodation around the stadium locations of host cities as the significance was higher. The results of some analysis indicated that the respondents have different opinions that hosting of the WCC 2011 benefitted to transportation, accommodation, food catering services, increased the status of Indians and boosted foreign investment.

From the analysis, it was clear that during the WCC 2011 period and IPL leagues, the overall cost of living increases around the stadium locations and host cities, according to perceptions of the respondents and the 2011 WCC event led to increases in the price of some items such as food, transport and accommodation around the stadium locations and host cities.

3.URBAN DEVELOPMENT THROUGH CRICKET MATCHES.

WCC 2011 has played a key role in the regeneration of the downtown area for the host cities. The constructions of stadiums and new infrastructures, environmental improvement, tourism development, city image improvements and district development are positive outcomes that can result. There is a relationship between cricket and urban development in India . For private sector like sponsors, WCC 2011 brought them more business and more development. One of the most visible characteristics of the cricket event is that the locations of main stadiums are selected in new development districts. This shows that hosting WCC 2011 in India has been a strategy to stimulate new district development and city renewal.

Infrastructure construction will be boosted in India's cities. As the mega-sports centre construction is completed, there are additional benefits such as improvement of city image and increasing quality of life for local communities. Land price and value will be increased. The city will have an enormous boost to real estate market. Cities were catalyzed as a new representative of the provinces and the country. The sporting mega-events will bring new attractions and more visitors to inspire urban tourism.

4. EMPLOYMENT OPPORTUNITIES THROUGH CRICKET.

Cricketers are self employed .BCCI has announced the new central contracts to Indian national cricket team Category A has only four players who will be getting Rs 1Cr a year guaranteed in retainer fee while Category B will get Rs 50 lacks a year and category C will be getting 25 lacks per year.

If we have to organize an event as big as IPL we need a lot of *support staff*, not only for teams but also for the venues that organize them. IPL has been controversial, but so far nothing heard about any wrong headline of *support staff* in media.

IPL T20 has been providing employment opportunities to many and been giving a good impression to the West about our growing economy for the game has ever been incessantly advancing each year in India. Thousands are being employed for the posts of thousands are being employed for event managing, organizing, conducting the games, pitch curators, advertising people, sports writers, columnists, commentators, umpires, referees, statisticians, scorers, peddlers, small business people and advertisement makers. The airlines that provide services to cricketers for travelling around the country also benefits immensely. Live telecast rights to television channels and sale of stadium tickets are other advantages where millions or revenues are collected.

It also includes career profiles such as coaches, trainers ,event manager, public relation officers ,coordinator or sports organization ,program and facility manager etc

Immediate gains for various low profile artists like cheer leaders TV anchor, cricket statistician. There are other jobs such as sports analysts, commentator, physiotherapists etc.

There are stadiums which need to be maintained regularly for which grounds men are required. Here people are employed to maintain pitch by watering it regularly. People are also employed for cleaning the stadium and maintain it to attract spectators to matches.

5. Advertisement and marketing agencies.

There is a lot of branding happening during IPL and matches . Some companies mostly choose IPL and Indian matches to advertise their brands and always are pretty successful at doing so. The revenue earned by the broadcasting channels from advertisements are encouraging other form of arts .The tickets sales have been outsourced to many organization like bookmyshow, cafe coffee day, Reliance etc giving an alternative venue for these organisations to grow indirectly helping out our

advertisement sector economy.



In last year 2016 advertisers lined up to invest in cricket as India was set up to host two major tournaments in succession ;

1. ICC T20 World Cup broadcasted by star sports and,
2. Vivo Indian premier league by Sony pictures .Media revealed that both tournaments were attracting substantial advertising money. Both networks aimed to sell 80-90 %of inventory via sponsorships. Star India got close to more than 11 brands including Raymond, Cadbury and Tata sky. Raymond had allocated close to Rs 35 Cr for its T20 World campaign. IPL got sponsorship from Amazon, Vodafone, Ceat, Vimal pan masala ,Freecharge, Tata Sky ,Coca-cola and Oppo mobiles.The ad rates for both tournaments were steep ,Star India had managed to command Rs5.5 lacks for ten second ad spot ,the IPL rates range from RS5.5 lacks onwards .

At these rates these tournaments together will accounted for 1550 crores advertising industries .T20 matches had accounted around 605 crores while IPL 950 crore.

“Watching IPL is like encountering one of those post-modern narratives of satirise consumerism.”

This statement is proved when we see that the players outfit looks like collage of flyers .Players wear two logos on front, two on non leading arm, and two on leading arm and one big at back, trousers have logo on each leg. Helmets, caps also have something to advertise. The beautiful gaze field has five to eight giant logos .Inside the boundary boards, the boundary triangles carry branding so do the stumps and sight screen. Giant screen constantly fizzes with advertisements. In WCC 2011, various brands got promoted when they sponsored the products that are related to cricket and thus it became a boon for their commercial value in the market.



