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DEPARTMENT OF COMMERCE

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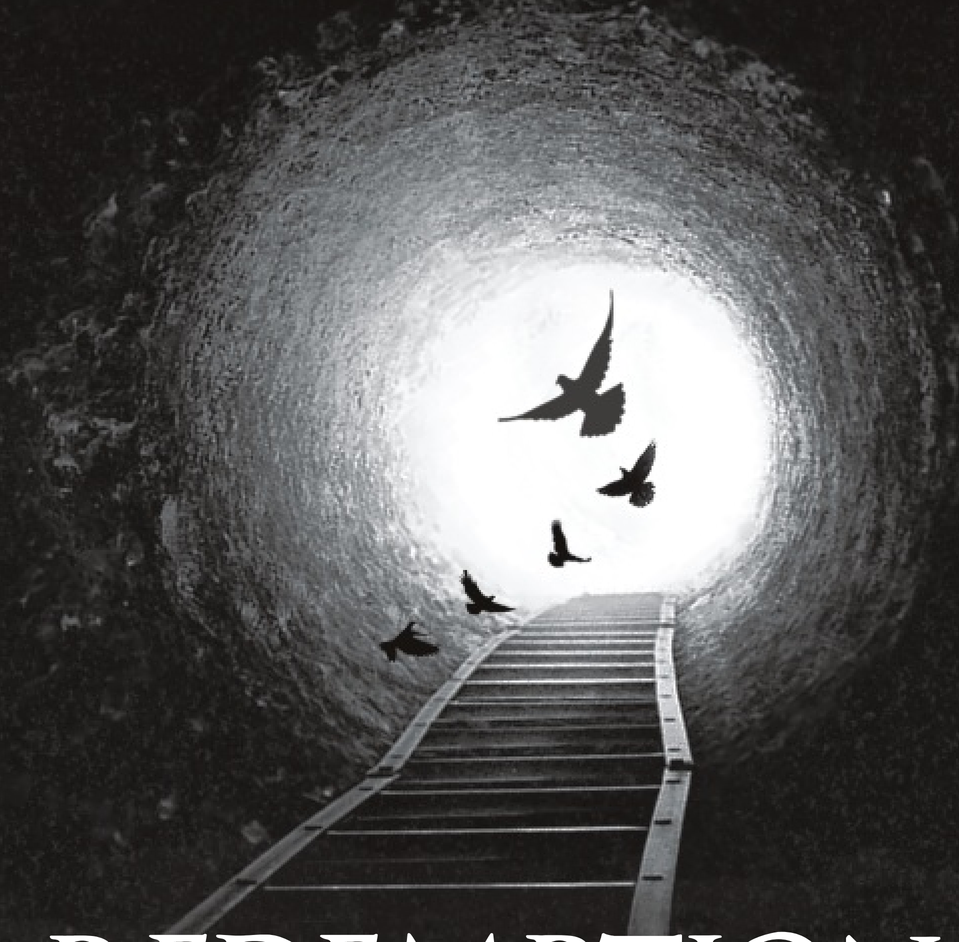
DREAMS. DEVELOPMENT. DESTINY.

YOUTHINK

VOL XIV | 2019

A PEER REVIEWED JOURNAL



REDEMPTION

INTERVIEW BY:
SOURAV GANGULY

A XAVIER'S COMMERCE SOCIETY ENDEAVOUR

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YOUTHINK

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REDEMPTION

XAVIER'S COMMERCE SOCIETY

CREDITS

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MESSAGE FROM

Rev. Dr. Dominic Savio, S.J.

Rector and Principal

St. Xavier's College (Autonomous), Kolkata

"Education, for our students, is the foundation for life-long wellbeing; a time when they can discover their true gifts, so their capabilities can soar."

"God never said that the journey would be easy, but he did say that the arrival would be worthwhile."

Every Xaverian focuses on demonstrating proficiency through creating a culture of learning by seeking knowledge and skills. Our students succeed because they are both nurtured and challenged to explore their true potential. Our ethos at St. Xavier's College (Autonomous), Kolkata is to encourage every student to be an insightful, resourceful and well-rounded individual who with a pure mind, can support and respect others in their endeavours. Education, for our students, is the foundation for life-long wellbeing; a time when they can discover their true gifts, so their capabilities can soar.

In the fourteenth edition of Youthink, students have worked diligently to institute thought-provoking and practical insights. I would like to appreciate the Youthink Editorial Board for choosing Redemption as their theme this year. Redemption is an omnipresent phenomenon that epitomises the channel of development that mankind strives to follow. The Xavier's Commerce Society, as the representative body of the Department of Commerce, helps spread the virtue of persistence. It is not just strength or intelligence but continuous effort which is the key to unlock true potential. In its endeavour to redefine possibilities, the members of the society have contributed long hours and careful attention to help its readers be more cognizant of their surroundings. The society seeks to make people believe that an investment in knowledge pays the best interest.

Youthink Vol. XIV has borne witness to a conscientious team of members who have meticulously worked towards the prosperity of the journal. Along with that, I laud the contributors for their invaluable vision which has transcended the legacy of Youthink. The commitment and contribution of our faculty and staff has created a lasting impression on the students and their generosity is a direct reflection of their commitment to foster the talent and ambitions of all Xaverians.

As long as you have hard work in your stride, good luck will always be by your side. I wish the student body of the Xavier's Commerce Society a fruitful discourse.

D. Savio SJ

Rev. Dr. Dominic Savio, S.J.

MESSAGE FROM

Rev. Dr. Xavier Savarimuthu, S.J.

Vice Principal (Morning)

St. Xavier's College (Autonomous), Kolkata

"In our obscurity and all this vastness, there is no hint that help will come from elsewhere to save us from ourselves, and thus, redeeming ourselves from our own mistakes is a responsibility each of us should value above everything else."

The Earth is a very small stage in a vast cosmic arena. The endless cruelties imposed by the inhabitants of one corner on the scarcely distinguishable inhabitants of some other corner, due to their frequent misunderstandings, makes them hostile towards others beings. In our obscurity and all this vastness, there is no hint that help will come from elsewhere to save us from ourselves, and thus, redeeming ourselves from our own mistakes is a responsibility each of us should value above everything else.

St. Xavier's College has always been a sanctum of knowledge and wisdom, and at the same time we have always taught our pupils to defy the unconventional and adopt a rational mindset. Through various platforms, we strive to instill these values in our students and the Xavier's Commerce Society has been a fundamental element in helping the college in this endeavour, allowing students to voice their opinions through a journal like Youthink.

I would like to congratulate the Youthink Editorial team for selecting a theme that truly embodies the need of the hour and encapsulates the developments of the world in a wholesome manner. Through keen observation and profound analysis, the variety of articles represents the kaleidoscope of thoughts of both students as well as other profound minds who have contributed to the journal. I would also like to appreciate the professors and guests who have enlightened young minds through their diverse array of articles and imparted great knowledge to all the readers.

The launch of the fourteenth edition of Youthink represents the culmination of the dedication and efforts as well as the inexorable will of the members of the Xavier's Commerce Society who have always strived to push boundaries and create benchmarks in every field. They have always encouraged students to dream and given them the platform to realise their potential, bracing them for the journey that awaits them after the three years of college.

I wish Youthink Vol. XIV the very best as it seeks to surpass the standards set by its predecessors and redefine perfection. I would like to extend my heartiest congratulations to the Xavier's Commerce Society for publishing a journal that stands testimony to the values of St. Xavier's and disseminates the essence and spirit of a true Xaverian.

May God bless you!

Rev. Dr. Xavier Savarimuthu, S.J.

MESSAGE FROM

Rev. Peter Arockiam, S.J.

Vice Principal (Evening)

St. Xavier's College (Autonomous), Kolkata

"It is of paramount importance to be equipped with appropriate knowledge, habits, attitudes and values leading to holistic development."

Good values serve as the foundation of an organisation in which individuals flourish, excelling in the numerous disciplines known to mankind, after redeeming themselves from their actions and take a step closer to collectively become what we perceive as an ideal society. At St. Xavier's College (Autonomous), Kolkata, our mission is to transform students into rational thinkers, competent workers and spiritually enlightened individuals. It is of paramount importance to be equipped with appropriate knowledge, habits, attitudes and values leading to holistic development. In this institution, students have carved a niche for themselves in various fields at national and international levels. Co-curricular activities, organised by societies, facilitate the process of creative and critical thinking. I intently believe that individuals develop versatile personality during their stay in this temple of learning.

It is through a novel perspective and looking at opportunities in new ways that the Xavier's Commerce Society has always mapped its path. They have the privilege of having a healthy and harmonious ambience and rich values which have played a pivotal role in shaping the skill set of students. Their pioneering efforts at providing writers with a platform to express and readers with an opportunity to imbibe knowledge, is praiseworthy.

Mankind has been privileged to witness the immortal story of the ink and the paper evolve slowly with time. A tale born out of innumerable ideas, those which are scattered at the beginning but are gradually brought together to tie the different trains of thought. All such works have contributed to this treasure of a literary niche, and the myriad characters, information and opinions that embody this journal, helps us enrich our knowledge of the world, as we know it today. I am greatly heartened by the response that the Editorial Team has received for their annual business journal. I trust that contributing towards Youthink has been an enjoyable and inspiring experience for all who have associated with it. The society has also succeeded in striking collaborations with luminaries of their varied fields, who have built a striking impression in the young minds.

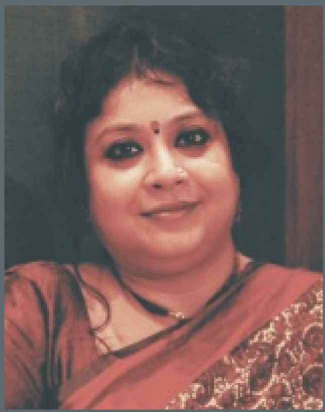
"If you don't go after what you want, you will never have it. If you don't step forward, you are always in the same place."

Youthink Vol. XIV has not just upheld its sustained splendour but also added to it. This edition of the journal has great significance for the Department of Commerce, and the faculty of St. Xavier's has put forth their greatest united effort along with the students to carry forward this undertaking. I wish that their concerted efforts award them with success.

With able guidance, the Xavier's Commerce Society can scale still higher and achieve nobler heights by expanding its activities beyond known limits.

May the society's dedication and spirit always match the vision and virtues of this institution!

Rev. Peter Arockiam, S.J.



MESSAGE FROM

Dr. Sumona Ghosh

Managing Editor

Youthink Volume XIV

"We keep moving forward, opening new doors, and doing new things, because we're curious and curiosity keeps leading us down new paths."

Our society today thrives on the achievements of our predecessors who have moulded our generation and passed on the baton for us to further their vision of an idealist civilization. In order to surpass them, we have to resort to introspection to identify our shortcomings and learn to accept our flaws in order to move forward. That brings us to the immediate necessity to acknowledge human fallacy, and take steps to redeem ourselves before the damage done becomes inevitable and irreversible. In the face of exponential progress, the foundation of humanity must not lose faith in its ability to maintain the core values of mankind. With that thought in mind, Youthink resonates this vision of encouraging a healthy society that uses failures as a stepping stone to build a society that emulates the true essence of human values.

> True development lies in well-rounded progress where each individual can capitalise on the opportunities provided to him.

Our aim will always be to transcend our boundaries and achieve the unimaginable, yet to forget our roots and be blinded by the greed to achieve more is not the way forward. True development lies in well-rounded progress where each individual can capitalise on the opportunities provided to him. Therefore, to redeem ourselves from the dangers of overambition, we must look back before we take a step forward.

Youthink is an endeavour that serves as a platform for students of the institution as well as many other professionals from the field of education to present their views on this dynamic and fast-paced world. It encompasses the principles of the generation and their passion to be the leaders of a better tomorrow.

I would like to extend my heartiest congratulations to the entire Xaverian family and the editorial board of Youthink Vol.XIV for proving yet again that there is always a writer in every person, who is just waiting for the right opportunity.

As we launch the fourteenth edition of the journal, I would like to thank each and every member of the faculty and administration for their constant support and guidance, that has helped make the journal a phenomenal success.

Youthink XIV - Redemption would not have been able to achieve its aim without the counsel from Rev. Dr. Dominic Savio, S.J., Principal, the relentless guidance from Rev. Dr. Xavier Savarimuthu, S.J., Vice-Principal B.Com (Morning) and Rev.Peter Arockiam, S.J.,Vice-Principal B.Com (Evening), the unwavering support from Prof. Swapan Banerjee, Dean, B.Com (Morning) and the valuable advice from Prof. Amitava Roy, Dean, B.Com (Evening).

As we delve into the intricacies of the human mind and analyse the determination behind human behaviour, I proudly present to you the fourteenth edition of Youthink.

Sumona Ghosh

Dr. Sumona Ghosh

MESSAGE FROM

Aastha Talwar and Suswet Sukumar Patra

Joint Editors

Youthink Volume XIV

"The spirit of Redemption has been the cornerstone of most revolutionary human endeavours, serving as an *Impetus* for humanity to stay Resilient and Transcend one's boundaries, not just to correct past failures, but also to craft a new Legacy."

"Light doesn't exist in spite of darkness, but because of it. It is the shadowy footsteps along the stairway that define the quest for incandescence. At the crossroads where light and darkness coalesce, Redemption shall be yours."

The aphorism of light at the end of the tunnel, has been a compelling illustration to enkindle hope among the dispirited, inspire vitality in the indolent and direct the vanquished on the path of redemption. For us, an allusion to the same in the critically acclaimed 'The Dark Knight Trilogy' by Christopher Nolan, is one of the most moving moments in cinematic history. The inconceivable climb by the protagonist, both literally and figuratively, from the pit of crippling defeat to the pinnacle of radiant glory exemplifies the exhilarating sentiment of redemption. It takes us back to the memorable words in the first instalment - "Why do we fall, sir? So that we can learn to pick ourselves up." We choose to take it a step further by saying, "We fall so that we can pick ourselves up, make the climb up the steep ladder and let our destiny take flight."

Across space and time, the spirit of *redemption* has been the cornerstone of most revolutionary human endeavours, serving as an *Impetus* for humanity to stay *resilient* and *transcend* one's boundaries, not just to correct past failures, but also to craft a new *legacy*. Today, more lucidly than ever, the abstract is manifesting itself in the deep reflections of reality. Exploring this very phenomenon through the pages of Youthink, the Xavier's Commerce Society, after thirteen glorious years of excellence, brings forth the fourteenth chapter of the revered journal, seeking to recreate and redeem its honourable legacy and take it strides further.

By highlighting the various phenomena across the diverse dimensions of the dynamic geopolitical landscape and analyzing them from varying standpoints, Youthink Volume XIV: Redemption presents before you a read that will not only expand your horizon of knowledge but also augment your inquisitive acumen. From transforming the perspective of business as being driven by depression in 'Development from Desolation' in the Feature Section to the analysis of the effect of climate change from a financial standpoint in 'Climate Risk and Financial Management' in the Ascent Section and the challenging path ahead for the airline sector to redeem itself in 'Aviation in India: Will it fly high or flake out?' in the Beyond Section, Xaverians panning across all years have succeeded in providing thought-provoking insights on relevant issues of the business world. Our revered professors, either in collaboration with the students or independently, have also put forth their ingenuous observations and studies through articles like 'Even a Common Man can be an Investor' in the Projects Section and 'Impact of M-Governance among Citizens' in Professor's Desk. We are also grateful to receive the captivating views of our guest author, Dr. Shameek Sen of the West Bengal National University of Juridical Sciences, in the delightful read - 'Redeeming our Pledge: Where do we stand?'.

An indispensable element of the journal - the 'Interviews' section, every year, engulfs the reader in the enthralling world of many venerable luminaries across the world. We are proud to present the engaging interview of the embodiment of the spirit of Redemption in the history of Indian Cricket, Mr. Sourav Ganguly. His words, as charismatic as his personality, are a testament to his inexplicable wit, vast experience and indomitable character.

Youthink XIV- Redemption would not have been what it is, if it weren't for the sustained encouragement from Rev. Dr. Dominic Savio S.J., Principal, the unending guidance from Rev. Dr. Xavier Savarimuthu S.J., Vice-Principal B.Com (Morning) and Rev. Peter Arockiam S.J.,Vice-Principal B.Com (Evening), the unwavering support from Prof. Swapan Banerjee, Dean, B.Com (Morning) and the valuable advice from Prof. Amitava Roy, Dean, B.Com (Evening). We would like to specially thank 'Ma'am', our Managing Editor, for being a constant source of reassurance and motivation. Finally, we would like to extend our gratitude to the students of St. Xavier's College for being enthusiastic readers and contributors, as always.

Welcome to Youthink Volume XIV.

Aastha Talwar

Aastha Talwar

Suswet Sukumar Patra

Suswet Sukumar Patra

> A brutal admixture of political parties with bipolar ideals will always bring treacherous dogfights for the accession of different departments within the Government.

Influence of Election Results on the Stock Market

ELECTION AFTERMATH: THE TUSSLE OF THE BULLS AND THE BEARS.

Shohom Pal
Department of Commerce (Morning)

Saptarshi De
Department of Commerce (Morning)

ABSTRACT

In today's world, when the fixed income instruments and the traditional instruments are skewing towards a rate of return which is unable to serve for 'real returns' after taking into account the benchmark inflation, people are slowly and steadily moving towards the stock markets which not only gives an opportunity of earning far more, but also provides the so-called 'demographic dividend' rich India a perfect platform to show their nerves of steel by taking in maximum risks possible. However, one of the key

determinants of a successful risk-taking capacity is the way one 'times' the market, and thus, through this article we are going to talk about how politics and elections almost every year (including state elections) affect the stock markets.

KEYWORDS: Mutual Fund, Stock Market, Fixed Income, Demographic Dividend, Politics, Elections.

INTRODUCTION

The advent of the NDA government and its remarkable win in the Lok Sabha Elections has led the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) to soaring heights. Both the exchanges have shown an unexpected gain of about 40,000 points on the NSE and 12,000 on the BSE. Investors seem optimistic about the new government that has come into power. For the first time on the National Stock Exchange, Nifty Bank Index crossed 31,000 points.

Sector-wise all the indices on NSE were trading with solid gains, with Nifty PSU gains followed by the private banks. In the broader market, the S&P BSE mid-cap index was trading over 1.5 per cent higher while the S&P BSE small-cap was up by 1.65 per cent. On 23rd May, 2019, Asian shares were trading with MSCI's world index of Asia-Pacific shares outside easing 0.01 per cent. The US stocks ended lower in the overnight trade on the Wall Street. If we see commodities, oil prices dropped. Foreign Portfolio Investors (FPIs) inflows into Indian equity markets stood approximately at $9.2 billion, whereas Domestic Institutional Investors (DIIs) were net sellers with outflows of approximately $1.4 billion. A stable government at the centre is expected to encourage FPI inflows into Indian markets.

LITERATURE REVIEW

Politics is a subject matter of taking decisions by the Government of a particular land or area which is subjected towards better governance of the subjects who would be thus governed by the law made by the politicians through respective law-making bodies or the Parliament.

On the other hand, the stock market is related to the economic behaviour of a given number of companies which are listed on the stock exchanges. While many of them have a business interest within the country where they are so listed, few organizations have a business interest outside the land where they are listed, but are taxable to the country where they are listed. Now, when we say business interest, it directly means that the said company needs to abide by the laws of the land and these laws are put forward by none other than the lawmakers of the country, or the politicians. So we put forward how both these terms get interlinked for smooth transition and functioning of any economy.

Mutual funds refer to the pool of funds which are raised from those interested investors who want to take that extra risk, thereby trying to maximise the return, but do not have the requisite knowledge to do that all by themselves. Mutual funds are managed by fund managers who are qualified finance professionals and they usually charge a certain percentage out of total returns which is termed as 'expense ratio'.

Fixed income, on the contrary, refers to the traditional form of investment but does not necessarily mean only fixed deposits because today, there are ample forms of fixed income instruments which yield higher return taking almost the same risk. These include Government bonds of 10-year maturity or more, Gold Monetization Scheme, etc.

MARKET CONDITIONS

14 May, 2004

Counting of votes was done on 13th May, 2004, but the Congress-led United Progressive Alliance (UPA) got a majority on 14th May. The Sensex fell by 6 per cent. After this, in the next session i.e. on 17th May, Sensex saw a decline of 11 per cent.

18 May, 2009

The day of counting was 16th May, but it being a Saturday, the stock market was closed. On Monday, 18th May, when the market opened, tremendous growth was seen in the market. This can be speculated by the fact that the Sensex closed at 12,173 in the evening on Friday and closed at 14,284 on 18th May. This was the first time in the history of the stock market that in one day, the Sensex rose 30 per cent to 17.34 per cent.

16 May, 2014

Going down the memory lane, if we look at the elections in the previous years, we can observe that on May 16, 2014, Sensex, for the first time, made history, by touching 25,000 levels. However, after the upturn, suddenly the market collapsed. On that very day, the market rose by 1470 points to 25375. This shows an optimistic behaviour in the market.

In 2019, the NDA government came into power and the Indian market indices had soared heights. However, if we see the market behaviour on 23rd May, 2019 when results were declared, the market shaved off its gains by the end of the day. This fall can be cited to the technical reason that people were overloaded with buying positions already before that, and they used the results to park their profit back home. It must be noted that at the end of the day figures showed almost $150 million of net additions in positions by domestic and foreign investors combined.

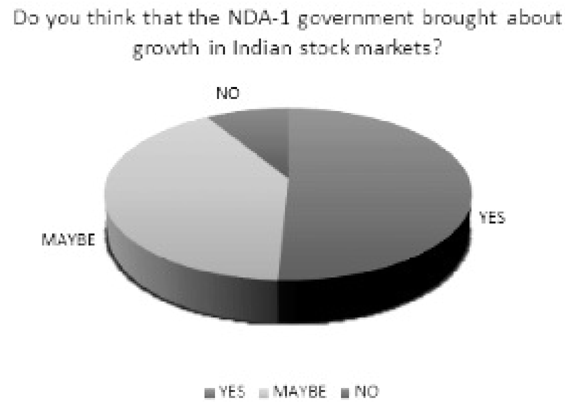
THE OBJECTIVE OF THE STUDY

To find out whether Indian Politics affect the stock market and to throw light on how a significant political development can rattle the behaviour. In our case, we would consider the scenario of the 2019 Lok Sabha elections on a holistic basis with citations from other leading and news-maker economies as well, over the recent past.

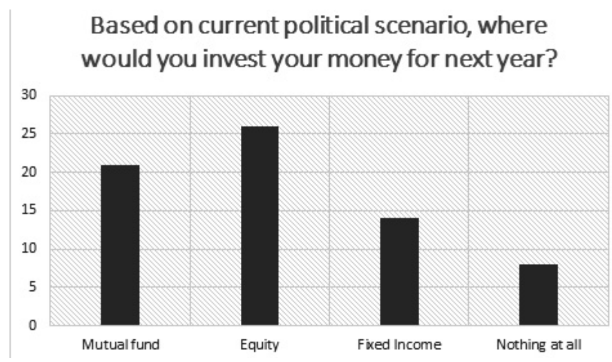
METHODOLOGY

In this article, we will be following a quantitative analysis of what has happened in the recent past as well give a qualitative analysis as to how the future can shape up under different given circumstances. We shall further take references, when necessary, from leading news articles and on-field research outcome(s) to know the general paradigm followed in our situations. To understand more about the behaviour, we have taken into consideration a sample of 70 students from St. Xavier's College, Kolkata. A questionnaire was prepared and the tabular representation of the questions along with the answers is given in the article.

Question 1: Do you think that the NDA-1 government brought about growth in Indian stock markets?

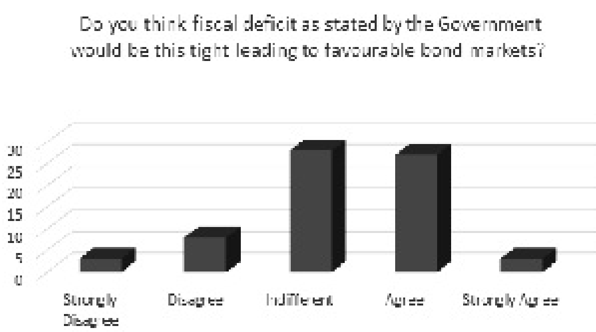


Question 2: Based on the current political scenario, where would you invest your money for next year?

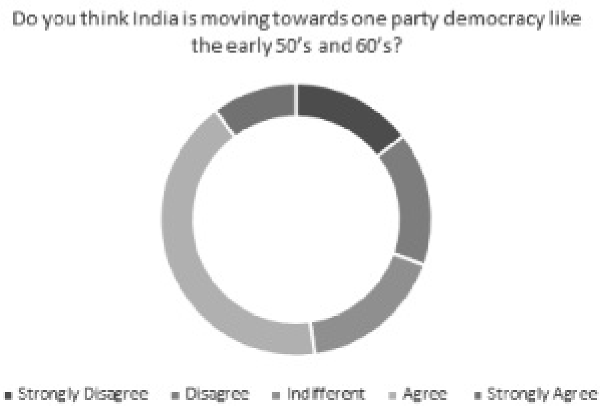


We have also seen that the people who are optimistic about the government, have interests in investing in either Mutual funds or Equity. We find a high correlation between the optimism about the NDA government and people willing to invest in equity or mutual funds.

Question 3: Do you think fiscal deficit as stated by the Government would be this tight, leading to favourable bond markets?



Question 4: Do you think India is moving towards one-party democracy like the early ’50s and ’60s?



EMPIRICAL ANALYSIS

In India, politics is closely related to the stock market. It has been observed stocks lurching wildly as various possibilities emerge before elections and the new government taking charge post elections. Since stocks are vulnerable to the political climate, they do react to the country's biggest political event in five years. However, apart from wild reactionary swings, markets behave in a predictable manner when it comes to elections. There is a certain window in which returns are quite high with very few exceptions.

As we have seen in the sample, people are more skewed towards investing in equities and mutual funds, given the current political scenario. The remarkable optimism can be explained by the general dogma of the people that a stable government at the helm of affairs means swift policy decisions and development at a faster pace. However, if we dig deep into the history, then we can see that such rank optimism has fizzled out once it is known that the Government is not able to cut through the minds and expectations of all sections of people. In fact, the last time we had two consecutive terms for the same political party, we have seen people jumping into the bandwagon initially, but later on, moving out of it. So, while this might be short term in nature, the same can be sustained over an extended period if the narrative of the Government remains the same as that of its first term of five years.

Elections bring such windfall volatility to stock markets, so trading in it must be dealt with by using appropriate financial instruments.

REASONS FOR SUCH BEHAVIOUR

It is believed that a strong government is one of the essential factors which plays a role in determining the stock market movements and also is important for a democratic country like India.

The jury is still out as to why there lies such wild connection between an election and underlying stock prices. However, one bleak reason can be attributed to the fact that enactment of legislations and ease of doing business depends heavily on the stability of a Government. A third front or a brutal admixture of political parties with bipolar ideals will always bring treacherous dogfights for the accession of different departments within the Government - a fact that is never liked by any investor, be it retail or institutional, domestic or international. Foreign investors always look forward to reforms for ease and safety of their worthy investments. While there can be long talks about private capex having not picked up since independence, and despite widely celebrated reforms of 1991, it can be pointed towards red-tapism and bureaucracy which has rattled India for decades.

FUTURE FORECAST

It is to be believed, since elections bring such windfall volatility to stock markets, so trading in it must be dealt with by using appropriate financial instruments to cope along with the fragility. It can be hence inferred that coming elections in the next decade will have incumbency or anti-incumbency wave based on the economic situations, as can be derived from the pages of history. However, it is also to be taken into consideration that the general thumb rule is always a stable Government at the helm of affairs and a better understanding with the respective State Governments. One of the major reasons of the bull run can also be attributed to the fact that the same party acts as the flag-bearer at the centre and most of the states. This helps in faster project approvals, as also better compliance with laws because of the fact that formulating enactment(s) for law and order is the prime duty of the state and not the centre. Thus the key of future positive correlation between politics and economics can only be maintained if the above mentioned situation prevails in the socio-political economy.

CONCLUSION:

We can see that back in 2004, markets had led to lower circuits because the NDA government had been voted out. However, the UPA government had pushed left parties to make reforms which led to a bull rally for a considerable number of years. During the 2009 election, we see that as the UPA had gained the confidence of the people and getting back into power resulted in an upper circuit in the stock market. However, in 2014, the Modi government was more promising and had come into power. In these five years of the Modi government, despite having regulations like demonetisation, implementation of GST and Bankruptcy Code which led the markets to fall, investors had an optimistic view towards the future. It can be thus said that politics continue to keep a sizeable influence on the stock markets until there is some opposition to the existing enactments and it can be stated that 'What happens at Delhi, echoes in the Dalal Street'.

However, if we see in the light of the present scenario, there is a dearth of opposition in the lower house of parliament and in state assemblies, which might be good for the short run, but history does not give us a clear picture. The last time India saw a 'one-party democracy', the economic growth came to a standstill as there was no one to challenge the autocratic decisions of the Government.

> **What happens at Delhi, echoes in the Dalal Street.**

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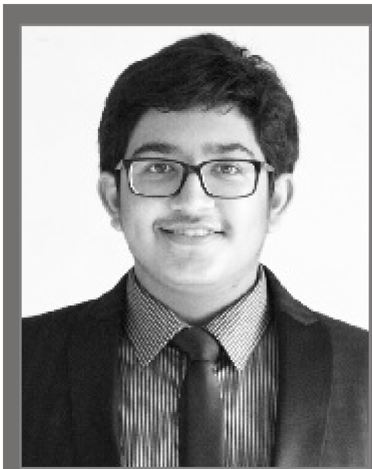

Development from Desolation

THE STATE OF MIND FOR A THRIVING ECONOMY

Swastik Jain
Department of Commerce (Morning)

> Power and success are measured by one's propensity to consume and consumption is seen as one of the most important drivers of the economy.

ABSTRACT

Does depression drive the economy?

It is dangerous to have a bird's eye view of where the economy lies right now and where it would lie, had the facades of advertisement and technology been removed. Today, with the constant advent of advertising and technology, needs and wants are being both stimulated and simulated at an unprecedented scale. Consumer behaviour is now emerging as an area of study and the relevance of psychology in business modelling and decision-making is growing rapidly.

This article seeks to qualitatively analyse the rationale behind decision making in business and management, keeping in mind current trends, both declining and emerging, to extrapolate the behaviour which helps the growth trajectory of economies.

KEYWORDS : Consumer, Advertisement, Technology, Economy, Happiness, Depression.

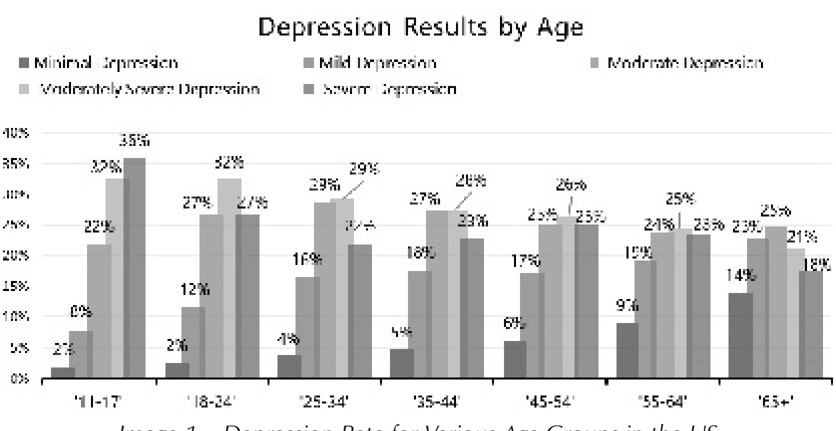

Image 1 – Depression Rate for Various Age Groups in the US

INTRODUCTION – CONSUMPTION PATTERN

The most typical approach to consumer behaviour shows that utility is a positive function of the level of consumption of a product (goods or services). This essentially implies a simple rationale – the more one consumes, the more satisfied one is, since the utility that one is able to derive is higher, subject to the point of satiation: the level of consumption until which the consumer is known to increase his total utility. The level of happiness felt is directly proportional to the satisfaction derived when the demand of the consumer is met, which becomes higher with higher levels of consumption.

This point of view emphasizes on the importance of the pattern of consumption in the economy. Power and success are measured by one's propensity to consume and consumption is seen as one of the most important drivers of the economy. With relayed emphasis on higher productivity and higher payroll, the consumer is expected to expend most of his time and resources in trying to earn more, so that there is enough post-savings availability to buy more and more products.

CURRENT ANALYSIS OF NEEDS AND THE ROLE OF ADVERTISING AND TECHNOLOGY

The evolution of marketing has seen a lateral shift in the importance of the value proposition that a product offers. In contrast to the traditionally upheld approach, the current approach of marketing, or the modern approach, compels the marketer to analyse needs of the consumer first, and on the basis of said analysis, invent or re-invent his or her business proposition and instrument of value creation.

However, the concept of 'needs are unlimited' only holds true in a macroeconomic set-up. This statement gives rise to two pertinent lines of thinking –

1. In order to diversify or expand within a foreseeable time frame, a business organization will have to continue satisfying the needs of the consumer, such that the utility of the product is continuously highlighted and remains imprinted in the mind of the consumer.
2. The consumer base of the business will have to continue growing if the business is to remain profitable or wants to keep gaining market share, since the first line of thinking can realistically not hold true, save and except a few commodities which serve as addiction satisfiers.

According to these views, the cost which a business organization is supposed to incur for acquiring the additional customer should not exceed the revenue generated per additional customer, if it is to remain profitable or even break-even in order to gain market share. If it is losing money in this process, then the gain in market share should be inversely proportional to the money lost per additional customer, by a large margin.

Previously known to be hindrances to profitability – outdating of products, curbed supply and superficiality have today become the most lethal weapons which businesses use in order to both kill competition and continuously create demand within pre-set premises of business.

Also, if the existing customer does not experience a sense of deprivation in the absence of supply of the product, then the business, by way of the product, will have to resort to acquiring new customers as it will have an unstable existing market, which are highly negative signs in the long run.

So given these conditions, what is a business expected to do? How does it keep playing within the forces of the market and keep reinventing its model or its product?

The answer to these questions is simple, and while opponents of this strategy may say that this is unethical, immoral or outright nefarious, its proponents highlight this strategy as the only way of survival for businesses – simulate felt deprivations and create demand to an extent that the consumption pattern starts getting skewed in favour of, but is not restricted to:

1. Planned obsolescence,
2. Artificial scarcity, and
3. Repeated consumption.

Previously known to be hindrances to profitability – outdating of products, curbed supply and superficiality have today become the most lethal weapons which businesses use in order to both kill competition and continuously create demand within pre-set premises of business.

Large corporations come up with new innovations and product lines with the explicit objective of rendering previous product lines redundant. Businesses are thriving under the garb of exclusivity and non-replicable products or models to reduce their supply, and while not playing on the volume of sales, they play on a higher price point.

However, while being widely used and deemed highly important, these are not the sine qua non of business modeling and basis for decision making currently. The absolutely essential element for maintaining or establishing status quo – superficial need – is fortified by technology and advertisement today. While these are exclusive disciplines when gaining knowledge, these go hand-in-hand during the execution phase. Aided by technology, advertising has become highly personalized, and the degree of interaction provided by various interfaces is becoming more and more optimized.

Clearly, happiness is not the behaviour which is very good for the growth of an economy.

Buried under fine print, lie various agreements between (a) most interfaces or applications and (b) consumers of technology; this technology is able to access and process the data of the consumer by feeding off the effects of a snob appeal or lackadaisical attitude. Under the garb of 'optimization' or 'enhanced user experience', this technology dictates what and how much a user sees. This means that if the technology wants a consumer to believe that he or she suffers from an inherent flaw or is the victim of a latent defect, or is lacking a quality which shouldn't innately be lacking in him or her, then it keeps on initiating mechanisms through various, often unconnected platforms, which instate the belief that an inherent flaw exists, a latent defect persists or a required innate quality is missing.

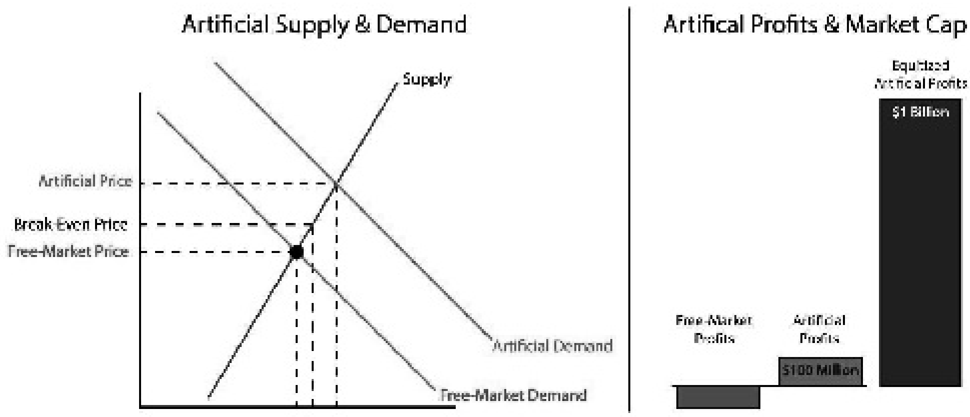

Image 2 – Artificial Demand, as shown in the US Wall Street Journal, April 2017

This is how demand and needs are stimulated and simulated. A network of processes and media is constantly on the lookout to make its target 'aware' that there is something missing.

