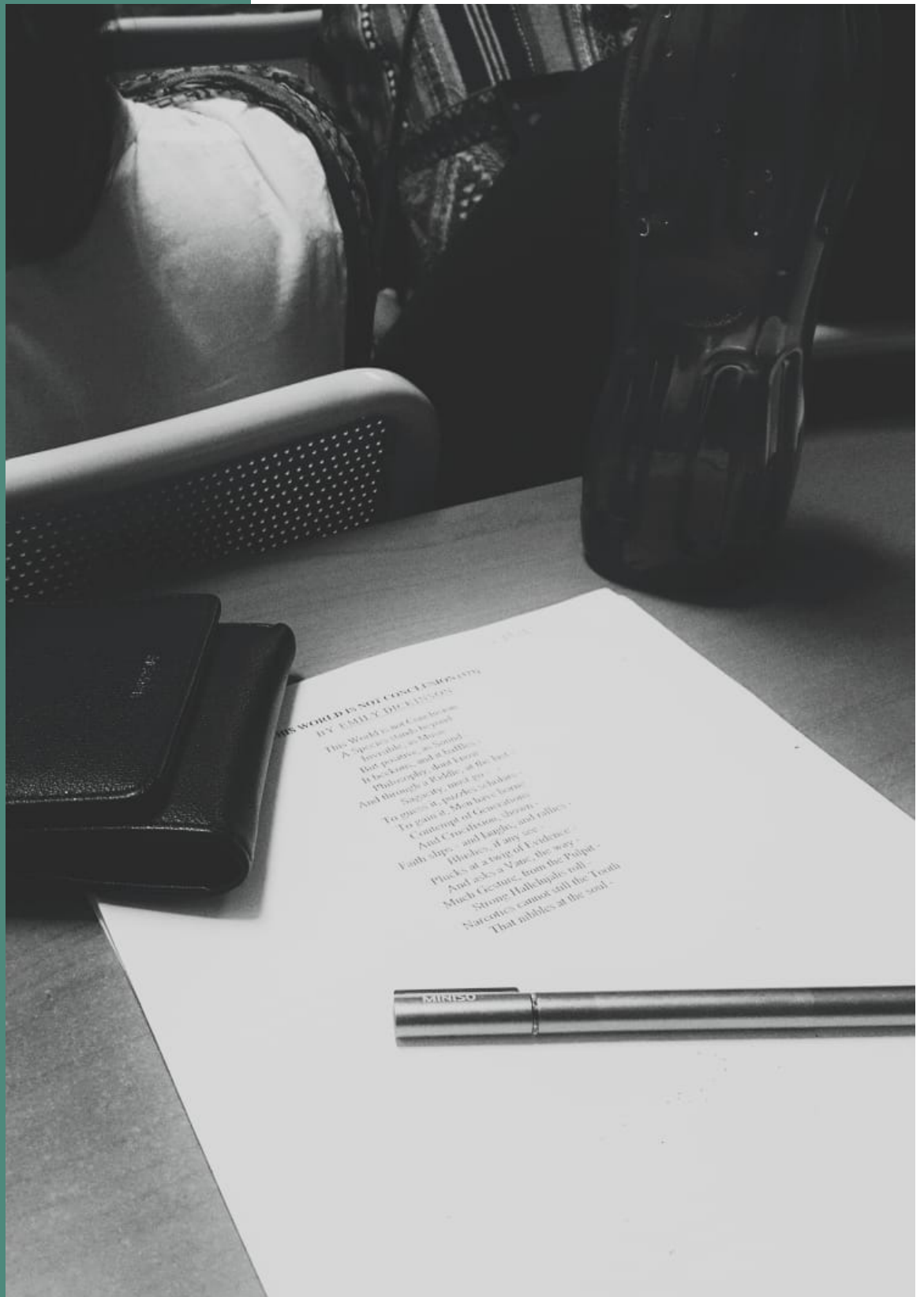


EQUINOMICA

The Economics and Political Science Cluster Newsletter



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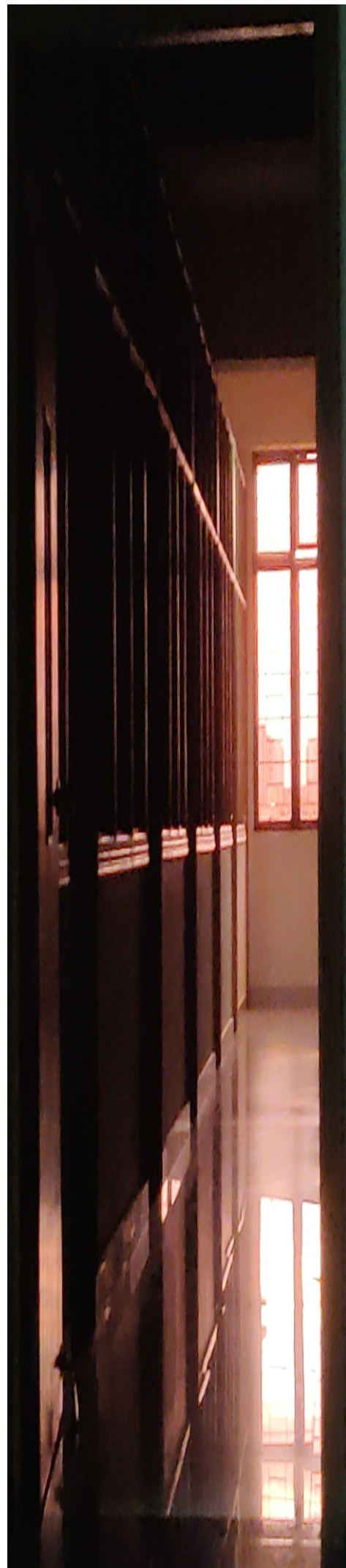
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THE ELECTIONS 2019

