A STUDENTS' JOURNAL OF SHRI RAM COLLEGE OF COMMERCE

Is China heading towards the next financial crisis? A case study of the parallels between the pre-crisis US Economy and Chinese Economy
Madhurima Khosla

Structural Changes in The Russian Economy
Parth Verma & Prajwal Gupta

Aftermath of Demonetization in India
Arshnoor

The Ripple Effect of a Strike
Shiv Kumar Bansal

PIIGS: Same Same Yet Different
Akanksha Burman

Internal Migration in India: Causes and Consequences
Bipul Verma

Bolstering Talent Acquisition- Concept of Employer Branding
Pashmina Uberoi

The Effect of Demonetisation on Inflation in India
Sakshi Kumari

Demographic Dividend of India- Is it Just a Mirage?
Deepika

UBI: Old Wine in a Fancy Bottle
Shivangi Gupta

Spectrum of Indian Politics
Bharatendu Verma

The Trump Card
Arshya Aggarwal

To be or Not to be?
Sanchie Shroff

STRIDES

A STUDENTS' JOURNAL OF SHRI RAM COLLEGE OF COMMERCE

Volume 1 Issue 1 2016-17

PATRON
Shri Ajay S. Shriram
Chairman, Governing Body

PRINCIPAL (Officiating)
Dr. R.P. Rustagi

EDITOR
Dr. Santosh Kumari
Ph.D., M.Phil., M.Com., M.A. Educational Leadership and Management
(University of Nottingham, England, United Kingdom)

Assistant Professor
Department of Commerce
Shri Ram College of Commerce
University of Delhi
Delhi-110007
India

e-mail: strides@srcc.du.ac.in

COMMITTEE ON PUBLICATION ETHICS (COPE)

Dr. R. P. Rustagi	Chairman
Dr. Santosh Kumari	Editor of STRIDES and Convener of COPE
Mr. S. K. Aggarwal	Senior-most Teacher in the College
Dr. Anil Kumar	Coordinator, Global Business Operations, SRCC
Ms. Santosh Sabharwal	Teacher-in-Charge, Department of Commerce
Mr. Rajiv Jha	Teacher-in-Charge, Department of Economics

REFEREES

The following referees reviewed papers during the academic year 2016-17.

Mr. S. K. Aggarwal	Associate Professor, Department of Commerce, SRCC
Dr. Anil Kumar	Associate Professor, Department of Commerce, SRCC
Dr. Deepashree	Associate Professor, Department of Commerce, SRCC
Dr. Suman Bhakri	Associate Professor, Department of Commerce, SRCC
Dr. A. J. C. Bose	Associate Professor, Department of Economics, SRCC
Ms. Renu Agarwal	Associate Professor, Department of Commerce, SRCC
Mr. Rajiv Jha	Associate Professor, Department of Economics, SRCC
Mr. Amit Sachdeva	Associate Professor, Department of Commerce, SRCC
Dr. Rachna Jawa	Associate Professor, Department of Commerce, SRCC
Mr. Avinash Kumar Jha	Assistant Professor, Department of Economics, SRCC
Dr. Pankaj Chaudhary	Assistant Professor, Department of Commerce, SRCC
Mr. Harendra Nath Tiwari	Assistant Professor, Department of Commerce, SRCC

WEB LINK
Visit: http://www.srcc.edu/publications/students-publications

All correspondence relating to publication of the journal should be addressed to :

The Principal
Shri Ram College of Commerce
University of Delhi, Maurice Nagar
Delhi - 110 007 (India)
e-mail: principaloffice@srcc.du.ac.in

Principal's Message

The mission statement of the College, signifying the existence and its road map to the achievement of its vision, reads as:

"To achieve and sustain excellence in teaching and research, and enriching local, national and international communities through our research, the skills of alumni, and the publishing of academic and educational materials"

To achieve and promote excellence in publications and applied research, the College has taken the initiative to launch a new journal exclusively to publish students' research papers and articles. It will be an add-on to the enriched catalogue of College publications and academic literature.