Data has become the tool for development and destruction, in the domains of both advertising and technology.

BEHAVIOUR NEEDED FOR GROWTH OF THE ECONOMY – CONCLUSION

Most of the transactions which a consumer engages in are headed by the following shocking statistics:

1. The average consumer spends more than 12 days a year online, looking for things he or she cannot find;

2. The average household has more than 300,000 items; and
3. The average human wastes his or her gym membership in its entirety.

These statistics show how chronically a consumer chases what he does not already possess – to get what one doesn't have, keep what one doesn't need and replicate who one isn't naturally.

The agents involved in any economic activity, whether significant or not, are constantly following the path which is designed to make the consumer feel like, at any given point of time, something is missing. It is this very sensation which businesses are capitalizing on, and manoeuvring, to thrive in the current mass market.

Clearly, happiness is not the behaviour which is very good for the growth of an economy. A happy customer is hardly ever a recurring consumer. A non-upgraded, completely candid consumer would not be the ideal customer for any business. In order to redeem the state of affairs back to normalcy, it has to be the non-upgraded and completely candid consumer who drives the economy; businesses have to transcend the current shackles of feigned activity and stimulus so that a legacy of happiness and sustainability is ensured.

One factor which drives economies and acts as the impetus behind a trying and thriving economy is depression – and not just the stagnation and downturn in economic activity, but more importantly, the mental state of dejection and despondency.

Depression is what drives the economy.

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Metamorphosis - The Contemporary Survival Stratagem

IT IS NOT THE STRONGEST OF THE SPECIES THAT SURVIVE, OR THE MOST INTELLIGENT, BUT THE ONE MOST RESPONSIVE TO CHANGE.

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> Growth is what every enterprise strives for as 'survival of fittest' applies as much to entrepreneurs as to others in life. A competitor needs to be an overachiever in every sense of the word.

ABSTRACT

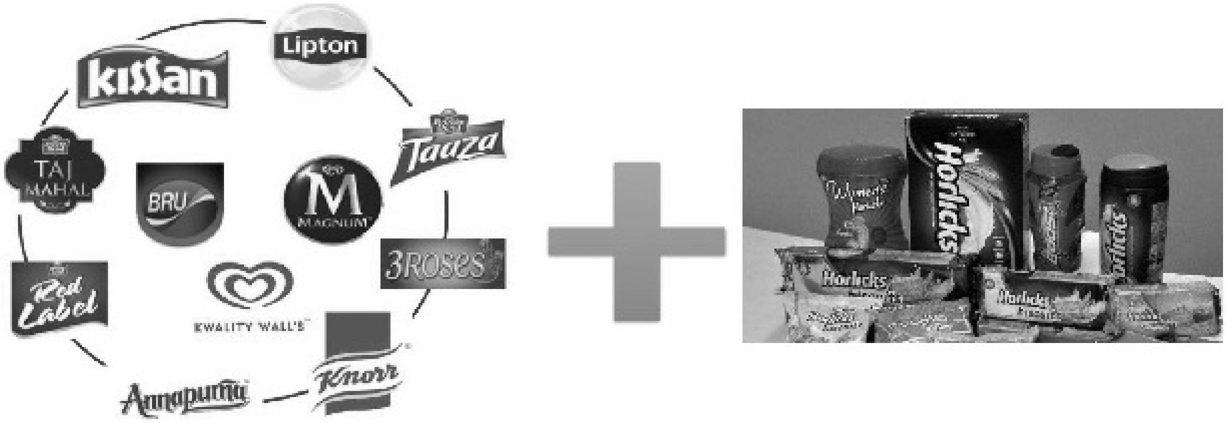
The world is changing. So is consumerism. What constituted the production and marketing cycle years earlier is no longer the pretext behind the success of the world's leading business houses today. Those who resist change only become the architects of decay. And in the era of globalization and modernization, forward looking people have took it upon themselves not only to look forward to the future but to devise the means to turn the tables in their favour. Business or Corporate Restructuring, in this quandary, is the solution to all the mind-boggling problems faced by the mastermind executives of the 21st century. With all the billion dollar deals of mergers and acquisitions squirming around us, we cannot help, but reflect upon their motives as well as implications.

KEYWORDS: Business Restructuring, Merger, Acquisition, Reorganization, Turnaround, Change.

Charles Darwin, English biologist and father of the evolution theory, had remarked-

"It is not the strongest of the species that survive, or the most intelligent, but the one most responsive to change."

His theory not only encapsulates the most momentous study of human evolution throughout centuries, but also lends an opening eye to one of the most acute propositions of the business globalization era you and I are a part of.



FOODS & REFRESHMENT

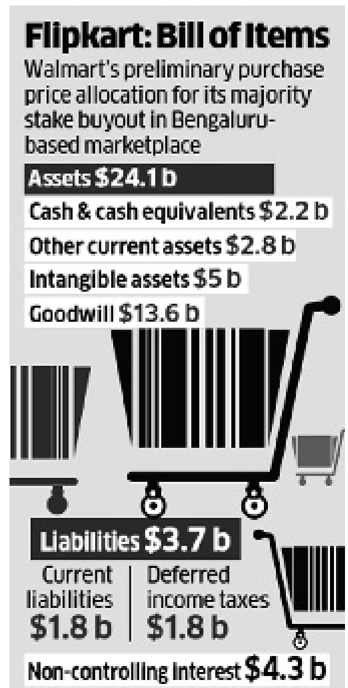
The 'change' we are talking about here can be very easily metamorphosed to be inferred as 'Restructuring' in the business context:-

Restructuring, is an action taken by a company to significantly modify the financial and operational aspects of the company, usually when the business is facing financial pressures, or can be driven by a need for change in the organizational structure or business model of a company. Corporate Restructuring can be a tumultuous, painful process as the internal and external structure of a company is adjusted and jobs are cut. However, once it is completed, restructuring should result in smoother and more economically sound business operations. These restructuring strategies work positively for the business both during the time of business prosperity and recession.

The significance of this topic – Business Restructuring can be found in the very recent cases of the business rulers of the 21st century who make the daily headlines in our morning newspapers from the Cadbury and Kraft case to the Walmart & Flipkart deal.

Take a look around, and one is sure to find dozens of cases of business restructuring ranging from organizations worth thousands to deals valuing billions of dollars. And because today's era only talks about survival of the fittest, organizations which do not change with the pace of technological and global advancement, are doomed to become extinct.

John F. Kennedy, the late American President had rightly prophesized- "Change is the law of life. And those who look only to the past or present are certain to miss the future." And in the rat race today, no organization wants to miss out on working towards a propitious future, because the future belongs to those who plan for it today.

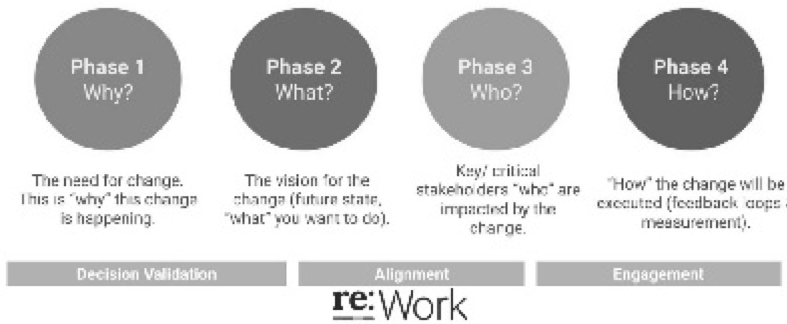


Source: economictimes.com

Growth is what every enterprise strives for as 'survival of fittest' applies as much to entrepreneurs as to others in life. A competitor needs to be an overachiever in every sense of the word. Hence, unprecedented growth has become unavoidable in the wide range of industrial operations. It is a well known fact that the way to growth is either through Greenfield expansions leading to organic growth in one's own unit, or Brownfield expansions leading to inorganic growth.

Inorganic growth strategies such as mergers, acquisitions, takeovers, and spin-offs are considered as vital engines which give assistance to companies to leapfrog into a novel orbit of new markets, expand their customer base and cut competition, consolidate and grow in size quickly, to employ new technology with regard to products, people, and processes.

On the other hand, it may well take more than a few years of strive to get into that trajectory if a company is stuck to crude style of expansion alone. Therefore, inorganic growth strategies are observed as fast-track corporate restructuring strategies for the growth of the business.



Three reorganizations stand out as inspiring examples of what can be achieved:

1. Microsoft gets a revolutionary leader

Why the reorganization was needed: After the phenomenal and long-lived success of its Windows operating system and suite of Office products, Microsoft was struggling to write its second act. The gigantic company was stagnant and rife with turf wars between major business units that often viewed each other more as competitors than partners in the same company.

What the reorganization was: After being named CEO in February of 2014, Satya Nadella undertook a major restructuring of the massive company to do away with the destructive internal competition. Products and platforms would no longer exist as separate groups, but rather all Microsoft employees would begin focusing on a limited set of common goals including- reinventing productivity and business processes and building the intelligent cloud platform.

What they got right: As the reorganization began, Nadella shared with employees a new sense of mission: "To empower every person and every organization on the planet to achieve more." Prior to the restructuring, employees had been lacking a positive sense of purpose, with the result being low morale and weakened employee engagement.

2. Google splits up under the Alphabet umbrella

Why the reorganization was needed: By the early 2000s Google was a phenomenal success, dominating internet search and making itself indispensable in our lives through products like Google Maps and Gmail. From human longevity and autonomous vehicles to wearable tech, smart home devices, and artificial intelligence — the list goes on and on..

Google as a company grew monstrously diverse. It was all connected, and yet not: an increasingly impossible entity to manage, with intertwining goals, teams, funds, and managers. Mindful of the troubling latter days of other once-great tech companies, Page decided it was time to deconstruct the entire thing. (Refer image at end)

What the reorganization was: Page broke up Google into its constituent parts, making each one its own company, with all of them owned by a new umbrella corporation called Alphabet. Page sits atop the structure as CEO of Alphabet, with Google cofounder Sergei Brin as president and long-time Google executive Eric Schmidt as chairman. Each of Alphabet's companies has its own goals and a CEO focused solely on those goals.

This allowed them more management scale, as things that weren't related could be run independently. Alphabet was about businesses prospering through strong leaders and independence.

What they got right: Page let everyone at Google in on his thinking when the launch of Alphabet was announced, with each company responsible for its own expenditures and income, they'd also enjoy a new sense of cause and effect that could make innovating more meaningful.

3. British Airways restructures its entire organization

Why the reorganization was needed: British Airlines is the largest airline of UK. It was created in 1974 from four other companies — BEA, BOAC, Northeast Airlines, and Cambrian Airlines — taking to the sky with 215 aircraft supported by 50,000 employees, a level of staffing that was, even then, viewed as precariously oversized. The oil crises of the 1970s shrunk the airlines' customer base, and its huge staff resulted in massive financial losses. The company soon developed a reputation for terrible service as a result.

In 1981, British Airways brought on a new chairperson, Lord King, who noticed that the company was operating very inefficiently and wasting valuable resources.

What the reorganization was: To increase profits, King decided to restructure the entire organization by reducing its workforce from 59,000 to 39,000, eliminating unprofitable routes, and modernizing the fleet. He repaired the airline's image by bringing in a new marketing expert. Within 10 years, the airline reported the highest profits in its industry: $284 million.

What they got right: Before King began announcing layoffs, he explained his reasons for the restructuring to the entire company to prepare them for the upcoming change. Without his transparency, British Airways could have experienced employee backlash and negative press around all the layoffs. But the chairperson always communicated honestly and frequently to manage the change.

Buoyed by the recently-implemented Insolvency and Bankruptcy Code (IBC) and extremely competitive atmosphere in the business world, the Indian Corporate world today is witnessing a sudden surge of Mergers and Acquisitions (M&As) sweeping across all the industries, which has totally restructured the market place. This surge in Mergers and Acquisitions is remodeling the corporate situation today at dizzying speed, spawning surprise pairings, recorded prices and mammoth sizes.

This trend is poles apart from the earlier scenario wherein the Mergers and Acquisitions were looked upon as threat and had evoked images of dark shadows and backdoor entries to the corporate world.

However, today managers have recognized amalgamations and takeovers as powerful weapons in their arsenal and they have become an integral component in the strategic initiatives of a well managed business.

With growth becoming central to the new economic environment, M&As are gaining increasing acceptance as a mode of inorganic growth and have evolved as the new face of stepping up business houses light years ahead of their contemporaries through business restructuring.

APPENDIX 1

Latest Mergers and Acquisitions in India:

The global retail giant- Walmart buys India's largest e-commerce firm, Flipkart in a $16 billion deal, including $2 billion of fresh equity funding.

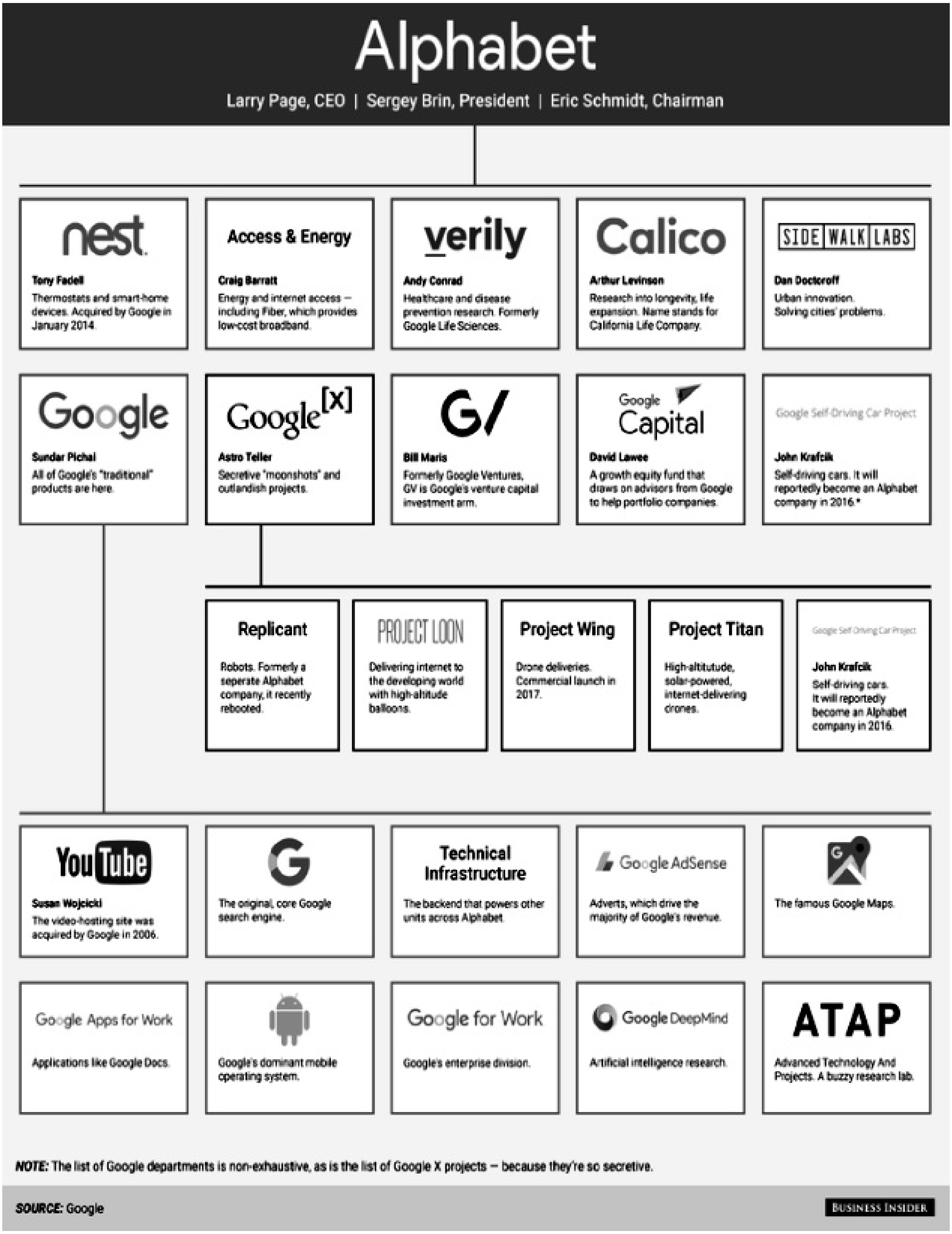
The merger of India's No. 3 & 4 telecom players, Vodafone's Indian subsidiary and Idea Cellular gets the final approval for their merger from the National Company Law Tribunal. The deal will create India's largest telecom operator by subscribers (430 million) and help the two struggling companies to fend off competition from market leaders Airtel and Reliance Jio.

This surge in Mergers and Acquisitions is remodeling the corporate situation today at dizzying speed, spawning surprise pairings, recorded prices and mammoth sizes.

Tata Steel takes over bankrupt rival Bhushan Steel by submitting the winning bid in an insolvency auction.($4.9 billion offer for a 73 per cent stake) The bankrupt firm was among the 12 stressed assets referred to the National Company Law Tribunal (NCLT) proceedings by the RBI last year.

IBM acquired all of the issued and outstanding common shares of Red Hat for $190.00 per share in cash, representing a total equity value of approximately $34 billion. The acquisition redefines the cloud market for business. Red Hat's open hybrid cloud technologies are now paired with the unmatched scale and depth of IBM's innovation and industry expertise, and sales leadership in more than 175 countries.

Hindustan Unilever (HUL), the Indian unit of Unilever Plc, will merge GlaxoSmithkline Consumer Healthcare



Source: Business Insider

with itself in an all stock deal that will give the country's largest pure-play consumer goods company access to Horlicks, Boost and Maltova malted drinks brands as well as distribution rights for a five-year period over over-the-counter and oral care brands such as Sensodyne, Eno and Crocin.

Reliance Brands, a subsidiary of Reliance Industries, has completed acquisition of British toy retailer Hamleys for GBP 67.96 million (about Rs 620 crore) in an all-cash deal.

In May this year, Reliance Brands had signed an agreement to acquire 100 per cent stake in Hamleys Global Holdings from Hong Kong-based C.banner International.

Leading agrochemical company, UPL ltd, a maker of crop protection and agrochemical products, acquired Arysta Life Science Inc, the farm pesticides business from US's Platform Specialty Products Corp for US$ 4.2 billion.

OYO, which was founded in 2013, has been on an expansion spree since announcing its $1 billion round of fundraising in September last year. It completed the fund raise in February after it received $100 million from Chinese ride-hailing company Didi Chuxing.

SoftBank, Singaporean ride-hailing company Grab, Lightspeed Venture Partners, Sequoia Capital and Green oaks Capital had contributed the initial $900 million to the round, which valued OYO at $5 billion. This was followed by Airbnb's investment in OYO in April. OYO operates more than 18,000 franchised and leased hotels in more than 500 cities across 10 countries including India, China, Malaysia, the UK, the UAE and Indonesia.

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NBFCs - India's Next Big Crisis?

THE MAKING OF INDIA'S OWN LEHMAN MOMENT

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> The rise in loans and borrowings with a decrease in provisions was in itself a silent alarm that was missed altogether, deteriorating the situation further.

ABSTRACT

As the world's eyes gazed upon the staggering numbers of Bank frauds, rising NPAs and audit lapses, a relatively new but significant player in the credit and advances industry – NBFCs & HFCs remained unnoticed until recently, with the IL&FS fraud coming to light. Once hailed as the messiah of lending for midcap and small companies and industries, which, for long remained outside the credit radar of corporate banks, NBFCs are facing their worst feared nightmare with grave irregularities such as Asset Liability Mismatch, unbridled lending and borrowing and lapses in sector regulation. With the veteran NBFCs including the likes of Indiabulls, DHFL and Reliance wiping out Rs. 1 lakh crore of shareholder's wealth, it remains to be seen whether the industry will make a comeback with the Government's support or will it succumb to its own injuries.

KEYWORDS : Non-Banking Financial Companies (NBFCs), Housing Finance Companies (HFCs), Non-Performing Assets (NPAs), Asset Liability Mismatch (ALM)

INTRODUCTION

In the early 1960s, a need was felt for providing financial services to individuals and small firms who were not adequately served by the then existing banking structure. This is when NBFCs made their way into the financial system inviting deposits and giving credit to industries. The Reserve Bank of India Act, 1934, was amended in 1963 to include Chapter III-B meant for regulating deposit accepting NBFCs. Since then, many recommendations made by James S. Raj Committee, Chakravarty Committee and others along with drastic changes in law have been implemented to spur the growth of the shadow banking sector.

NBFCs form an integral part of India's financial system, supplementing bank's role to ease savings and provide credit along with providing a host of financial services such as financing of physical assets, commercial vehicles and infrastructure loans. In terms of their liability structure, NBFCs can be categorised into –

1. NBFCs-D which are authorised to accept and hold public deposits
2. NBFCs-ND which do not accept public deposits but raise debt from markets and banks

Among the NBFCs-ND, those with an asset size of Rs. 500 crores or more are classified as systematically important NBFCs (NBFCs-ND-SI).

THE UNCHECKED GROWTH

With India leading the growth race of the world, Scheduled Commercial Banks (SCBs) were reeling under high pressures of the need for expanding credit and mounting NPAs. To cope up with the tremendous rate of growth and an equally rising demand for finances, NBFCs became the go to institutions for loans and advances.

The unchecked rapid growth of NBFCs can be estimated by the continuous increase in loans and advances extended since 2014 till date. The loans and advances of NBFCs stood at Rs. 19,84,200 crores as of September, 2018 surpassing all past records. (Chart 1)

Type of NBFC	Activity
Asset Finance Company (AFC)	Financing of physical assets including automobiles, tractors and generators.
Loan Company	Provision of Loan Finance
Investment Company	Acquisition of securities for purpose of selling
NBFC-Infrastructure Finance Company (NBFC-IFC)	Provision of infrastructure loans.
Infrastructure Debt Fund-NBFC (IDF-NBFC)	Facilitation of flow of long-term debt into infrastructure projects
NBFC-Micro Finance Institution (NBFC-MFI)	Credit to economically dis-advantaged groups
NBFC-Systemically Important Core Investment Company (CIC-ND-SI)	Makes investments and loans to group companies.
NBFC-Factor	Acquisition of receivables of an assignor or extending loans against the security interest of the receivables at a discount.

Table 1. Classification of NBFCs based on their activities

NBFCs can also be classified based on the activities undertaken by them. A list of the same has been provided in Table 1.

Although the RBI acts as the primary watchdog of this sector, there are certain categories of entities carrying out NBFC activities which are exempt from the Reserve Bank's regulation - mutual funds, insurance companies, stock broking companies, merchant banking companies and venture capital funds (VCFs). Housing Finance Companies (HFCs) were recently brought under RBI's regulatory perimeter with the National Housing Bank (NHB) ceding power to the Central Bank.

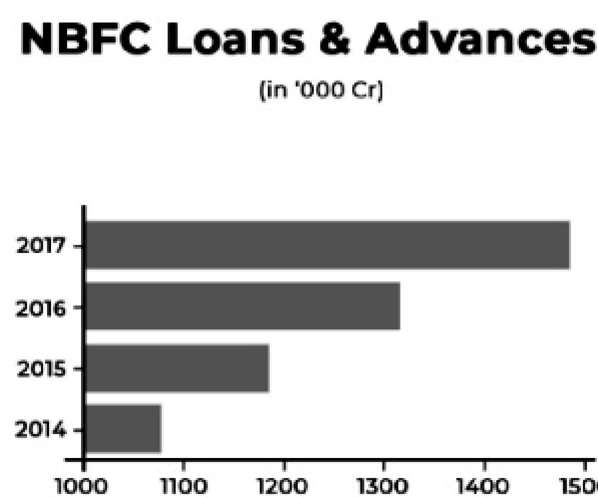

Chart 1. Growth in Loans & Advances of NBFCs

Aggregated balance sheet of the NBFC sector: y-o-y growth

(Percent)

		2016-17	2017-18
1.	Share capital	19.9	8.3
2.	Reserves and surplus	16.9	19.9
3.	Total borrowings	13.5	19.1
4.	Current liabilities and provisions	26.7	15.4
	Total Liabilities/Assets	15.2	18.6
1.	Loans and advances	14.6	21.2
2.	Investments	14.8	13.4
3.	Others	20.8	5.5

Source: Financial Stability Report

Table 2. Y-o-Y growth of Balance Sheet - NBFCs

As per Table 2, there was deceleration in share capital growth of NBFCs in 2017-18 whereas borrowings grew at 19.1 per cent, implying rising leverage in the NBFC sector. Loans and advances of the NBFC sector increased by 21.2 per cent and investments increased by 13.4 per cent. Total borrowings of the NBFC sector increased by 19.1 per cent and current liabilities and provisions decreased by 15.4 per cent. The rise in loans and borrowings with a decrease in provisions was in itself a silent alarm that was missed altogether, deteriorating the situation further.

The question which arises here is – How could NBFCs afford such a fast-paced credit expansion? Well, NBFCs got access to easy money from banks which stimulated a chain reaction of unbridled borrowing and lending. As of March 31, 2017, bank lending made up 21.2 per cent of NBFC borrowings. This figure jumped to 23.6 per cent as of March 31, 2018 and finally to 29.2 per cent as of March 31, 2019. This free pass to unrestricted credit led to a fall in the lending standards ultimately increasing the amount of sub-standard assets in their balance sheets.

ASSET QUALITY MANAGEMENT AND NPAS

There has been a steady deterioration in the asset quality of NBFCs till 2018-19 with the exception of FYs 2015-16 and 2017-18. Gross non-performing assets (NPAs) of NBFCs as of March 31, 2019 stood at 6.60 per cent. This is the worst in a period of six years. This means a greater proportion of loans given by NBFCs is not being repaid than in the past. As of March 31, 2018, gross NPAs of non-bank lenders stood at 5.3 per cent. This figure has jumped by 130 basis points during the course of just a year. One basis point is one hundredth of a percentage point. While the situation is worrying, it is nowhere near as bad as that with public sector banks: their gross NPAs stood at 12.6 per cent as of March 31, 2019.

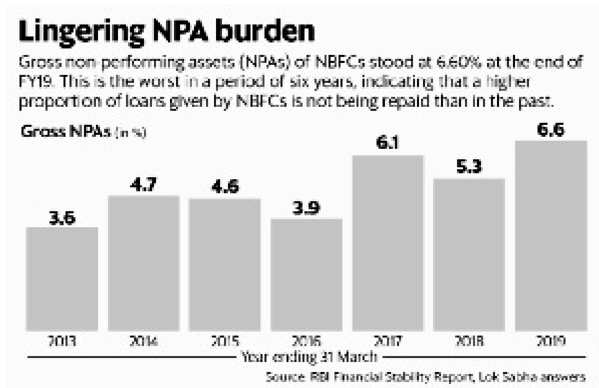

Chart 2. Gross NPAs of NBFCs over the years

RUN-UP TO THE CRISIS – THE MAJOR EVENTS LEADING UP TO THE PERFECT STORM

Too big to fail? - IL&FS

With a vast opportunity in Infrastructure financing and the backing of solid institutional investors and banks, Infrastructure Leasing & Financial Services (IL&FS) was setup in 1987 to finance the exponentially growing requirements of the backbone of any developing economy – infrastructure.

Being a core sector lender together with a network of more than 250 subsidiaries, IL&FS had its fingers in almost every pie available in the credit market, earning it the tag of a behemoth. With AAA ratings for its bonds from renowned credit rating institutions, it was considered as one of the safest bets in the NBFC market.

However, investors couldn't foresee the slowing economy, stalled infra projects and payment delays that was slowly plaguing the company. Due to stifled cash flows, IL&FS had to rely on debts to continue its operations of lending until the debts ballooned up to Rs. 90,000 crores only to be burst in early September, 2018.

DHFL & ALM

Another central figure in this storm was Dewan Housing Finance Ltd, arguably considered as the most prominent lender in the housing finance sector. HFCs for long have been characterized as safe bets because of their steady interest earnings from home loans and in the rare case of a default, their ability to lay siege on the house itself.

However, all was not rosy in this picture; the rather long repayment period (up to 20 years) in this sector meant higher borrowing rates for HFCs due to maturity risk premium and in such a competitive environment as this, any HFC would have crossed the line to earn an extra penny. To make profits, one would have to borrow at a lower rate which was only possible via short term instruments such as Commercial Papers (CPs). So, DHFL began borrowing via CPs to finance its lending operations.

However, the question here is – how can a company which expects repayment of the advances made by it over a period of 20 years, borrow short term funds to be repaid in 3-6 years? It just happens that DHFL had found the answer to this problem and that was rollover of credit. Once the CPs matured, it borrowed more funds via new CPs to pay the old ones back and the perennial cycle continued giving rise to a huge Asset Liability Mismatch.

The final nail in the coffin

Although the crisis had been in the making for several months, it was on September 4, 2018 that the bubble was burst. IL&FS could no longer service its mammoth debts as it defaulted on a series of payments to Small Industries Development Bank of India (SIDBI) alienating itself from what is known as the holy grail of the financial industry – 'no defaults'. Overnight, credit rating agencies downgraded IL&FS to junk grade and fund managers and CFOs initiated rapid withdrawal of funds from the company. News soon hit the Dalal Street as the stocks of NBFCs came crashing down in the forthcoming days.

Gross non-performing assets (NPAs) of NBFCs as of March 31, 2019 stood at 6.60 per cent.

In a totally unrelated scenario, DSP, a mutual fund company which was already suffering from an exposure of Rs. 629 crores to IL&FS was preparing to sell Rs. 300 crores worth of commercial papers. In a normal setting, mutual fund companies often disinvest their Assets under Management (AUM) to raise liquidity for its requirements. However, what was unusual in this case from the investor's point of view was that this sale of papers happened on September 21, exactly 16 days after the IL&FS crisis. This made the investors ponder whether DHFL was on the same route as that of IL&FS and thus began a series of share price crashes resulting in a change of negative 84.5 per cent over a period of 1 year as depicted in Table 3. As is often said, the stock market is a sentiments driven place where emotions play a greater role than rationale.

STOCK	PRICE ON 6 JUN 2018 (₹)	PRICE ON 6 JUN 2019 (₹)	CHANGE (%)	DECLINE IN MKT CAP (₹ CR)
Indiabulls Housing Finance	1,182.30	736.15	-37.7	-18,960
IIFL Finance	679.20	161.50	-76.2	-16,513
DHFL	605.60	93.90	-84.5	-16,048
Edelweiss Financial Services	317.80	185.65	-41.6	-11,826
Aditya Birla Capital	139.75	98.80	-29.3	-9,012
Shriram Transport Finance	1,432.05	1,065.35	-25.6	-8,320
L&T Finance Holdings	167.15	126.80	-24.1	-8,005
Reliance Capital	397.55	111.70	-71.9	-7,224
PNB Housing Finance	1,161.65	817.00	-29.7	-5,721
Shriram City Union Finance	2,365.95	1,612.30	-31.9	-4,968
TOTAL MARKET CAP LOST				-1,06,597

Table 3. 10 NBFCs saw market cap crash by Rs 1 lakh crores in a year.

Source: Economic Times

These two events shook the entire finance industry, particularly the shadow banking sector which was regarded as instrumental in the development of the economy.

The Redemption Plan

Not much time has passed by since the disasters unfolded and the markets clearly require government relief to show signs of recuperation. The Union Budget of 2019 has made an attempt in that direction. The Finance Minister (FM) has proposed that the government should encourage public sector banks to buy high-rated pooled assets of up to Rs 1 trillion of financially sound NBFCs, for which the government will provide a one-time six-month partial credit guarantee for the first loss of up to 10 per cent. The banks can buy assets of NBFCs up to Rs 1 trillion during FY20, thus providing the much wanted liquidity relief.

In another move, the Budget has given regulatory powers to the RBI over HFCs, replacing the previous sector regulator – National Housing Bank (NHB). The FM also proposed to do away with the requirements of maintaining Debenture Redemption Reserve (DRR) which is a prerequisite for NBFCs to raise finance through public issues. Moreover, it has also been proposed to charge tax on interest income from doubtful assets or bad assets on receipt basis to create a level playing field for NBFCs with SCBs.

The intentions of the government are clear - to increase the flow of credit in the economy especially when consumption is slowing down and the fear of recession looms. However noble the intentions are, it remains to be seen whether these measures will help the markets to rally up or this saga of markets spiraling downwards will continue.

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Is Airbnb Entering The Bubble or Making One?

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> Yet Under 30 Experiences, which is millennial-centered, reports in excess of 80 per cent of its customers travel alone, demonstrating an enthusiasm for solo travel over all age gatherings.

'Come to me, all who are weary and burdened, and I will give you rest.'
-Mathew 11:28

ABSTRACT

The article primarily speaks about the essence and importance of change in the current scheme of things. There is no scope of hiatus, if one wants to sustain in this tough market. The Indian hospitality industry serves as a perfect testimony, extending the momentousness of up-gradation in a competitive setup. Also, it is imperative to convey that there is no clear dichotomy between the span of ideation and execution; it's something that takes place hand in hand, which is commonly mistaken for. Even if there is ignorance of either of them, the action falls flat. This piece connotes the need for the traditional players to go back to the drawing board and plan to execute activities, pertaining to the current consumer needs with the understanding that the problem does not lie with the execution process per se, but with what is being executed. The cognizance also needs to come with the fact that, change is the only constant, because 'the ones who are crazy enough to think that they can change the world are the ones who do.'

KEYWORDS: Change, Players, New, Services, Industry.

'Atithi Devo Bhavah', the eternal concept of deeming guests as Gods, has always delivered the feeling of supremacy to our patrons coupled with a lot of expectations. With the bar already set high, it is time that the players in the Indian hospitality sector deliver justice to the very concept. A defining paradox prevails, because for the second largest country by population in the world to have a stagnant hospitality industry is difficult to get through. The major driver for this stagnancy is lack of innovation in the concerned field. The human capital in the industry has always been of the opinion that to exercise the traditional methods of hotel-keeping is the key, but perhaps what they have failed to exercise is the grey cells. Today's customer is cognizant of the dynamics in the sector and he or she is constantly seeking change and innovation, with the end product being primarily catered to with improved services.

What good reason could exist for the Indian hospitality to crawl? The fact being that the supply is a bit too overwhelming for the multitude to absorb. The case has always been about the domination of quality over quantity. There is a cornucopia of players, but all are selling the same product. The thing Airbnb has done is that it has given the industry a new outlook, with services addressing multiple purposes. People nowadays are very keen to meet new companions, and get the essence of their culture, habits and thought processes, with them being receptive to the idea of solo travelling which was evidently looked down upon until a decade back. A May 2018 investigation by Booking.com of 20,500 worldwide explorers notes 40 percent of Baby Boomers have taken a performance trip in the previous year, yet Under30Experiences, which is millennial-centered, reports in excess of 80 per cent of its customers travel alone, demonstrating an enthusiasm for solo travel over all age gatherings.

Why Airbnb? It has all the reasons to set itself apart from the general players in the market, enabling customers to meet and greet new people in the space of accommodation which was never really contemplated upon in the past. Making new connections on the go adds a lot of intangible value to an individual, more than one can recognize. Curiously, in a report by Mody and Associates, the scientists found that Airbnb outflanked inns on every one of the components of this new, extended, settlement experience-scape. Airbnb beats lodgings in the personalization measurement as a result of its wide cluster of homes and areas, empowering certifiable small scale division and fostering an uncanny camaraderie between the visitor and the host. It is also giving clients a remarkable encounter, inevitably and upgrading the good fortune related with Airbnb stay. Airbnb lifts the feeling of network that customers look for, especially when imparting space to different voyagers and additionally with the host, and permits buyers unrivaled access to 'the nearby'— that bistro or adorable little store that solitary local people think about. Be that as it may, there are zones where inns stand their ground. For instance, the pathways between these measurements and memorability were similarly as solid for lodgings concerning Airbnb, underlining the requirement for inns to draw in clients by utilizing the 'right' measurements for the brand—measurements that line up with the brand's main goal, story, and character. Imagine the luxury of being able to live like a local, in a place you are visiting for the very first time!

Airbnb entered the market at a point of time when no other player had the courage or the determination to step foot into the abyss of disorganized room rental services.