The Game of Choices

Raghav Singla
2 ECOH A

The heat of the 17th Lok Sabha elections has begun throughout the country. The elections are scheduled to be held in seven phases, starting from April 11. As the schedule has been announced, the political arenas focus has shifted to the Modi led NDA government or say the Modi government and the UPA government.

This Lok Sabha election is unique because, it will be the first time that people born in the millennial can cast their vote. To make the elections more transparent, and to ensure that elections are conducted smoothly and successfully, the Election Commission of India came up with many new and stricter norms. An application vigil will be launched by the Election commission to help the voters to report any kind of violence or disruption if it happens anytime during the elections. The best part is that the action from the other end will be taken within 100 minutes. A helpline number 1950 is also issued to spread more awareness regarding the procedure and to know other queries regarding the elections. This time the Electoral Voting Machine (EVM) will be used along with a GPS tracking system for monitoring the movement of the EVMs, round the clock. Strict instructions are issued to all political parties to not use environment hazardous material during the campaigns. The approximate figure of voters this time is 90 crores voters, of which 1.5 crore voters will be ranging from 18-19. There is a question that every voter might think before casting his/her vote. Are these leaders pretending to subordinate the welfare of citizens in order to fulfill their wish of getting power, some ministry? When a citizen votes, he expects that government should fill the pre-requisite needs of its citizens, and not play with their emotions by delivering false promises. Rather than playing the blame game as our political parties almost always do, the most effective tool in the present, would be if both the parties come together and work together towards prosperity and peace. It is essential that they all join hands and contribute to the welfare of the country instead of debasing politics by playing an allegations game on each other.

Every citizen who is voting should vote for the party that the country needs right now in all fields like development, welfare, education, wellbeing of the society and which is more inclined towards the people. Simultaneously, no voter should be left behind. Those who are eligible to vote should vote as this is their right or rather a duty as a responsible citizen and hence contribute to the decision making, keeping in the mind 'every vote counts'. Everyone must vote to protect the pride and liberty of the country for which the great leaders of the Indian republic fought for its citizens. So think twice and vote for the party whose leadership can lead the next generation, not just for the next few years.

The House of Cards

Divya Antony
2 MEP

The coming election, like all the elections, does raise a lot of questions in mind. Though, the most nagging one of them all is, '*Ab Ki Baar bhi Modi Sarkaar?*' and if not the Modi *Sarkaar*, then who is it going to be?

Indian General Election 2019 schedule is out, and the National election will be held in seven rounds starting on April 11, and the results are to be announced on May 23. It is considered to be one of the largest elections conducted in India in decades, as assembly polls will also be held in Andhra Pradesh, Sikkim, Arunachal Pradesh, and Odisha simultaneously. The Lok Sabha has 543 seats, and has more than 8000 contestants overall. However, as is common knowledge, the main players in the game will be from the major parties, like BJP which is the ruling party, the Indian National Congress, which even though lacks a strong leadership, still has some remnant power from its Golden Ages of UPA, and the regional strong parties like CPI, Samajwadi party, DMK, Shiv Sena and the like.

Political philosophers have rightly said, "Politics affects everything, and politics is affected by everything". Every aspect of national, international and societal spheres, however insignificant we might think it is, does end up playing a major role in determining the end result of the game that is politics. One such aspect is the economy. Needless to say it is one of the most important components of a nation, therefore is greatly influenced by politics and whichever government is currently leading the nation. The current NDA government did make drastic and evident changes in the Indian economy in its term. The Demonetization of banknotes of higher denominations did create a huge turmoil and chaos in the whole country. The new Goods and Service tax was a nightmare for medium and large scale businesses, not to mention increase in expenditure for consumers due to the lack of a well thought out implementation. Many new international ties were formed by the Prime minister, leading to numerous new trade relations being formed and hence the formulation of various trade policies. The government also brought about many oil and fiscal reforms that have led to great inflow of FDI.

The measures taken to keep inflation in check by keeping intact the farm support prices is also commendable. The BJP is using all of the above mentioned achievements as medals to their crest and promising continuation of such economic advancements if they get elected to power in the coming elections. The targeted set for many welfare programs is 2022. This, according to the majority party, warrants another term to this government. However, after the regional defeats of the BJP in many elections, and the resignation of the RBI Governor, has many people doubting the possibility of the NDA coming back to power. The opposition parties, mainly the Congress, are rallying around the idea of forming state level coalitions to block BJP's dominance. The fact that there is great unemployment even amongst the youth of the country does put a black dot on the self-proclaimed taint free reputation of the Modi government. If a large number of the work force is unemployed in the country and the informal sector that employs nearly 81% of the population is suffering major setbacks, no matter how many economic reforms are introduced, there will be questions raised about the efficiency of the government to formulate effective economic plans.