Similarly, the live telecast of the WCC and such popular cricket events on the internet has also made a mark in

boosting the internet's value in the market. Also, Castrol a major sponsor during the world cup events that remain dedicated in providing information, contests and the availability of the live score, thus the technique was highly useful in spreading the awareness towards the brand. This aspect of *Indian cricket vs ad tamasha* gives high economic benefit to advertisement industries.

6. Tourism/City Branding

Tourism in India is still in its nascent stages, IPL with a great international fan following is actually helping this cause by showcasing the touristic aspects of the cities and its nearby areas. It is also a good platform to attract international investors to invest some of their capital in a particular city.

7. TANGIBLE AND INTANGIBLE SPECTATORS.

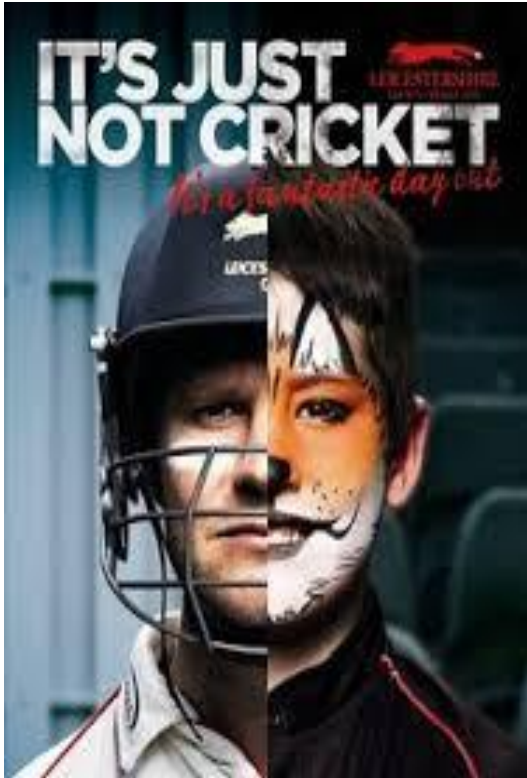


Tangible Spectators play an important role for player's performance in sport event; the players are motivated by the enthusiasm of the

watchers. Moreover, sport development could benefit from tangible spectators support. Hence, spectators were a very significant element to fulfil a successful competition in sports. Economically beneficial for the improvement, maintenance and increasing rate of growth of stadium by taking the ticket, which will produce job opportunities and financial support for the betterment of the organization in addition to the financial benefit the stadium will get for its development, maintenance and for covering the expenditure of matches. Tangible Spectators also provide social support, which will give a chance to make the stadium capacity full and by giving direct support they encourage the host team which in turn increase the chance of winning the match. Tangible Spectators support urban development by making high demand for food, accommodation and other infrastructural and material requirements. Petty shops and seasonal pathway sellers also benefit very much from the tangible spectators. Spectators are the economic goal of every sports event, conducting in commercial basis. If the event is on world cup level, a considerable number of hotels and landmark buildings will be built for the games .The city image will be improved. The city will attract more visitors and urban tourism would have a prosperous development. Construction of the new stadium and opening to the public, the properties around the stadiums were increased to a higher value .With land prices and value increase, there would be new real estate development in the city. At the same time, more citizens would like to choose to live around the subway or far from the old city. Therefore, sporting mega-events, integrating public transportation promotion, would help to develop new district and change citizen's traditional living mind to live in suburban area instead of the central area. That would help to release the population in the old city proper.

8. STOCK MARKET AND INDIAN CRICKET

Cricket is a game played between two teams where one team wins while other loses. But in view of investors it is not just a game it's much more.



Here are some mind bowling results:

September 2007	India Win T20 World Cup	Nifty rises 1800 points
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January 2008	India lose 4 Test Series to Australia	Nifty falls from 6100 to 4700
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February 2010	India beat South Africa & become World Number One in ODIs	Nifty rises by 400 points
June 2010	India win Asia Cup	Nifty rising, already bullish trend existing

July 2012	India beat Sri Lanka	Nifty rises 400 points
September 2012	India beat New Zealand	Nifty up 200 points
March 2013	India thrash Australia in first 2 Tests of 3 Test Series	Nifty rises 300 points

The impact of India's performance in one-day cricket international matches on the Indian stock market is found as an asymmetric relationship between the performance of the Indian cricket team and stock returns on the Indian stock market. While a win by the Indian cricket team has no statistically significant upward impact on stock market returns, a loss in cricket match generates a significant

downward movement in the India stock market. It is also found that when Sachin Tendulkar (one of the India's, rather World's most popular cricketer) used to play, the size of the downward movements in returns is higher. Here is a statistical graph stating upward and downward movement in Indian stock market returns from 2/2/2011 to 25/3/2011.



India's performance in one-day cricket internationals also turns out to have a strong spillover effect in an unexpected area – the stock market.