There is no straight-jacketed definition or manifestation of an 'authentic' brand. It's an interpretation, an inclination that customers have about a big motivator. A recognized brand has at its center the brand guarantee, a credible offer that gives buyers a reason per se to associate themselves with the brand. Be that as it may, what a real brand requires is powerful narration. A brand is seen to be genuine in the event that it has a credible story that feeds it. Brand stories can emerge out of numerous sources: a brand's qualities, character, legacy, uniqueness, or its journey and reason. What is significant is recounting the convincing and intelligent stories over the brand's different touch points to connect with shoppers at an instinctive, enthusiastic level. Taking off industry blinders, and searching for motivation outside the lodging business is basic. Tom's Shoes is an incredible case of utilizing its journey—one for one—in making a convincing brand story. As another model, in an industry regularly centered on the coming up of 'physical' experience, Burberry has set the highest quality level for authentic, carefully driven and emotive narration, by peering inside and utilizing more than 150 years of history.

On a closer look, we can draw a conclusion that the Gen-Z players, though taking note of all the stimuli in the market, turn out to be the ones who are the most oblivious. The recent dynamics in the hospitality sector would provide a pellucid picture of this unnoticed behaviour. Airbnb entered the market at a point of time when no other player had the courage or the determination to step foot into the abyss of disorganized room rental services for tourists, carrying along different purposes of travel. Airbnb disrupted the market based on a single, significant problem that was the 'unorganized' characteristic of the concerned industry. They organized these rental places by bringing them together under one roof, with the ideation of 'Breakfast n Bed'. Out of various sales channels, Airbnb chose the online platform as a standard sales channel, considering the repercussions of globalization at present. With the widespread growth of technology and easy availability of smart phones to the common man, Airbnb found the impetus it was always waiting for. Thus Airbnb gained hefty momentum in its later years. Startups following a similar model sprang up across the world and in India, following Airbnb's exemplary growth. Thus, it is safe to say that Airbnb has disrupted the hospitality industry of India in a way, which was unheard and unthought-of in the years prior to its launch.

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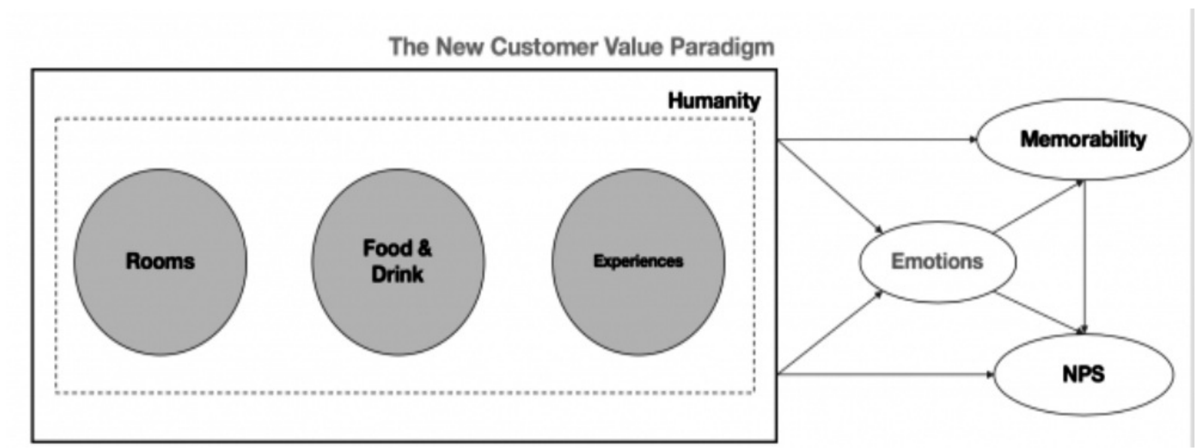

Salvaging the Farming Sphere

FROM EXTIRPATION TO EXCULPATION

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ABSTRACT

Deeds done at the moment govern the future by their denouement, and the past by their vindication. Through the prism of history, the riveting story of India's journey of redemption from poverty to prosperity comes along with the clash of ideas. Since the Vedic era, crofters have grappled with a series of familiar agricultural problems which are prevalent even today. Just like the obsessive consumption of steroids leads to metabolic amelioration, eventually, fatality, similarly, fertilizers and pesticides, providing short-term yield, ultimately render the land barren. The neoliberalism of the Indian State induced an agrarian crisis throughout the economy that made small-scale farming an unviable option. Reawakening the spirit and potential of antiquity, a return to the pre-synthetic-urea age had become the need of the hour. Here comes the eclectic concept of Zero-Budget Natural Farming (ZBNF), which is an engaging window to India's future trajectory, providing a rounded resolution to the agroecological quandary.

KEYWORDS: Agriculture, Budget, Chemicals, Environment, Redemption

INTRODUCTION

The importance of 'good seed' was so firmly propagated that the law-giver, Manu, of the Vedic Shastras, advocated tempestuous amercements for its adulteration.

In India, farmers had been practicing wholesome, unprocessed farming for long till the British ruined the salubrious soil with extensive commercialization of agriculture. The Indian economy, post-independence,

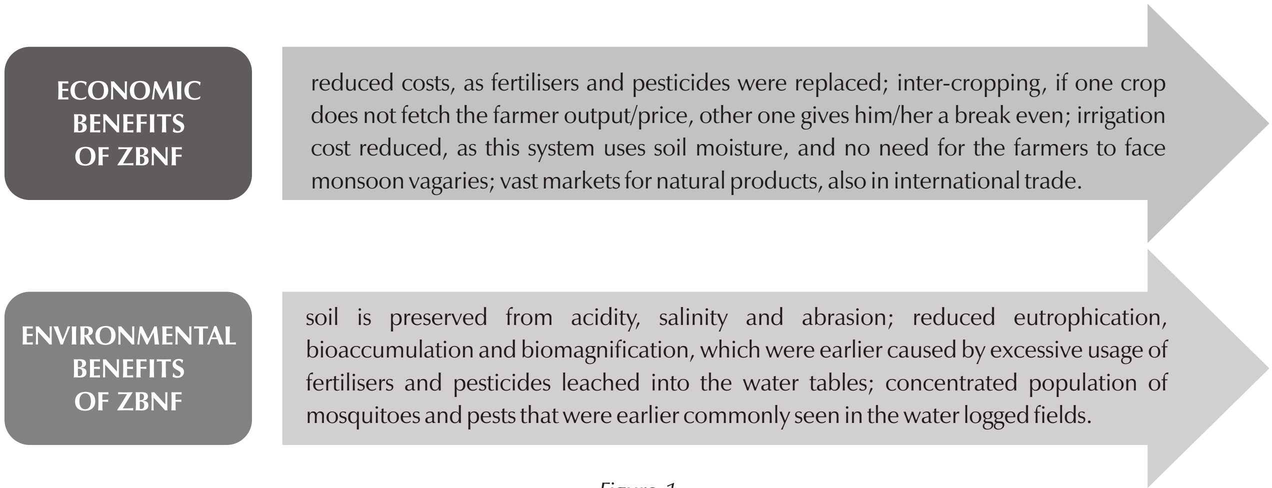

Figure 1

was essentially rural and agricultural in nature. The large-scale agrarian crisis compelled the independent Government to begin the Green Revolution that terminated the conventional operations and coerced the farmers to adopt the contemporary system of high-cost chemical inputs and hybrid seeds.

However, soon, farmlands reported high soil toxicity due to the use of pesticides and fertilizers, an imprecation of the Green Revolution, thus, jeopardizing public health. The destitute condition of lands and livelihoods, an outcome of the Revolution, led to an insurgency for alternative farming systems.

The metamorphosis was first visualized by Subhash Palekar of Maharashtra. ZBNF was put together as a four-step technique of natural farming by Mr. Palekar in a colloquy with Japanese philosopher, Mr. Fukuoka, with a crusading spirit. Presenting her maiden Union Budget on July 5th, 2019, Finance Minister Nirmala Sitharaman stressed on the need to go 'Back to Basics' on Zero-Budget Natural Farming, saying this model needs to be replicated throughout the country.

BACK TO BASICS

ZBNF is an exclusive prototype that gets its roots from agroecology. It espouses that a concoction of natural, chemical-free ingredients should be used as inputs on the farmlands, to recuperate these from the prevailing methods of extractive agriculture. It embraces the use of bio-products which are low cost, locally sourced, climate resilient inputs which would bring down the overall cost of production ostensibly. ZBNF advocated credit-less farming, without having to spend painfully on purchase of inputs and chemicals, and assures a return to a pre-Green Revolution style of farming. This would drag the farmers out of the vicious debt cycle by terminating the existing unendurable agricultural practices.

FOUR PILLARS OF ZBNF

1. Jeevamrutha – a fermented microbial culture.

Jeevamrutha stimulates the microbial activity by adding an inoculant made from fermented cow dung, cow urine and jaggery. It is generally required for the initial few years of the transition, after which the structure becomes self-sustaining.

2. Beejamrutha – the seed treatment.

It is done to enhance the nutritional accessibility for seeds and to protect the young roots from fungus and other soil-borne and seed-borne disorders that commonly infect plants after the monsoon period.

3. Acchadana – an outer cover for the soil

The crop residue is used to shield the soil from direct sun rays, hence, reducing evaporation and soil abrasion. Both, earthworm activity and microbial activity, proliferate rapidly in such dark and damp surroundings.

4. Waaphasa – maintenance of soil-water balance

It is the condition of moisturization where the presence of both air and water molecules in the soil encourages the farmers to reduce irrigation (say, irrigating only at noon, in alternate furrows). ZBNF farmers promulgated a considerable plunge in need for irrigation.

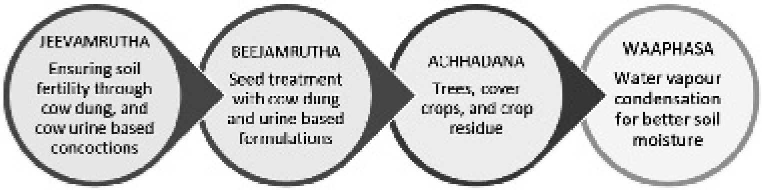

Figure 2

which realizes the economic aspect of ZBNF. Moreover, the protection of soil along with a fall in pest attacks helps in promoting the natural techniques of farming and encourage more farmers to take up ZBNF.

Figure 4 shows the yield difference in crop cutting experiment (kilogram per hectare) across ZBNF and non-ZBNF methods, and net additional income for ZBNF in Andhra Pradesh in the financial year 2016-17. For all the crops, an appreciable increase in the

STATISTICS

Figure 3 shows the success of ZBNF according to various social, economic and agro-ecological indicators as reported by the farmers in Karnataka. One can infer that the cost of production and need for credit have dwindled considerably (for almost 90 per cent of the farmers)

Crop	ZBNF Yield (Kg/Ha)	Non-ZBNF Yield (Kg/Ha)	Yield difference (Kg/Ha)	Net income for yield difference (Rs./Ha)	Cost reduction for ZBNF (Rs./Ha)	Net additional income for ZBNF (Rs./Ha)
Paddy	6416	5816	600	9000	5000-20000	14000-21000
Groundnut (Irrigated)	2868	2233	635	30000	10000	40000
Black Gram	1300	1027	173	13500	3000	16500
Chilly	10240	7740	2500	100000	13000	113000
Maize	12844	11856	988	40459	34086	74545

Figure 4

Source: http://ncds.nic.in/sites/default/files/WorkingandOccasionalPapers/WP70NCDS.pdf

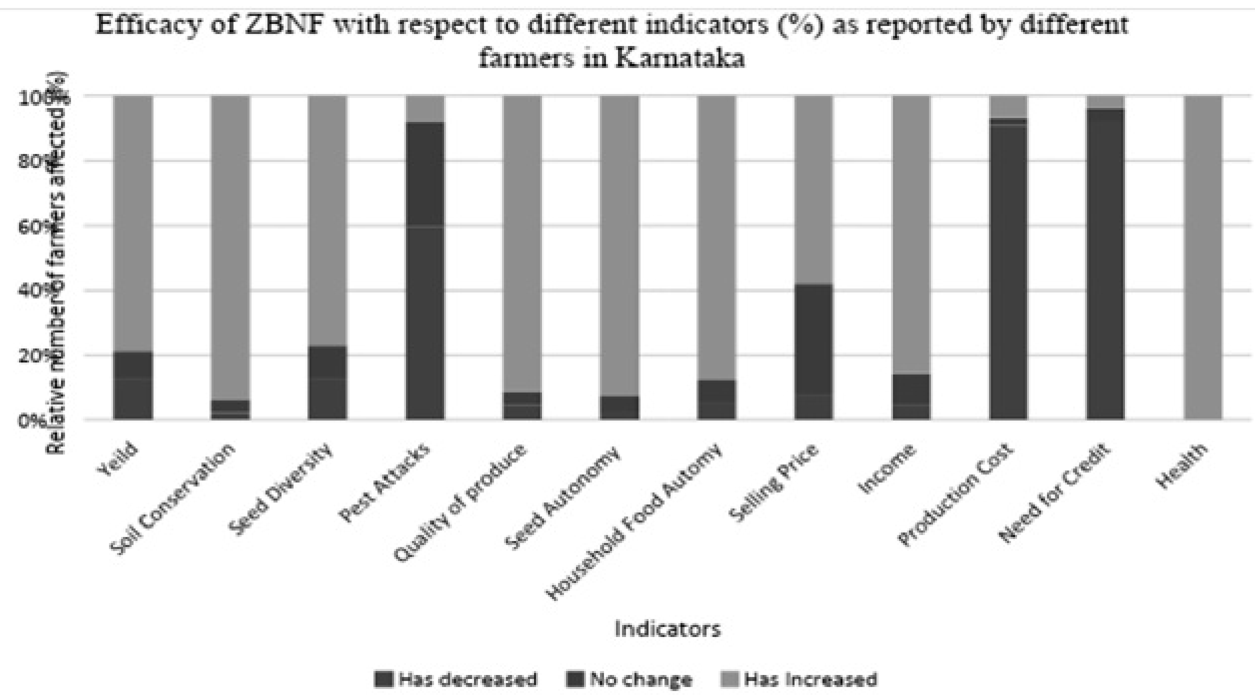

Figure 3

Source: http://ncds.nic.in/sites/default/files/WorkingandOccasionalPapers/WP70NCDS.pdf yield can be observed after adopting the ZBNF techniques. Not only does it increase the yield, but contributes to a net addition to the farmer's income.

CARBON CREDITS

Carbon credit is the brainchild of the Kyoto protocol which was conducted with the agenda of stabilizing the greenhouse gas concentrations in the atmosphere to prevent dangerous anthropogenic interference which results in perilous climate changes. Each carbon credit represents one ton of carbon dioxide either removed from the atmosphere or saved from being emitted. The 'carbon credit market' is a troika of the Emissions Trading, the Joint Implementation Programmes and the Clean Development Mechanism. It is an economically motivating activity. Those who are successful in using less than the allocated credits can sell the surplus credits to other industries. It was observed that carbon footprints have reduced when linked with monetary benefits. India is the biggest beneficiary of carbon credit and it is expected that India will earn five to ten billion dollars over time.

In essence, carbon credits are mainly a reward for a reduction in greenhouse gas emissions. In Madhya Pradesh, it is reckoned that ninety-five poverty-ridden rural villages would mutually earn at least US $300,000 every year from carbon payments by restoring 10,000 hectares of degenerated community forests. The government should initiate a policy wherein the farmers adopting Zero-Budget Natural Farming, which leads to a reduction in the GHG emissions, should be awarded carbon credits for the same. The basic problem that would arise in the implementation of the above-mentioned policy is the extremely fragmented and limited land ownership patterns of the farmers. Thus, for awarding credits to them, they can be grouped into clusters making their collective land ownership that of a larger area. By doing so, the credits when obtained and sold by the farmers will fetch them an additional source of income, also acting as a motivator to continue natural farming.

CONCLUSION

Relying on chemical-based farming is not a viable option for future. The current trend is disturbing the soil under cultivation drastically. The self-sustenance of Indian agriculture has been well known, however, challenges are posed by the lack of investment, low yield and efficiency, etcetera. Owing to the small size of agricultural land held by majority of the farmers, they fail to take advantage of economies of scale for remunerative exports. With the constant tumultuous demand and consumption pattern of high-value commodities and lack of better technology and investment, a challenge for a rural virtuous cycle of growth and headway is created.

Considering this fact, it is necessary to bring about a revolution in Indian agriculture. Finance Minister Nirmala Sitharaman's announcement in her budget speech brings about a towering and appreciable thought of ZBNF to the forefront, however, it requires a more streamlined approach towards bringing in private and public investments. The widespread implementation of ZBNF is required after farmers in Maharashtra and Karnataka are returning to the detrimental chemical measures of farming since natural farming failed to improve their income. This blue sky thinking requires unleashing investment and dissemination of information into Indian agriculture. Mr. Palekar's revolutionary idea, ZBNF, seems to have struck the right chords when it comes to environmental sustainability, however, its commercial scalability is not yet evinced. Though the success of ZBNF in Andhra Pradesh gives hope that its implementation will bring a revolution in Indian agriculture, it has to be put to test on its ability to solve market-led challenges. The enforcement of this stratagem will adjudge its fate either as an effective tool or an inconsequential nudge.

> **"Redemption is not perfection. The redeemed must realize their imperfections."**
>
> **– John Piper**

"Redemption is not perfection. The redeemed must realize their imperfections." – John Piper

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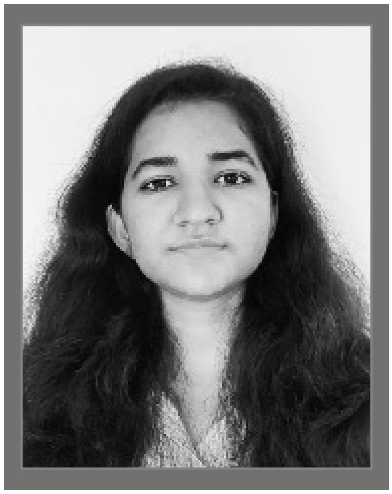

The Imminent Global Debt Bubble

FOR MORE THAN HALF OF THE HUMAN POPULATION, THE IMPACT OF A CRISIS IS FEAR, NOT AN ACTUAL LOSS. IT'S THE FEAR OF LOSS.

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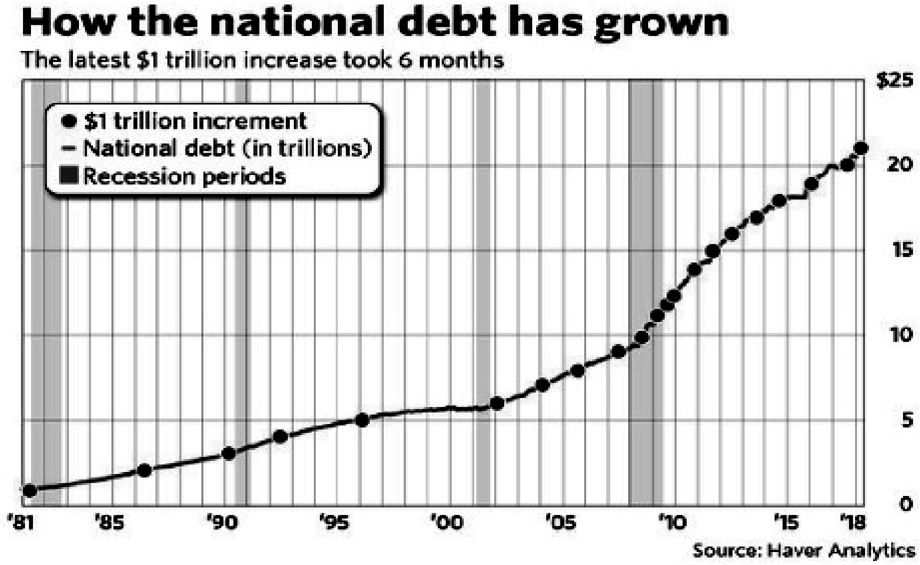
> "In less than a year after proclaiming the return to normalcy, central banks are priming themselves to become even more adventurous with their monetary policies."

ABSTRACT

With the financial markets ascending into an uncharted territory, high yield junk bonds, which usually have a high probability of default, are being traded with negative yields. It is a stark illustration of how ultra loose monetary policies have turned debt investing into a choice about how to lose the least amount of money. The logic of higher expected return for higher risk has upended, making investment next to impossible. Based on a survey of 25,000 people across 32 countries, return expectations have risen for 2019 to 10.7 per cent from 9.9 per cent, that is, the respondents plan to make

riskier investments and they expect central banks to underwrite their risks with ultra-low interest rates or negative rates or nominal gross domestic product (GDP) targeting into eternity.

KEYWORDS: Monetary Policy, Debt, Investor, Risk, Crisis.



CENTRAL BANKS: UNCONVENTIONAL MONETARY POLICIES

With lenders chasing yields and ignoring risks, approximately $13 trillion of debts is trading at negative yields. Although the Federal Reserve has strenuously denied compliance towards easing the monetary policies in spite of US President Donald Trump's immense pressure, lately they have been seen considering the option. The central bank is ready to cut interest rates by 25 basis points at minimum and the pre-emptive vaccination can range up to 50 basis points. However, the National Federation of Independent Businesses marshalled data to show that no real business, including small ones, is being starved of credit. Increasing number of central banks are talking about cutting the interest rates aggressively which will further increase the time taken by the world to get out of the dollar standard.

The European Central Bank (ECB) is fully prepared to outdo the Federal Reserve. Eurozone countries have selected Christine Lagarde to replace Mario Draghi as the president of the ECB. She will be more populist and 'bolder' than him regarding monetary policy experiments. That will be music to the ears of financial markets, hedge funds and private equity investors who place bets with a high degree of leverage.

THE AUTUMN OF 2008

The crisis of 2008 was mainly due to excessive debt carried by different financial institutions. Central banks tried to incentivize even higher gearing of balance sheets which resulted in a large number of companies in the US being burdened with the increased risk of becoming financially distressed. Companies that either generated negative EBITDA or have net debt to EBITDA over three times has grown noticeably in this cycle (53 per cent as 30 June 2019) versus the last cycle (32 per cent as of 30 June 2007). Central banks deliberately avoid thinking about why their decade-long policy of ultra-low interest rates has failed to mend economies. In less than a year after proclaiming the return to normalcy, central banks are priming themselves to become even more adventurous with their monetary policies. All that their policies have engendered is reckless risk-taking in financial markets, more leverage, greater inequality, and tremendous stress on savers, bank deposit holders, and pensioners.

PRECIPITATION OF THE NEXT BIGGEST CRISIS

Repercussions of the remarkable persistence of such ill-advised policies are the diversion of capital for unproductive ends and personal aggrandizement. Loss-making startups are carrying on without a concern for profits because cheap money implies funding from the private equity investors. Not only have promoters benefited immensely from loose monetary policies and funds available on liberal terms from capital markets but they have also profited from the tendency of governments to compete away their tax dollars from firms. The corporate tax rates in the developed world have come down steadily from 38 per cent in 1990 to 22 per cent in 2018. This has forced low-income countries to lower their tax rates as well, as otherwise, companies will shift their tax bases to havens that still remain in high-income countries. Corporate tax rates in low-income countries have come down from 46 per cent to around 28 per cent in the same period causing economies in those countries to worsen.

GLOBAL FIRESTORM

Predicted as not just as an economic crisis but a socio-political one too, it will result in massive damage to growth models in the upcoming years. The global impact can be assessed as follows.

- Beijing is presiding over a shaky economy with the official growth rate overstating true economic growth and global manufacturing supply chains moving out of China. China Minsheng Banking Corp. Ltd, China's largest private sector bank by assets, is defaulting on its dollar debt.
- Japan and Korea's exports have had seven straight months of decline up to June 2019.
- Singapore's non-oil domestic export is a bellwether for international trade and global economy. It is declining precipitously and Singapore's overall GDP contracted 3.4 per cent in the second quarter.
- With Boris Johnson in UK and the Brexit deal under the radar, the consequences are unpredictable due to the now fraught relations with the IS, European Union, China and Iran.

INDIAN POLITICAL AND ECONOMIC LANDSCAPE

The Leaders seem to not be equipped to face the upcoming economic storm. The Indian auto sector has slumped and the overall economy has undergone a tremendous slowdown. The non-transmission of the Reserve Bank of India's rate cuts by the public sector banks and the incoherent budget which privileged financial and trade liberalization has strengthened the rich and harmed the middle and lower fractions of the society. Anecdotal evidence points to India being more vulnerable to the upcoming tension than most of the other nations.

'TOO BIG TO FAIL'

Making its biggest quarterly loss in four years, Deutsche Bank counts the costs of plans to reduce its global workforce by 18,000. The German lender made a €3.1 billion net loss in the second quarter, driven by €3.4 billion in costs related to job cuts and reorganization at the bank. Deutsche is already in the process of being 'bailed out'. One of the means of being bailed out is forcing a merger with another large bank. That was recently attempted by the German government, with German Commerz bank, but it failed. Another bailout measure is to get the bank in trouble to raise capital by selling off its best assets. Now fire sales of its better assets are underway. But these solutions may not be enough if the bank's stock price keeps collapsing rapidly. At only

Policies since 2015 and practice of driving down government interest rates to negative levels may lead to a Deutsche bailout intensifying the European crisis.

$7 a share now, speculators could soon jump in and drive it to near zero, as what happened in the month preceding Lehman's collapse.

Unlike in 2008, the European Central Bank is no longer in a strong enough position to bail Deutsche Bank. Its policies since 2015 and practice of driving down government interest rates to negative levels may lead to a Deutsche bailout intensifying the European crisis. The European Central Bank bailout might inject even more liquidity into the European banking system, driving interest rates significantly further into negative territory.

CONCLUSION

Warning everyone of the next financial crisis, Democratic presidential contender Senator Elizabeth Warren explicitly mentioned how the next financial crisis is on its way and if precautions aren't taken, it will severely affect the global economy. The increasing household and corporate debt has left the economy on precarious footing and failure to raise the debt ceiling in September could be 'more catastrophic' than the 2008 collapse of Lehman Brothers. The weaknesses in the manufacturing sector and wages for the industry lag behind the national average. The release of second-quarter GDP data is expected to witness an economic growth of 1.8 per cent compared to 3.1 per cent in the first quarter. According to Warren, if the household debt is reduced by cancelling up to $50,000 in student loan debt for most families, the minimum wage is raised to $15 an hour and the power of unions is strengthened, a change can be seen in the future. Considering the global climatic condition, it is imperative for all countries to also invest in the research, manufacturing and exporting sector of green technology. The prospect of breaching the debt ceiling off the table forever by either eliminating it or by automatically raising the ceiling to accommodate spending and revenue decisions should be considered, and odds of potential shocks that could lead into a downturn should be diminished.

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SOURAV GANGULY

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Indian National Cricket Team.
Cricket Analyst & Commentator.

YT: After being a part of the game for such a long time, do you recall the feeling of wearing the blue jersey for the first time? Looking back, do you see the moment differently now?

SG: I have made lots of memories in the blue jersey. Now, I wear a different blue for a different team but there were great moments as I recall. When you get to play the sport and you get an opportunity to play for your country, it can't get better. The memory of wearing the jersey is the same, moreover the respect and the pride doesn't change.

YT: You redeemed Indian cricket after one its darkest episode, and for that and countless other things you're the favourite captain for millions. On that note, what do you feel, are the necessary traits for the person leading the men in blue?

SG: Character and honesty are very important traits, without which it becomes very difficult to lead such a high profile side. Strength of character is very important. In anything you do, whoever you lead, if it has got a public presence, strength of character becomes paramount.

YT: Cricket has always been an emotional sport, especially in India, where it is almost equivalent to a religion. With fans, media, critics and the nation's expectations, how did you cope with the pressure?

SG: I got used to it after a while; we have to find a way to deal with the pressure. Every job has pressure, you just have to deal with it. There is no job in the world that does not have ups and downs. From that point of view, it will always remain; you just have to solve it because if you don't, someone else will. It is important to keep it simple and concentrate on performance and that eventually takes care of pressure. With performance you develop self-belief and confidence and you learn how to handle pressure. So when you think of it, it's finally about performance.

YT: One of the important features of modern day cricket is the level of formalized administration that governs its proceedings. How crucial can a governing body be in determining a team's success?

SG: It is very crucial, a governing body has a role in determining a team's success because they guide the players, setup rules and ways of playing the sport along with shaping the value of the game in front of the world. Governance in anything is very important. Right governance and controlled governance play a crucial role in a team's journey to success.

YT: You made your debut in national cricket in the year 1992, and even after retiring, you're very closely associated with the sport. How has cricket evolved over the years, and India with it?

SG: The sport has evolved financially and game wise as well. I never played the T20 game for India and now T20 is such an interesting and important part of the format, aiding both players and viewers of each country. It has changed just as everything changes. When we first started, there were no mobile phones but now it has become an important part of everyone's life because the world is moving towards digitalization. That is life, everything moves on and you just have to move on with it.

YT: The IPL has revolutionized the entire landscape of the cricket. What role do you think commercialisation has yet to play in the future of the game?

SG: A huge role, commercialisation has revolutionized and influenced the careers of players, their financial security and so much more.

YT: You've had an extremely illustrious first innings and after retirement, we believe the second innings of your career is, perhaps, equally exciting. Could you give us some insights on that?

SG: It's a different role, a different job and a different responsibility. The first one was a lot more challenging and exciting as it depended on your performance, whereas this is slightly easier. It's true that in different stages of your life, you have different chapters.

YT: In which modern day cricketer do you see your reflection?

SG: I don't look at it that way. Everyone is different with their own talent and ways of doing things. Indian cricket is very strong, as we have enormous talent and will continue to have them. Who expected Tendulkar to come after

Gavaskar? Who expected Kohli emerging after Tendulkar? That is simply proof that Indian cricket will always keep producing remarkable talent.

YT: Cricket has always been the heart of India, but for many of us in Bengal, football is our first love. As an avid fan of the sport as well as the owner of an illustrious franchise, what do you think is the future of football and other sports apart from cricket in the evolving Indian landscape?

SG: To get close to, or, anywhere near cricket might be difficult. I want every other sport to develop and hopefully football has taken a step forward. There are other leagues going on, like Kabaddi and Hockey, which are regaining their lost shine.

YT: As the captain of the Indian cricket team there were times when you had to let go of personal feats for the betterment of the team. How do you think that plays in the mind of a captain?

SG: It is very important to take actions only keeping in mind the betterment of the team. In fact, leadership is all about that. It is about the team being in front and you have to do that as a leader in any aspect of life.

YT: As a beloved member of the St. Xavier's family, what would your words of wisdom be, for the young Xaverians of today?

SG: It's a great institution, I have spent a lot of time there. Discipline and ethics are very important for anyone and the institution caters to that. I hope the institution sustains and flourishes for what it has stood for from the beginning.

सत्यमेव जयते

प्रधान मंत्री

Prime Minister

MESSAGE

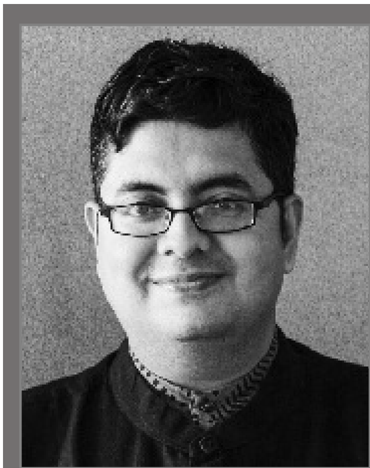
I am happy to learn Xavier's Commerce Society is publishing the 11th edition of the annual journal, 'Youthink' of the Commerce Department of St. Xavier's College, Kolkata.

On this occasion, I extend my best wishes for the success of the publication.

(Narendra Modi)

18 August, 2016
New Delhi

THE HON'BLE PRIME MINISTER OF INDIA, SHRI NARENDRA MODI, ACKNOWLEDGES YOUTHINK VOL. XI



Redeeming our Pledge: Where do we stand?

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> The Constitution has entrusted upon the state the responsibility that the minority groups, both religious and linguistic, can preserve their culture and towards that end, can establish and administer educational institutions of their choice.

Almost seventy-two years ago, at the stroke of the midnight hour on the 14th August, 1947, Pandit Jawaharlal Nehru delivered his famous 'Tryst with Destiny' address where the opening line was:

"Long years ago we made a tryst with destiny, and now the time comes when we shall redeem our pledge, not wholly or in full measure, but very substantially."

Today, as India stands on the pathway towards becoming a globally competitive economic superpower to reckon with, the time has come to ask ourselves as to whether, and to what extent, have we been able to redeem our pledge. In our analytical exposition, we use as benchmarks some of the universally revered principles enshrined in the preamble of our constitution.

SOVEREIGN, DEMOCRATIC REPUBLIC

For a nation that was brought into existence after a lot of bloodshed and a virtual desecration of sorts in the form of the partition, it was very necessary to ensure that we constitute ourselves into a unified entity which has enough strength to survive onslaughts that come both from outside and within. Quite appreciably, we have managed to do that. The process of nation-building in such a diverse nation as ours was never easy. As it is very often said, India has so many different Indias living in it. Nonetheless, through systematic processes of accommodation and assimilation, we have managed to integrate the nation which thrives in its 'Unity in Diversity'. The immaculately followed politics of non-alignment to any global power bloc, even during the heights of the Cold War has made us a champion of the third-world causes.

When we had our first General Elections in the year 1952, the entire world stared in disbelief that such a hugely populated and diverse nation, which was largely known in the western world as a country full of mystics and snake charmers, could undertake an exercise as significant as exercising their democratic choices through a process of universal adult franchise. No matter how problematic our democratic choices have been on certain occasions, one cannot dispute the fact that the world's most vibrant democracy has shown to the world the robustness and the zealousness with which we have preserved our democratic values and have not succumbed ourselves to the destabilizing forces of dictatorships and military rules, something that many nations including our immediate neighbours had to succumb to in various phases of their chequered histories.

We have fastidiously ensured that we remain truly committed to the spirit of republicanism. When a Chaiwala, a literal outsider to the Lutyens' glitterati, becomes the Prime Minister of 1.3 billion people; when a dogged street-fighter withstands enormous difficulties and harms and gradually moves into the seat of governance of the intellectual capital of the country; it gives rise to one unmistakable impression – India does not believe in the old saying, "The King's son becomes the King". While many other countries have still not been able to shed the vestiges of monarchic associations, the vibrant Indian republic has largely ensured that it is one's political dexterity and commitment to serve the people's cause that becomes the deciding factor, and not one's lineage and dynastic ties.

SOCIALIST AND SECULAR

These two phrases had been added to the preamble through the 42nd Constitutional Amendment in the year 1976. While it can be definitely argued that such addition was superfluous since the Constitution already had a distinct socialistic overtone and that the spirit of secularism was already very much prevalent through provisions that speak about ensuring equal respect and recognition to all religions, it cannot be denied that a clear assertion of the two guiding values in our preamble does firmly underline the firmness of our commitment towards ensuring the same.

We have never believed in the doctrinaire model of socialism. For us, socialism has always been based on pragmatism. As a result, just as we have sought to, through governmental policies like land reforms, zamindari abolition, bank nationalization and others, ensure equitable distribution of resources and sought to prevent the concentration of wealth in fewer hands. We have also realised the demands of the time and our economic limitations and shed the licence-raj regime to quickly move into an LPG (Liberalization-privatization-globalization) era. Despite the obvious reservations expressed by a section of politicians and scholars, we have embraced the WTO system as our governing principles and have managed to bring about a huge turnaround in the general economic atmosphere in our country. Today, the Government does not think twice before acquiring private property and handing it over to a corporation or disinvesting in a Public Sector Undertaking, if it feels that public welfare and interest will be better served by the same. The flexibility of our socialistic model ensures that the welfare prerogative can take precedence over everything else.

Similarly, we have the western notions of secularism, which never believed in the strict wall of separation between religion and the state. Our model of secularism is premised on the principle that the state shall treat every religion with the same amount of respect. Of course, this does not mean that religious reforms cannot be brought about by law. Just as the grotesque and inhuman practice of Sati had to be legally prohibited in the 19th Century, the Government is similarly empowered by the Constitution to regulate and reform religious practices if they are found to be unreasonable or cause disruptions to public order, morality, health or the enjoyment of any Fundamental Right. Thus, an unreasonable religious doctrine or dictum that aims to divide people based on gender identities, or that seeks to create disturbance between communities, or that dehumanizes a section of the society based on their caste status – can be firmly and truly regulated by the state by law, no matter how sacrosanct the respective community considers that practice to be. While it is true that very often, the law enforcers become jittery with respect to such issues because the emotions and sentiments of a large section of the populace gets affected when such regulation is sought to be brought about, one cannot deny the fact that the need to ensure societal harmony and equitability is inherent in the Indian notion of secularism, and it is the duty of the law to positively ensure adherence to that spirit.