There is also great tension and turmoil among the farmers, due to change in support and prices recently. Many suicide cases have been registered in states like Maharashtra(3,030 in 2015), Telengana(1358), Karnataka(1,197), Chattisgarh(854) Madhya Pradesh(581) and Andhra Pradesh(516).

Apart from this, the revival of the deep rooted religious and nationalist sentiments by the BJP party still remains one of the greatest trump cards for them. Meanwhile, the Congress focuses on farmer distress, unemployment and "a general sense of stagnation in the economy", that does resonate with Indian voters, as was proved in Rajasthan, Chattisgarh, Madhya Pradesh. This and pinpointing the faults of the Modi government seems like the main electoral strategy for the Congress.

According to Gaurav Pradhan, a data scientist, strategist, and advisor the Lok Sabha elections belongs to Modi, as many rural houses benefitted from cooking gas and electricity provided by the Modi government, which gives them a swing of twenty crores votes. If BJP does emerge as the majority party again, it will bring great changes in the national and international scenario, it might also lead to suppression of a huge number of minorities. If it does not come to power, it will obviously be a hard hit for them, but the government hence formed will be a coalition, which will evidently bring economic and other drastic changes in the international and national forum, while also leading to delay in implementation as a lot of deliberation takes place in coalition governments. In conclusion, all I have to say is may the best win!

The Rise of the Opposition

Akshita Khajuria
2 ECOH A

After waiting for India's '*Ache din*' for five long years, the time has come for India to face yet another war of political views. It seems like yesterday when the wave of Bhartiya Janata Party flooded the nation. However, the tables may have turned since 2014. It came up as a shocking defeat for BJP in the states of Madhya Pradesh and Chhattisgarh where the BJP had been in power for the last fifteen years and in Rajasthan, where it had been in power for over five years. BJP was left with only 73 seats in Rajasthan while on the other hand, Congress was leading with 99. The same story was seen in the other states of Madhya Pradesh and Chhattisgarh where the Congress showed incredible results. Can the assembly elections be considered the countdown to the end of the 'Modi-Wave'?

As the dates of polling for the Lok Sabha Elections draw closer, it is important to analyze the strengths and weaknesses of the warring political parties. Starting with the incumbent Bhartiya Janata Party it has focused its campaign on religious sentiments, trying to capture the Hindu votes. Another Hindu vote attractor issue which is quite prominently used is the controversial temple of Ayodhya. BJP has also started attempting to revive the '*Modi Lehar*' which was seen as one of the most influential factors in their 2014 victory. This attempt began with the recent exclusive interview of PM Narendra Modi with ANI Editor Smita Prakash. In this interview he talks about the work done by his party such as Ayushman Bharat Yojana and GST. It is also a response to the opposition parties about every accusation that BJP has faced till date. The interview definitely works as a major contributor to their political campaign. The reasons for the potential downfall of the Modi government is expected to be demonetization and the GST which left the nation perplexed. Other issues which can play out against the BJP are farmer distress and unemployment in the rural areas. The issue of farmer suicides and distress can be seen as a golden opportunity for the opposition. Congress, in order to counter attack Prime Minister's *Mann Ki Baat*, dedicated a website to seek ideas from the general public in its manifesto. The website works as a link between the party and the public so that the party can reach out to its potential voters. This is expected to have a positive impact on the Congress Vote banks.

One aspect which sets apart the 2019 Lok Sabha Elections from the other elections in the past is the strategy of '*Mahagathbandhan*'. On December 10, 2018 21 Opposition parties including Bahujan Samaj Party and the Samajwadi Party vowed to stay united till they were successful in defeating the Bhartiya Janata Party. It was also observed that the Delhi Chief Minister Arvind Kejriwal and Chandrababu Naidu .

from Andhra Pradesh attended a joint opposition party meeting for the first time. It is expected that the '*Mahagathbandhan*' will turn out to be a huge barrier in the way of '*Modi Lehar*'. A Modi v/s Rest war makes the 2019 general elections an exciting ride

The Great Indian Political Drama Once Again

Naren Anchalia
2 ECOH A

The recent Pulwama attack and the subsequent air strikes on the Jaish-e-Mohammed terror camps in Balakot in Pakistan and the following chain of events have spurred a nationalistic fervor in the country which is expected to offer a favorable mandate for the BJP.

Within the high politicization of the terror attacks there are some regional parties which are aiming the central throne with the Prime Minister being very critical of the '*Mahagathbandhan*' saying it is a '*Mahamilawat*' with no selected leader. The SP and BSP have collaborated in the Uttar Pradesh but what stake do they have in the Southern states? There is TMC in Bengal which does not have a stake in the Western states like Rajasthan and Gujarat. There is DMK and TDP in South which do not have stake in any of the northern regions. Nevertheless, the problem for the BJP arises when each of these parties wins seats in their respective states and then come together in a grand alliance.