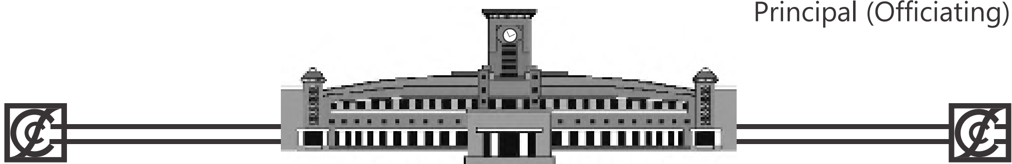
The journal has provided an opportunity to the students of our college to focus on research at the undergraduate level. Since the students were not opened to the research methodologies at the undergraduate level, they were mentored by *experienced senior faculties* of our College. Simultaneously, their articles were also reviewed by the referees and tested for plagiarism before publication. After reporting all the suggestions recommended by the referees, the articles were revised and then finally published. The College is successfully releasing the foundation issue of the journal i.e. *STRIDES – A Students' Journal of Shri Ram College of Commerce, Volume 1, Issue 1, 2016-17* on the occasion of 91st Annual Day of College held on 13th April 2017. The Journal is released by Shri Prakash Javadekar, Honb'le Minister of Human Resource Development, Government of India.

The college has already applied for *International Standard Serial Number* (ISSN) for the Journal. The application for ISSN is still under process.

I would like to congratulate the students whose papers are published in the foundation issue of the journal and simultaneously, encourage all the students to contribute their research papers and articles for the successive issues of the Journal.

Best wishes for their future endeavor.

Dr. R.P. Rustagi
Principal (Officiating)



Visit: http://www.srcc.edu/publications/students-publications

Editor's Message

Shri Ram College of Commerce is well known for its academic excellence and dedicated approach towards dissemination of knowledge in the academic world. The College appreciates the role of research in education and is committed to developing an inclination towards research in both faculty and students. In this pursuit, the College has taken the initiative to launch a new Journal named 'STRIDES – A Students' Journal of Shri Ram College of Commerce' to encourage students to pursue research under the guidance of the faculty of Shri Ram College of Commerce.

It is an annual journal launched exclusively to publish academic research papers and articles by students on contemporary topics and issues in the area of commerce, economics, management, governance, policies etc.

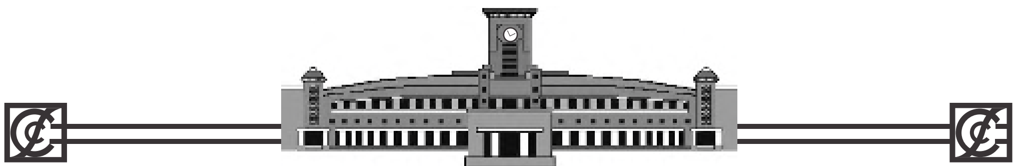
In order to maintain high standards of publication, a Committee on Publication Ethics (COPE) has been constituted. The COPE shall be the apex authority to take all decisions related to publication of research papers and articles in STRIDES. The decision of the COPE shall be final and binding.

To maintain the *academic standards, academic ethics* and *academic integrity*, a rigorous process of blind review of articles is followed after screening for plagiarism of each manuscript received by the college for publication. The research work published in STRIDES is original and not published or presented at any other public forum.

The foundation issue of the Journal i.e. *STRIDES – A Students' Journal of Shri Ram College of Commerce, Volume 1, Issue 1, 2016-17* is successfully released on 91st Annual Day held on 13th April 2017 by Shri Prakash Javadekar, Honb'le Minister of Human Resource Development, Government of India.

Successive issues of STRIDES will be released every year on the occasion of College Annual Day.

Dr. Santosh Kumari
Editor



STRIDES

A STUDENTS' JOURNAL OF SHRI RAM COLLEGE OF COMMERCE

Volume 1 | Issue 1 | 2016-17

CONTENTS

ARTICLES

Is China heading towards the next financial crisis? A case study of the parallels between the pre-crisis US Economy and Chinese Economy
Madhurima Khosla....1

Structural Changes in The Russian Economy
Parth Verma & Prajwal Gupta 7

Aftermath of Demonetization in India
Arshnoor 19

The Ripple Effect of a Strike
Shiv Kumar Bansal 27

PIIGS: Same Same Yet Different
Akanksha Burman....33

Internal Migration in India: Causes and Consequences
Bipul Verma....37

Bolstering Talent Acquisition- Concept of Employer Branding
Pashmina Uberoi....43