JUSTICE – SOCIAL, ECONOMIC AND POLITICAL

Throughout the history of our constitutional journey, there has been an incessant quest to ensure access to justice for all. Access to justice in this context should not be taken only in its limited and formalistic sense of ensuring that everyone can approach the courts of law for having their grievances redressed. It is much more than that. While the court system has been made significantly more accessible by tools like Public Interest Litigation and Alternative Dispute Resolution, the preambular vision of justice is more deep-rooted. It aims at creating a paradigm where people are not discriminated against on the basis of their religion or caste or gender identities, to just name a few parameters. Towards this aim, the Constitution-makers sought to use the law as an instrument of social engineering and brought in provisions providing for affirmative action measures so as to ensure that the barriers to access and opportunity for communities which have been historically marginalized for centuries are considerably removed. Similarly, positive measures have been taken to ensure that women find a voice in the democratic process, by reserving seats in the local self government elections for them. Similarly, the Constitution has entrusted upon the state the responsibility of the minority groups, both religious and linguistic, so they can preserve their culture and towards that end, can establish and administer educational institutions of their choice.

While a lot of these measures have not been fully instrumental in providing their desirable results owing to several extraneous factors, one cannot deny that they go a long way towards ensuring a more inclusive India.

EQUALITY, LIBERTY AND FRATERNITY

The guiding principles of the French Revolution have also been a shining beacon to our constitutional identity. The spirit of universal brotherhood, free from prejudice and discrimination; liberty from fetters on freedom of choice, expression and beliefs and meaningful and scrupulous adherence to the Vedic principles of 'Vasudhaiva Kutumbukam' form the philosophical substratum and inalienable components of our core constitutional values and beliefs.

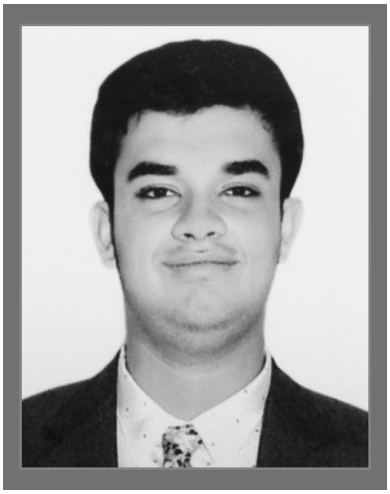
BUT, WHERE DO WE STAND?

Despite all the glorious dreams of our constitutional founding fathers, the millennial Indian seems to get frustrated and despondent when he or she witnesses, on social media and elsewhere, the wide disparities between the celebrated constitutional principles and their practices. It is time to ask ourselves – have we been able to redeem our pledge even marginally? Despite the much-flaunted principles of socialism aiming to reduce and eliminate wealth disparities, statistics have shown us that the top 1 per cent wealthy Indians have access to 73 per cent of India's wealth, and indices as credible as the Human Development Index ranks India at a lowly 130 out of 189 countries, as in 2018. No matter how much we tend to flaunt our secular credentials, the truth of the matter is that politicians all across the spectrum do look at religious and caste groups as voters and not humans, and any concentrated effort to reform a religion from its operational malaises are often avoided because political groups hardly wish that the equilibrium be disturbed. Similarly, very often, the executive turns a blind eye towards nefarious criminal activities because more than the seriousness of the crime committed, what becomes more important is the identity of the person who has committed it.

> **Despite all the glorious dreams of our constitutional founding fathers, the millennial Indian seems to get frustrated and despondent when he or she witnesses, in the social media and elsewhere, the wide disparities between the celebrated constitutional principles and their practices.**

Although the robustness of our democracy remains unquestioned, instances of poll violence and malpractices have been frequent. Similarly, social inclusion of the marginalized and the misunderstood, which has been the singularly significant component of our constitutional vision, has still remained as a work in progress. Evils like corruption, asymmetries of power and wealth, marginalization and discrimination have in many cases made the constitutional visions look like a mirage of sorts.

Does it mean that all is lost? Does it mean that the story of the 'New India', that the Hon'ble Prime Minister Shri Narendra Modi wants all of us to dream for, should be a sequel to the unfulfilled promises that the 'Old India' of seventy-two years failed to keep? The emphatic answer should be a 'No'. An average Indian is in possession of enormous capabilities. Today, an Indian can dream big – a lunar, or a Mars mission is an achievable reality. No matter what the naysayers might say, we are globally, a power to reckon with now. If we really wish to bring our house in order and remove the obstacles that have over the years stood in the way of fulfilment of our constitutional visions, it is us as Indians who have to remove them ourselves. Of course, the government will have to carry out its task with absolute honesty and objectivity. However, it is only when we as Indians stop marginalizing others by the colour of their skin or the professions that their great-grandfathers used to pursue, and stop judging others simply because they believe in an unpopular point-of-view, can we expect to have come to a point where we can proclaim with unerring certainty that "Yes, I have redeemed my pledge".



"For the present, the dollar is deemed the world currency, and the status is derived from its capacity to extend debts, backed by the unrestrained authority of the Federal Reserve, which resulted in a 21 trillion-dollar debt created by the US by 2018."

The World in Debt

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ABSTRACT

The world is in debt. Global debt has existed as a pseudo concept since the notion of borrowing began on the planet. Global debt in the current scenario is equivalent to a double-edged sword; promoting and encouraging global growth and development at a time of low wages and rising inflation. It has its roots ingrained in the economic policies and decisions taken by the OPEC in the 1970s and 1980s. The discovery of oil in the Middle East and the events that followed gave global debt a huge push. Global debt came forward as a major issue during the financial crisis of 2007-2009. Emerging in the United States of America, it became a systematic problem of every economy of the world. It has been persistently rising at an alarming rate ever since.

KEYWORDS: Debt, Economy, Refinancing, Government, Crisis, Nations.

INTRODUCTION

The English term 'debt' finds its first mention way back in the thirteenth century. Looking into the etymology, the word originates from the Old French word 'dete', or Latin 'debitum' which implies to 'owe something'. Further, it can be traced to the Latin 'debere' which means 'to owe'. The word 'dette' was further transfused to the present-day term debt. Since time immemorial, debt has been ubiquitous. Debt, traditionally a mere economy tool, has over time inextricably intertwined itself with various social institutions like barter, slavery, human relations, marriage and friendship, politics, law and warfare and pretty much the fabric of human life and society.

We would now retrace the steps along the sands of time to witness the inception of the idea and explore how it progressed through time. Textbooks and economists traditionally advocate that barter and money systems came early and debt is a consequent phenomenon. However, studies reveal that debt was a concept known and practiced by people before the concepts of money, or for that case even barter was introduced. David Graeber in his book 'Debt: the first 5000 years' advocates a similar theory, which he calls the 'myth of barter'. The first recorded debt systems can be found in the Sumer civilization around 3500 BC. Credit systems originated long before the advent of coinage, which seems to have originated sometime around 600 BC. Thus, Graeber argues that credit systems and debt originated way before money which itself was invented before barter.

There is no evidence in economic anthropology that suggests the theory of barter preceding debt. Primitive exchanges did not involve barter as double coincidence of wants is a matter of rarity. On the contrary, when one person possessed something in which another was interested, he would provide for it and the latter would contract an obligation to repay the same. Thus, the concept of debt was born.

The concept endured the test of times and thrived through the ages, maturing and getting complex along with the advancement of humankind. The great axial age civilizations began to quantify economic values. Mercenary armies enforced payment of dues and the concept of slavery was born. The obligation to pay taxes and incentives to the army were born and coins became commonplace in the economy. The concept of debt was thus imbibed in the very nature and daily activities of humans.

Then came the middle ages. With the collapse of great empires such as the Roman and the Indian, gold and silver retreated to temples, slavery was duly abolished and the concept of coins became less popular. More sophisticated instruments like paper notes, present day promissory notes and letter of credit were accepted. This age eventually saw the advent of paper money and cheques. Following various vicissitudes, the bullion economy finally collapsed with the abandonment of gold standard by the US. Currencies were constituted and exchange rates were negotiated. For the present, the dollar is deemed the world currency, and the status is derived from its capacity to extend debts, backed by the unrestrained authority of the Federal Reserve, which resulted in a 21 trillion-dollar debt created by the US by 2018.

THE CONCEPT

In pure accounting terms, if two people owe each other Rs.5 each, there exists no debt since the borrowed and the lent amount gets cancelled out. The calculation of Global debt does not work on this principle. Say A, B and C each own Rs.5. A lends Rs.5 to B. B then loans Rs.5 to C who in turn loans it out to A. Even though the net debt is annulled, the amount of debt created is Rs.15. Factoring in the interest cost to be rupee 1 for every Rs.5, we observe that even though A, B and C collectively own only Rs.15 but together they owe Rs.18.

Escalating this to the macro level, we can consider that every nation in the world is both a borrower and a lender. Convention dictates that borrowers and lenders are mutually exclusive. It is not expected of a borrower to have money to lend and neither a lender to have a need to borrow money. In reality, this concept doesn't hold true in every scenario. One of the examples where the roles of a borrower and lender are taken up by both counter parties in a loan deal is when a developed and a developing country transact. The developed country may be investing in the developing country due to the high-interest rates offered by the nation, while the developing country may be hedging its future economic instability by investing in safe investments in the form of the developed country's bonds.

Global debt can never be a one man show. A series of events and multiple people have a share. Following are some of the contributors to the Global Debt:

- Financial Institutions: Banks and other Financial Institutions are terminal points for capital formation and utilization, accumulated from the individuals and other elements of the society both domestic and foreign. Banks generally invest in the government bonds of its own country as well as other stable countries, therefore they contribute to the debt creation.
- Specialized Funds: Funds like pension and retirement benefit funds invest heavily in government bonds around the world. This is done since these funds prefer to invest in stable bonds with a near definite future payoff.
- Governments: No matter how peculiar it may seem, governments do owe a huge amount of debt to themselves. They are the major contributors to Global Debt. Consider the following example; Japan has a huge trade surplus and therefore has a surplus of US Dollars. It, therefore, is a huge investor in the US Government Bonds. On the other hand, Japan is the largest net borrower in the world, holding fewer assets in other Nations than the number of Yen it owes. As per the latest study by the world population review, Japan has a National Debt of $9.087 trillion and National Debt to GDP Ratio of a staggering 234.18 per cent.

INTERNATIONAL DEBT

Like individuals borrow money for buying a house or funding education, nations of the world may borrow funds from Capital markets, International Financial Institutions such as the International Monetary Fund and The World Bank or other countries of the world to finance their economic growth and development by way of improving infrastructure and standard of living of its citizens. The problem of International Debt crisis stems from the fact that the said borrowing by the countries is often, in practice, not used for projects that meet even the minimum performance standards of social, environmental or economic viability. In other situations, even though the funds are being utilized for authentic and proper purposes, the existence of unsystematic risk factors and financial conditions prevailing beyond the control of the Government creates problems in reaping the desired return from the projects. In precise terms, the borrowers are unable to repay the principal and interest amount to the lenders, thus leading to a continuous cycle of debt creation.

History bears testimony to the fact that global debts portray a steady upward trend. Global debts have always been on the rise, owing to the reasons discussed above (See figure 1).

CURRENT SITUATION

As per the reports of the International Monetary Fund and the World Bank, the debt pile of the world is looming at an astounding $244 trillion, almost three times the size of the Global economy. What this essentially means, is that if the world is to repay all the debt by the next fiscal year, it has to work three times harder, creating value four times as much as it does now. In 2018, some of the major components of this debt and their growth over a decade have been emphasized below:

- $65 trillion - Total Government debt, almost doubling since 2008, rising faster in mature markets.
- $72 trillion - Non-Financial Corporate debt, near an all-time high of 92 per cent of GDP
- $60 trillion - Financial Sector Indebtedness, rising 10 per cent from a decade earlier
- $46 trillion - Household debt. Its strong growth of 20 per cent to 30 per cent is fuelled by rapid growth in emerging markets, notably the People's Republic of China, along with a push from countries like India, Mexico, Malaysia, Chile, Czech Republic.

The current situation of debt along with figures of the past 10 years of various nations of the world in context of debt (debt to GDP ratio) is summarized in the table.

(See table 1, figure 2)

AN ECONOMIC MISNOMER

It would be expected that first world countries, who have stability and steady growth as characteristics of their economy, would be better off without debt for the simple reason that they have more than they require. This, however, is a utopian concept, fit only for fiction books. It is, in fact, the nations that are dominant news headliners, who boast of the best economic brains in the world and of controlling and giving shape to major economic patterns, which eclipse other Nations of the world when it comes to debt obligations.

A clear glance at the global debt scenario is displayed in (See figure 3). It can be deduced that the United States is leading in the world, followed by China and Japan as the second and third respectively.

DEBT IS NOT SO BAD AFTER ALL

Convention advocates that the debt taking ability of an individual and by extension a country is finite in nature therefore it is logical to assume that if a country keeps on accumulating debt over time, it will default on its repayment if a threshold limit is breached. It is evident that even if a default is avoided, the cost of debt will rise to such an exorbitant level that it will be impossible for future generations to survive the debt burden, let alone reaping profits.

After introspection of a working paper by the IMF, which takes into consideration the credit creation rate, inflation, interest rates, future economic trends and other key economic indicators, the capacity of a developed country with a strong stable economy, the possibility of default of debt is far from inevitable. In other words, it can be inferred that the developed nations have an infinite debt capacity. This draws significance from the fact that the nations in question have a sustainable debt model. This means that for a defined time horizon the Nation's Government has a surplus which it uses to repay its debt. This makes the debt tenable as long as the rate of growth of Nominal Gross Domestic Product is greater than the cost of servicing the debt.

CONCLUSION

The above discussion helps gain cognizance of various postulates of the current debt scenario. Debt levels are at a record high, both in terms of absolute value and debt to GDP ratio. Alongside a simultaneous growth in economic indicators like rising income levels, unemployment reduction is being witnessed. Not only the developed countries but also the developing countries are experiencing this epoch-making phenomenon. It is known that Debt levels are highly affected by changes in economic parameters at a macro level, especially in the developed countries; including their monetary policies and economic regimes, China's tariff rates and USA's FED rates for instance. This automatically affects the debt rates throughout the world due to their inevitable presence in every aspect of world trade and therefore the global economy. Another way of looking at it could be that since the value of a dollar is rising, and the relative values of other currencies are depreciating, these countries, with moderate income levels and growth rates, are being driven into debt distress.

A way out is further borrowing but then again it is only a matter of time before the countries plunge into a debt crisis similar to Greece. (See figure 4). There are initiatives taken by Heavily Indebted Poor Countries Initiative (HIPC) to sustain the high levels of debt. UN General Assembly has also set a Basic Principles on Sovereign Debt Restructuring Processes in 2015 but unfortunately is lacking a body to implement the initiative and set up a mechanism for the same. Thus, rising global debt is an undeniable reality of present times. Will it catapult the world economies to new levels of development (and vindicate a mere bend of the 'hockey stick'), or prove a

It can be inferred that the developed nations have an infinite debt capacity.

bottomless abyss, only time will tell!

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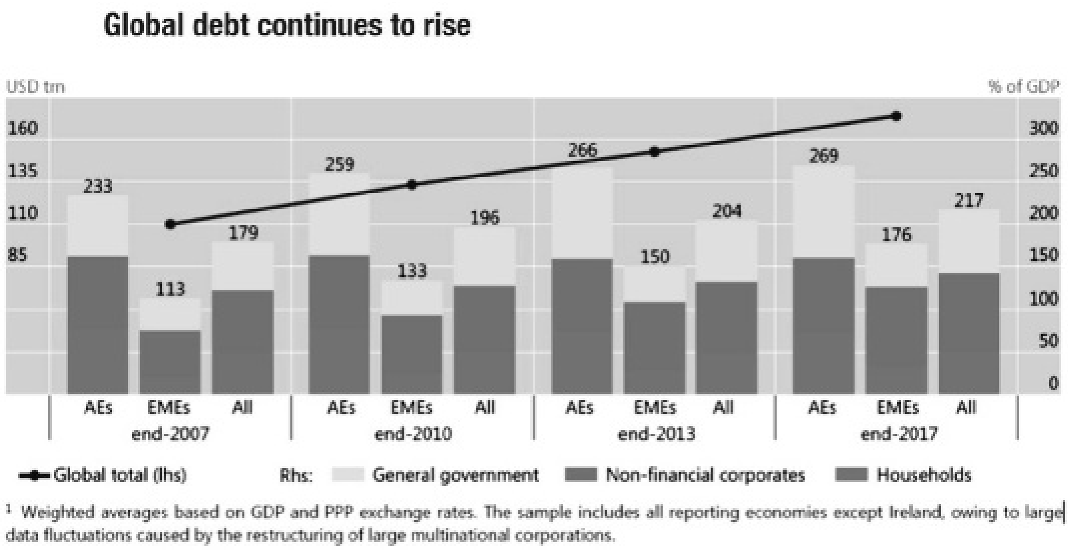
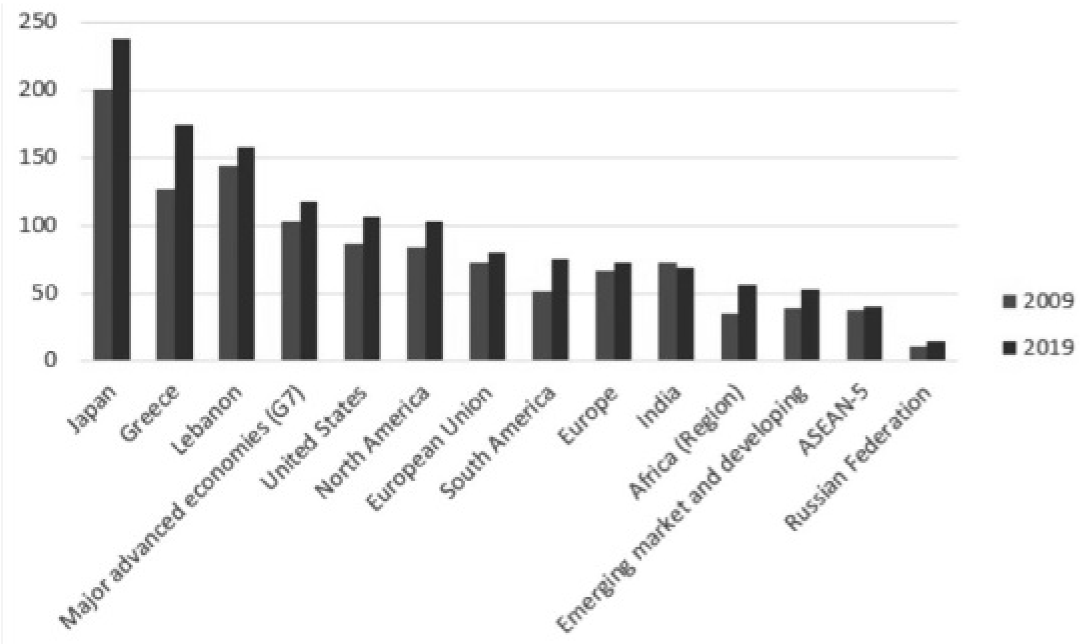


Figure 1

General government gross debt (Percent of GDP)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Japan	201	207.9	222.1	229	232.5	236.1	231.6	236.3	235	237.1	237.5
Greece	126.7	146.2	180.6	159.6	177.9	180.2	177.8	181.1	179.3	183.3	174.2
Lebanon	144.2	136.9	133.9	130.4	135.4	137.8	140.7	146.1	149	150.9	157.8
Major advanced economies (G7)	103.4	111.6	116.8	120.9	118.6	117.4	116.2	119.4	117.6	116.7	117.3
United States	86.7	95.4	99.7	103.2	104.8	104.4	104.7	106.9	106.2	105.8	106.7
North America	83.6	90.7	94.2	97.5	99	99.1	100.6	103	102.1	101.7	102.5
European Union	73.1	78.9	81.8	85.3	87.2	87.8	86.2	85.3	83.3	81.6	80.2
South America	51.8	50.6	50.1	50.3	50.3	52.1	55.7	59.4	65.1	74.8	75.3
Europe	67	70.9	72.2	74.2	76	78	78.4	77.9	75.4	73.9	72.7
India	72.5	67.5	69.6	69.1	68.5	67.8	69.9	69	69.8	69.8	69
Africa (Region)	34.9	33.9	35.3	36.2	38.9	40.6	47.1	53.6	54.2	56.1	56.8
Emerging market and developing economies	39	37.9	37.2	37.2	38.5	40.4	43.8	46.8	48.5	50.6	53
ASEAN-5	38.3	36.5	35.2	36.5	38	38.3	39.6	39.3	39.3	39.9	39.7
Russian Federation	9.9	10.9	11.2	11.9	13.1	16.1	16.4	16.1	15.5	14	13.8

Table 1



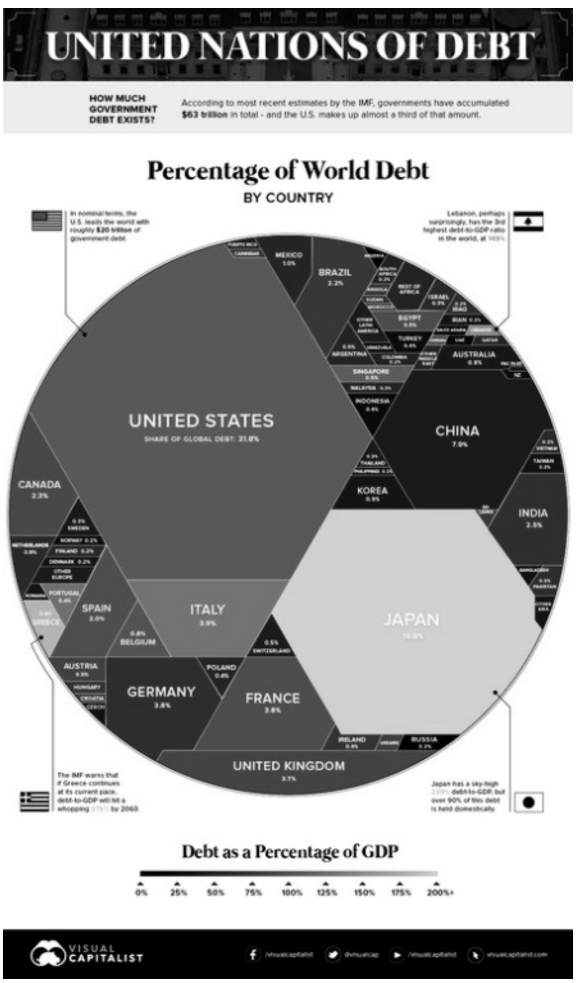


Figure 3

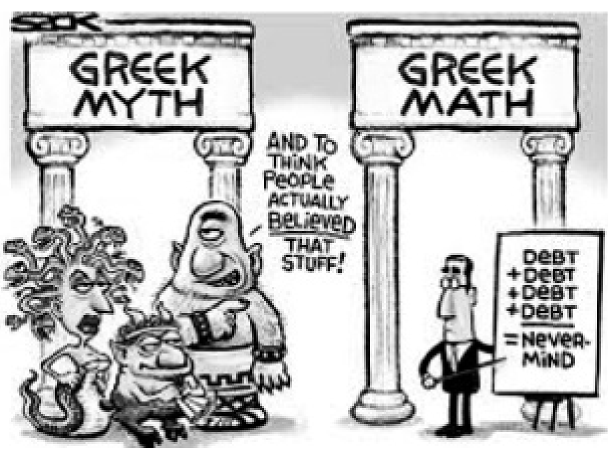


Figure 4

“A country's topography and geological conditions govern the choice and popularity of the activity.”

Tourists' Preferences Regarding Adventure Tourism in India - A Study in Kolkata

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ABSTRACT

The adventure tourism industry is growing worldwide in recent years. Adventure tourists are the main components of the adventure tourism business. Hence, this project studies the tastes and the preferences of adventure tourists in Kolkata. Random respondents from Kolkata have been selected and they were asked questions regarding the various aspects of adventure tourism and their willingness to participate in it.

The findings show which destinations in India the tourists prefer to visit for an adventure trip, what their preferred adventure activities are, their spending limit on such trips, the motivations that drive them to participate in adventure travel and the most important aspects which they consider while selecting a destination for such a trip. The project also investigates how efficient the government tourism ads are in impacting the adventure tourists and finds out the role of social media in influencing the tourists' decision making.

The results from this report can prove to be beneficial for the adventure tour operators and business located in Kolkata to properly understand their customers and hence provide them with the best adventure tourism services.

KEYWORDS: Adventure Tourism, Tourism Industry, Risk, Motivation, Tourists' Preferences, Decision-making.

INTRODUCTION

Adventure stories often play a role in forming our early images of the constituents of adventure. Classic adventure stories by authors such as Conrad, Stevenson and Rider-Haggard, and more modern stories such as The Famous Five series by Enid Blyton, have captivated many youngsters in the english-speaking world. Fisher (1986) analyses the characteristics of classic adventures stories and notes:

'The reader... is to be taken away from normal concerns by events of an exaggerated, heightened nature, often taking place in exotic, distant surroundings... they offer surprise rather than confirmation, strangeness rather than familiarity....'.

In contrast with romanticized adventure stories, there are grittier versions of adventure. Real-life experiences provide a different perception of adventure. These experiences may have happened to other people or maybe personal. Quests have been undertaken throughout history, where the dangers and the consequences were very real. Arctic explorers pushing the limits of endurance and climbers pushing the limits of skill have all died in their attempts.

People commonly describe real-life adventures that involve challenges entailing a certain amount of discomfort or anxiety. Feeling scared, exhausted and thoroughly tested is sometimes part of the deal. In many ways, there is an expectation and acceptance that an adventure might involve a certain amount of hardship and unpleasantness.

Adventure Travel Trade Association (ATTA) has defined adventure tourism as 'a tourist activity that includes physical activity, cultural exchange or interaction with nature.'

Adventure tourism can be classified into two types: hard adventure and soft adventure. Hard adventure refers to activities with high levels of risk, requiring intense commitment and advanced skills. Hard adventure tourism includes activities like mountaineering, sea kayaking, canyoning, bridge jumping, etc. On the other hand, soft adventure refers to activities with a perceived risk but low levels of risk, requiring minimal commitment and beginning skills; most of these activities are led by experienced guides. Soft adventure tourism includes activities like backpacking, camping, hiking, kayaking, etc.

ADVENTURE ACTIVITIES IN INDIA

A country's topography and geological conditions govern the choice and popularity of the activity. India, in that context, is a 'One Stop Adventure Shop'. Only in India can a person indulge in a camel safari in hot deserts of Rajasthan, heli-ski in the Himalayas, raft down the mighty Ganges and trek in the Garhwal Himalayas, all in the same month. India boasts of some of the highest peaks in the world, Kanchenjunga, Nanda Devi and Nun Kun, not to speak of perhaps the highest unclimbed and as yet uncharted peaks in Arunachal Pradesh and the Eastern Karakoram ranges.

Himalayan rivers like Brahmaputra, Ganges and Indus provide un-limited white water stretches to be 'run' both for the beginners as well as for the extreme professional. Trekking in India is incomparable to and often surpasses the best in the world. Trekking in the Indian Himalayas offers incredible variety with shorts walks in low altitude alpine meadows to 20-day hikes over some of the highest passes in the world. The varied topography adds to this beauty. The high-altitude plateau of Ladakh, the alpine meadows of Himachal, Kashmir and Sikkim, the rugged and rocky terrain of Garhwal all add up to provide an unimaginable variety for the trekker to choose from. Skiing for both beginners and the professionals is plentiful on the slopes of Manali, Gulmarg and Auli. The natural and virgin ski slopes offer the best of Alpine, Mountain and Helicopter Skiing. Other activities one can indulge in the hills and valleys of India are paragliding, motorcycle touring and mountain biking.

Sea sports offered by India are also vast. From the mesmerizing pelagic life of Andaman and Nicobar Islands or the cult beaches of Goa to the shores of Kanyakumari, India offers all sorts of water adventure like scuba diving, snorkelling, sailing, water skiing, parasailing, etc.

GROWTH OF ADVENTURE TOURISM IN INDIA

The Ministry of Tourism has taken initiatives to promote the adventure tourism in India which can be summarized as follows:

- The Ministry of Tourism has issued Guidelines for Approval of Adventure Tour Operators, which is a voluntary scheme, open to all bonafide adventure tour operators.
- The Ministry of Tourism has also formulated a set of guidelines on Safety and Quality Norms on Adventure Tourism as *BASIC MINIMUM STANDARDS FOR ADVENTURE TOURISM ACTIVITIES.* These guidelines cover Land, Air and Water based activities which include mountaineering, trekking, hand gliding, paragliding, bungee jumping and river rafting.
- Central Financial Assistance is being extended to various State Governments/ Union Territory Administration for development of tourism infrastructure in destinations including adventure tourism destinations. These include facilities for trekking, mountaineering, aero-sports, water-related sports, trekker huts, wildlife viewing facilities etc. Financial assistance for the purchase of water sports equipment consisting of kayaks, canoes, fibreglass boats, water scooters, etc. are also provided to State Governments.
- The Indian Institute of Skiing & Mountaineering has been made fully operational in Gulmarg from January 2009. This institute now has its building and all modern equipment and training facilities for adventure sports. Various adventure courses have been started and are being successfully run by this institute.
- The National Institute of Water Sports, another organization of Ministry of Tourism based in Goa, is getting a new building and facilities upgraded for training in water sports activities.
- The Ministry is working with the Indian Mountaineering Federation and Adventure Tour Operators Association of India (ATOAI) to explore as to position India as an adventure destination.
- The Government of India has given security clearance for the opening of 104 additional peaks in Jammu and Kashmir (Leh Area) subject to stipulations and clearances form State Govt., Home Ministry and other concerned agencies. The opening of the additional peaks will help in positioning the Indian Himalayas as an adventure tourism destination.

LITERATURE REVIEW

Xuan Tran and Linda S. Ralston (2006), examined the relationships among tourists' unconscious needs for achievement, affiliation and power and their preferences for adventure, cultural, and eco-related tourism. Two significant relationships were detected: one between the need for achievement and the preference for adventure tourism; and the other between the need for affiliation and the preference for cultural tourism.

Outbound Adventure Tourism from India- A market report by Active Holiday Company (2014) states the adventure market in terms of size, characteristics and travelling preferences of the Indian travellers undertaking adventure trips. The primary objective of this research was to understand the scope of the international adventure travel market from India.

'Risk as a motivation for adventure tourist' by Muhammad Dhaifan Akbar (2017) aimed to investigate the role of risk for adventure tourists' motivation to engage with adventure tourism. The findings confirmed that risk affiliation with adventure tourism activities exists through tourism perspective.

Adventure recreationists were classified into six groups - general enthusiasts, budget-oriented youths, soft moderates, upper high naturalists, family vacationers, and active soloists, by Lee TH and Tseng CH (2015). Their study explained how risk and uncertainty of outcome motivate participation in adventure activities and that 'rather than demanding actual risk and uncertainty of outcomes, participants in commercial adventure activities primarily seek fear and thrills.'

Dinesh Kumar and Siranjeevi. M.S (2018), studied the upcoming trends in tourism and the needs and requirements of the recent generation of people in Chennai, India. The study mentions that 'there has been a shift towards adventure tourism and other interesting aspects of the tourism scenario.' It evaluates the tourists' purpose of travel, destination preference and spending capacity, showing that a larger per cent of tourists preferred to visit new places and try out new adventure activities.

How the decision-makers (DMs) and non-decision-makers (non-DMs) are motivated to travel and how they develop destination loyalty, was compared by Shintaro Sato and Hany Kim (2018) in 'Adventure tourism motivation and destination loyalty: A comparison of decision and non-decision makers'. The study revealed that the DMs pursued adventure tourism more for the excitement while the non-DMs were motivated by family-related needs. It was also found that DMs destination loyalty was predicted by the quality of outdoor activities and the cultural aspects of the destination.

RESEARCH GAP

The field of adventure tourism has not been distinctly studied. In India, market studies have been conducted to know the growth of this sector and the potential it holds. But there are very limited number of researches conducted on what the tourists prefer and what their motivations are when it comes to adventure travel.

Considering the scenario of Kolkata, marketers here usually do not think of undertaking such research on adventure tourism. The growth in the population of the younger generation and the increased craving for going on adventures among the youngsters should make the businesses in Kolkata realize the potential of this segment.

OBJECTIVES

1. To understand people's preference for adventure tourism and to assess the regions in India and the adventure activities most preferred by the adventure tourists.
2. To understand the underlying motives of the tourists for participating in adventure travel.
3. Figuring out the decision making and the information requirements of the people while planning for an adventure trip.
4. To assess the impact of social media and also of the government's tourism promotional activities in influencing people to go for adventure travel.

RESEARCH METHODOLOGY

PRIMARY DATA- The observations have been drawn by surveying a sample group of people. A questionnaire has been prepared for the same purpose and was distributed among the random sample of respondents, to get a better insight into the problem of the research.

A single questionnaire was personally designed which was meant only for the tourists. Several types of questions including multiple-choice questions, Likert scales, etc. have been used to get a deeper understanding of the consumers' preferences.

Sample Size- For this research, a sample of 136 random respondents had been surveyed. They were all from varied age groups and occupations.

Sampling Area- The survey and research have been conducted within Kolkata, to better assess the region's attitudes towards adventure travel.

Sampling Time- The survey was conducted and analysed from February through March 2019.

SECONDARY DATA- Various websites, articles, and books have been browsed for information related to the adventure travel sector and its growth and demand in India in the past few years.

ANALYSIS AND FINDINGS

The results from the survey show that tourists have a preference for adventure travel. They travel only once or twice a year. Among such trips, in a year, the tourists are most likely to take up only one or two adventure trips or activities. Although the scale of participation is low, the willingness of the tourists to participate in adventure travel was clearly seen in the survey. They enjoy both hard and soft adventure although their inclination is more towards the soft adventure activities. As opposed to leisure travel, where the tourists mainly like travelling with their families, adventure tourists show a higher preference for travelling with their friends or with other travel groups.

The Indian adventure tourists are more willing to travel around India for adventure, than in any other country. Indian adventure destinations are gaining popularity among such tourists. This gives India the opportunity to generate huge revenue from the domestic tourists in the adventure tourism sector and not just stay dependent on the inbound tourists for the revenue, which earlier was the case for the adventure tourism industry. Trekking is widely enjoyed by the adventure tourists and hence the popularity of destinations such as Himachal Pradesh, Uttarakhand and, Jammu and Kashmir has increased. It can also be because of the popularity of camping and paragliding. So, the Himalayas are seen to be the most favourite destination for adventure tourists.

The main motive of the adventure tourists to participate in adventure activities is to be one with nature. Enjoying the natural beauty of a place and the thrill of exploring off-beat places are two of the main reasons why tourists love to participate in adventure travel.

While deciding the destinations for their adventure trip, the tourists are mainly concerned about the safety of the place. An unsafe location, where there might be natural or political disturbances, automatically reduces the scope for tourists to select that destination. Affordability also serves as an important factor when the tourists are deciding on a destination. The adventure tourists spend an average amount between Rs. 10000 and Rs. 20000 on their adventure trips. Hence, a place where the cost of travel is too high, will not be able to attract more tourists. The Internet is the widely used medium when it comes to gathering information while planning for an adventure trip. Nowadays, there are innumerable travel blogs and articles available on the Internet, and the tourists can find information even about the rarest places. However, the recommendations of friends and family members through word-of-mouth communication is also important to tourists.

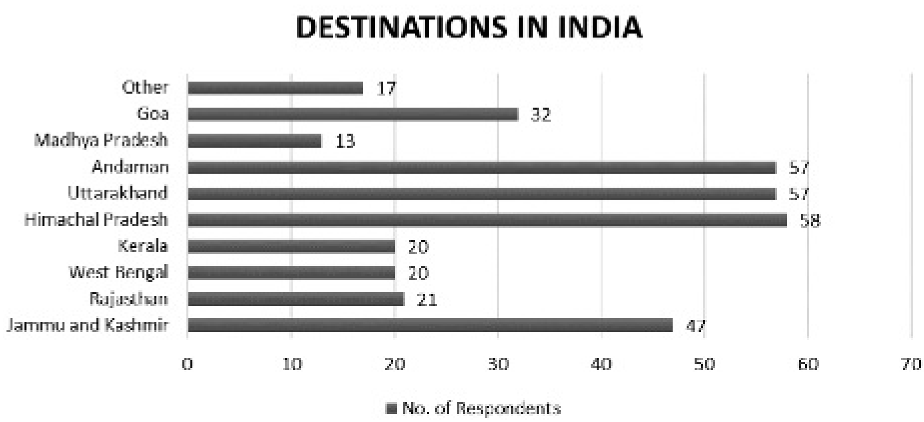

Figure 1: Destinations in India most preferred by adventure tourists

The Ministry of Tourism has taken considerable steps to promote adventure tourism in India. But the majority of such initiatives are directed towards aiding the tour operators and developing the adventure activities in different destinations. There are not many promotional efforts targeted towards the consumers. One such campaign is the Incredible

Figure 2: Motivations of tourists for adventure travel

India campaign, but it mainly promotes leisure tourism. Although the majority of the adventure tourists are exposed to such promotional campaigns, it does not have any significant impact on their desire for adventure travel in India. Social media, on the other hand, plays a major role in influencing the adventure tourists. The increasing trend of sharing travel photos on the various social media platforms has given the tourists that extra desire to explore the destinations that they see online.