The 2014 elections were fought by the BJP on the agenda of development, using the Gujarat Model and the idea of a Congress-free India. However, the 2019 elections have a different mood. These elections will be fought on the agenda of nationalism, national security, and respect of national institutions like the Supreme Court, CAG and CVC. The economic scenario of the country sheds light on the BJP government's accomplishments or lack thereof. The inflation has declined and was at a low of 3.6% in the year 2018. However, there are issues in some aspects such as the unemployment rate, the decline in investments and exports.

I would like to conclude by saying that anyone who wins in the 2019 needs to work for the welfare of the country in the domestic as well as the international arena of politics as well as economics.

Is 2019 going to be the year of Modi Wave 2.0?

Ishita Singhania
4 ECOH B

It is 2014, and a scam ravaged UPA-2 Government is contesting elections with the same fervor. However this time, they have a new competitor, an outsider, who hasn't even stepped into the Lok Sabha as an MP. Narendra Modi and his party have been yearning for a successful win after the devastating defeat of 2004. On Friday, 16th May 2014, the results are announced and there seems to be a tectonic shift in the nation. The controversial Hindu nationalist has managed to achieve a landslide victory. BJP achieves a feat that no other Government had been able to, since 1984.

2014 marked the end of the Nehru-Gandhi political era and a dramatic fall for South-Asia's biggest and oldest political dynasty. It would be insightful to take a look at the BJP government's performance to assess if it truly put the nation on the path of growth and prosperity as promised.

Report Card for the Five Years of Governance

The 2014 BJP Government is defined by the following initiatives:

(i) Demonetisation: This step was a game changer not only for the present Government, but also the Opposition. While it was a good intentioned initiative, it can hardly be called an economic success. While the move was supposed to remove black money from the currency chain, its impact spiralled towards a different direction. The economy was supposed to reach its highest ever growth rate of 7.2% but, after this move, it slowed down. Many economists and analysts are of the opinion that, the economy is still struggling due to this setback.

(ii) Ease of Doing Business: One of the big promises that were made in the BJP manifesto was to improve India's position in the index of "Ease of Doing Business". Many instances have proved that the BJP has tried to radically change the system of governance in the nation. In 2014, India's position was 134 and in 2018, it managed to rise to the 100th rank on the index. A leap of 30 places is no paltry matter.

(iii) Subsuming the Railway Budget under the Union Budget: On 1st February 2017, the 92 year old practice of drawing up a separate Railway budget was brought to an end. The government think tank, Niti Ayog, reported that ministries like Defence, Transport, Petroleum and Natural Gas had been fully functional till date without a separate budget and had even managed to overtake the spending of the Indian Railways. It was also reported that the biggest benefit of this merger would be the elimination of an estimated Rs.97 billion from the Railways' expenses as annual dividend for gross budgetary support.

(iv) Insolvency and Bankruptcy Code: Till 2017, India's Non Performing Assets (NPA) ratio was higher than that of many growing economies. The NPA crisis had been touted as the reason for the growing failures in the Infrastructure, Construction and Energy sectors. Moreover, the rich begun to take the Government and its laws for a ride, without a fear of the repercussions; many had begun to flee the country. The implementation of the code is expected to have a multitude of benefits. Under the Code, not only do the creditors get to take full control of the defaulter's assets but they also have the power to resolve the issue as they please, in a 180 day period.

Current Political Scenario

Yes, the NDA Government overcommitted, they showed the people of this nation way too many dreams and they have not been able to achieve each and every one of them. Nevertheless, what the Modi government has been able to achieve, despite a few setbacks and hardships, has also been unprecedented. Yet, the primary question remains, "If not Modi, then who?" On the one hand, we have a wealthy, privileged, 43 year old man, who was "destined" to become the Prime Minister of the nation. Even after being Amethi's elected Member of Parliament since 2004, Rahul Gandhi's plans of transforming his constituency into a mini version of Singapore are far from being achieved. On the other hand, we have an experienced, shrewd politician from West Bengal under whose "reign" Bengal has slipped from its position of being one of the most prosperous states to one constrained in the knots of "riots" and "protests". While Mamta di criticizes the BJP government of toying with the nation's Freedom of Speech and Press, she has been putting cartoonists in jails for years, for expressing dissent.

However, a landslide victory for the BJP, of the sorts of 2014, seems to be a bit far-fetched especially, after losing Chhattisgarh, Madhya Pradesh and Rajasthan. Every Indian is excited to know who is going to emerge victorious in 2019's Battle for Glory. Every vote counts, every policy matters, every community is important and every second of campaigning can be a game changer.

The Political Economy of Indo-Pak Relations

Vidushi Tiwari
4 ECOH A

The formation of Pakistan from the then British India was the consequence of one of the bloodiest partitions in the history of the world. According to the then leaders of both the nations, partition was inevitable. According to them, the existing animosity amongst the followers of the two religions, Hinduism and Islam, could only be tackled by dividing British India. As unfortunate as this event was, the leaders did not anticipate that the partition would take such a huge toll on human life on both the sides of the border. However, what they did not anticipate was that the animosity between the two nations will never end, even today. The rift between the two nations was definitely not to end overnight. Thus came the never ending era of initiation and retaliation measures undertaken by both the countries time and again in the name of “self - defense” and “National security”. Both the nations consider each other as “perceived threats”.

