The Official D&I Newsletter

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Words of Visionaries

Module: Financial Dooms that Shook the World

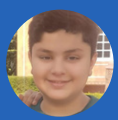
At Dreamers & Innovators, the ongoing module: "**Financial Dooms that Shook the World"** is an ambitious endeavor to help young Dreamers comprehend the technicality prerequisite to understanding national and international economies. The module aspires to build awareness of economical concepts along with coursing through three historically significant financial crises. The overall aim is to build the knowledge & skill which shall help the Dreamers to analyze the current circumstances of the Pandemic and predict where we are headed economically.

This week's newsletter showcases the ideas of four promising Dreamers: Arhaan, Samaira, Nivaan and Uday, who provide you with an analytical approach to determining the health of the economy of a nation.

Dreamers & Innovators is a knowledge and skill-building platform for 21st century learners. We aspire, design and execute interactive learning experiences where global knowledge relevant to today and tomorrow is brought to young Dreamers. At D&I, 21st century skills are honed, confident communication is developed and independent, informed opinions are nourished.

The Doctor of the Economy of a Nation

Arhaan Gupta
12 years



A good economy provides citizens with good quality food, health and education. The global superpowers of the world have many things in common that other countries may not have. One of these is a stable economy. We judge a country's economy based on GDP, interest rates, unemployment and much more! All these things are linked to each other and all of them play a key role in determining the health of a country's economy.

When the interest rates are low, businesses borrow more. When businesses borrow more, they can buy more resources. The rise in demand of these resources and products increases manufacturing which in turn leads to companies hiring more people to manufacture, thus reducing the unemployment rate. This also results in the growth of the GDP of the nation. This can lead to higher salaries as well. These are the signs of a healthy economy.

On the other hand, in countries with high interest rates, reduced borrowing decreases demand. The decrease in demand results in a decrease in prices. This results in a decrease in production which in turn results in the GDP rate declining. This is what a financially troubled countries economy is like. Despite all this, we must remember that every nation with a stable economy today has had to see bad days in its journey.

Cascading Effects of Growth

Samaira Kalra
13 years

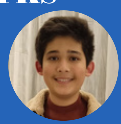
The economic power of a country plays a huge role in determining the overall strength of a country. There are numerous factors that affect the health of the economy of a country. The most significant role is played by the GDP (Gross Domestic Product) of the country.

Rising GDP means more jobs are likely to be created, and workers are more likely to get better pay rises. If the GDP is falling, then it is indicative of the fact that the economy is shrinking. Higher the GDP, lesser the unemployment rates, more the increase in production in the country, higher the consumption rate, overall, a flourishing economic state.

Apart from the GDP, inflation (an increase of prices for goods and services over a period of time) and deflation (the decline in the prices for goods and services) also affect the economy. If the Forex reserve (money used for international trade) is growing, it shows the result of economic growth. We can say that the stock markets are also involved in the economy, for example when a larger number of investors entering the market may push prices even higher. As a result, positive stock market movements can contribute to economic developmen

How the Economy Works

Nivaan Jain
13 years



There are various factors that indicate the health of an economy. Let's take an example to go deep into this. A farmer wants to grow crops. He goes to the bank for borrowing money to spend on farming resources. If the interest at which the loan is being given by the bank is low, the farmer would be able to borrow more money, produce more crops and sell them in the market to consumers. Whereas, if the interest rate is high, the farmer would grow and sell less amount of crops as he would borrow less money from the bank. After this process of borrowing, producing and selling, the farmer returns the money he borrowed from the bank, keeping some extra money for himself that he earned depending upon the situation. Thus, if the interest rate while taking a loan is high, the GDP (Gross Domestic Product) of the county would go down and if it is low, the GDP would go up.

The economy of a country also depends on the demand and the supply of a particular product. If the supply is low and demand is high, the price of the product would go up and there will be inflation. If the supply is more and the demand is less, the price of the product would go down, causing deflation. The GDP also depends on the income of employees, consumer spending and unemployment in the country.

Indicators of Economic Health

Uday Nanda
12 years

The economy's health is indicated by many factors such as GDP growth rate, unemployment rate and inflation or deflation rate. GDP or Gross Domestic Product is the sum value created through the goods and services produced in a county. It might be the most important factor as it measures everything from production to income.

Unemployment means that it will be harder for a family to survive as there is no income. The rate of unemployment is also linked to the conditions of the economy, while also showing signs of good and bad economic conditions. For example: when the GDP of the country is decreasing we know the total production is going down. If production is going down there aren't enough employment opportunities for the labour. This means the unemployment rate is increasing.

Lastly, inflation or deflation rate affects both categories as the price of products decreases or increases. This directly affects the number of products that we can buy in the market, or businesses can sell in the market. Thus the economy is affected by several factors out of which the GDP, unemployment rate and inflation or deflation are great indicators to understand how an economy is performing.

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