RECOMMENDATIONS

Based on the findings of the survey, the following recommendations are put forward:

- The marketers need an understanding of the activities in which the adventure tourists most prefer to participate. The focus should mainly be on soft adventures. There should also be scope for group activities such as trekking in groups, skydiving in tandem, etc.

Understanding the tourists' preferences and their desires for adventure travel will help in further segmenting and positioning this industry, which in turn will augment its growth.

- While setting the prices of the tours/activities, the businesses need to keep in mind whether it is affordable for the majority or not. The companies need to know how much the tourists are actually willing to spend on adventure trips and accordingly set the prices.
- More and more adventure activities and tours in India should be offered to tourists. New destinations can be discovered to provide the tourists with an off-beat experience. At the same time, the safety of the tourists must be the top priority of the companies.
- The marketers can offer their adventure products on a seasonal basis to increase the engagement from the tourists. For example, the tour operators can offer treks to the same destination during two seasons (winter trek and summer trek).

To promote and market the services, the adventure businesses need to fully utilize the resources on the Internet. It can be done as follows:

a. Opening a website which lists all the services provided along with the itineraries, benefits, the prices, special discounts or offers.

b. Publishing online articles or blogs regarding different topics of adventure travel.

c. Using social media extensively to promote their services, by opening up a business page on the most popular social media platforms and regularly posting travel content and engaging with the audience. Social media influencers can also be hired to spread a good word about the business.

The Government should undertake more campaigns in promoting the adventure destinations and activities to the general consumers so that there is a rise in the desire for adventure travel.

CONCLUSION

In the past five or six years, the adventure industry in India has doubled in size, thanks to the ceaseless initiatives and promotion of adventure tourism. The most important shift has been the willingness of Indians to look beyond the usual holidays for new experiences. This, in turn, has been backed by up-gradation of tourist infrastructure at popular places such as Rishikesh, Ladakh and Uttarakhand. As people have become more comfortable with the idea of adventure travel, newer options have opened up. Hence, understanding the tourists' preferences and their desires for adventure travel will help in further segmenting and positioning this industry, which in turn will augment its growth. Although adventure tourism in India is still at an infant stage, with the correct initiatives from the government and marketers, and a good understanding of the perceptions and tastes of the consumers, India can soon become one of the top destinations for adventure travel.

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> A firm in order to maximize the rate of return on investment has to ensure that the investment in working capital is at an appropriate level. The working capital investment of the firm is a measure of its liquidity.

A Study on the Relationship between Liquidity and Profitability of Indian Airline Companies

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ABSTRACT

The profitability and liquidity of a concern is very important. The trade-off between liquidity and profitability is an important consideration for any entity. The research carried out in this regard has mixed results, some researchers have found a positive relationship, some have found a negative relationship while some researchers have also found no significant relationship. The objective of the study is to analyze the relationship between profitability and liquidity with reference to select Indian airlines. This has been done by taking three airlines (Indigo, SpiceJet, Jet Airways), which together comprise 70 per cent of the domestic market as on March 2018. The liquidity and profitability ratios for five years (2013-14 to 2017-18) have been used for this paper.

It has been found that there is no significant relationship between the liquidity and profitability of airline companies. However, the analysis has been done only with a limited number of companies and limited variables and also a relatively shorter period of five years, therefore this analysis cannot be generalized for a large number of either airline or non-airline companies.

KEYWORDS: Liquidity, Profitability, India, Airline

INTRODUCTION

Liquidity refers to a firm's ability to meet claims and obligations as and when they fall due. In the case of an asset, it implies the convertibility of the asset ultimately into cash. The profitability of a firm refers to its earning capacity. A firm in order to maximize the rate of return on investment has to ensure that the investment in working capital is at an appropriate level. The working capital investment of the firm is a measure of its liquidity. This implies that its investment in working capital must be optimum, neither in excess nor inadequate. After the most appropriate level of investment in Working Capital has been determined, the firm has to concentrate on its optimum use, if investment in Working Capital is much in excess of its requirement it may impair the firm's profitability. On the other hand, inadequate investment in Working Capital will also negatively impact the profitability of firms. Therefore, it may generally be assumed that there is always a negative relationship between the two. That is, however, not true in all the cases.

The civil aviation industry has emerged as one of the fastest-growing industries in India during the last three years. India is at present the third-largest domestic civil aviation market in the world and It is expected to overtake the UK to become the third-largest air passenger market by 2024. – (IBEF).

LITERATURE REVIEW

Smith and Begemann (1997) studied whether maximizing a firm's returns could threaten liquidity and the pursuit of liquidity could threaten the firm's returns. After analyzing return on investment (ROI) of a set of firms listed on the Johannesburg Stock Exchange they concluded that while traditional liquidity ratios like current and liquid ratio show an insignificant association, a traditional working capital leverage ratio, current liabilities divided by fund flow represents the greatest association with return on investment. Eljelly (2004) examined the relationship between profitability and liquidity measured by the cash conversion cycle and the current ratio of some companies in Saudi Arabia and found a negative correlation between them. The cash conversion cycle had more importance than the current ratio to determine the relationship. Rahman and Nasr (2007) analyzed the relationship between working capital and profitability of 94 Pakistani companies on the Karachi stock exchange and found a significant negative relationship between liquidity and profitability. Niresh (2012) studied 31 listed manufacturing firms in Srilanka over five years and found no significant relationship between liquidity and profitability using correlation and descriptive statistics. He used similar variables to the ones used in this paper. Antwi et al (2013) studied the liquidity profitability of seven of the nine listed banks of Ghana stock exchange and found a mild positive correlation between liquidity and profitability of the banks over the period 2005 to 2010. Njure (2014) studied a list of non-financial companies listed in the Nairobi Stock exchange and found a weak positive correlation between liquidity and profitability by analyzing financial statements from 2009 to 2013.

RESEARCH OBJECTIVE

The objective of this study is to analyze how the profitability of a company is dependent upon the liquidity of the company. This is to be achieved by analyzing whether there is a significant relationship between each of the profitability ratios that is return on asset (ROA), return on capital employed (ROCE), net profit margin (NPM) with each of current ratio, quick ratio and operating cash flow.

RESEARCH HYPOTHESES

- H01: Net profit margin is not significantly dependent on current ratio, quick ratio and operating cash flow.
- Alternative Hypothesis: The net profit margin is significantly dependent on current ratio, quick ratio and operating cash flow.
- H02: Return on Asset (ROA) is not significantly dependent upon current ratio, quick ratio and operating cash flow.
- Alternative Hypothesis: Return on Asset (ROA) is significantly dependent upon current ratio, quick ratio and operating cash flow.
- H03: Return on Capital employed is not significantly dependent upon current ratio, quick ratio and operating cash flow.
- Alternative Hypotheses: Return on Capital Employed is significantly dependent upon current ratio, quick ratio and operating cash flow.

RESEARCH METHODOLOGY

Sample Type: The following companies listed in the National stock exchange have been used for this analysis as given below:

Table 1: Sample of Companies

BRAND	COMPANY NAME
Jet Airways	Jet Airways (India) Ltd.
Indigo	Inter-globe Aviation Ltd.
SpiceJet	SpiceJet Ltd.

These three companies comprise 70 per cent of domestic market share of the passenger aviation sector in India as on March 2018 as per DGCA.

Time period of study: The period is of five years from 2013-14 to 2017-18.

Research Tool: The study was conducted using the Data Analysis Tool in Microsoft Excel.

Methodology: In this paper, current ratio and quick ratio and operating cash flow have been taken as a proxy for the liquidity of the firm. Return on asset and return on capital employed serves as a proxy for the profitability of the firm. The various variables used and their definitions are given in table 2 below.

Table 2: Variables

VARIABLE	ABBREVIATION	MEASUREMENT
Net profit margin	NPM	Net Profit / Total Revenue
Current Ratio	CR	Current Asset/ Current Liability
Quick Ratio	QR	Current Asset – Inventories – Prepaid Expenses / Current Liabilities – Bank Overdraft
Return on Capital employed	ROCE	Net Profit/ Fixed Asset + Net Working Capital
Return on Assets	ROA	Net profit / Total Asset
Operating cash flow	OCF	Net Cash Flow from Operations

Two statistical concepts have been used to analyze the data and find the relationships between liquidity and profitability.

a) Pearson's Correlation Coefficient

b) Regression Analysis

c) P-value Analysis

DATA ANALYSIS AND RESULTS

Application of Pearson's Correlation Analysis revealed the following results:

Table 3a. Correlation analysis of liquidity variables with respect to Return On Assets

VARIABLES	INDIGO	SPICEJET	JET AIRWAYS
Current Ratio	-0.784916064	0.911874	-0.4666
Quick Ratio	-0.787887292	0.901393	0.477214
Operating Cash Flow	-0.906218389	0.894958	0.038881

It can be seen that in the case of Indigo, the correlation between all three liquidity variables is negative. This is in accordance with the theory of liquidity and profitability tangle. However, this does not hold for the rest of the two companies as in the case of SpiceJet all the three liquidity ratios have a significant positive correlation and in case of Jet Airways current ratio has a negative correlation whereas other variables have positive correlation, therefore, a specific common trend is not visible for all the three companies.

Table 3b. Correlation analysis of liquidity variables with respect to Return on Capital Employed

VARIABLES	JET AIRWAYS	INDIGO	SPICEJET
Current Ratio	-0.21271	0.836536	0.177663
Quick Ratio	-0.64313	0.815198	0.260483
Operating Cash Flow	-0.13445	0.463365	-0.3081

In this case we find that ROCE has negative correlation with each of the liquidity variables in case of Jet Airways while it has positive correlation with each of the liquidity variables in case of Indigo whereas in case of SpiceJet there is positive correlation of the liquidity variables with ROCE apart from operating cash flow which has a negative correlation of less than 50 per cent.

Table 3c. Correlation analysis of liquidity variables with respect to Net Profit Margin

VARIABLES	JET AIRWAYS	INDIGO	SPICEJET
Current Ratio	0.523121	0.952149	0.509427
Quick Ratio	-0.06715	0.942226	0.466043
Operating Cash Flow	0.516839	0.65283	0.857782

The current ratio and operating cash flow have a positive correlation with net profit margin for all the three companies ranging between 51 per cent to 95 per cent in case of current ratio and 52 per cent to 86 per cent in case of operating cash flow. In the case of quick ratio as well the majority (two out of three) companies have a positive correlation. Only Jet Airways has a negative correlation of -6.7 per cent which is not very significant.

REGRESSION ANALYSIS

In this section three alternative model are being proposed in order to analyze the relationship between liquidity and profitability.

Model 1: Return on capital employed and quick ratio, current ratio and operating cash flow as a dependent variable as shown below

Table 4a – Regression Analysis with ROCE as the Dependent Variable

PARTICULARS	SPICEJET	INDIGO	JET AIRWAYS
Multiple R	0.906495	0.958066	0.646021
R Square	0.821733	0.917891	0.417343
Adjusted R Square	0.286931	0.671563	-1.33063
Standard Error	14227.94	8.238362	217.8707

Table 4b. P-Value Analyses with ROCE as the Dependent Variable and CR, QR, Operating Cash Flow as Dependent Variable

PARTICULARS	SPICEJET	INDIGO	JET AIRWAYS
Intercept	0.312779	0.279514	0.809575
Current Ratio	0.327928	0.546409	0.760093
Quick Ratio	0.348695	0.61567	0.758099
Operating Cash Flow	0.179352	0.970719	0.81738

For the two companies, Indigo and SpiceJet the model is a good fit as R square ranges from 0.82 to 0.917 implying that for Indigo 91.7 per cent and SpiceJet 82.17 per cent dependence of ROCE on independent variables. However, this model is not a good fit for Jet Airways as only 41.7 per cent of variation of ROCE is accounted for by independent variables. However, it has to be noted that the p-value for each of the predictors in the above model is greater than 0.05 at 95 per cent confidence limit, therefore, the relationship is not statistically significant.

Model 2: Net Profit margin as the dependent variable and quick ratio, current ratio and operating cash flow as the dependent variable the summary results are shown below:

Table 4c: Regression Analysis with NPM as Dependent Variable:

PARTICULARS	SPICEJET	INDIGO	JET AIRWAYS
Multiple R	0.97844	0.968227	0.642718
R Square	0.957344	0.937463	0.413087
Adjusted R Square	0.829376	0.749853	-1.34765
Standard Error	5.055556	1.458292	17.67826

Table 4d: P Value Analysis with NPM as Dependent Variable and CR, QR, Operating Cashflow as Dependent Variable:

PARTICULARS	SPICEJET	INDIGO	JET AIRWAYS
Intercept	0.312779	0.279514	0.809575
Current Ratio	0.327928	0.546409	0.760093
Quick Ratio	0.348695	0.61567	0.758099
Operating Cash Flow	0.179352	0.970719	0.81738

It is found that just like model 1 for two companies, Indigo and SpiceJet the model is a good fit as R square ranges from 0.937 to 0.957 implying that for Indigo 93.7 per cent and SpiceJet 95.7 per cent dependence of NPM on independent variables. However, this model is not a good fit for Jet Airways as only 41.3 per cent of variation of NPM is accounted for by independent variables. However, it has to be noted that the p-value for each of the predictors in the above model is greater than 0.05 at 95 per cent confidence limit, therefore, the relationship just like the previous model this relationship is not statistically significant.

Found no significant relationship of liquidity and profitability using correlation and descriptive statistics.

Model 3: This model considers Return on asset as dependent variable and quick ratio, current ratio and operating cash flow as dependent variable the summary results are shown below:

Table 4E: Regression Analysis with Return on Asset as Dependent Variable:

PARTICULARS	SPICEJET	INDIGO	JET AIRWAYS
Multiple R	0.983549	0.965071	0.979751
R Square	0.967369	0.931361	0.959912
Adjusted R Square	0.869474	0.725445	0.839648
Standard Error	3.599889	3868.607	70.90422

Table 4f: P Value Analysis with ROA as Dependent Variable and CR, QR, Operating Cashflow as Dependent Variable:

PARTICULARS	SPICEJET	INDIGO	JET AIRWAYS
Intercept	0.606316	0.317164	0.3481
Current Ratio	0.744512	0.581113	0.147488
Quick Ratio	0.666252	0.55714	0.177403
Operating Cash Flow	0.508763	0.280389	0.254272

We find that this is the best model of the lot as the R square value for all the three companies is above 93 per cent. The R square values range from 0.931 to 0.967 implying that for Indigo 93.1 per cent, Spice Jet 96.7 per cent and for Jet Airways 96 per cent dependence of Return on Asset on independent variables. However, it has to be noted that just like in the previous two cases the p-value for each of the predictors in the above model is greater than 0.05 at 95 per cent confidence limit, therefore, the relationship just like the previous model this relationship is not statistically significant.

CONCLUSION

On performing correlation and regression analysis it was found that although all the three models in regression analysis were a good fit to at least two of the three companies, p values in all cases were greater than 0.05 at 95 per cent confidence level therefore the null hypothesis have been accepted and it can be concluded that there is no significant relationship between profitability and liquidity. This is consistent with the findings of Smith and Begemann (1997). It was studied whether maximizing a firm's returns could threaten liquidity and the pursuit of liquidity could threaten the firm's returns. After analyzing return on investment (ROI) of a set of firms listed in Johannesburg stock exchange they concluded that traditional liquidity ratios like current and liquid ratio show insignificant association with profitability and also Niresh (2012) studied 31 listed manufacturing firms in Sri Lanka over a five year period and found no significant relationship of liquidity and profitability using correlation and descriptive statistics. He used similar variables to the ones used in this paper.

LIMITATIONS

The analysis has been done with a limited number of companies, limited variables and also for a relatively shorter period of five years, therefore, this analysis cannot be generalized for a large number of either airline or non-airline companies.

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India has become the leading destination for IT and IT- enabled services worldwide. Software giants, such as Infosys, Wipro, and TCS, are providing software solutions to clients overseas.

A Study on Financial Performance of IT Companies –

A Case Study on Infosys Limited, Tata Consultancy Services Limited and Wipro Limited

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ABSTRACT

India has become the digital capabilities hub of the world with around 75 per cent of global digital talent present in the country. It is the topmost off-shoring destination for IT companies across the world. Having proven its capabilities in delivering both on-shore and off-shore services to global clients, emerging technologies now offer an entire new gamut of opportunities for top IT firms in India.

The Government of India has extended tax holidays to the IT sector for software technology parks of India (STPI) and Special Economic Zones (SEZs) and has also identified Information Technology as one of the 12 champion service sectors to encourage the growth in the industry.

IT companies like TCS, Infosys, and Wipro, being the top three Indian IT

Companies are making a huge impact on the stock market with their continuously expanding services across the globe.

KEYWORDS: Software, Trend Analysis, Ratio, Share Price, Correlation Coefficient.

INTRODUCTION

The Indian software industry is continuously expanding. It has become the leading destination for IT and IT-enabled services worldwide. Software giants, such as Infosys, Wipro, and TCS, are providing software solutions to clients overseas.

The Indian IT and software industry is contributing the highest to the export earnings of the country and playing a major role in improving the economy.

The topic selection, thus, intends to bring out the internal performance of the top three IT companies based on their market capitalization – Infosys Ltd., TCS Ltd., and Wipro Ltd. as well as the inter-company performance as competitors.

LITERATURE REVIEW

Dixit (2014), in 'Comparison of Top-Five India Based IT Services Providers through Dea Approach' indicated that manpower handling is a critical strategic asset and suggested that the companies should report the attrition rate of the employees every year to indicate the human resource health of the company.

Chaudhary and Maheta (2008), worked on 'Financial Analysis of Wipro' and suggested that the sales of Wipro had continuously increased but the net profits did not increase in the same proportion and hence the company should reduce its expenses.

Nirvikar Singh (2002) University of California, USA –'Information Technology and India's Economic Development'. This paper discusses the possibilities for broad-based IT-led economic growth in India, including increasing value-added, using better telecom links to capture more benefits domestically through offshore development for developed country firms, improving the functioning of the economy through a more extensive and denser communications network, and improving governance.

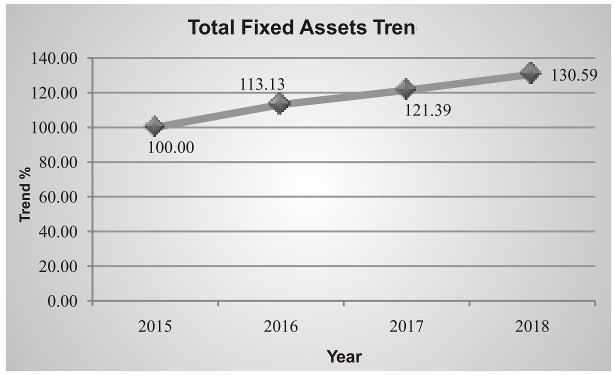
OBJECTIVES

To study and analyze the financial performance of Infosys Ltd., Wipro Ltd. and TCS Ltd., the top three software companies based on market capitalization, over the past four years 2014-2018, internally as well as in the industry and also in the stock market.

To throw light on the inter-firm as well as intra-firm growth of the above-selected companies over the given period of four years.

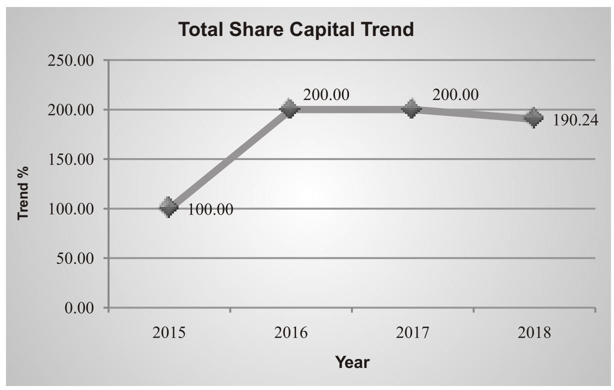
INTRA FIRM ANALYSIS OF INFOSYS

Trend Analysis of Fixed Assets



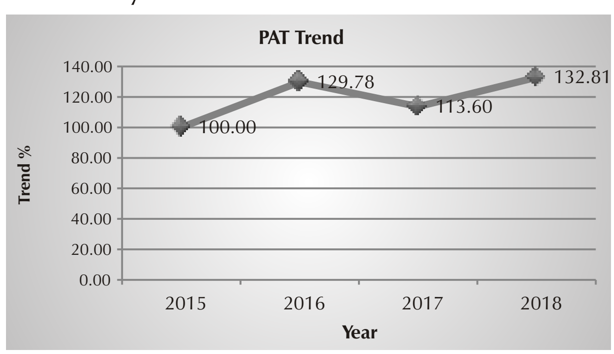
This indicates that the company is constantly making efforts to expand its business.

Trend Analysis of Share Capital



The equity share capital has almost doubled in 2016 as compared to the base year 2015 because the company had issued bonus shares in the ratio of 1:5. In 2018, the share capital of the company had reduced because the company bought back some of its shares.

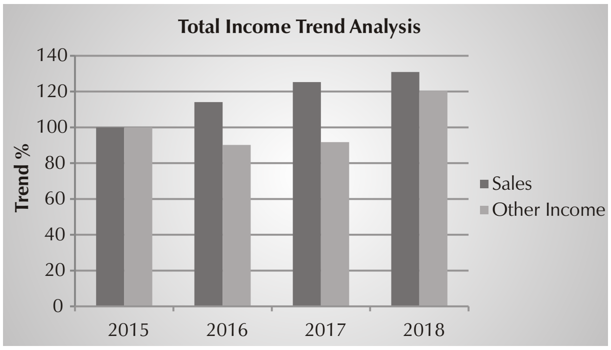
Trend Analysis of PAT



PAT has increased in 2016 as compared to 2015 because the company was able to achieve higher sales in 2016.

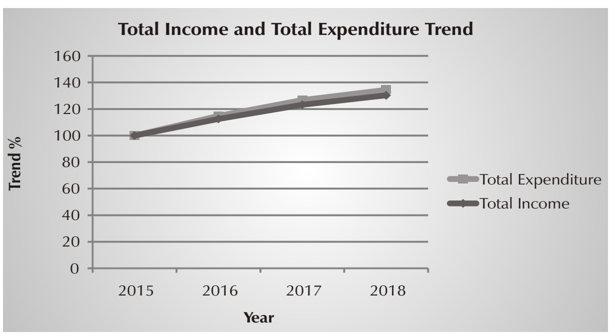
In 2017, PAT had fallen down because the expenses increased in a greater proportion as compared to the sales.

Trend Analysis of Total Income



It can be seen that the contribution of other incomes in the total income has fallen in the years 2016 and 2017 because the company has focused more on its revenue from operations.

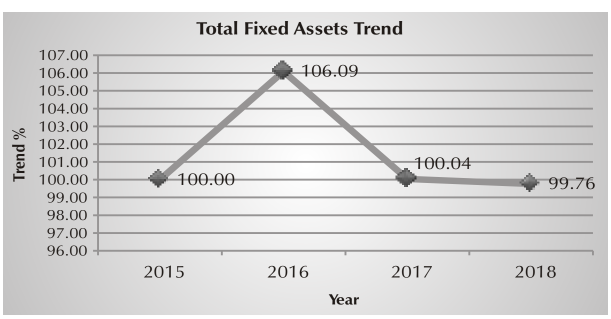
Trend Analysis of Total Income and Total Expenditure



The total expenditure has increased over the period at a greater rate as compared to the increase in total income.

INTRA FIRM ANALYSIS OF TCS

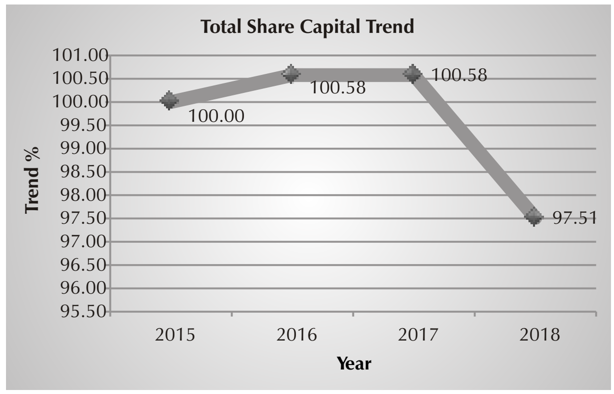
Trend Analysis of Fixed Assets



The fixed assets are increased in 2016 which was a good indication for the company.

However, the fixed assets have fallen in 2017 due to sale of old assets which may not have been productive anymore.

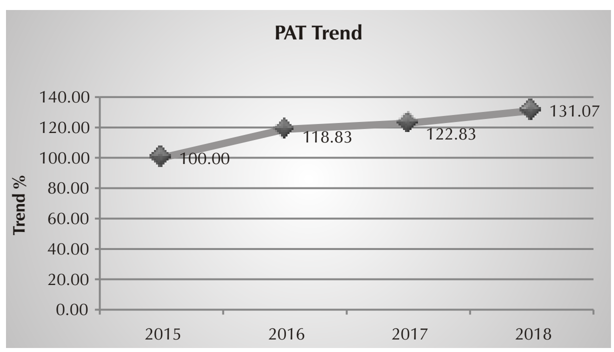
Trend Analysis of Share Capital



The share capital has increased in 2016 because the company had issued equity shares worth Rs.11.70 millions to CMC Limited, in scheme of amalgamation.

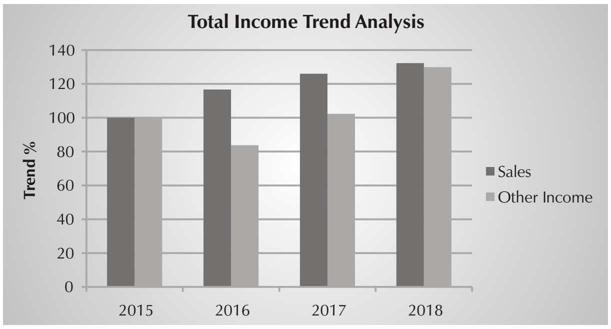
In 2018, the share capital reduced because the company bought back some of its shares amounting to Rs.60 millions.

Trend Analysis of PAT



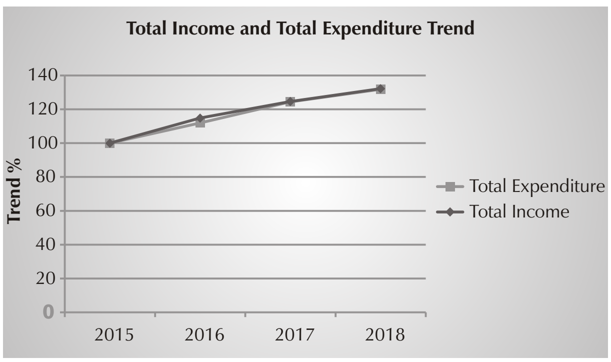
The PAT has increased over the years which is a good sign for the company as well as the investors.

Trend Analysis of Total Income



It is seen that the contribution of other incomes in the total income has fallen in the year 2016.

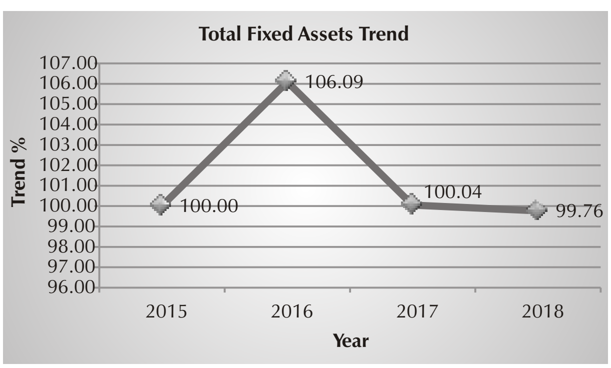
Trend Analysis of Total Income and Expenditure



Both the total income and the total expenditure of the company have increased but in 2016 it is observed that the increase in total income is slightly greater than the increase in total expenditure.

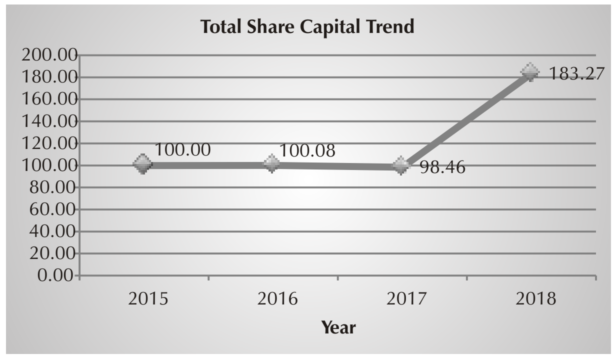
INTRA FIRM ANALYSIS OF WIPRO

Trend Analysis of Fixed Assets



The fixed assets of the company increased in the year ended March, 2016. This was a good indication as the company invested more in fixed assets. However, fixed assets fell in the year ended March, 2017 which shows that the company sold some of its assets.

Trend Analysis of Share Capital

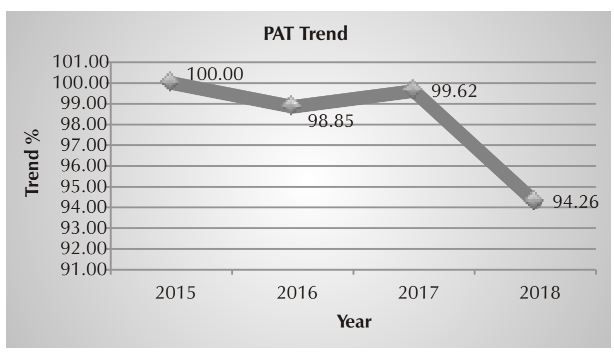


The share capital has increased as the company had issued new shares worth Rs. 4 million.

It decreased in the year ended March 2017 because the company bought back its shares amounting to Rs 80 million.

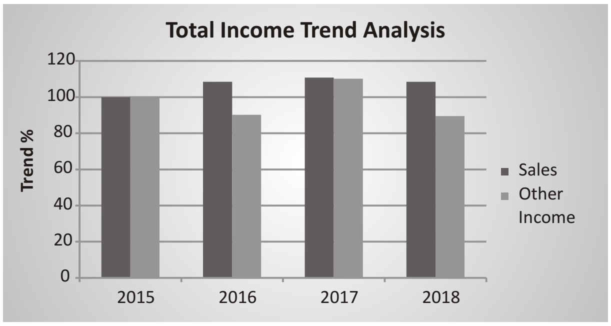
During the year ended March 2018, the company had issued bonus shares amounting to Rs.4866 million and also bought back shares worth Rs 687 million.

Trend Analysis of PAT



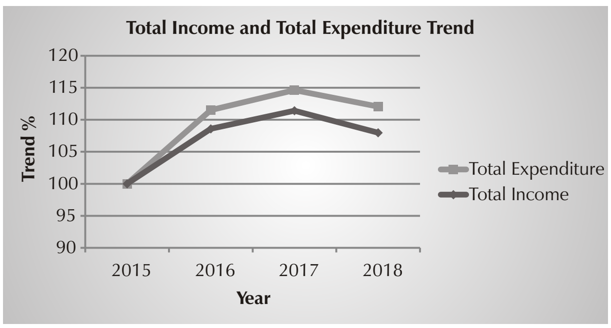
During the year ending March 2018, there was a sharp fall in the net profit as both the total income and the total expenditure of the company had fallen.

Trend Analysis of Total Income



The revenue from operations increased in the year ending March 2016, thereafter, remained almost at the same level.

Trend Analysis of Total Income and Expenditure

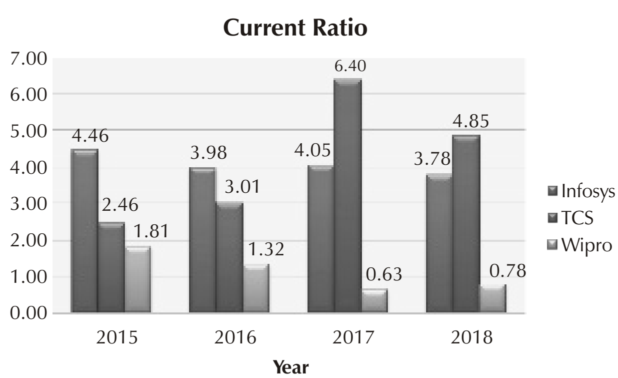


The total expenditure has increased over the years till the year ending March 2017.

In the year ending March 2018, there has been a fall, both in the expenditure as well as the income of the company leading to the lowest PAT in the past four years.

INTRA FIRM ANALYSIS

Current Ratio Analysis



- The current ratio for TCS is the best during the given period as it is above the ideal ratio of 2:1.
- Infosys has maintained a good current ratio every year.
- The current ratio of Wipro is very low showing that the liquidity position is not very good.

Contingency test to show that the Current Ratio of all the companies have a significant difference

- H0 = There is significant difference between the current ratios of the companies.
- H1 = There is no difference between the current ratios of the companies.

Observed Table

	2015	2016	2017	2018	Row Total
Infosys	4.456	3.978	4.046	3.781	*16.26*
TCS	2.456	3.010	6.396	4.853	*16.71*
Wipro	1.814	1.322	0.633	0.779	*4.548*
Column Total	*8.726*	*8.310*	*11.07*	*9.413*	*37.52*

Expected Frequencies under H_0:

It is calculated by: $\frac{\text{Row total} \times \text{Column Total}}{\text{Table Total}}$

Expected Table

	2015	2016	2017	2018
Infosys	3.781	3.601	4.799	4.079
TCS	3.887	3.702	4.933	4.193
Wipro	1.058	1.007	1.342	1.141

$$\chi^2 = \sum \frac{(\text{Observed Value} - \text{Expected Value})}{\text{Expected Value}}$$

$= (4.456-3.781)^2/3.781 + \ldots\ldots + (0.779-1.141)^2/1.141$

$= 2.623$

For this test, the degree of freedom will be:

$= \chi2_{(r-1)(c-1)} = \chi2_{(3-1)(4-1)}$

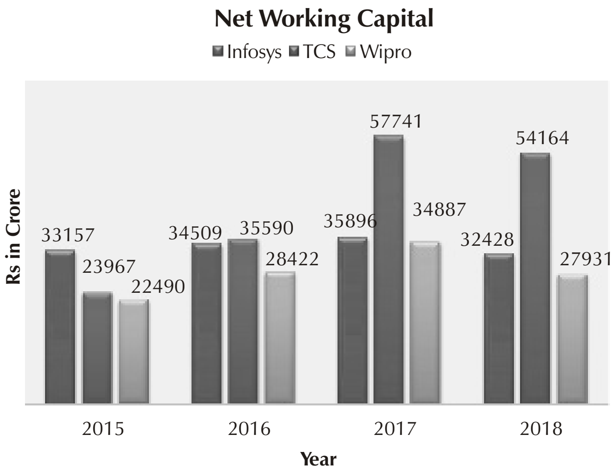
$= \chi2_6$

From the Actuarial tables it can be seen that the critical value is 12.59 for $\chi 26$ at 5 per cent level of significance.

The value of the test statistic is less than the critical value and hence there is insufficient evidence to reject H0 at 5 per cent level of significance.

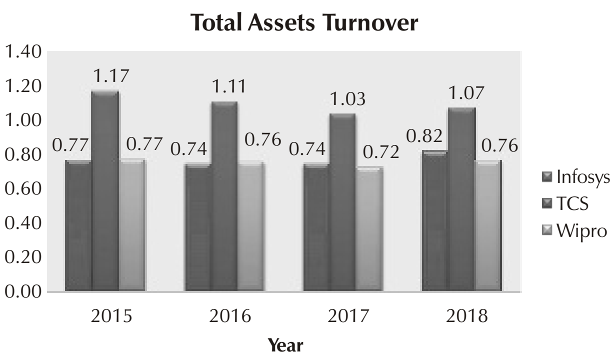
Conclusion: Therefore it can be concluded that there is a significant difference between the current ratios of the companies which was evident from the chart before as well.

Net Working Capital



- Net working capital is the difference between current assets and current liabilities and it indicates the sufficiency of funds left after paying off the current liabilities.
- The net working capital of Infosys has remained consistent throughout.
- For TCS, it can be observed that the net working capital has increased over the years.
- Wipro's working capital has also increased during the years ending March 2016 and March 2017.

Total Assets Turnover



- It can be observed that the total assets turnover for Infosys is almost at the same level for all the years during the given period.
- The asset turnover for TCS has shown a consistent behavior every year. It has the highest asset turnover, which indicates that it is using the assets at its best to increase the sales.
- Wipro's asset turnover has more or less been consistent and almost the same as that of Infosys.