Recently, a convoy with 40 jawans of the Central Reserved Police Forces of Indian army onboard was attacked in Pulwama district of Jammu and Kashmir. The terrorist group Jaish-e-Mohammad (JEM) which is based in Pakistan claimed the responsibility for the attack. India retaliated by allegedly blowing up terrorist base camps in the territory of Pakistan. The incident gave a huge blow to the already hostile relations between the two nations. There was an outcry in the international organizations, to ease the tensions between the two nations. However, the fact that bringing these two nations to a table and coming to a consensus on the existence and acceptance of these issues has always been an impossible task. Thus, the citizens of these two nations, as well as international organizations were grasping at straws hoping that tensions between the two nations would not escalate so much as that it would lead to a war and the possible use of nuclear weapons. In light of this incident and the background behind Indo – Pak relations, it is necessary to underscore attention to an unpopular retaliation measure undertaken by the government of India recently. India had decided to strip Pakistan from the special MFN (Most Favoured Nation) status granted in the year 1996. Granting MFN status to the trading partners finds mention in one of the most important clauses of the WTO agreement. The MFN status is a non - discriminatory measure that prohibits any state to treat another state differently in terms of its trade policies. This measure can be revoked only in the case of threat to national security from the trading partner. Pakistan however has not granted MFN status to India till date on the grounds that the markets in Pakistan cannot survive competition from India. Pakistan

has time and again referred to what is known as “infant industries” as a rationale behind putting a hold on India's MFN status. In 2012, however Pakistan decided to grant MFN status to India. Though the move was comparatively late, it was seen in a positive light and generated a wave of optimism that normalization of trade relations between the two countries will in turn normalize the political relations between the two nations and reduce the long existing bitterness between the two nations. The move was preceded by deliberations and discussions between the two nations. As a pre measure Pakistan decided on replacing the “positive list” with what is called as the “negative list”. Positive list includes minimal amounts of goods that Pakistan imported from India which absolves replacement of such a list with a “small” negative list.

This was to be followed by the development of infrastructure facilities including improving the roads that would facilitate the expansion of trade after India is granted MFN status. India also sent a few officials to Pakistan to apprise the potential trade partners within Pakistan about the processes and policies governing trade in India. Such a move was seen as mutually beneficial given the huge potential that markets of both the nations hold.

However, the dialogue process did not end as anticipated and India wasn't granted the MFN status. This then begs the question about the efficacy of the decision. As Pakistan has not granted India the same status, legally, India possesses complete freedom to make such a move and impose higher tariffs on goods from Pakistan.

However, in order to understand the economic consequences it is necessary to look at the level of trade between the two nations. When Pakistan was mulling over the idea of granting MFN status to India, researchers on both the sides of the border calculated the anticipated increase in trade volume between both the nations. They tried to estimate the potential trade between the countries post deal to be around \$37 billion. However, according to a WTO report the current status of the trade volume stands at \$2 billion. Thus, trade with Pakistan constitutes minimal amounts in comparison to the total trade of India and similarly for Pakistan. Therefore, whether or not the “retaliatory” measure will hurt Pakistan and serve the underlying purpose is currently uncertain but the measure can be considered “symbolic” to a large extent.

Cybercrime as a Current Global Challenge

Radha Gupta
4 ECOH A

Cyber security is one of the most recent issues emerging in the international arena. The objective of a cyber-attack is to steal either Money, or Information (usually for espionage). This issue needs to be addressed since cybercrimes are increasing extensively. They encourage the concept of easy money and discourage earning money with hard work and ethics.

Relation with Economics

Furthermore the concept of cybercrime has a direct impact on the economic strength and wellbeing of any country such that the level of development in the IT industry of a country represents the level of technology available in that economy. Cybercrime as an organized activity affects the economy as a whole. These economic crimes affect different sectors like banking, insurance, healthcare etc. They involve two kinds of costs, social cost and economic cost

(i) Social cost: An economy runs on the foundation of trust. Crimes like theft of money online erode the trust of consumers on that medium. For example: Recently, the Punjab National Bank scam eroded the consumer's confidence in that bank.

(ii) Economic cost: It represents not only the loss of money due to theft but also lack of investment due to erosion of trust. However primarily it just represents the amount stolen as a whole.

Furthermore we need to understand the problem of cybercrime in relation to the spam mails which are an essential part of the same. Spam includes all those mails which are unwanted and are sent for advertising. Sometimes, these advertisements market fraudulent deals. A typical of such case would be asking the consumer to invest some amount and promising multiple returns on it. There has been an international effort on the same in 2004 called the London Action Plan on International Spam Enforcement Cooperation. The objective was to further global cooperation and public-private partnerships to address spam-related problems, spam remains a significant cost and risk. The action plan brings together 27 states and agencies around the world together to initiate a collective action against the issue. To quantify the above scenario in 2013, approximately 183 billion emails were sent on a regular basis.