The Effect of Demonetisation on Inflation in India
Sakshi Kumari....49

Demographic Dividend of India- Is it Just a Mirage?
Deepika....53

UBI: Old Wine in a Fancy Bottle
Shivangi Gupta....59

Spectrum of Indian Politics
Bharatendu Verma....63

The Trump Card
Arshya Aggarwal....67

To be or Not to be?
Sanchie Shroff....73

Akanksha Burman
B.Com.(Hons.)-IIIrd Year
Shri Ram College of Commerce
University of Delhi

PIIGS: Same Same Yet Different

"Eurozone 'piigs' are leading us all to slaughter"[1]

The global financial crisis of 2008, along with causing a massive financial turmoil in economies around the world, added a new country acronym to our alphabet soup- PIIGS. It represents the countries at the epicentre of the European Debt Crisis- Portugal, Italy, Ireland, Greece and Spain. Infamous for the substantial instability of their economies, these countries have become a serious concern within the European Union and the rest of the world. The article traces the diverse causes of financial turmoil in these nations amidst a monetarily unified Europe.

INTRODUCTION

PIIGS- an acronym with reference to a dirty farm animal; is used to refer to five Eurozone nations that witnessed severe economic downturn post the global financial crisis of 2008: Portugal, Italy, Ireland, Greece and Spain. Yoked under one currency, these countries were unable to adopt an independent monetary policy and have experienced high budget deficit, alarming debt to GDP ratio, sluggish growth, high rates of unemployment and intervention by financial institutions since then. The financial instability of these

Mentor

Ms. Richa Goel
Assistant Professor
Department of Commerce
Shri Ram College of Commerce

[1] www.telegraph.co.uk (Warner 2010)

countries has become one of the greatest economic threats and has brought into the question the efficacy of monetary integration without fiscal integration in the European Union. The article aims to throw light on the commonalities and differences in the causes of economic turmoil in these countries and the viability of the Eurozone as a monetary union.

REVIEW OF LITERATURE

Bali and Demir (2015) focus on the causes of the Global Financial Crisis and the difference in the extent of its impact on BRICS and PIIGS countries. They compare the performance of the countries using economic indicators like GDP growth rate, inflation rate and unemployment rate and highlight that BRICS showed resilience due to high growth rates, better governance and high domestic demand whereas the PIIGS nations fell into recession due to failed regulation. Brazys and Hardiman (2014) trace back the evolution of the acronym 'PIGS'. They employ various statistical models and conclude that the acronym had an adverse impact on investor sentiment and Irish Bond market. Teague (2013) gives a brief synopsis of the social, economic, and political factors which caused the financial adversity in these countries and expanded the Debt-GDP ratio. Fernandes and Mota (2011) use a detailed statistical analysis of fiscal factors and indicators to compare the PIGS (excluding Italy) and non-PIGS members and conclude that the asymmetry in the tax and government expenditure in PIGS and the neglect of rules inscribed in Maastricht Treaty by both led to the European debt crisis. Blackwell (2011) explains the state of banking in Ireland before 2008 and concludes that the bursting of the real estate bubble affected the banking cycle which led to the Irish banking crisis.

THE CURIOUS CASE OF PIIGS

The monetary integration sans fiscal integration within the European Union has become the cause of financial instability and economic divergence within the continent. A common currency facilitated easy availability and mobility of low cost finance. This resulted in high borrowing and lending within the countries and financial institutions. Each member state enjoyed autonomy in framing its own tax and public pension rules resulting in reckless public expenditure. This resulted in a series of financial imbalances across Euroland and these countries succumbed easily to the financial crisis in 2008. Though, the financial health of these countries is nearly identical, each of these countries had a different cause which made them vulnerable to the ripple effects of the global financial crisis.

The mismanagement of structural and cohesion funds, risky credit, extravagant

salaries of top bureaucrats and redundancy of the public sector caught Portugal in a debt trap and sent the economy into recession[2]. In Italy, the global recession stagnated the banking and financial sector resulting in a lack of money and credit in the economy and loss of investor confidence. Many companies terminated their operations and there was large scale retrenchment causing widespread unemployment[3]. The 'Celtic Tiger' Ireland- brought its economic prosperity to a halt, not through overspending but as an outcome of the state guaranteeing the six main Irish banks, which had financed a property bubble. When the housing bubble burst in 2007, the budget deficit ballooned and unemployment was up by over 10 per cent[4]. Greece has been the worst performer amongst its peers with highest debt to GDP ratio of nearly 176 per cent[5] (2015). The Greek economy was primarily dependent on tourism and shipping, both of which were hard hit after the global recession. To keep the economy functioning, the government borrowed beyond its means, spent heavily, maintained negligible tax rates and falsified public financial data which caused the government debt to soar[6]. On the contrary, the high tax rates in Spain helped it to maintain relatively lower levels of public debt. But, the popping of the real estate bubble in 2008 increased its debts significantly and downgraded its credit rating[7].