The relation between the asset turnover of Infosys and Wipro can be verified with the help of a contingency test:

H0 = There is not much of a difference in the asset turnover of the two companies

H1 = There is a huge difference between the asset turnover of the two companies

Observed Table

	2015	2016	2017	2018	
Infosys	0.765	0.742	0.742	0.816	3.065
Wipro	0.771	0.755	0.722	0.762	3.011
	1.536	1.497	1.464	1.578	6.077

Expected Frequencies under H_0:

It is calculated by: $\dfrac{\text{Row total x Column Total}}{\text{Table Total}}$

	2015	2016	2017	2018
Infosys	0.7753	0.7554	0.7390	0.7963
Wipro	0.7615	0.7419	0.7258	0.7821

$$\chi^2 = \sum \frac{(\text{Observed Value} - \text{Expected Value})^2}{\text{Expected Value}}$$

$= (0.7653-0.7753)^2/0.7753 + (0.7422-.07554)^2/.07554 + \ldots\ldots\ldots\ldots + (0.7226-0.7258)^2/0.7258 + (0.7620-0.7821)^2/0.7821$

$= 0.001776$

For this test, the degree of freedom will be:

$= \chi 2_{(r-1)(c-1)} = \chi 2_{(2-1)(3-1)}$

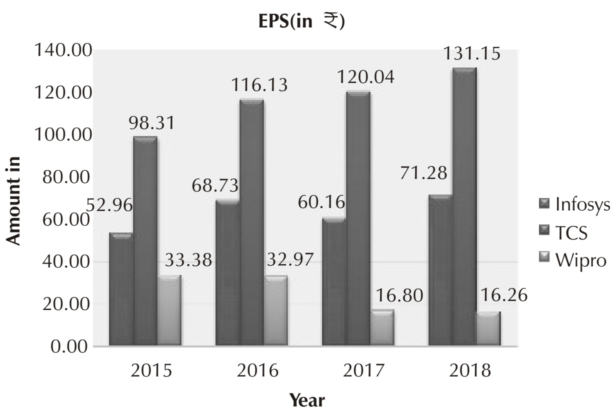
$= \chi 2_2$

From the Actuarial tables it can be seen that the critical value is 5.991 for χ22 at 5 per cent level of significance.

The value of the test statistic is less than the critical value and hence there is insufficient evidence to reject H0 at 5 per cent level of significance.

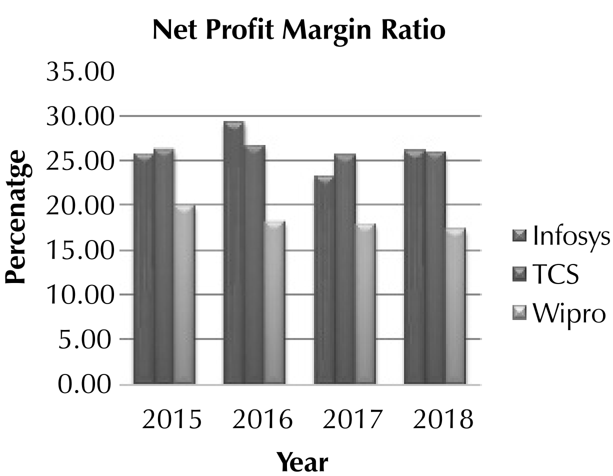
Conclusion: Therefore, it can be concluded that there is no significant difference between the asset turnover ratios of the two companies which was evident from the graph before as well.

EPS



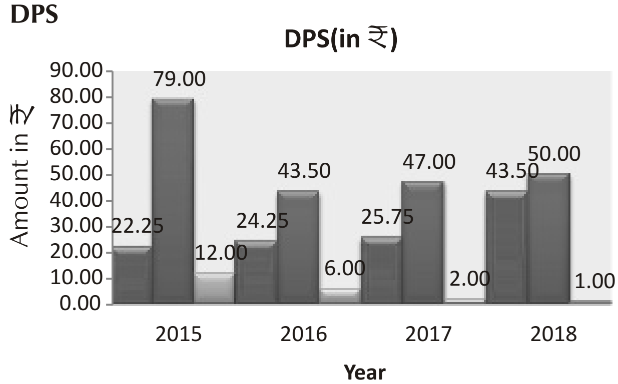
- The EPS for Wipro has constantly fallen every year. This is not a good indicator of the company's health.
- The comparison shows that TCS has been consistent in providing higher returns to its investors every year as compared to its previous years.

Net profit Margin Ratio



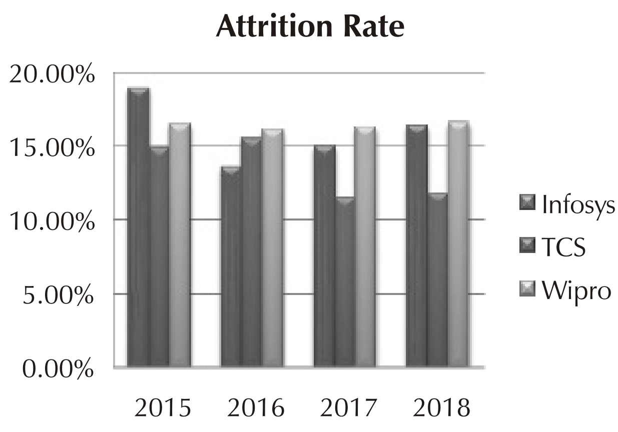
In contrast to the net profit ratio of TCS and Infosys, the net profit ratio of Wipro has been constantly declining which is an indicator that the company is not performing well. Overall, Infosys has the highest net profit margin ratio.

DPS



- The DPS for Infosys has constantly increased showing that the company considers its investors to be an important aspect.
- The DPS for TCS also has constantly increased. For the year 2014-15, the DPS per share was maintained79 which includes a special dividend of maintained 40.
- Wipro's DPS has been declining every year which shows that the company may not be able to withstand the current market conditions.

Attrition Rate



A common attrition rate definition refers to employee turnover or it means the calculation of the number of employees leaving an organization.

The main reason for high attrition rates in the Software industry is due to the odd working hours because of the large number of foreign clients.

The attrition rate of TCS being the least on an average indicates the healthy company- employee relation and employee satisfaction.

CORRELATION COEFFICIENT

The correlation coefficient is a statistical measure that calculates the strength of the relationship between the relative movements of the two variables.

Correlation Coefficient between Net Profit and Share Price

$(r) = \frac{Cov(x,y)}{\sigma_x \sigma_y}$

Where, x= Share closing price at each year end,

y= Net profit for each year,

Working for Infosys

Year	Closing Price at BSE(x)	Reported Net Profit(y)	$(x-\bar{x})$	$(x-\bar{x})^2$	$(y-\bar{y})$	$(y-\bar{y})^2$	$(x-\bar{x})(y-\bar{y})$
2014	409.9	10194.0	-120.3	14462.0	-3429.4	11760784.4	412412.8
2015	554.2	12164.0	24.0	577.5	-1 59.4	2129848.4	-35072.3
2016	609.0	15786.0	78.9	6219.2	2162.6	4676838.8	170547.0
2017	510.4	13818.0	-19.7	388.8	194.6	37869.2	-3837.1
2018	567.2	16155.0	37.1	1375.1	2531.6	6408998.6	93876.8
Total				23022.6		25014339.2	637927.1

$$Cov(x,y) = \frac{\Sigma (x-\bar{x})(y-\bar{y})}{n-1}$$

where, n = no. of observations;

$\bar{x}$= mean of x;

$\bar{y}$= mean of y;

σ_x= Standard Deviation of x

$$= \frac{\sqrt{\Sigma(x-\bar{x})^2}}{\sqrt{n-1}}$$

σ_y = Standard Deviation of y

$$= \frac{\sqrt{\Sigma(y-\bar{y})^2}}{\sqrt{n-1}}$$

$\bar{x}$ = (409.9+554.2+609+51 0.40+567.20)/5

= 530.12

$\bar{y}$ = (10194+12164+15786+13818+16155)/5

= 13623.40

$$Cov(x,y) = \frac{\Sigma (x-\bar{x})(y-\bar{y})}{n-1}$$

$$= \frac{637927.1}{5-1} = 159481.78$$

$$\sigma_x = \frac{\sqrt{\Sigma(x-\bar{x})^2}}{\sqrt{n-1}}$$

$$= \frac{\sqrt{23022.6}}{\sqrt{5-1}} = 75.86$$

$$\sigma_y = \frac{\sqrt{\Sigma(y-\bar{y})^2}}{\sqrt{n-1}}$$

$$= \frac{\sqrt{25014339.2}}{\sqrt{5-1}} = 2500.72$$

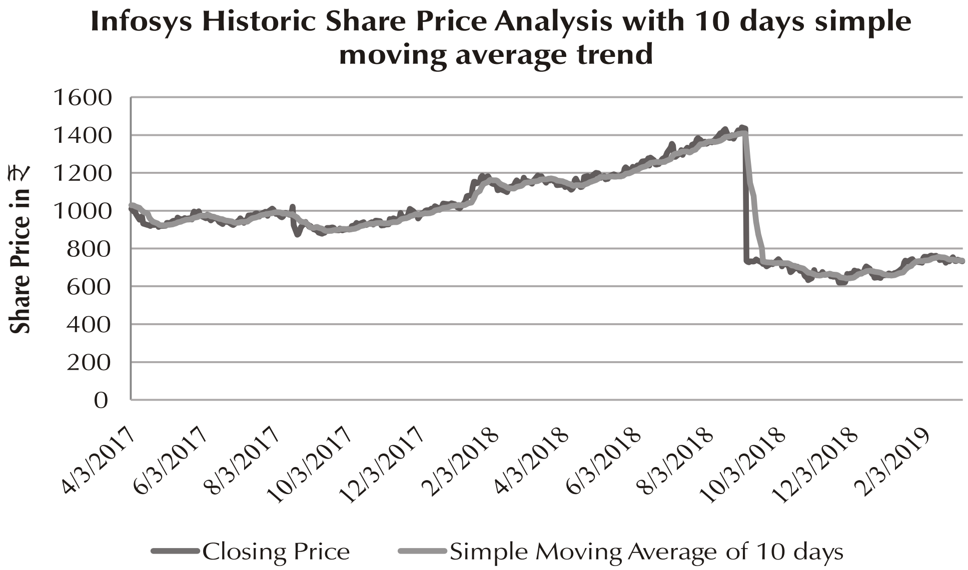
Therefore, $r = \dfrac{159481.78}{75.86 \times 2500.72}$

$r - 0.841$

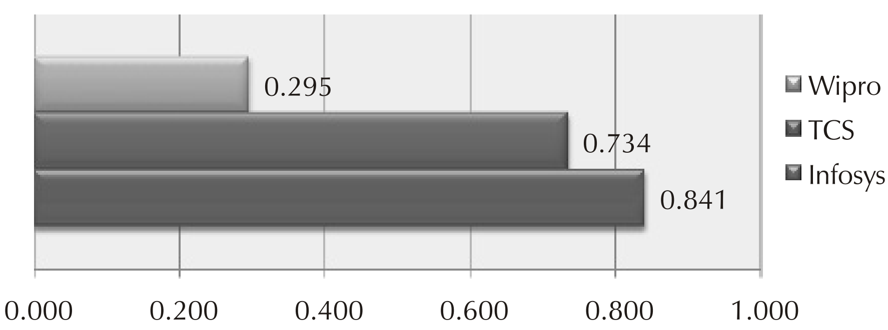
Similarly, the coefficient correlation has been found for TCS and Wipro.

- The correlation coefficient between net profit and share prices of TCS is 0.734 which is really good. This indicates that there is a high relation between the share prices and the net profit.
- Infosys's correlation coefficient between the net profits and share prices is the highest at 0.841 which indicates that the share prices are positively related to the net profits.

INFOSYS HISTORIC SHARE PRICE ANALYSIS



Correlation Coefficient between Net Profit and Closing Share Prices(BSE)



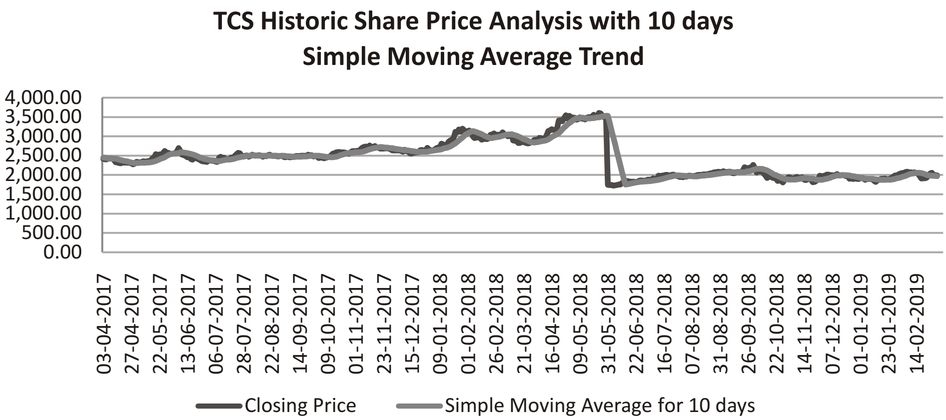
In the beginning of FY 17-18, the share prices of Infosys were below its moving average computed for 10 days trailing period.

In September 2018, it is observed that the share prices which were above Rs.1400 per share fell to the price somewhere in between Rs.600-800 per share, because the company celebrated its 25 year anniversary and offered bonus shares in the ratio of 1:1 which means that the number of outstanding shares just doubled leading to a fall in the share prices drastically.

Interpretation:

- The correlation coefficient between the net profit and share prices of Wipro is the least which is equal to 0.295 which is quite low. It means that the share prices of Wipro are not really affected by the Net profits of the company.

TCS HISTORIC SHARE PRICE ANALYSIS



The stock price of TCS has gradually been rising over the years.

During end of May 2018, the price hit a record high of Rs.3585 as the Board declared to issue bonus shares to the shareholders in the ratio of 1:1.

This led to the share prices being reduced to half at aroundRs.1700 approximately.

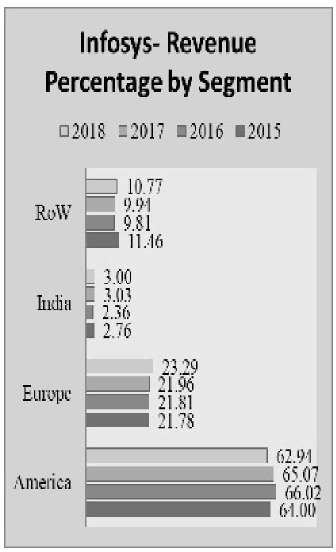
During February 2019, the prices have gone above the Rs.2000 mark.

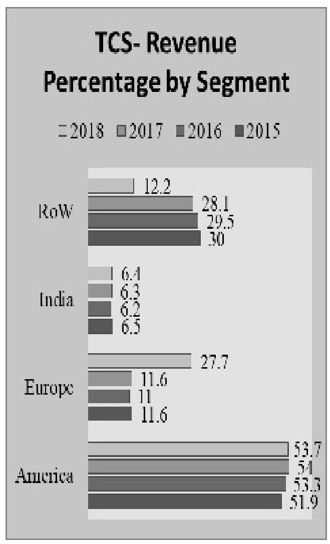
The closing price of Wipro in early April 2017 just doubled as there was an ex-bonus share declaration by the company.

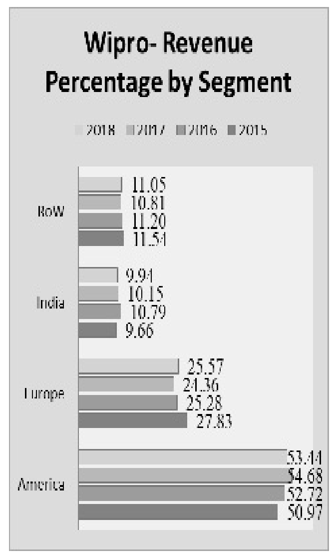
More or less the closing price of the stock is higher than its 10 day moving average.

During 2019, the prices of Wipro have been rising and have almost been just below Rs.300 mark.

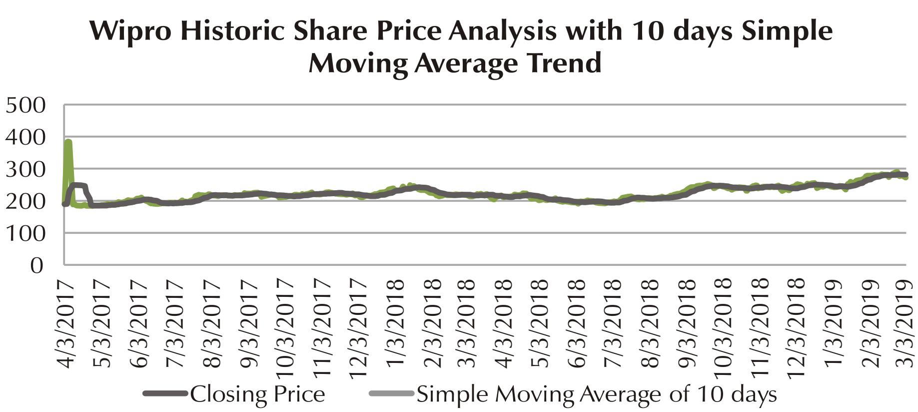
SEGMENTATION REVENUE ANALYSIS







WIPRO HISTORIC SHARE PRICE ANALYSIS



It is observed that America is the highest importer of software services from all the three companies.

Wipro's weighted average revenue from India is 10.14 per cent of its total revenue which is the highest among the three companies. The weighted average revenue of Infosys from India is only 2.86 per cent.

In the year 2018, the revenue of TCS from Europe increased to 27.7 per cent indicating the expan-sion of TCS in the European Market. The revenue earnings of TCS is the highest among the three companies from the rest of the world which means that TCS comparatively has a wider spread across the globe.

After all the analysis done above, it can be concluded that the performance of Tata Consultancy Services Limited has been the best during the given period from 2014-2018. It also has been the best performer in the stock market.

CONCLUSION

- On the basis of the analysis done above, few points can be concluded as follows:

- The current ratio analysis depicts that Infosys has the best current ratio being neither too high nor too low.
- TCS has an upper hand having a better working capital than other two companies.
- The total assets turnover ratio analysis concludes that TCS is utilising its assets the best to increase its turnover.
- The EPS of TCS is the highest which depicts that the company outperforms the other two competitors. The EPS of Wipro has been declining every year.
- Net profit margin ratio of Infosys and TCS are ranging between 20-30 per cent where Wipro has a lower net profit margin ranging between 17-19 per cent only showing the lower profits.
- It can be noticed that the DPS for TCS as well as Infosys have been rising each year and TCS paying a higher DPS than Infosys. The DPS for Wipro has been declining each year.
- The segmental revenue analysis for each company clearly shows that the major revenues earned are through export of services to America followed by Europe. India contributes the lowest percentage to the total revenues of these companies.
- TCS has the widest spread across the world regarding its revenue earnings.
- After all the analysis done above, it can be concluded that the performance of Tata Consultancy Services Limited has been the best during the given period from 2014-2018. It also has been the best performer in the stock market.

SUGGESTIONS

- Wipro's performance has not been up to the mark as compared to the other two companies. Hence, it should take immediate actions in order to reduce its costs and the company has sufficient funds to pay to the shareholders as dividends.
- Wipro's attrition rate is above 16 per cent every year being the highest amongst the three. Hence, the company should try and improve the working environment, incentive schemes, etc. in order to keep its employees happy.

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Post facto analysis of the financial statements provides ample proof that the debt management of Reliance Communications was not up to the mark.

The Diverging Fortunes of The Ambani Brothers

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ABSTRACT

The tale of the two brothers' diverging fortunes began around 16 years ago, when their rags-to-riches father Dhirubhai Ambani, died of a stroke without leaving a will. A feud between them dogged the group until their mother, Kokilaben, stepped in during 2005 and brokered a truce. Mukesh Ambani got control of the flagship oil refining and petrochemicals, while Anil Ambani got the newer businesses such as power generation and financial services and also the telecoms unit with a non-compete agreement (later scrapped in 2010), which was the Crown Jewel of the group. The sale of Reliance Communications' assets to Jio brings the saga of the two brothers full circle

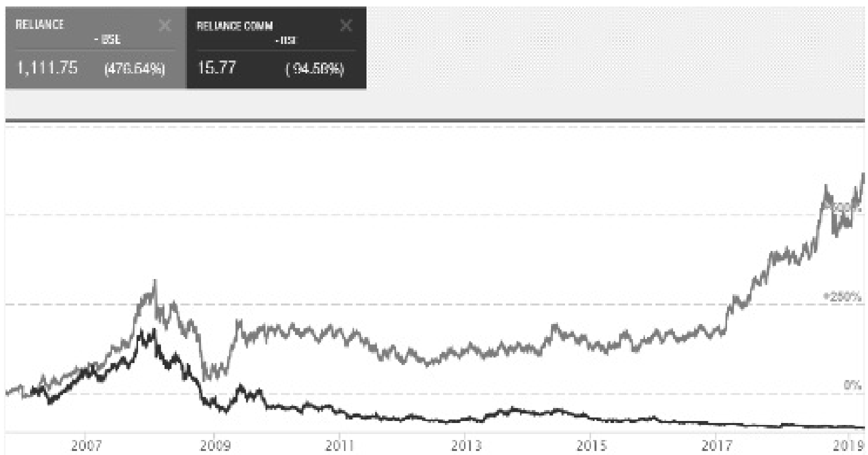
and sets the stage for the next chapter in the story of one of India's great business dynasties. Since 2006, the market capitalisation of Reliance Industries led by Mukesh Ambani rose six times to nearly Rs. 6 trillion while the combined market value of Anil Ambani group firms—Reliance Capital, Reliance Infrastructure and Reliance Communications—has declined about 17 per cent to Rs.470 billion. Their story highlights two important aspects of business- Debt Management and Cash Flow Generation. Where Oil and Petrochemical unit worked as the Cash Cow for Mukesh Ambani, Reliance Communications has been under pressure due to piling debt and falling profitability given it's capital intensive nature.

KEYWORDS: Mukesh Ambani, Anil Ambani, Dhirubhai Ambani, Telecom Industry, Oil And Petrochemical Industry, Debt Management And Cash Flow Management.

INTRODUCTION

Since inception, Reliance Industries Limited led by Dhirajlal Hirachand Ambani has grown by imagining possibilities and creating an actionable blueprint to transform them into a reality. Today, Reliance's portfolio, led by Mukesh and Anil Ambani, ranges from hydrocarbons to various new-age consumer businesses. It demonstrates the pioneering effort that Reliance has contributed to the Indian economy to achieve unprecedented growth. In 2017-18, Reliance Industries completed 40 years of its IPO. Admirers attribute Dhirubhai Ambani's success to his financial mastery, deep knowledge of the environment he was operating in, massive innovations in marketing and technology, and unmatched project execution skills.

In 2005, after Dhirubhai Ambani died, the $9.9 billion empire was equally divided between his two sons: Mukesh and Anil Ambani. Over the past year, the fortunes of the two brothers have grown over $40 billion apart. Mukesh Ambani, 61, overtook China's Jack Ma as Asia's richest man, after driving a telecommunications revolution in India that propelled his petrochemicals conglomerate Reliance Industries Ltd. into the $100 billion club. His personal fortune increased to $43.1 billion, according to the Bloomberg Billionaires Index. Meanwhile, Anil Ambani has had a difficult year, with some of his businesses suffering legal and liquidity challenges that plunged the stock prices, cutting his personal fortune by almost half to $1.5 billion according to the index.



LITERATURE REVIEW

Ninan (2005) made a detailed report on the division of holdings. The broad framework of the settlement was contained in a statement signed by Mrs Kokilaben Ambani, the widow of the founder of the Reliance Group Dhirubhai Ambani and mother of Mukesh and Anil Ambani. "Mukesh will have responsibility for Reliance Industries and IPCL while Anil will have responsibility for Reliance Infocomm, Reliance Energy and Reliance Capital. My husband's foresight and vision and the values he stood for combined with my blessings will guide them to scale new heights."

Sarkar (2017) analysed the net worth of the holdings of the Ambani brothers focusing on the leverage of both the entities as higher risk is attributed to higher leverage. He pointed out that debt of both the entities increased manifold but the interest coverage ratio of Reliance Industries remained healthy but that of Reliance Group did not.

Majumdar (2017) conducted a study on the Erricson case where Reliance Communication was unable to pay the dues. The company had to liquidate some of its assets to pay the amount due. The report was prepared about the assets sold and values realised.

OBJECTIVES

To analyse the financial statements of Reliance Communications owned by Mr. Anil Ambani and Reliance Industries Ltd (Standalone) owned by Mr. Mukesh Ambani, and to conduct a Peer Comparison between them.

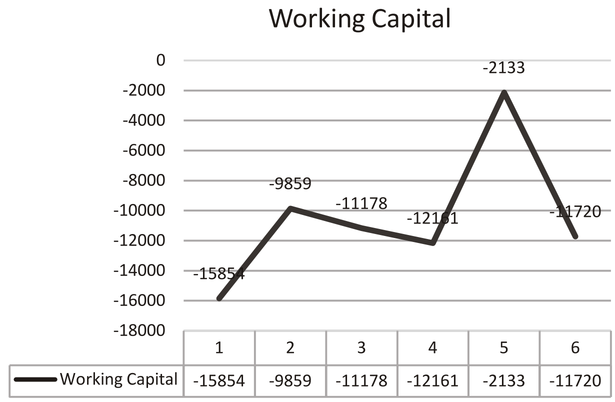
RESEARCH METHODOLOGY

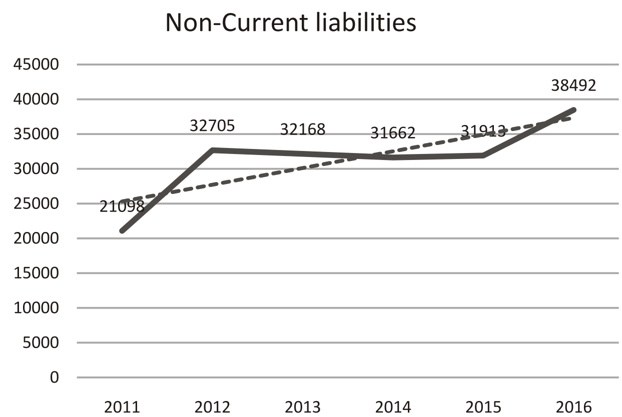
For the purpose of this study, secondary data was used which included Financial Statements of Reliance Communications and Reliance Industries Ltd., News Report from Business Times, The Hindu, Economic Times and Live Mint, Articles from magazines like India Today, Outlook, Research Articles and Details about Stock Prices from the official website of BSE and NSE, Money Control and Business Standard.

FINDINGS AND INTERPRETATIONS

OBJECTIVE 1

Reliance Communication is the 'Crown-Jewel' of Dhirubhai Ambani and Anil Ambani having a major shareholding in the company, an indebt analysis might provide valuable insights about his management and operation skills. Careful analysis might also point out the reason for the downfall of the Reliance Group led by Anil Ambani.





Balance sheet from 2011-2016 (Extract)

Particulars	2011	2012	2013	2014	2015	2016
Equities and liabilities						
1. Shareholder's fund						
Equity	10.32	10.32	10.32	10.21	12.44	12.44
Reserves and surplus	402.91	365.49	335.43	321.31	372.04	361.42
2. Non-Current liabilities	210.98	327.05	321.68	316.62	319.13	384.92
3. Current liabilities	323.02	224.04	234.39	255.38	209.23	261.88
TOTAL	947.23	926.90	901.82	903.52	912.84	1020.66
Assets						
1. Non-Current Assets	782.75	801.45	779.21	769.75	724.94	875.98
2. Current Asset	164.48	125.45	122.61	133.77	187.90	144.68
TOTAL	**947.23**	**926.90**	**901.82**	**903.52**	**912.84**	**1020.66**

(in billions)

Analysis:

The Non-Current liability is increasing throughout indicating that, a higher amount of risk is attributed to higher leverage. As the industry is highly capital intensive, higher borrowings increase the risk of the equity shareholders.

The Working Capital of the firm is negative throughout the period 2011-2016 which indicates that there is serious liquidity crunch and the business is relying on long term borrowings to meet its requirement for trade payables and other current liabilities. Also, the Non-Current Assets decreased substantially from 2012 to 2015 amounting to Rs.76.51 billions. This drop may be attributed to the fact that the telecom industry is highly affected by technological advancements and there may be huge depreciation in the assets due to its obsolescence.

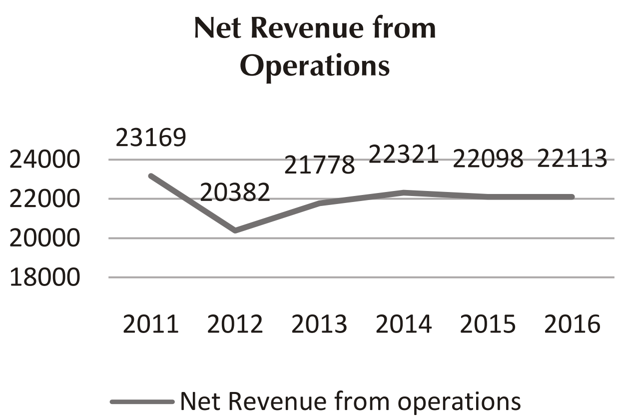
Statement of Profit and Loss from 2011-2016 (Extract)

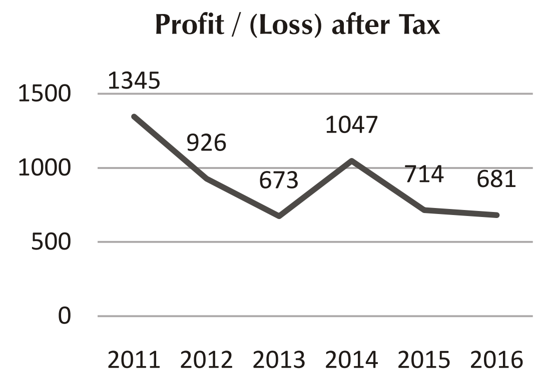
Particulars	2011	2012	2013	2014	2015	2016
Net Revenue from operations	231.69	203.82	217.78	223.21	220.98	221.13
Less: Expenditure	216.57	195	209.63	221.49	211.52	216.09
Add: Exceptional items	0.05	1.06	0	-0.56	-3.26	1.99
P/L before tax	15.17	9.88	7.44	11.37	6.20	7.03
Profit/ (loss) after Tax	13.45	9.26	6.73	10.47	7.14	6.81

(in billions)

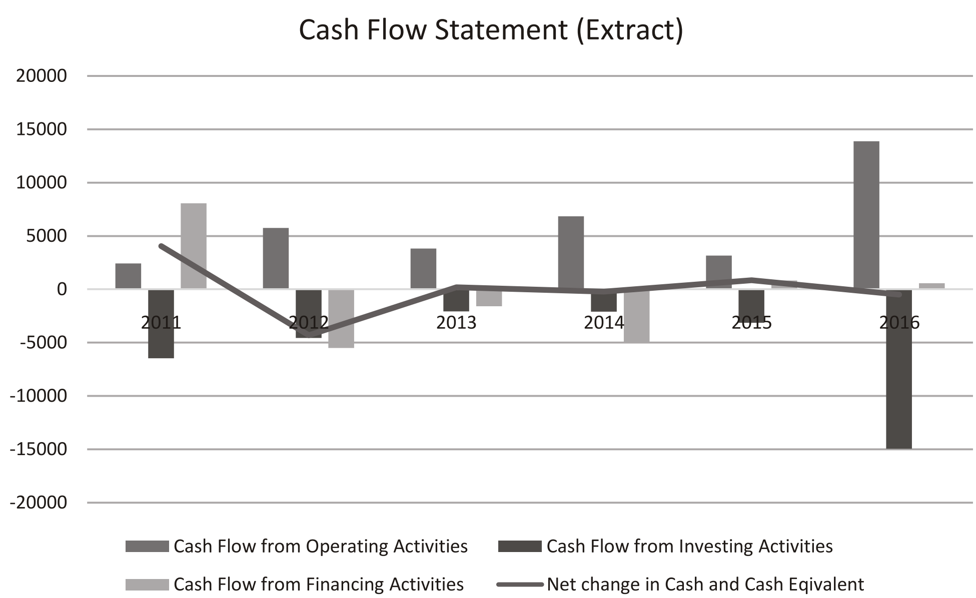
Analysis:

From the Balance sheet, it is evident that the long-term borrowing is increasing but the funds have not been used effectively to increase the revenue and overall profits of the firm. The falling profits adversely affected the reserves and surplus of the firm which is also declining throughout the given period. In addition,





the revenue from operations was declining but the overall expenditure remained constant evidencing inefficient utilization of funds due to wasteful expenditure as it fails to contribute to the revenue of the firm. The declining net revenue from operations was not seen as a signal to reduce expenditure, indicating that there may be a huge amount of fixed expenses and thus total expenditure is only marginally affected by the changes in net revenue from operations.



There has been some loss due to exceptional items in the years 2014 and

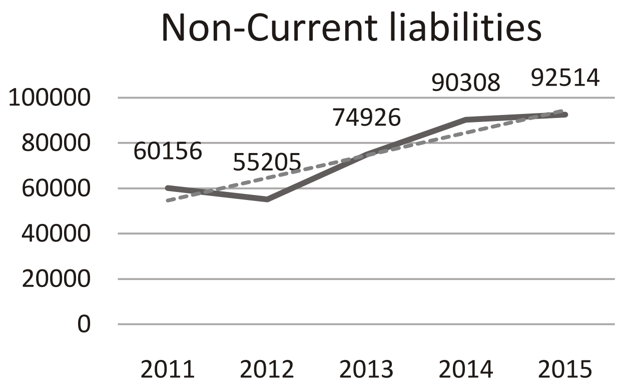
2015 to the extent of Rs.3.82 billion which had a significant impact on the profit after tax. Profits amounting to Rs.1.99 billion in 2016 may not be sustainable in the long run as it related to extraordinary items.

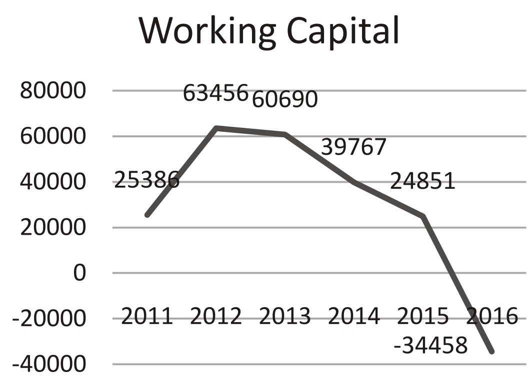
Analysis:

In 2011, Rs.80.71 billion of cash were raised from financing activities, a part of which was invested in investing activities in the given year which increased the net cash and cash equivalent by Rs.40.47 billion. In 2012, Rs.54.97 billion were repaid to the debenture holders also, Rs.45.71 billion invested. Thus, the net cash and cash equivalent reduced byRs. 54.97 billion.

It is seen that there is a large capital outflow from investing activities. The cash generated from operating and financing activities is invested and therefore the net change in cash and cash equivalent is negligible in 2013 and 2014. Due to the large outflow of cash in investing activities, the working capital requirement is not met which is seen to remain negative from the balance sheet of the firm. The liquidity crunch due to such investment adversely affected the overall health of the business unit. The total cash outflow from investing activities amounted to Rs.332.82 billion while the total cash inflow from operating activities amounted to Rs.358.89 billion. Cash amounting to Rs.25.87 billion was used for financing activities.

Reliance Industries Limited (RIL) is an Indian conglomerate, owning various businesses across India. Reliance is one of the most profitable companies in India and is responsible for almost 5 per cent of the government of India's total revenues from customs and excise duty. With major operations in an Oil refinery, it is often categorised as the cash cow for the industry as a whole.





Balance sheet from 2011-2016 (Extract)

Particulars	2011	2012	2013	2014	2015	2016
Equities and liabilities						
1. Shareholder's fund						
Equity	32.73	32.71	32.29	32.32	32.36	32.40
Reserves and surplus	1482.67	1628.25	1767.91	1938.59	2129.40	2369.44
2. Non-Current liabilities	626.86	601.56	552.05	749.26	903.08	925.14
3. Current liabilities	704.84	688.88	832.86	955.66	913.01	1250.22
TOTAL	2847.10	2951.40	3185.11	3675.83	3977.85	4577.20
Assets						
1. Non-Current Assets	1888.40	1627.96	1745.35	2322.50	2816.33	3671.56
2. Current Asset	958.70	1323.44	1439.76	1353.33	1161.52	905.64
TOTAL	2847.10	2951.40	3185.11	3675.83	3977.85	4577.20

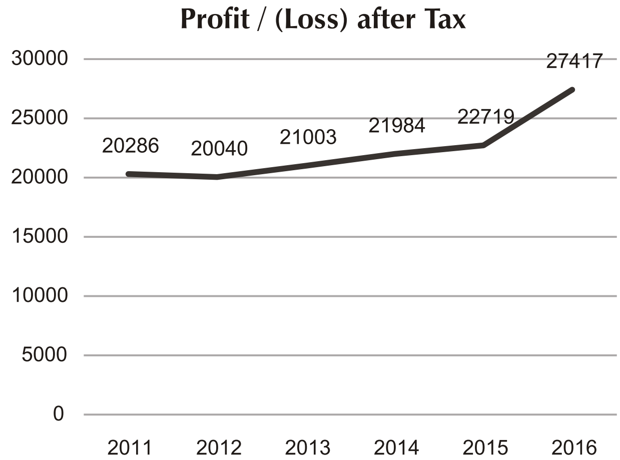
(in billion)

Analysis:

Negative working capital in 2016 indicates that the company may have incurred a large cash outlay or a substantial increase in its accounts payable as a result of a large purchase of products and services from its vendors which is generally not a warning sign.