Spear phishing is a spamming method that chooses specific users or groups via a compromised computer that can then be used as a 'zombie' computer capable of importing malware (key-loggers, crypters, and so on) to steal banking passwords and other confidential data. Spear phishing emails are more customized and tailor made according to the characteristics of the consumers. (Broadhurst, 2017)

Apart from the above mentioned issues terrorist organizations use information communication technology (ICT) to recruit, mobilize funds and other activities. These organizations recruit the poverty stricken youth who are vulnerable. However, to combat

these online terrorist activities, the government face a lot of problems, one of them being non-cooperation from the country of origin.

- There is lack of technical expertise in this arena, not only in terms of human resources but also in terms of cyber infrastructure.
- There is shortage of enforceable international laws. Even though the UN has made laws on international cyber ethics, countries do not follow it.
- The private sector of each country hesitates to share its personal information and fails to cooperate with the UN officials.
- Developing countries lack resources to fund their Research and development Departments. However, this is not the case with developed countries. This creates an imbalance. Therefore most of the hackers either learn skills from technologically advanced countries or is a citizen of one of these countries. (Westby, 2007)
- There is no boundary in cyberspace. For example we have boundaries on land, oceans etc. however, this is not the case with cyberspace. It is difficult to enforce laws on this medium because, even though you put a ban on one jihadi recruitment site, it will not take more than three hours to create another one, by another secretive name.
- There is no restriction to entry and exit. This means that anyone and everyone with a computer/laptop can create a site and have access to information. This why the cost involved is less. This makes it more accessible. This situation can be compared to physical land where there is cost involved in buying weapons and creating infrastructure. (Sheldon, 2011)

How should companies strategize a response when it is cyber attacked by some other country?

- 1) Find out the national origin of the attacker and determine their goal?

This involves tracing the origin of the attacker and finding out if has legal or illegal sources. Then the officials must try to understand the objective of the act. Usually, if the attacker has a legal source, it is a case of espionage, i. e one country trying to steal the national secrets of another country. If the attacker has an illegal source, then he/she is just concerned with the money and not the information.

- 2) Assessing the international relations with that country.

This is to better understand the objective of the crime. It also involves, assessing the situation of net neutrality of that country. For example, in China internet is subject to the control of the Ministry of Public Security. The ministry hires people to scan the online media and look for inappropriate content. The country is basically protecting its people from westernisation. it also wants to preserve its culture. (Kostyuk, 2018)

All in all it can be concluded that it is not impossible to maintain international cyber safety. However, for that to happen countries must cooperate with the UN and the UN as well should take this issue seriously. Also at an individual level, a person should be careful because even the spam folders can prove to be dangerous.

Impact of Social Media on Consumer Buying Decisions

Saara Singla
4 ECOH A

The rise of online social networks has generated a new spot of interaction and communication amidst people around the globe. Individuals share their experiences, knowledge and opinions with one another, which have an impact on people's buying behavior. Many marketing experts have highlighted that social media is not only a one way process of giving information rather it is two way process which includes receiving and exchanging opinions and ideas (Drury, 2008). Consumers once had a finite count of media channels from which they acquired product information and used to rely on Word of Mouth (WOM). Then came radio and television, which also plays a major role in affecting consumer's decision-making process, and over the past two decades with the use of Internet it has changed drastically to electronic word of mouth (e-WOM).

Looking at the Psychological aspect of the situation five stages of consumer decision-making process can be identified. Problem recognition is the first step in consumer decision-making process, where the consumer recognizes difference between desired and actual state of affairs, followed by the search of information where he identifies available options and studies information about selected options.

Next step is the evaluation part where the consumer alternately evaluates the options selected, depending upon the goals, motives and intentions of the consumer. There are two factors that influence the purchase decision of the consumer: first is the attitude of others and second, unanticipated situational factors (Koter and Keller, 2009). Attitude of others is the extent to which another consumer's negative attitude and reluctance to satisfy his need affects the purchase decision. And unanticipated situational factors may include the way the bloggers or the websites publish their evaluations (in the case of social media). The post purchase decision tends to evaluate the wisdom of the choice made by the consumer. It is a phase where the consumer decides whether to repurchase or not.

The ban of nestle Maggi noodles in India is a great and recent example of how the social media affects consumer perceptions. When it was found out in 2015, that a particular batch of Maggi noodles in Uttar Pradesh claimed to have 'unsafe and hazardous' substances, a brand built over three decades, loved by everyone crumbled. The news channels were so influential in persuading people away from the product that from that the market share of the product fell drastically. Confidence building among consumers was the main step taken by them to tackle the situation. A mechanism was set up to maintain consumer relationships that were mainly done through Facebook and Twitter. It tried to reassure that their noodles are safe and they are a transparent company. So through the smart use of social and digital media, it regained the trust of its customers and acquired almost 60% of the market share again, after a tough time.