The above graph shows the movements of stock returns of two major indices in the Indian stock market, namely the Sensex (the Sensitive Index of the Bombay Stock Exchange, BSE) and the S&P Nifty (the 30 stock index of the National Stock Exchange, NSE). When you see the return movements in the above graph, you notice that on 21st February, 2011 (Monday) [immediately after the Indian cricket team won its first match of this tournament against Bangladesh held on 19th feb. 2011, Saturday in Dhaka], returns shook up swiftly from negative (-1.60%) to positive (about 1.20%) in both the Sensex and the Nifty. After the second match with England played in Bangalore on 27th Feb. 2011 (Sunday), the market

reacted somewhat neutrally or even downwards in case of the Nifty. If you remember the outcome of that match, it was tied between India and England. Here again, the outcomes support the hypothesis that results of a major sporting event affects stock returns in short term. This phenomenon is evident from the outcomes of the matches the Indian cricket team played and won on the 9th, 20th and 24th of March, 2011, when stock returns reacted positively to the winning results of the domestic team. The returns on the next days of the matches won by the Indian team have been upwards in all these cases, the strongest reaction of all was seen on 25th March 2011 match (after the day when Indian team played against Australia, and won awfully and Indian team entering the semi-finals of the ICC Cricket World Cup 2011). The stock returns on that day in the Sensex and the Nifty both was about 2.5%. Although the stock returns send positive signals after most of the favourable outcomes of the Indian cricket team in these tournaments, we cannot ignore the fact that the stock returns did not behave in a way it did after most of matches the Indian cricket team won in this mega event. After a match on 12th March 2011 when South African team won a match against India, the stock returns show upward movements next day. Similarly, the stock returns on days after some of the matches show a trend contradictory to the above-mentioned hypothesis [see return movements on 10th March 2011: **India** vs. Netherlands (09-03-2011, Delhi); and 14th March 2011: India vs. **South Africa** (12-03-2011, Nagpur)].

LATEST BALANCE SHEET OF THE BOARDS

BOARDS	REVENUE EARNED	PROFIT/LOSS	NET ASSETS	NET WORTH
Australia	177.982	4.818	111.959	23.109
Bangladesh	29.776	11.644	54.026	50.322
England	230.336	24.306	105.059	58.013
India	140.079	49.996	638.054	294.219
New Zealand	39.329	2.285	11.776	8.611
Pakistan	46.886	21.547	69.936	54.446
South Africa	60.508	- 6.027	78.289	68.436
Sri Lanka	14.452	4.572	72.737	19.128
West Indies	56.993	14.037	29.163	15.001
Zimbabwe	20.482	- 2.301	19.950	31.655

Note: All figures in million dollars, as at December 31, 2012. Source: An ICC document

The total revenue of ICC is \$2.5 billion (Rs 16,200 crores). Out of this, the biggest share is from BCCI. BCCI contributes to around 30% of the share,

9. CRICKET INDUSTRIES.

. Cricket bat industry has a tremendous potential of absorbing un-employed educated youth and contributes significantly to the state's economy. The biggest handicap of the industry is the willow, as the main raw material itself, which takes decades to grow to the size required for making bats. There are not many trees left and no one plants them anymore because the government has failed to introduce the English willow here. No one will keep his land in use for a plantation which takes 30 years to grow. The state Govt. should take such initiatives which will encourage those people who depend on the cricket bat industry directly or indirectly for their livelihood. The CBI will jump into national and

international arena and create a place for the industry in competitive international market. Cricket has evolved from a strictly amateur game into a multibillion-dollar industry that is starting to grow exponentially as the developing world embraces the sport. Unlike smaller manufacturers who outsource work to household units, SG, with about 1000 workers and two factories, makes its products in-house and handcrafts more than 350,000 bats a year.

IT'S DISADVANTAGES.

OVERKILL.

IPL is oversold and the ad rates are way too high. To make matters worse, the ticket prices at the stadiums are simply astronomical. Everyone wants to watch an IPL match which is a short and sweet affair, but most tickets are out of bounds for commoners. As a contradiction, despite the IPL's popularity, stands are empty most of the time.

Early retirement: In the past most players tried to prolong their international cricket career as much as possible. Not anymore. Playing two months in a year and making enough money for the entire year is enough for most players. IPL and other matches utilises various public resources the chief among them being POWER (ELECTRICITY), no doubt the power being used by them is totally public sponsored or at least highly subsidised. Such a usage in the states where the shortage of generation is there hampers the general good of society and adverse economy. Also, the business losses seems

an agreeable point however small businesses won't get affected by it as the time of telecast is late. The other major factor is promotion of SATTEBAAZI or betting which is more or less a social evil. The point of revenue generation through tax is an agreeable point but there is no authenticity of this collection due to a pre-existing leaky governance system.

INDIRECTLY, the malpractices or the allegations on the business giants involved hampers the market goodwill towards them and generates losses in the share market. The money laundering worsens the business environment and deficit. Moreover no social responsibility is being acted upon by the tournament despite such a social presence and impact, it's a bad example for anyone doing business in India especially with mandatory for comparatively smaller business houses.

CONCLUSION.

Indian cricket is something more than sports and somewhere economically benefits INDIA. This article gives a short analysis of economical behaviour of cricket world and its effect on stock market, equipment industries, employment, tourism, urban development.