Since it maintained a healthy working capital from 2011-2015, it indicates steady cash flow in the business and less risky for vendors and creditors.

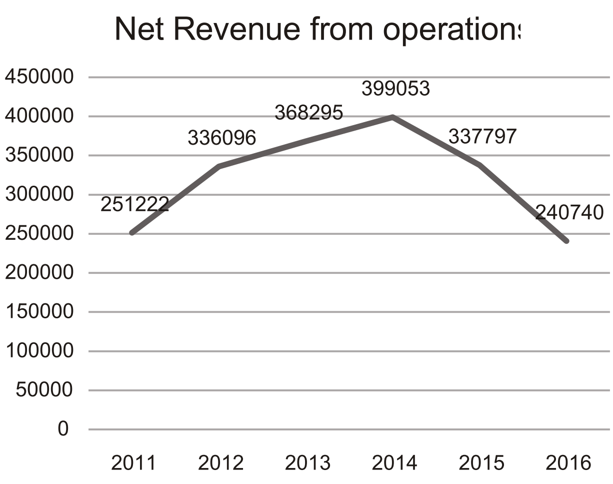
The non-current liabilities show an increasing trend, attributed to higher long-term borrowings. The non-current liabilities and the non-current assets increased simultaneously hinting long term borrowings were made for investment in fixed assets.



Statement of Profit and Loss from 2011-2016 (Extract)

Particulars	2011	2012	2013	2014	2015	2016
Net Revenuefrom Operations	2512.22	3360.96	3682.95	3990.53	3377.97	2407.40
Less: Expenditure	2236.52	3076.79	3389.75	3680.29	3059.62	2025.85
EBIT	275.70	284.17	293.20	310.24	318.35	381.55
Less: Interest	23.28	26.67	30.36	32.06	23.67	24.54
Add: Exceptional items	0	0	0	0	0	0
P/L before tax	252.42	257.50	262.84	278.18	294.68	357.01
Profit/ (loss) after Tax	202.86	200.40	210.03	219.84	227.19	274.17

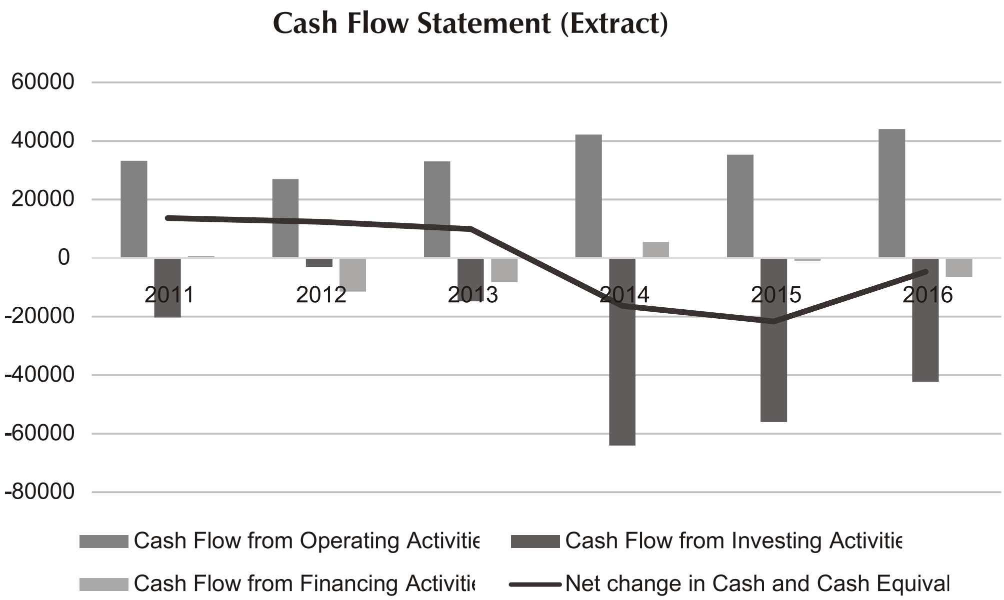
(in billions)



Analysis:

Net Revenue from Operations increased from Rs.2512.22 billions to Rs.3990.53 billions during 2011-2014 and then declined to Rs.2407.40 billion in the period 2015-2016 but the profit after tax increased throughout. This indicates efficient management as expenditure was reduced in the period of low sales and thus sufficient returns were generated for the shareholders. The interest expense did not vary substantially over the years meaning that funds were not raised as debts and when did, was done in favourable terms which did not put a lot of burden on the firm. The long term profitability was maintained. There were no exceptional items reported in the statement of profit and loss showing that the profit after tax is earned from business operations and therefore its sustainability may be relied upon.

Over the past year, the fortunes of the two brothers have grown over $40 billion apart.



investing activities, the ending cash and cash equivalent declined during 2013-2016. Decreasing cash and cash equivalent may be a negative signal for the trade payables and short-term creditors as it increases liquidity risk of the company.

Analysis:

In 2014-2015, due to a large amount of cash outflow from investing activities, the net change in cash and cash equivalent was negative. The situation recovered in 2016 when the cash outflow from financing activities decreased coupled with an increase in cash inflow from operating activities. Due to large cash outflows from

OBJECTIVE 2 - For the purpose of this analysis, the six years average of major profitability ratios, liquidity ratios, solvency ratios and activity ratios were calculated and then compared with the averages of the peer companies in the same time period.

Ratio Analysis of Reliance Communications from 2011-2016

Particulars	2011	2012	2013	2014	2015	2016	Average
EBIT Margin	0.11%	12.78%	23.07%	9.28%	4.22%	0.47%	8.32%
EBT Margin	7.08%	1.39%	5.53%	-6.78%	-16.28%	12.40%	0.56%
Net Profit Margin	-6.24%	1.40%	5.53%	6.53%	-3.79%	-1.42%	0.34%
Return on Capital Employed	-1.61%	0.21%	1.03%	1.26%	-0.67%	-0.24%	0.00%
Return on Assets	-0.84%	0.18%	0.82%	0.94%	-0.51%	-0.20%	0.07%
Current Ratio	0.61	0.88	0.89	0.76	0.72	1.26	0.85
Dividend Payout Ratio	39.64	33.33	8.33	0	0	0	13.55
Total Debt/Equity	0.48	0.62	0.92	0.96	1.02	0.76	0.79
Asset Turnover Ratio	13.470	12.960	14.830	14.53	13.490	14.330	13.94
Inventory Turnover Ratio	0.3964	0.3377	0.3706	0.4155	0.83	0.537	0.48

Peer Comparison from 2011-2016

Particulars	Reliance Comm.	Bharti Airtel	Vodafone	Tata Comm.
EBIT Margin	8.32%	22.29%	11.94%	15.03%
EBT Margin	0.56%	19.31%	8.55%	13.30%
Net Profit Margin	0.34%	15.87%	5.83%	9.27%
Return on Capital Employed	0.00%	9.49%	4.21%	4.45%
Return on Assets	0.07%	7.51%	3.20%	3.67%
Current Ratio	0.85	0.46	0.415	0.798
Dividend Payout Ratio	13.55	8.82	6.04	16.26
Total Debt/Equity	0.793	0.255	0.955	0.115
Asset Turnover Ratio	0.481	0.469	0.166	0.373

Peer Analysis:

The average of the ratios in the six years was compared to its peers to determine under performance or over performance. It was found that the EBIT Margin of Reliance Communications is low as compared to its peers. When compared, the EBT margin is significantly lower at 0.56 per cent. This shows significantly lower profitability of Reliance Communications as compared to its peers showing that it underperformed in the industry. The net profit margin is close to zero whereas that of Bharti Airtel stands 15.87 per cent and that of Vodafone at 5.83 per cent. The return on capital employed and assets are almost zero. Vodafone stands at 4.21 per cent and 3.20 per cent respectively. Thus, in respect of generating revenue or profits, the performance of Reliance Communications is significantly lower.

Liquidity Ratios like Current Ratio is significantly better than Bharti Airtel and Vodafone but is very close to Tata Communications. This shows that the payment capacity of Reliance Communication to short term loans or trade payables is better than its peers.

Debt to equity ratio is significantly higher than Bharti Airtel and Tata Communications but lower than Vodafone. Thus, the risk of investing is higher than Bharti Airtel but lower than Vodafone.

Ratio Analysis of Reliance Industries Ltd. from 2011-2016

Particulars	2011	2012	2013	2014	2015	2016	Average
EBIT Margin	10.97%	8.46%	7.96%	7.77%	9.42%	15.85%	10.07%
EBT Margin	10.05%	7.66%	7.14%	6.97%	8.72%	14.83%	9.23%
Net Profit Margin	8.07%	5.96%	5.70%	5.51%	6.73%	11.39%	7.23%
Return on Capital Employed	9.46%	8.85%	8.92%	8.08%	7.41%	8.24%	8.49%
Return on Assets	7.13%	6.79%	6.59%	5.98%	5.71%	5.99%	6.37%
Current Ratio	1.36	1.92	1.73	1.42	1.27	0.72	1.40
Dividend Payout Ratio	12.51	12.62	11.75	12.7	12.95	11.28	12.30
Total Debt/Equity	0.43	0.36	0.3	0.43	0.41	0.38	0.39
Asset Turnover Ratio	0.882	1.139	1.156	1.086	0.849	0.526	0.94
Inventory Turnover Ratio	8.32	9.18	8.43	9.09	9	8.32	8.72

Peer Comparison from 2011-2016

Particulars	RIL	HPCL	BPCL	IOC
EBIT Margin	10.07%	2.16%	3.65%	3.48%
EBT Margin	9.23%	1.58%	2.52%	2.28%
Net Profit Margin	7.23%	1.06%	1.38%	1.71%
Return on Capital Employed	8.49%	5.17%	11.44%	6.19%
Return on Assets	6.37%	1.59%	5.22%	3.11%
Current Ratio	1.40	0.985	0.903	0.985
Dividend Payout Ratio	12.30	26.66	30.92	29.61
Total Debt/Equity	0.385	1.71	1.01	0.97
Inventory Turnover Ratio	8.72	11.95	13.578	7.84
Asset Turnover Ratio	0.940	2.64	3.16	1.86

Peer Analysis:

The profitability ratios of RIL is significantly higher than that of its peers showing over performance and significant wealth creation for its shareholders.

The current ratio of RIL >1 while that of its peers <1. The current asset being more than current liabilities shows that there is enough liquid investment to pay-off the current liabilities.

The dividend payout ratio is very low as compared to its peers indicating that instead of the distribution of funds as a dividend, it is invested in assets to increase shareholder's wealth.

The total debt to equity is significantly lower than its peers implying less risk for its investors. The company uses equity rather than debt to raise funds from the market. This may dilute the shareholdings of the existing equity shareholders but is safe for debenture holders causing less interest to be demanded by them.

The activity ratios are lower than its competitors implying less efficiency in its operations. The asset and inventory turnover ratios must be improved which will contribute to the higher overall profitability of the company.

CONCLUSION

Post facto analysis of the financial statements provides ample proof that the debt management of Reliance Communications was not up to the mark. The interest expenses due to such fundraise increased while the profits could not flow with the same trend leading to low-interest coverage ratio and eventual bankruptcy. For any conglomerate to function smoothly, there must be enough cash flow generated from business activities. If that is lacking, raising funds from external sources especially by means of debt may be risky for the long-term sustainability of the business.

Mr. Mukesh Ambani is a man of exceptional management skills including management of operations, funds and people, which sets him apart and thereby helps him flourish.

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The expenditure made on food is prominent and it constitutes the largest retail consumption category, making it a lucrative business and potential sector to capitalize.

Servicescape - The emergence of physical evidence in restaurants

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ABSTRACT

Consumer experience is a holistic perception of an organization through interaction over a certain duration. This perception is formed by comparing measurement standards. But what if, these standards are undefined? Presence of physical evidence in services aims at giving definition to perception by tangibilizing the intangible elements in service. Conscious efforts demand to be made to appeal to human sensations and attach the

experience to a favourable association. 'Packaging' the service offer and communicating a differentiated image acts as a facilitator in determining overall satisfaction derived from the service.

KEYWORDS: Environment, Stimulus, Heterogeneity, Reputation, Consumer, Acquisition, Satisfaction, Loyalty, Intention.

INTRODUCTION

"We see our customers as invited guests to a party, and we are the hosts. It's our job every day to make every important aspect of the customer experience a little bit better." ~ Jeff Bezos

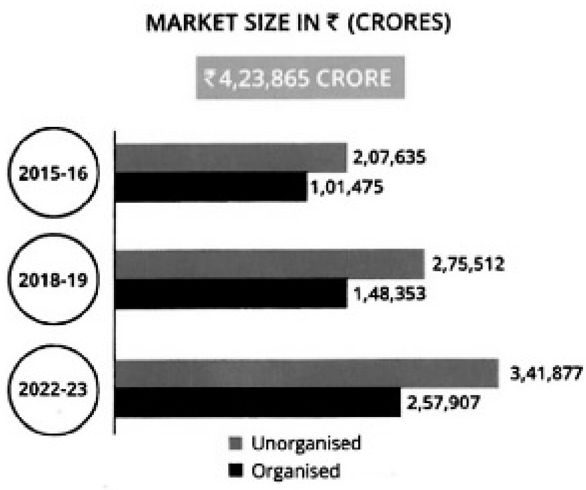

Fig 1 - The growth projection of organized and unorganized segments in food service1

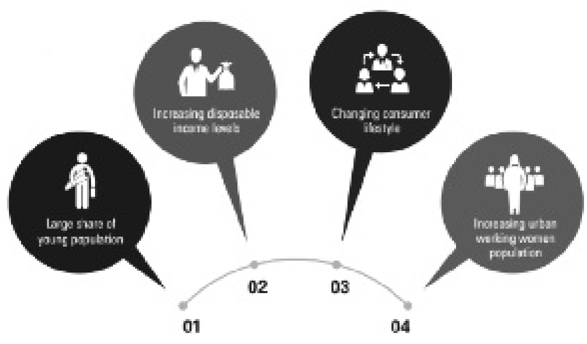

Fig 2 - Key drivers leading to the growth of the industry

According to the Indian Food and Services Report 2019, launched by the National Restaurant Association of India, the food services market in the country stands at Rs.4,23,865 crores, which is expected to grow at a Compounded Growth Rate of 9 per cent per annum. The recipe for such growth has been brought by a large share of the population, increasing disposable income levels, changing consumer lifestyle and increasing urban working women population. For a progressive Indian society, the expenditure made on food is prominent and it constitutes the largest retail consumption category, making it a lucrative business and potential sector to capitalize.

Today, where demand for the industry exists, so does supply and that too in equal measure, probably more. Hence, the importance of understanding the factors that create value and influence their decision making is a vital consideration. Alongside, focus on the primary service, it being serving food, restaurateurs influence buying decision by intentionally controlling and manipulating the environment cues in the service environment. Such stimulus has been consolidated into three dimensions, namely, ambient conditions, spatial layout and functionality, and signs, symbols, and artifacts. The challenge is to understand the confluence of the several environmental stimuli that influence buying behavior and social interaction in delivering a pleasant consumer experience leading to overall satisfaction.

NATURE OF THE PROBLEM

Services are hardly perceptible by human senses, namely optics, acoustics or tactile senses. It has to be perceived through consciousness- by direct encounter or by latent experience. Production and consumption is a simultaneous process. The core value of a service is generated through buyer-seller interactions. Inconsistency and absence of measurement standards, make it difficult to evaluate a service. All of the above, applies to any restaurant business. Hence, a conscious effort towards tangibilizing these intangible elements is a rewarding proposition. The involvement of the customer in the service delivery process and the presence of the human element in its creation, exposes the business to heterogeneity. The physical evidence aspect is brought by the servicescape of the restaurant and the significance of its contribution to service delivery demands due to attention.

In the preparation to compete with global standards, differentiation is the key. The expansion and the ever-growing food and beverage industry makes this space increasingly competitive each day. Every restaurant today is associated with a certain occasion or specific meeting place and the choice for selection is dependent on the atmospherics of the place. Each individual differently relates to the interior and decor, lighting, layout, fragrance, and music parameters. Hence, despite two restaurants serving the same cuisine the decision to choose one over the other is determined by the vibe and feelings associated with the servicescape.

LITERATURE REVIEW

Parasuraman and Berry (1985), in a Conceptual Model of Service Quality and its Implications, stated that not all elements of the physical environment are available at a certain place and time that contributes to the overall restaurant experience are drivers for every customer's service experience. Thus, drivers exist in the world of the individual customer and shape customers' experiences through cognitions, emotions, and behaviors. Service experience is deχned in the present study as the customer's interaction with the service process, the organization, the physical facilities, the service χrm's employees and other customers. These interactions, in turn, create the customer's cognitive, emotional and behavioral responses and leave the customer with memories.

Mark S. Rosenbaum and Carolyn Massiah (1992), in Servicescape, an extended perspective proposed that, a servicescape comprises not only objective, measurable, and managerially controllable stimuli but also subjective, immeasurable, and often managerially uncontrollable social, symbolic, and natural stimuli, which all influence customer approach/avoidance decisions and social interaction behaviors. Furthermore, customer responses to social, symbolic, and natural stimuli are often the drivers of profound person-place attachments.

> **Drivers exist in the world of the individual customer and shape customers' experiences through cognitions, emotions, and behaviors.**

Llyod C. Harris and Chris Ezeh (2007), in Servicescape and loyalty intentions: An empirical investigation stated that, numerous studies on servicescape focus on incorporating responses from customer contact staff and/or service managers so as to detect potential gaps between customers perception and the image which the service organizations are trying to project. As the elements were studied, significant linear and non-linear relationships determined the perceived value trust and satisfaction each determining linkages with the customers' loyalty intention. It proposes that such identification of loyalty based consumer needs shall improve the overall efficiency and marketability of service operations.

OBJECTIVES

Primary Objectives

- To study if importance given by restaurants to the servicescape affects the overall consumer satisfaction derived from the service rendered.
- To determine if the ratings given to ambiance on Online applications such as Zomato, Dineout, and easy diner, affect the restaurant selection of consumers.
- To examine whether the importance given to servicescape by restaurants affects the quality perception of the restaurant.

Secondary Objectives

- To figure out, if there is any relation between the quality and pricing perception of the consumer with respect to the restaurant's servicescape.
- To determine the effect of servicescape on the overall footfall of the restaurant.

RESEARCH METHODOLOGY

Research Design-

This research captures the perspective of service providers and service receivers. It has been structured in a manner to understand the consumers' point of view with respect to the servicescape elements and its contribution in restaurant perception, selection, experience, and overall satisfaction and this has been mapped with the restaurants' outlook for understanding the impact on overall footfall and sales.

Data Collection Sources:

Primary Data-

Restaurants- A total of five restaurants have been visited to study the servicescape and qualitative and quantitative questions were asked. The restaurants were selected on the basis of one distinguishing factor which specifically aroused one of the five different senses. All the restaurants selected are rated above four on a scale of one to five on Zomato, an Indian restaurant search service.

Consumers- A questionnaire was prepared through Google forms were disseminated via several well-known communication platforms.

Secondary Data -

Textbooks, journals, research articles, case studies, and websites were collected and provided as reference material.

Sample Design -

For both sets of respondents, a non-probability sampling technique was used. When restaurants were surveyed a purposive sampling method including an in-depth interview was used, whereas, in the case of consumers, convenience sampling was done.

Sample Size-

Restaurants- A total of five restaurants were selected and surveyed from Kolkata.

Consumers- A total of two hundred respondents were surveyed from Kolkata

restaurants selected primarily focus on one such aspect which either appeals sight, hearing, smell, taste or touch. The restaurants chosen are The Kouzina Company, Terminal 11, Dominos, Mainland China and Hoppipola respectively.

AGE	
Particulars	No. of Respondents
Below 21 Years	63
21-30 Years	89
31-40 Years	22
41 Years and above	41
GENDER	
Female	125
Male	75
OCCUPATION	
Student	120
Self Employed	33
Business	22
Service	17
Others	18
FAMILY INCOME ANNUAL	
Below 2 lakhs	41
2 lakhs to 5 lakhs	127
above organized lakhs	32

Table 1- The nature of the respondents; highlighted cells represent the majority

ANALYSIS

Buyers understand the environment through their senses and facilitating sensory information about the surroundings which is a function of what they see, that is color, brightness, lighting, size, and shape- visual stimuli, what they hear; the volume and pitch- auditory stimuli, what they smell; the fragrance and aroma- Olfactory stimuli, what they taste- gustatory stimuli and finally what they touch; the feel of the tangible elements- tactile stimuli.

The servicescape of any restaurant has a sensory impact on its receivers. The five

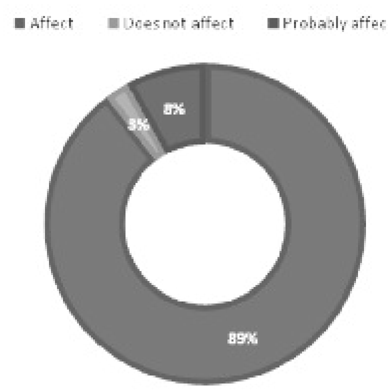

Fig3 - The Physical environment effect on restaurant selection

When consumers were asked, whether the environment affected their restaurant selection, the majority of them agreed to it. This signifies that as important consideration the quality of the food is so is the environment in which it is presented to them. It was also found that restaurants give due importance to the physical environment while it is being conceptualized and conceived. Restaurateurs pay special attention to the servicescape based on their target market and the cuisine being served.

When a servicescape is evaluated, it is judged on a micro level which transcends on a macro base thereafter. The location of operations is a major deciding factor for service providers as the capacity to pay rent is directly proportional to the investment appetite of the owner. The interiors of the restaurant, such as the color scheme, lighting, spatial layout, furniture and use of relevant signs and symbols define the uniqueness of the place. The atmospherics of a restaurant is inclusive of customer and employee relationship. The staff is trained to behave and act by the code of conduct laid by the organization. The theme and kind of music played in the restaurant is a determinant of the time spent by a customer in that place. Soft and melodious music in calm and peaceful places encourage the consumers to spend more time and this extra time spent offers the potential for increased sales. Fragrance or aroma evokes feelings, emotions, and thoughts which is associated with memory.

These parameters were studied individually and it was observed that restaurants and consumers think alike while assigning relative weights to each factor. However, restaurants spend too much time and money in selecting the location for operations and miss out on the seemingly passive fragrance factor. In a populated market like Kolkata, where restaurants exist in almost every lane of the city, the location factor is not of prime importance to the consumer any longer.

There are a host of new restaurants launching in the city every year. Trial for innovators is an initiation of the image formed of the restaurant in their minds. The quality of food and the prices charged for the dishes are often estimated based on the restaurant's servicescape. This implies that a consumer is likely to believe that a place with posh atmospherics is bound to serve good quality food at exorbitant prices. A positive correlation between quality and pricing perceptions have also been observed.

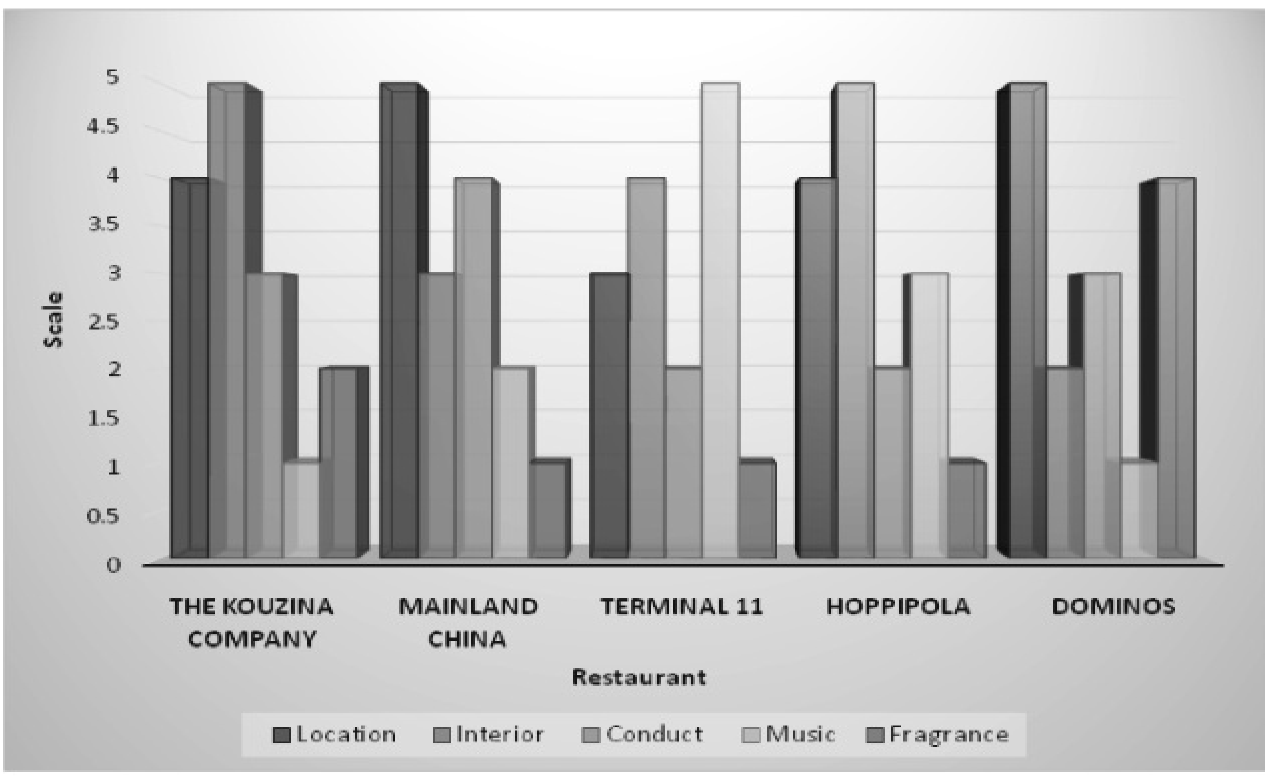

Fig4 - Rank in order of priority given to the following parameters when establishing a restaurant

QUALITY PERCEPTION BASED ON SERVICESCAPE			PRICE PERCEPTION BASED ON SERVICESCAPE		
Rank (1-5) Least - Most	No.of Respondents	fx	Rank (1-5) Least - Most	No.of Respondents	fx
1	2	2	1	2	2
2	3	6	2	6	12
3	30	90	3	44	132
4	106	424	4	106	424
5	59	295	5	42	210
TOTAL	200	817	TOTAL	200	780
MEAN =	fx/n	4.085	MEAN=	fx/N	3.9

CORRELATION BETWEEN QUALITY AND PRICE		
Correlation	Price	Quality
Price	1	
Quality	0.969842	1

Table 2- Correlation between price and quality perception

When restaurants are judged and are considered for recommendations, the consumer experience directly contributes to establishing customer satisfaction levels. The enjoyment, time spent in the store, information acquired and purchases made correspond to the restaurants' servicescape. This is the reason why most restaurants have physical feedback forms which let the consumers evaluate their experience. The questions asked in the form constitute major servicescape facets. This mechanism allows restaurants to understand their grey areas and modify their services accordingly to increase their footfall.

Another way of ascertaining the worthiness of a visit to a restaurant is by checking restaurants overall ratings, ambience ratings and reviews of the personal experience of already visited consumers online. Restaurants try to ensure that good reviews and positive feedback are maintained on these applications for creating a positive word of mouth marketing network.

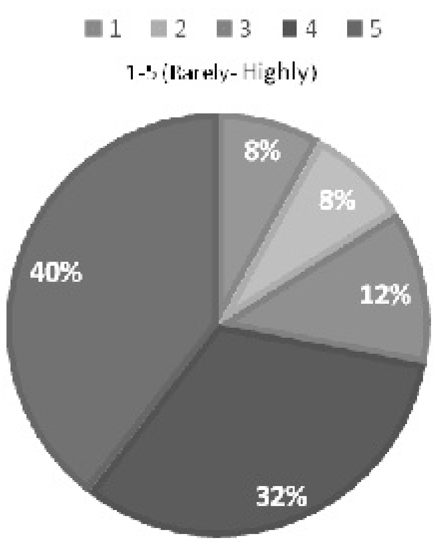

Fig 5 - Percentage showing usage online applications to check restaurant ambiance ratings

Restaurant Name	Hike Per cent	Focus element	Peak
THE KOUZINA COMPANY	33%	Theme	Group and celebration oriented
MAINLAND CHINA	18%	Presentation	Special events
TERMINAL 11	20%	Music	Band timings
HOPPIPOLA	25%	Activity	Weekday odd timings
DOMINOS	15%	Fragrance	Discounts

Table 3 - The difference observed in unorganizedfootfall by focusing on servicescape elements (Based on Invoices)

CONCLUSION

The servicescape creates a first impression which is a lasting one. Material design setting affects consumer behavior. Restaurant managers today understand the importance and value of the impact a servicescape can create. A belief in delivering meaningful holistic experiences has its payoffs -

- It lowers the direct customer acquisition costs. Customers who are satisfied with the service are likely to spread a positive word about the restaurant.
- As servicescape directly affects the satisfaction levels of consumers, firms can easily retain customers without much effort, time or money spent.
- Consumers soon become patrons for the business when the service lives up to their expectations. The develop a preference and hence become loyal to the brand.
- In totality, it increases the overall footfall of the restaurant and a positive reputation for the restaurant is built in the long term.

Developing a servicescape is not an easy task. It not only requires ideation but also a certain level of investment, which has an implicit return. To survive in a competitive environment, customization and differentiation play a pivotal role in defining consumer intentions. Servicescape addresses exactly this.

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In a society where business houses have become money earning factories, the need of business spirituality lies in the awakening of the usefulness of business, at the same time creating wealth

Business Spirituality:

The new mantra for creating valuables based on values

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ABSTRACT

In the hinterland of several financial scams taken place all over the world, it became apparent that the values and ethics in every sphere of corporate sectors are fully denied and their accountability is under a magnifying glass. Their suspicious accounting practices deceived investors and have affected the country's economic growth at large. This corporate scenario calls for a total renovation of the business practices to deliver consumers value-based products that are useful to them, add value to them as well as help the entrepreneurs to create and maximize his wealth. One of the ways to attain this lost value-based corporate structure is spirituality in business.

The incorporating foremost objective of this paper is to have an objective definition of business spirituality. It further highlights the reason corporate culture is in earnest need of Business Spirituality and also how the instrument of Business Spirituality will help in the creation of wealth by entrepreneurs and simultaneously deliver a value-added product to the consumers at large. The paper also discusses how spiritual practices help the businesses to involuntarily foster well and how it can bring about a financially sound corporate scenario based on values and not at the cost of values.

KEYWORDS: Spirituality, Values, Business-Spirituality, Valuables, Awareness, Conscious-Capitalism.

INTRODUCTION

Spirituality has become so important that remarkable numbers of business-related books and websites covering spirituality and pointing its utility in personal life and corporate sector have been published and transmitted.

Spiritual knowledge is the only thing that can destroy our miseries forever. A spiritually strong and sound man will be strong in every other respect if he wishes. Until there is spiritual strength in man even physical needs cannot be well satisfied. Spirituality develops inner peace. It's a source of joy.

The amalgamation of spirituality with business is like a square peg in a sound hole, more of an oxymoronic conclusion. Employees are vociferous about their demands but oblivious to their duties. The prevalent impression has been metamorphic. Moreover, young ambitious student's affinity to spirituality is observed.

On defining Spirituality, several books and numerous lectures by eminent people have opined and tried to describe its phenomenon. The very essence of spirituality is unquantifiable and qualitative in nature. Numbers can rarely limit Spirituality. The journey on this research is essentially based on principles of Vedas and Upanishads and more importantly self-experience. Encounters with Monks and their kind share of stories have formed the basis of our research. In the quest of spirituality, self-realization and judgment is an important tool and the same has been applied on the way of research. Lectures by eminent, spiritually enlightened souls and informal interactions with many noble preachers have formed the primary source of the research paper.

The application of spirituality on the finer aspects of business is what that results in wealth maximization and value expansion simultaneously and that provides the basic element of Business Spirituality.

This paper introduces the arena of Business Spirituality and how it is relevant and how it can be inculcated in the business process to generate valuables based on values.

LITERATURE REVIEW

Various Papers on the relevance of Spirituality in Business have been developed over time. In one such paper, Corrime Mclaughlin [2009] has pointed out the growing research and application of spirituality in the workplace. Fahri Karakas [2010] has succeeded in presenting the effect of spirituality on the performance of organisations based on certain studies. Hicks [2003] in his paper tried to find the effect of religious sentiments in workplace. Johnson [2004] describes how spiritual upbringing is an option for training in the corporate sector. Paul and Saha [2015] in their publication have discussed the essence of spirituality in modern business organisations. Hall and Mirvis [1996] have way before discussed the effect of psychological success in business. Hertz and Friedman [2015] have successfully found the reason why spirituality belongs in finance and accounting curriculum. Finally, Rifkin [2004] has provided a real-life case study to demonstrate how lack of business spirituality shatters business dreams.

RESEARCH GAP

The studies so far concerning the application of Business Spirituality have failed to give a concrete definition of Business Spirituality and has always analysed and highlighted only the value delivery to consumers. Business is not a charity and hence value delivery can be important to business but more significant is value delivery along with wealth creation. This aspect was lacking in all the studies and this very aspect once again forms the core agenda of discussion in our paper.

ANALYSIS: QUEST FOR THE UNQUANTIFIABLE SPIRITUALITY

The journey from Spirituality to Business Spirituality:

The amalgamation of Spirituality is that business demands a clear understanding of Spirituality at the very onset. Spirituality is that aspect of life which preaches non-attachment without tearing apart the strings of life's duties and responsibilities. It makes us fearless but conscious, non-attached but compassionate.

Spirituality is an enlivening outlook where from fearlessness, love and service, motivation flows. The spiritual soul finds our body as a very obedient servant as well as a very useful instrument to achieve substantive growth in our family, society as well as in spiritual life. When the object of life is persuaded towards humanity and spirituality then the life turns into an equivalent holy arena. A man enters in this arena to build a wise and perfect character of him. He learns to walk in the uneven rout of life's weal and woe, conquest and defeat and gain and loss sustaining minds state of equilibrium outlook towards these.

Non-attachment, the basic element of spirituality, fosters less expectation regarding the result and more care towards the process. The result is the by-product of the process and hence control is only on the process and not on the result. If Spirituality is applied in Business then there will be more care on the process of business and not on the result of the business. If the process of business is healthy then such business is bound to deliver usefulness to the users. If it delivers usefulness, profit is inevitable. Thus wealth creation and value delivery will occur simultaneously. Besides with spirituality the process of conducting business is not only given proper care but is improved and made unique. The consequence is a competitive advantage which gives the firm an edge over the others.

DEFINING BUSINESS SPIRITUALITY

Business Spirituality is that practice that allows an entrepreneur or a business house to create wealth and maximize it and at the same time deliver value-based products to consumers and society at large while consequently building a corporate structure based on values and not at the cost of values.

It is the phenomenon that makes an entrepreneur hugely successful so that he can have resources and knowledge that is enough to help others to foster.

NEED FOR BUSINESS SPIRITUALITY IN THE CURRENT CONTEXT

Business Spirituality is the phenomenon that allows having a sense of sacredness without the institutional practice and limitations that are associated with traditional religion.

The basic mantra of business is: "Business must be useful to people"

It is not like that a business is not being useful but there is a lack of urgency among the corporate houses to serve. They do deliver usefulness just that they do not enjoy delivering usefulness.

In a society where business houses have just become a money earning factories, the need of business spirituality lies in the awakening of the usefulness of business and at the same time creating wealth.

Making profit is not bad. Creating valuables is not bad either. But valuables must not come at the cost of values. Business Spirituality teaches us to have valuables based on values. To be more precise, Business Spirituality is the formula of delivering value-based products, services and solution to the consumers and simultaneously creating wealth in the process.