Blogs and the Impact on the Consumer Buying Behavior

Nowadays blogs are an efficient way to persuade consumer to take buying decisions. A blog is an online journal, onset by individuals or a group of individuals, which features views and ideas for a larger audience. A blog can be about fashion wherein the bloggers mix and match apparels from various brands, or it can be a food blog wherein the bloggers explore different places to eat, or it can be a travel blog which includes travelling to places, telling people what is worth seeing etc. Consumers usually tend to trust bloggers and reviewers rather than most salespersons.

In recent years, blogging has been rated to be the most eye-catching platform for recording and presenting ideas and reactions related to any specific life event. Positive comments on social media networks have a positive impact, but negative comments can even lead to the destruction of brand image. In a research it was indicated that 81% of consumers look for the recommendations given by bloggers prior from purchasing any product through an online website. And 74% of the people who had taken those recommendations found them influential in purchasing the product (Wegert, 2010). Since blogs allow everyone to come up with their views, and some bloggers do not have editorial constraint; as a result their posts can impact the brand reputation harmfully also. But despite this, blogs have become an important aspect for consumers before taking the final decision.

To conclude it all, it won't be wrong to say that the Social media platforms have revolutionized the approach of market segmentation. Instead of easily identifiable demographics, such as gender, income and age, it has grouped people according to the likes, dislikes and thinking. Regular users of Internet based information when asked in a research study, "if social media ever caused them to buy anything unplanned, that they didn't really need", 59% of the people responded positively. So it can be seen that social media if used effectively can increase the sales of the company, and if the people are highly dissatisfied with the company, can even destroy it. It has changed the way of communication, instead of approaching directly to public; social media has created a web where consumers interact with opinion leaders. Hence, social media acts as a non-economic factor, which influence the consumer's buying decisions.

SPANISH FINANCIAL CRISIS

MANSHA CHAWLA
4 ECOH A

“What we know about the global financial crisis is that we don't know much.” –Paul Samuelson

The Global Financial Crisis of 2007-08 marked the beginning of the Spanish financial crisis. Housing bubble and the high GDP growth rate were the major causes for the same. During the years 1997-2007 there was expansion in the real estate sector. It was observed that the construction sector showed a rise of more than 5%. It was estimated that in the year 2007, the construction sector contributed to nearly 14% of the employment and also 16% of the GDP. There was a growth in the demand for housing due to economic expansion, decrease in the rates of housing loans, increase in the number of immigrants. Several new houses had to be constructed to meet the growing demands of houses. It was estimated that in the period of 1997-2007, 5.3 million dwellings were constructed and ready to be sold. Thus, the house stock increased continuously. During the period 1997-2008, there was increase in the housing loans as a contribution to the GDP which showed an increase from 28.4% to 102.9%. In the initial period, with the growing demand for houses it was difficult to adjust the supply with the demand which led to a rise in the prices of real estate which became more adverse when future expectation of prices started affecting the demand. This situation led to a price spiral. According to the Bank of Spain, there was a rise in the housing prices by 115%. After the year 2007, the housing prices experienced a sharp decline which was because of several factors like the fall in the employment, increase in the cost of Capital. Despite the fact that housing prices declined, there was a fall in the sales of houses.

The banking crisis in Spain is a part of the Eurozone crisis. It was noted that the growth rate of Spain was more than the Western countries. The two types of credit institutions: Banks and Cajas. The borrowings from both the Banks and Cajas increased in order to finance the consumption and investment.

There are five stages into which the Spanish banking crisis can be bifurcated into:

Phase 1) Three new institutions came up. FAAF (Financial Asset Acquisition fund) had been set up by Spain, it was set up under the Royal Decree with the aim of stimulating credit approvals to the non-financial institutions or entities.

Phase 2) April 2010-11, which was a phase during which Government of Spain used some tools to influence the solvency of the banking system of Spain.

Phase 3) Encourage Cajas (Spanish Savings bank) to be converted into publicly traded banks.

Phase 4) New government forced the Banks and Cajas to increase loan provisioning.

Phase 5) Spread of the crisis from Spain to other European authorities

The effect of the crisis was such that the economy became stagnant and showed gradual recovery afterwards. The crisis led to severe unemployment. In the period 2008-12, the state of jobs in Spain was so poor that it showed a drop by 2.9 million. It had a huge impact on the youth labor market the age group belonging to 16-24 years category. During the period in which Spain entered into the crisis, it carried a burden of public debt which was about 36.2% of GDP. The government of Spain undertook austerity measures to reduce the burden of debt and was successful in doing so as the budget deficit was reduced to 8.5% in the year 2011.

The financial crisis had an overall impact on the economy as there was fall in the output and a rise in unemployment.

Moreover, the burst of the housing bubble affected the economic activity of Spain to a great extent. To some extent the financial difficulties in the international market also affected the banking system. For the recovery of the economy there were measures taken by the Spanish government like the fiscal consolidation program in which several reforms were introduced by the government with the aim of achieving a sustainable and balanced economic growth. The fiscal path which was adopted for quick recovery of Spain was that new spending would be made by the government only when the deficit target would be fulfilled. Further, it was deliberated that the government could take any additional measures so as to achieve the targets of deficit reduction. Thus, the program has helped the country to a great extent but still there remain some important challenges to be addressed.