To set these countries on the path to economic recovery, the European Central Bank, the International Monetary Fund and the European Commission have brought into action multiple financial assistance programmes. The bailout packages were contingent on harsh austerity measures which invited massive social unrest and political instability in these economies. Structural problems such as high labour cost, stringent labour laws and, lack of public support made it difficult to turn their economies around and improve productivity. A bulk of their trade was also concentrated towards each other which created a domino effect and brought them down together. Since 2012, the growth rate of Spain, Portugal and Ireland has significantly improved and they are showing signs of revival but Greece and Italy still face a troubled future and struggle to fight their way out of the debt trap.

CONCLUSION

It is evident that the PIIGS countries constantly neglected alarming factors such as over-borrowing,huge amount investment in the real estate sector and enormous

[2] (Teague 2013)
[3] (Teague 2013)
[4] (Blackwell 2010)
[5] Source: World Bank & Eurostat Data (2015)
[6] (Bali & Demyr 2015)
[7] (Teague 2013)

government expenditure and the crisis was an outcome of failed regulation. If each of these countries was not bound by a single currency and had an autonomous monetary policy, they would have responded in a better way via domestically set short term interest rates and fluctuations in the interest rates. The crisis also called for a more federal European Union with fiscal powers to avoid such instances in future. The result of the crisis was a financial awakening around the globe which led to the introduction of more comprehensive, rigid policies and greater vigilance by the institutions around the world.

REFERENCES

Bali, S. & Demyr, E. (2015) Impact of the Global Financial Crisis on BRICS and PIIGS countries.*Eurasian Academy of Sciences Social Sciences Journal* 2(2): pp. 90-98.

Blackwell, R 2010, *Ireland's crisis explained.* Available at:https://www.google.co.in/amp/s/sec.theglobeandmail.com/news/world/irelands-crisis-explained/article1315217/%3fservice=amp.
[Accessed on17 February 2017]

Brazys, S. & Hardiman, N. (2015) From Tiger to PIIGS: Ireland and the uses of heuristics in comparative political economy. *European Journal of Political Research* 54(1):pp. 23-42.

Dawber, A.(2015), *While Greece flails, are the rest of the stricken Pigs taking off?*, Available at:www.independent.co.uk/news/business/analysis-and-features/while-greece-flails are-the-rest-of-the-stricken-pigs-taking-off-10058352.html.
[Accessed on 20 February 2017]

Eichler, A.(2011)*The European Debt Crisis: A Beginner's Guide*
Available at: m.huffpost.com/us/entry/1147173.
[Accessed on 25 February 2017]

Europe's PIGS: Country by Country(2010). Available at: news.bbc.co.uk/2/hi/8510603.stm.
[Accessed on 24 February 2017]

Fernandes, AC. & Mota, PR. (2011) The Roots of the Eurozone Sovereign Debt Crisis: PIGS vs Non PIGS. *Panoeconomicus*. 5(special issue) : pp. 631-649.

Mining Journal (2010):*PIGS Slaughtered*. Available at :archive.fo/07twj. [Accessed 23 February 2017]

Teague, M. (2013). The Role of PIIGS in the European Debt crisis.*www.equities.com*. Available at:https://www.equities.com/news/the--role-of-the-piigs-in-the-european-sovereign-debt-crisis.
[Accessed on 22 February 2017]

Warner, J 2010, *Eurozone 'PIGS' are leading us all to slaughter . Available at:*www.telegraph.co.uk/finance/comment/jeremy-warner/7168631/Eurozone-pigs-are-leading-us-all-to-slaughter.html.
[Accessed on 18 February 2017]

SHRI RAM COLLEGE OF COMMERCE
University of Delhi, Maurice Nagar Delhi - 110 007
Phone: 11 - 27667905   Fax: 11 - 27666510