Abenomics: An Overview and Evaluation

Rejath R
4 ECOH A

Japan has been trying to combat the problem of deflation since the 1990s and Shinzo Abe's answer to that is Abenomics - to boost and subsequently maintain a GDP growth rate while simultaneously increasing inflation rates to 2%. This was to be achieved through - monetary easing, fiscal stimulus and structural reforms.

Monetary policy is an unconventional central bank policy that is aimed at creating a big push in the short run. The main apparatus for the policy is to decrease the real interest rates to induce further business and consumer spending. The significant side effect is the weakening of the Yen. It began even before Shinzo Abe was elected as the PM. A downside to it is that many investors had invested in the Yen thinking it was a stable currency and its devaluation adversely affected them. Nonetheless Abe argues that the benefits outweigh the cost. The weakened Yen is expected to increase exports and this extra revenue that businesses gain could translate into higher investments. A boom in the stock market is also expected since new regulations, decreased interest rates and a weakened Yen not only makes it easier for companies to raise funds but increases plausibility of further investment which prompts investors to play a more active role in the stock market. Other measures include open market operations.

There are 2 quantitative aims - the master goal of achieving a 2% inflation rate and to tackle Japan's debt problem.

The fiscal policy serves as a short and medium term measure whereas the structural reforms are aimed at a medium and long term basis. Increase in government consumption and public works are the primary fiscal stimulus tools. Immediately after Shinzo Abe came into power, a 5.5 Trillion package was announced for public works and post-quake spending was increased to 19 trillion from 25 trillion. Abe had also assured the country a flexible fiscal policy, contrary to other G7 members. The goal of the structural reforms was a long term solution to Japan's debt crisis that amounted to 200% of the GDP as of March 2013. The key areas and themes that were to be reformed were as follows

- Measures of combating global warming
- Promotion of Industry renewal and Start ups
- Encourage participation of women and youth
- Exporting infrastructure and promotion of Japanese culture abroad

A thorough evaluation can be done by focusing on the currency, stock market, GDP, employment and inflation. So far it appears that Abenomics has put the Japanese economy back on track. But unfortunately Abe's plan has fallen short of one target. Failure came in Abenomics' most prominent target- Inflation. September 2017 - inflation rates were only 0.7% as compared to the target of 2%. The reason?

Wages have not been rising fast enough and thus Aggregate Demand was lagging behind. While wages of workers have increased, the wages of the dominant and permanent workers haven't risen. In addition to this, the increased supply of labour by means of women and the youth also restricted prices. Also Japan, a country that isn't fond of migration, has for the first time in history crossed 1 million foreign workers and this has affected increasing wage rates. This along with increasing productivity of workers, labour saving techniques and consumer attitude towards increasing (or even decreasing prices in Japan's case) has all led to restricted growth of inflation. Therefore while Abenomics was able to achieve all other major targets, it was a big misfortune that it couldn't achieve the hallmark 2% inflation target. Nonetheless it can be recognized as a success and even the IMF confirms.

- Regulatory reforms in employment, environment and health care
- New IT Framework
- Promotion of economic partnerships

The Negotiating Table

Johann M Cherian
4 ECOH B

As the world prepares to enter into the mid-21st century there is a significant decrease in the desire of countries to become global super powers in terms of military supremacy. Rather today, the main weapon that can be used against a country are economic threats such as sanctions and international isolation. The end product of such measures taken globally is now visible with the Democratic Republic of Korea who is now ready to come to the negotiating table and who seems ready to lay down its arms in exchange for economic liberty.

It's in the light of these turn of events that one must look at the relations between the republic of India and the Islamic Republic of Iran. An event which is very essential here is the statement that a United States representative put out in November, 2018: that most countries will stop oil imports from Iran by 2019. However the Khamenei is helpless but to just put out statements saying "The US will pay for this" or "The Iranian Republic will not stop its nuclear tests", while privately pondering probably as to how he would save his crumbling economy. What is fascinating is the confidence with which USA made the statement.

India on the other hand has good ties with the Iranian Republic and is on a path to improving relations with the USA after a long struggle which it in no way wants to sabotage. India imports a large quantity of its oil from Iran, a whopping 22 million tonnes and this is sure not to fall in the long run; given the fact that there are sanctions imposed on Iranian exports and that the Iranian government will soon be desperate to sell oil at a price lower than the market price. India's relations with the USA has also improved in the recent past given the multiple state visits and significantly after the US stopped funding the Pakistani Economy, India's Goliath.

This is also evident after India signed military deals with regard to heavy artillery and light artillery in the recent past with the USA. So visibly, India is in a bit of an international pickle, for lack of a better lingo. And what does India do? It does what I think any of us would have done. It says "We need to talk!!", and brings the issue to the negotiation table intelligibly. The end result - India got a waiver to continue to import 1.2 million tonnes from almost 2 million tonnes of oil a year till renegotiations take place in 2019.

There's an old saying that goes like this - "The world never sleeps on the British Empire". In the 21st century it probably can be rephrased to a different disposition - "When the USA speaks the world stops to listen".

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