The primary need of Business Spirituality is that an entrepreneur can achieve huge success using spirituality as a secret weapon in business and become a great entrepreneur without even realizing what they have done. If an entrepreneur is spiritually enlightened then he will be able to create wealth as well as enjoy the process of creating wealth which will involuntarily lead to delivering usefulness to the users of his business products.

The secondary or the ancillary need for incorporating Business Spirituality in the current context is to make a sustainable environment worthy of the upcoming financial houses to prosper financially and morally by standing to the ethics of the business.

The major values engulfed in a business context include a social obligation, quality, cooperation, positive attitude to employees and no unethical practice in accounting. The business houses must portray a clean and true image of their financial statements. They must reveal the truth of their financial position. Without the spiritual practices, no one can do well to others and reach to the truth.

As quoted by his holy Highness Lord Buddha, “Do good and be good and this will take you to freedom and whatever truth there is.”

This simple phrase lies at the base of all happiness of life irrespective of what sphere of the same it belongs to. Business spirituality is just a humble attempt to awaken this truth already imbibed in the human life cycle.

However, it is easier said than done. The more relevant than the needs of Business Spirituality is to understand how Business Spirituality helps in creating and increasing the effectiveness of business.

BUSINESS SPIRITUALITY IN INCREASING THE WEALTH AND EFFECTIVENESS OF BUSINESS FLAWLESSLY

For Business Spirituality to increase the wealth and effectiveness of business, it must be steered and accelerated by the entrepreneur. Business Spirituality being the most useful and valuable resource of a business, it is upon the entrepreneur to make use of the same in the corporate scenario. For this purpose, the two basic things they have to do at the very beginning are the following:

- Adding value to the product, adding value to service and adding value to the solution and to the people.
- Second thing, they have to sell the value to generate money.

This paper identifies the top four ways in which business spirituality helps in attaining the above-mentioned objectives. To begin with, Spirituality helps in increasing focus to devise exclusive unbiased long-term goals. Business spirituality helps in intention analysis and determines the viability of the intention in the long run. It is the utmost important step for the business to have a goal of its own which is unadulterated and unbiased. Often business goals cannot be achieved because we set our goals based on our narrow knowledge and perception and what society has imposed upon us. Most of the times our goals are just not our goals but other people’s goal, as well as of those who have a substantive influence on us.

Spirituality helps us to know our self and have a clear perception of our demands and ways of achieving our targets. If one knows oneself to the fullest limit possible then identifying one’s own goals is not difficult.

If this spiritual enlightening of “knowledge about one self” is implied in the business, then the goal-setting of business becomes very easy. Spirituality will help to identify just the needs of the business by focusing only on the relevant aspects of business and nothing else. This undistracted focus can only be attained by Spirituality. Thus, if the focus is there then the goals will be just exclusively of the entrepreneur and will not be affected or influenced by others. Once the goal is objectively defined then it will be a cakewalk to devise means to achieve it and consequently, wealth creation and maximization will occur flawlessly.

Spirituality gives the courage to take risks and increase awareness by developing the power to learn from adverse business situations. Spirituality teaches us endurance and helps to flow smoothly through our problems. In this context, the greatest reference can be the holy Gita. According to the Bhagavadgita, our miseries in the planetary existence will never end because it is the punishment of human birth that All-Mighty has given us because of our sins in the past. Only Spiritual practices can help us go through this turmoil with ease.

The same is true for business also. It is hypothetical to think that business will go on without any risk and hindrances. Spirituality helps in tolerating the adverse situations and navigate through it, and in the process learn from loopholes to have a better understanding of the business process. But if Spirituality is applied in the business process then the entrepreneur is able to understand the bigger picture of the corporate scenario by doing different things that involve high risk and can gain immense experience about the corporate sector. This experience will help the entrepreneur to understand the position of his concerned business house among institutions. Thus, the entrepreneur becomes aware of the corporate scenario and can also raise awareness in case of any unscrupulous situation occurring in his own business house.

Business Spirituality is the most efficient formula to create valuables in a business based on values. Capitalism is the need of the hour. Business Spirituality teaches conscious capitalism.

Spirituality fosters trust in oneself and the Divine to guide the business through risk. Life is based on hope and trust in the almighty. None of us have any control over our lives or others. We can only trust that some divine power [does not matter by what name we call it; Jesus, Iswar, the Big Bang or the Cosmos] to offer us a ray of bright sunshine on the next day. The more trust we have in this power the easier it is for us to survive through our never-ending obstacles. Spirituality makes us have more trust in this divine presence and helps us to believe whatever the adversity may hit our lives; it will be taken care of by that divinity.

The business as an entity of the society can in no way be free from risk. But if the entrepreneur trusts on that supreme Lord to navigate him through the risks then taking risks will not be much of an affair. The entrepreneur's trust in the divine will make it easier for him to handle risk and take diversification effectively.

The flow of Business Spirituality helps in creating a sustainable and value-based corporate environment healthy for the upcoming new business houses. Spirituality is like a mass of gases that increase when the volume increases. Spirituality has the power to expand when shared. One of the most important features of Spirituality is that once it expands, it adds a bit more value than its previous one.

If Spirituality is shared by Business leaders then that will not create more followers instead that will create more Spiritual Business leaders. This will consequently lead to a healthy corporate environment under their worthy leadership. As the corporate scenario becomes valuable, new firms entering the business sector will be benefitted from the already created values and will enjoy economies of scale.

Business Spirituality is like a resonance. Once it's out it will affect others and will be expanding the effect on others. In a way Business Spirituality underlies Lord Budha's basic mantra for happiness:

"Do good, be good and this will take you to freedom and whatever truth there is."

WAYS TO MAKE A BUSINESS SPIRITUAL

Workplace spirituality is the stepping stone to business spirituality. Workplace spirituality helps the employee to build an inner sight about the works to be done and positive motivation in the workplace. It helps the corporate sectors to maximize their profits. Hence, the employees' participation in business matters and reciprocation of their good works must be practiced. There must be a human face of an employer to the employees.

Meditation as a regular practice for the upcoming entrepreneurs is another way to inculcate spirituality. The best way to practice spirituality is meditation. It should be done in a lonely place without any disturbance. It develops concentration and increases the ability of power of inner vision which helps one to perform better in working place. Thus, their obligation toward their working place increases.

Hence, a service condition can be introduced saying that attending spiritual classes cannot be avoided. There will not be any short percentage of attending this class.

Moreover, if Spirituality can be taught as a subject in Business Educational Institutions then Business Spirituality will take predominance. In most of the business schools, it is taught to students that the profit-making motive will get utmost priority in their working place. Hence, when they join the corporate sectors, they have only one motive to make the institute profitable. There is no spiritual value within them. Hence, in the college syllabus, spirituality must be a subject with pass marks thereon.

CONCLUSION

Business Spirituality is the most efficient formula to create valuables in a business based on values. Capitalism is the need of the hour. It helps us to achieve, hold and grow our wealth. Business Spirituality teaches conscious capitalism. If capitalism is about the passion to achieve then conscious capitalism is the compassion to achieve and share.

Business spirituality encourages us to practise detachment. It helps us to concentrate more on the process of business rather than the result of the business. If the business process is good then not only better products[that will give competitive advantage] will be created but that will inevitably lead to profit as well as delivering value-based products. Business Spirituality helps in creating exclusive goals through an increase in focus. If goals are pre-defined and well defined then wealth maximization is a matter of time and patience.

Once spirituality is practised than a person becomes more compassionate and hence not only will he deliver value-based products but the qualities that he has inculcated in the process of spirituality will make him fearless, and conscious. Conscience and fearlessness help the businessman to take risks which is needed for understanding the business environment and the changes occurring there. If these changes are identified then strategies can be formulated to overcome any constraints and hence develop products overcoming all the barriers. This leads to wealth maximization along with value delivery which is the essence of business spirituality.

The short-term uncertainties of business cannot be left out. But Spirituality helps in navigating through these uncertainties with ease. Spirituality helps us trust the divinity. This trust gives the hope of recovering. Unless one hopes to recover from the adverse then one can never actually recover. In business, it is necessary to have the hope to prosper. Sometimes value delivery can lessen profits, but if the hope to create wealth based on values is there then long-term sustainability and wealth creation is bound to happen. Thus, this will lead to the continuous creation of valuables based on values.

Finally, to inculcate the habit of Business Spirituality it is essential to have a spiritually embracing workplace with meditation at the essence of it and wide-scale teaching of Business Spirituality in Business Educational institutions is very essential to foster the spirit of compassion and to learn the technique of wealth creation simultaneously.

Business Spirituality is all about creation and maximization of the wealthy by delivering usefulness to the consumers which adds value to him and to the society at large. Spirituality creates wisdom within us. Business spirituality in a way helps us to be ambitious about money but at the same time reminds us of the potential money has to distract us and impel us to make compromises with our ideals. It once again reminds us of the forgotten truth that the sole purpose of any venture is not the maximization of utility but an attempt to better the world.

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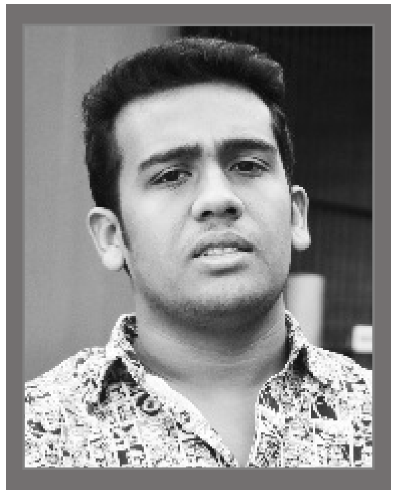

> Fortunately, individuals, businesses and governments are on the cusp of the epiphany needed: new regulations are being introduced, reduced packaging is becoming more common, and there is far greater consumer awareness than ever before.

Be a Part of the Solution, not the Pollution - A Triple Bottom Line Analysis on ITC

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ABSTRACT

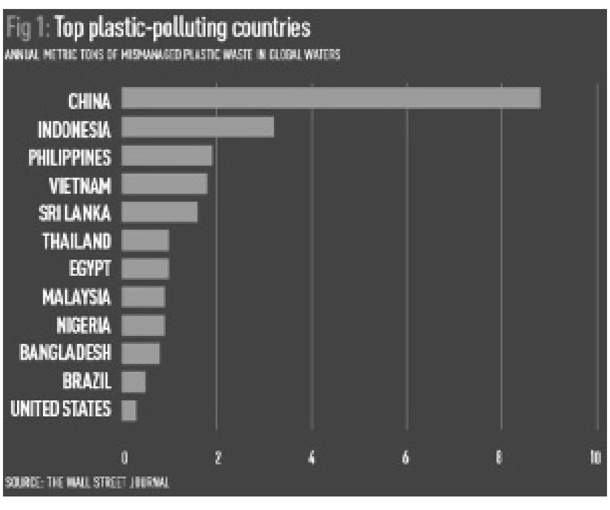
Every kind of pollution has some detrimental effect to the economy, plastic being one of the major sources of concern. Plastic pollution affects multiple industries and, in turn, our global economy, and it could well be affecting our

health too. Aside from such direct costs, there are, of course, also those to marine life – causing animals to suffer and die as a result of our reckless use and disposal of plastics. The existing problem is frightening, but the first thing we all should do is to stop it from becoming worse. Fortunately, individuals, businesses and governments are on the cusp of the epiphany needed: new regulations are being introduced, reduced packaging is becoming more common, and there is far greater consumer awareness than ever before.

KEYWORDS : Reducing Plastic Pollution, Namami Gange Project, Triple Bottom Line Framework

BACKGROUND OF THE PROJECT

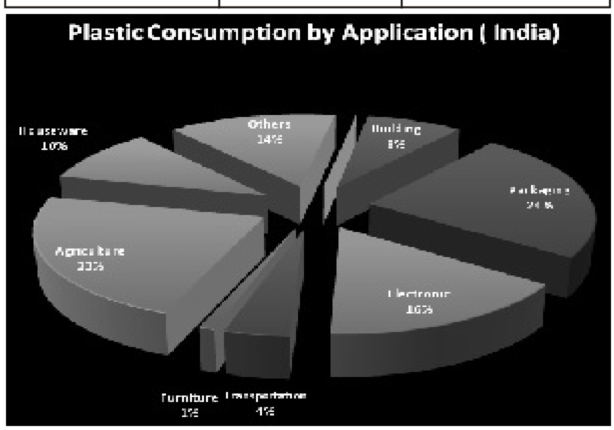
Every kind of pollution has some detrimental effect on the economy, plastic being one of the major sources of concern. Plastic pollution affects multiple industries and, in turn, our global economy, and it could well be affecting our health too. Aside from such direct costs, there are, of course, also those to marine life – causing animals to suffer and die as a result of our reckless use and disposal of plastics.



The existing problem is frightening, but the first thing we all should do is to stop it from becoming worse. Fortunately, individuals, businesses and governments are on the cusp of the epiphany needed: new regulations are being introduced, reduced packaging is becoming more common, and there is far greater consumer awareness than ever before.

Plastics Replacing The Traditionally Used Materials

Product	Previous typical packaging material	Current typical packaging material
Milk, edible oil	Glass, metal	three or five layer film pouches
Toiletries (soap/shampoos)	Paper, glass	Plastic pouches or films
Cement, fertiliser	Jute	PP/HDPE woven sack
Toothpaste	Metal	Plastic lamitube



MEANS OF REDUCING PLASTIC POLLUTION

1. USE OF RECYCLEABLE IN GOVERMENT OFFICES IN KERALA

   Most of the government offices in Kerala are contributing in their own way towards the Beat Plastic Pollution initiative of the government to make India plastic free.

2. EXTRACTING OF PLASTIC WASTE FROM WATER BODIES IN KERALA

   Kerala's Suchitwa Mission has launched an excellent project in which 28 fishermen have been employed from the Neendakaraharbor in not just finding the fishes but also extracting the plastic from the water bodies.The Mission has been able to retrieve 25 tonnes of plastic waste in last 10 months of the project launch.

3. UTILISING PLASTIC FOR ROAD SURFACING

   The plastic which is banned and considered a waste can now be utilized in flagging off development projects across the country. The states of Kerala, Maharashtra, and Tamil Nadu have already started to work on this unique technique.

4. RECYCLING PLASTIC FOR BETTER PURPOSES

   It is an impossible task to dispose such huge amounts of plastic waste generated in India at one go. The only option available is to use this plastic waste in an eco-friendly manner such that the burden on the country's dumping grounds gets reduced. Many organizations in India have been recycling plastic in an efficient manner to avoid any harmful effects caused by it. The government's recent proposal to introduce plastic currency notes is a major step in reusing plastic waste.

PLASTIC BAN IN INDIAN STATES

On January 1, 2019, Tamil Nadu became the fourth state in India to ban single-use plastics. Maharashtra being the first to do it on March 23, 2018, Telangana did it in June and Himachal Pradesh in July. Now most Indian states have banned plastic bags. Other states like Uttar Pradesh and Karnataka have also banned products which qualify as single-use plastics but haven't used the term in their notifications. In Sikkim, only plastic bags were banned from 1998 onwards and in 2016, it announced a ban on use of plastic bottles and disposable products made of Styrofoam and thermocol. The Bihar government also imposed a similar ban from October 25, 2018, however the ban was confined to use of plastic carry bags with the only exemption to this ban being the use of plastic carry bags less than 50 microns for storage of bio-medical waste. Andhra Pradesh made a similar announcement in October 2018, as did Assam and Meghalaya in August 2018. Also, Odisha, on September 8, 2018, banned polythene bags of all thickness and sizes, PET bottles of less than 500ml capacity, single-use plastic cutlery and thermocol decorative items.

Plastic has been completely banned in all other 17 states and UTs except the following 11 states where it had been partially banned in aug, 2017: Andhra Pradesh, Arunachal Pradesh, Assam, Goa, Gujarat, Karnataka, Odisha, Tamil Nadu, West Bengal, Uttar Pradesh and Uttarakhand.

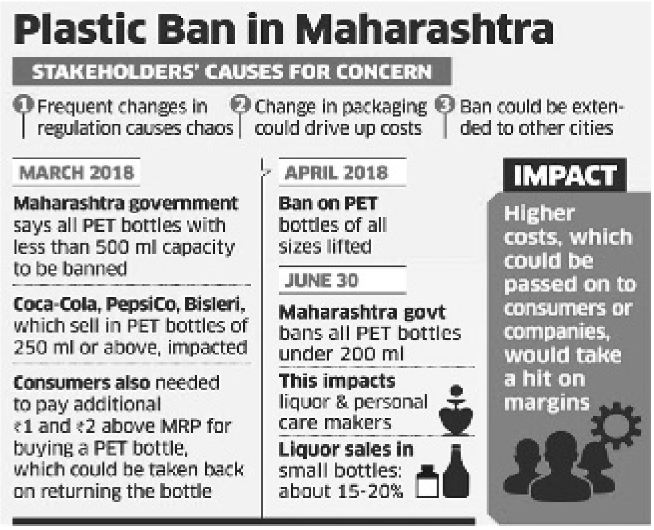
BUDGET ALLOCATION FOR 'NAMAMI GANGE' PROJECT

The Narendra Modi government's flagship 'Namami Gange' project aims at comprehensive cleaning and protection of the river. The announcement signals a major shift from previous efforts as the Centre will now be entirely responsible for the funding of various projects and activities that fall under the programme. The programme will be implemented by the National Mission for Clean Ganga (NMCG) in conjunction with its state counterparts—the State Programme Management Groups (SPMGs).

The focus of the programme is on the abatement of polluting activities in and around the river through 'interception, diversion and treatment of waste water flowing through open drains through bio-remediation/appropriate in-situ treatment/use of innovative technologies /sewage treatment plants (STPs)/effluent treatment plant (ETPs).

TRIPLE BOTTOM LINE FRAMEWORK

The triple bottom line has changed the way companies measure their performance in the area of Environment,



Source: The Economic Times

Social and Financial fronts. It is not only the performance in the area of finance which counts now which was the norm in the yester years. Triple Bottom Line is the new accounting framework which has become the buzzword since 1990s, when John Elkington first introduced the concept to the business world. TBL reporting has become a tool to measure sustainability goals. TBL has been incorporated not only by the private enterprises but it has also been implemented in the government and not for profit organizations. The challenge is to measure the environmental and social impact in terms of money. According to Andrew Savitz. The TBL captures the essence of sustainability by measuring the impact of an organization's activities on the world... including both its profitability and shareholder values and its social, human and environmental capital.

A CASE STUDY OF ITC LIMITED

Let us examine in detail the initiatives taken by ITC in the Triple Bottom Line framework.

Environmental Quality

Waste: trends in recycling, reuse and yard waste

ITC has been 'solid waste recycling positive' for 11 years now.

INITIATIVES		IMPACT
Wealth out of Waste (WoW) programme	Recycling to provide sustainable raw material for ITC's paper board business Supported by 3 million citizens, 500,000 school children,350 corporates and over 1,000 commercial establishments	• Augment Green cover • Conserve energy • Clean surroundings • Livelihood opportunities
At Cigarette Factories of ITC	Located at Bengaluru, Saharanpur, Munger and Kolkata, Surya Nepal's Cigarette factory at Simra	
Paperboards & Specialty Paper Units	Located at Tribeni	
Leaf Threshing Units	Located at Chirala and Anaparti	
ITC Hotels	Located at - Maurya, Maratha, Grand Central, Sonar, Windsor, Mughal, Kakatiya & Sheraton Hotels New Delhi & Rajputana	Reused/recycled almost the entire waste generated (more than 99 per cent) out of their operations.

Waste management, in India, is an area of serious concern, with significant proportions of waste being disposed through land filling and dumping.

Energy: energy consumption, natural gas consumption and alternative fuel usage

INITIATIVES		IMPACT
Low Carbon Growth Strategy in accordance to National Action Plan on Climate Change		Today, more than 43 per cent of ITC's total energy requirements are met from renewable sources.
Green Building- the ITC Green Centre in Gurgaon		World's highest rated Platinum certified green building by the US Green Building Council
ITC's several factories		Received the Platinum Green Factory Building Rating
ITC Hotels		Platinum LEED certification for all the premium luxury hotels of your Company, making ITC Hotels the greenest hotel chain in the world.
Climate change mitigation and Creation of natural capital		Over 38 per cent of total energy consumed in ITC is now from renewable sources.
Wind Power Projects in Tamil Nadu 14 megawatt Clean Energy Initiative	Supports the premium luxury hotels and factories in several locations as well as the ITC Infotech Park and the ITC R & D Centre in Bengaluru 30.9 per cent of TC's energy consumption is met from renewable sources.	• More than a dozen ITC facilities now run more or less completely with renewable energy. • Reduces ITC's demand for fossil fuels but also contributes to cost efficiency in the long-term. • Positive environmental Footprint • Eligible for Carbon Credits under the Kyoto protocol. • Cost Savings
CDM-EB Projects-Total Projects (8) under UNFCCC (United Nations Framework Convention on Climate Change)	One project on Social Forestry and ITC Sonar the only hotel in the world to earn carbon credits	Reduction in environmental footprint

Water: water consumption

India faces a turbulent water future. Home to over 17 per cent of the global population and having access to less than 4 per cent of its fresh water resources, India's water scarcity is likely to worsen over the years.

INITIATIVES		IMPACT
Watershed Development Programme		• Irrigation of 90,000 hectares of water stressed areas • Raising rural incomes by harvesting of additional crops
Lowest water use per unit of production	Through conservation, audit and benchmarking	
Zero water discharge	Treating and recycling all waste water	Reduction of fresh water intake
Positive Footprint	Through rain water harvesting	Total rainwater harvesting potential so far developed by the Company is more than 2 times the total water consumed by its operations

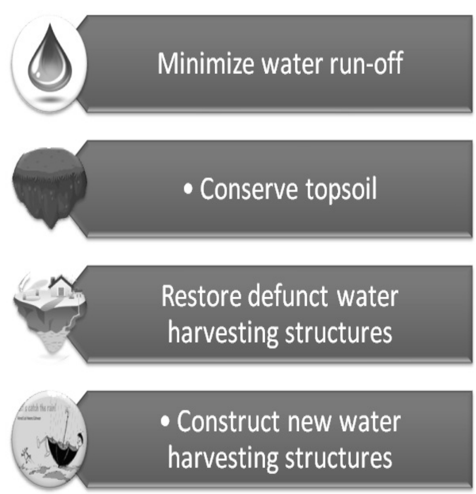
Air Quality: toxic release inventory and number of air pollution ozone action days

INITIATIVES		IMPACT
Afforestation	Planting 54 million saplings	• 56.64 million person-days of employment • Reduction of Air Pollution

AGRICULTURAL IMPACT

INITIATIVES		IMPACT
Social and Farm forestry	1. Clonal saplings disease resistant 2. Conversion of wastelands into forest 3. Raw material for ITC's Paperboard business	• Green Cover of 125,000 hectares • Carbon Positive for 13 years in a row.
Group Irrigation Wells		863
Sprinkler units		4267
Demonstration plots		44492
Vermicompost & NADEP units		37530

The strategies are adopted to make agriculture more sustainable and to:

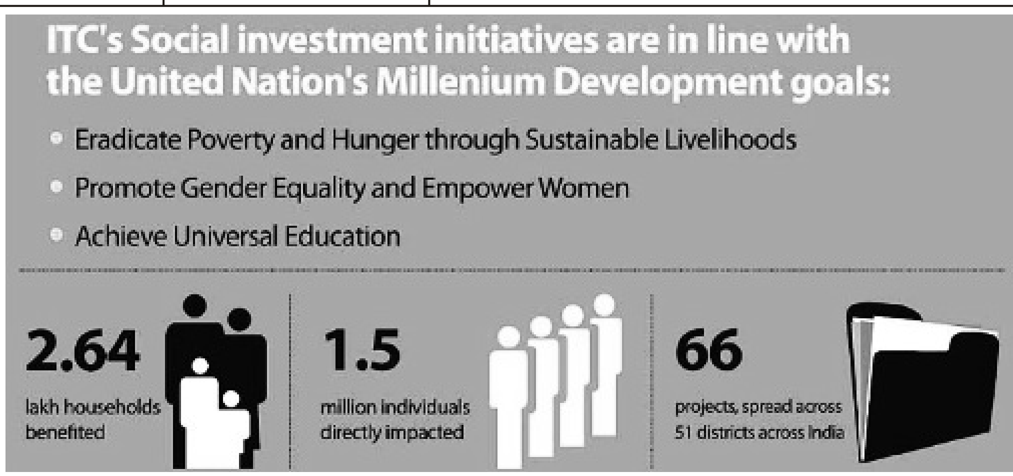


Economic Prosperity

INITIATIVES		IMPACT
Tax Payer	ITC is one of the top taxpayers amongst the listed private sector companies in India 19 times growth from about Rs.	Responsible Organization
Non-cigarette revenue	1,360 crores in 1996 to Rs. 26063 crores in 2018	• 59 per cent of net segment revenue of ITC is now from businesses other than cigarettes • Diversification
		ITC was conferred themWorld Business and Development Award 2012 at the historic Rio+20 United Nations Summit ITC ranked as the most admired company in India in 2014 (Fortune-Hay Group survey)
'e-Choupal' launched in 2000	• Largest initiatives among all internet based rural initiatives in India • Bargaining as virtual buyers. • Better Price. • Matching crops to food norms	• 4 million farmers • 35000 villages • 6,100 kiosks • 10 states- Madhya Pradesh, Haryana, Uttarakhand, Karnataka, Andhra Pradesh, Uttar Pradesh, Rajasthan, Maharashtra, Kerala and Tamil Nadu • Crops covered- soya bean, coffee, wheat, rice, pulses, shrimp, maize, spices, coffee, aquaproducts. • Transformational impact on rural lives as cited in Government Of India's Economic Survey of 2006-2007. Example-1 million tons of wheat sourced over e12 choupal
	Multidimensional delivery channel by linking digital infrastructure to rural business hubs	• Efficient carrying of goods and services out of and into rural India. • Reverse flow of FMCG, durables, automotives and banking services. • Reduction in unemployment
ChoupalSaagar-total opened 23 to grow rapidly in the coming years.(Hub and Spoke Model)	Enhancing production and consumption in Rural Economies Made to design agri business hub Functioning as ITC's agri sourcing and shopping centers	Services Provided • Training • Soil Testing • Product Quality Certification • Medical and Clinical Services • Cafeteria • Fuel Station
ChoupalPradarshan Khet (2006-2007) brings agricultural best practices benefits to farmers	• Handholding and training to farmers. • Customized Services provided also include credit.	• Development of indigenous knowledge • Area covered 70,000 hectares • Lives impacted 1.6 million farmers

Social Capital and Equity

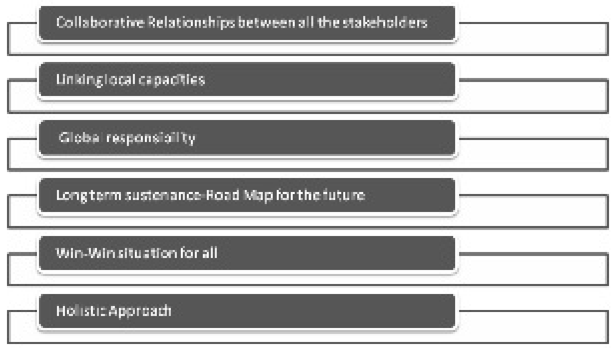
INITIATIVES		IMPACT
Improving infrastructure in government Schools		Government Schools assisted 1173
Supplementary learning centres		Students covered 4,21,829 Supplementary learning centres total 371
Community and Parental involvement		Reduction in dropout rates so that more children go to and finish school
Health Care Initiatives	652 health care camps	Patients healed 53,600.
Hygiene		Supported Construction of sanitary units for 3,600 families in 8 years.
Women's empowerment		Micro-credit groups: 2,155 Livelihoods Created : 45,183
Livestock Development	High yield livestock for land less famers	Animal Husbandry Services(Artificial Insemination) : 15,95,363 Farmers Benefitted : 4,55,818 Cattle Development Centers: 256
Employment for Persons With Disabilities (PWD) ITC Hotels	1. Equal Opportunities Provider 2. Sensitizing other employees to the needs of differently enabled	• Over 100 PWDs have employed in housekeeping, teleworking, bakery and as musicians. • Creation of positive work environment • Special badges for visually impaired, whistles for hearing impaired employees, sign language classes for the staff to communicate with PWDs. • For its substantial contribution to the cause of 14 promoting employment opportunities for differently abled people over an extended period of time, ITC-Hotels has received the N C P E D P - Shell Helen Keller Award for three years consecutively since 2006.



FINDINGS

ITC has been 'carbon positive' for 13 consecutive years, sequestering twice its emissions. It has been 'water positive' for 16 years, having created freshwater potential that is more than twice its consumption. For over 11 years now, ITC has been 'solid waste recycling positive'.These achievements remain unparalleled globally, with ITC being the only enterprise in the world of its dimensions to have accomplished and sustained these environmental distinctions.

The Triple Bottom Line Advantage



The Triple Bottom Line Assessment of ITC Limited

Criteria	Statistics	Low	Medium	High
People	• 125 million person - days of employment generated in social and farm forestry • e-choupal 4 million farmers empowered • 45,183women empowerment • 4,21,829 children provided education • Over 100 PWDs employed in ITC hotels • Sustainable livelihood opportunities for more than 5 million people • Direct employment to more than 32000 people			★
Profit	• Turnover of over Rs.406275.4 million • Market Capitalization of nearly Rs.3,12,3080 million • Non-cigarette revenues accounted for 59 per cent • Total shareholder returns grew at 22.4 per cent per annum over the last 22 years (Measured in terms of market capitalization and dividends)			★
Planet	• Carbon positive 13 years in a row, sequestering / twice the amount of CO_2 that the company emits • Water positive for 16 consecutive years(creating over two times more rainwater harvesting potential than ITC's net consumption) • Solid waste recycling positive for the last 11 years • All ITC's Environment, Health and Safety Management systems conform to International standards • Greening 683,000 hectares in social and farm forestry • 136,190 acres of dry lands irrigated under ITC's watershed development			★

CONCLUSION AND RECOMMENDATION

ITC Limited has done a phenomenal job in recent years to emerge as an example of Green Organization which has not only in the best possible way implemented the Triple Bottom Line framework. In that it has proved to be a futuristic organization which offsets the unbalanced past which it has created in the course of its operations to produce various goods and services for its customers.ITC has thus behaved in a responsible manner towards the stakeholders and exemplified success by winning numerous awards at both national and global level. ITC Limited has wonderfully addressed and solved national issues related to deforestation, unemployment both urban and rural, women empowerment, recycling and reuse of solid waste, rural irrigation, employment for PWDs, education for children, efficient energy, and alternatives sources of income for landless labourers, hygiene issues in villages, etc in a holistic manner. ITC is calling all the organizations to re-examine their priorities to do business in a balanced way, because if the world exists can they exist and I think ITC realized this long time ago. So in the end we can emphasize the win-win initiatives of ITC Limited and what a success story it has crafted! The problems caused due to plastic bags have often been overlooked and underestimated. This is because people do not look at the long term effect of these small, easy to carry bags they use in their everyday life. They keep using these bags owing to the convenience they offer completely ignoring the fact that these bags have adverse effect on the environment and are a threat to life on earth.

Every kind of pollution has some detrimental effect to the economy, plastic being one of the major sources of concern.

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"Indian Aviation Industry is amongst the fastest-growing aviation markets in the world, falling only behind the US, China, and UK markets and is soon expected to surpass the UK market in order to become the third-largest aviation market in terms of passenger air traffic."

Aviation in India: will it Fly High or Flake Out?

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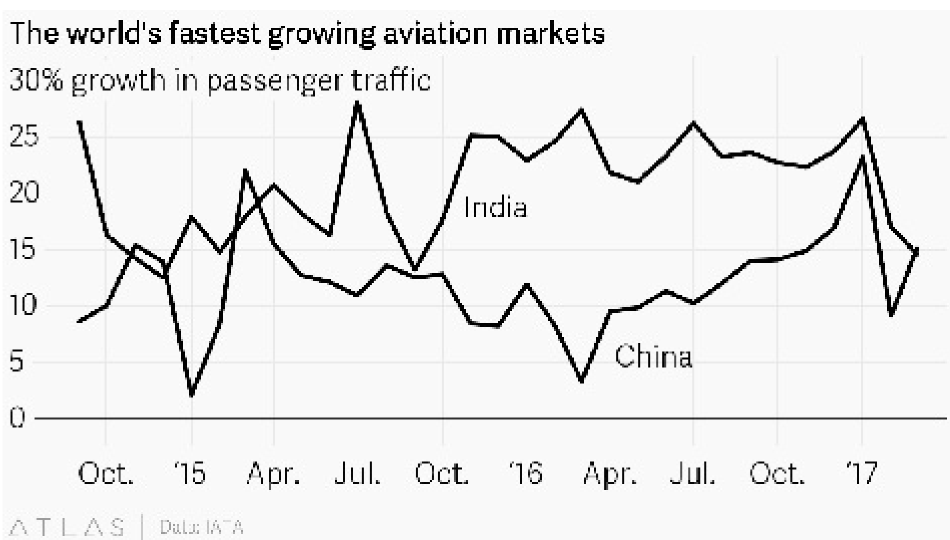
ABSTRACT

The Indian Aviation Industry is set to take over the UK market in order to become the third-largest aviation market in the world. Faced with a myriad of challenges, the industry has a demanding task of capitalizing on the possibilities. Exponentially growing numbers are in fact delusional, an insinuation to the fact that industry-wide issues ranging right from increasing operational costs and safety concerns to poor corporate governance and climate action, which need immediate attention, continue to prevail. 'Reverse privatization' is a potential plan of action that the Government might venture into, bringing itself back in the driving seat. With the downfall of two major players, the world will now witness how others wear their seatbelts through their journey to ensure minimum turbulence. Will the

aviation industry be able to redeem itself from the hurdles that surround it today, or will it be thrown into a state of dysfunction, the nation will now know.

KEYWORDS: Civil Aviation, Reverse-Privatization, Survival, Growth, Support, Concerns.

Since the dawn of 18th February, 1911, as Mr. Henri Piquet, a French aviator soared into the sky on a Humber Biplane carrying 6,500 pieces of mail from an exhibition at Allahabad to the receiving office at Naini, travelling a distance of roughly six miles, India's aviation industry took off. Over a dozen airlines proudly announced their association with the Indian aviation sector in the years that followed. At present, the Indian Aviation Industry is amongst amongst the fastest-growing aviation markets in the world, falling only behind the US, China, and UK markets and is soon expected to surpass the UK market in order to become the third-largest aviation market in terms of passenger air traffic. Although the Indian Aviation Industry consists of both the civil aviation sector as well as the military aviation sector. The following article focuses on an exclusive discussion on the current condition of the civil aviation sector, the challenges and the opportunity it entails, and the possibility of reverse privatization of the sector.



Upon a simple glance over its growth in absolute terms, the sheer spectacle of the Indian aviation sector becomes crystal clear. It has witnessed a growth of over $200 million, roughly translating to 16 per cent, in terms of passenger air traffic in the span of a single decade. To quote a more recent figure, according to the latest reports released by IATA (International Air Transport Association), experts have estimated a monthly increase of 2.5 per cent in passenger yield, a measure of average fare paid per mile and per passenger, highest in the world.

Factors such as a growing middle-class population, modernization in infra-structure, an increase in investments, etc.; have all contributed significantly towards the spectacular growth story of the Indian civil aviation sector. However, as jet fuel and crude oil prices continue to surge along with an alarming increase in instances of poor corporate governance and promoter spats, will this popular growth story come to an abrupt halt? Let's dive deeper and closely examine whether the players of the industry can tackle the myriad challenges faced by them to redeem themselves or will they succumb to a rapidly downward-spiralling fate.

CHALLENGES

1. **High Operational Costs:** Running an airline is notoriously expensive. From aeroplane operating and servicing costs to traffic and passenger servicing costs, the list is virtually endless. According to a recent report released by ICAO (International Civil Aviation Organization), aeroplane operating expenses including fuel, crew etc. along with aeroplane traffic and passenger servicing costs can take up a considerable chunk of up to 75 per cent of the total operational expenses. To make matters worse, these costs have seen a tremendous upsurge in the Indian context in the past six months and can be worsened with factors such as intensifying political pressure from powerful nations, depleting crude oil reserves, etc.

2. **Poor Corporate Governance:** Since time immemorial, Jet Airways has been the supreme leader in this sector. However, post its rather upsetting downfall which began when the company started to default on its loan repayments and escalated to the deferral of salaries to its employees, the Government of India has risen to rescue it from further failure. It is also worrying to note that this isn't an unfamiliar tale in the aviation industry. Vijay Mallya also continued to operate it for a very long time, by weaving lies about 'ongoing talks with strategic investors' out of thin air. He also defaulted on payment of salaries to his employees which ultimately led to the demise of Kingfisher Airlines.

   In the present day, Jet Airways isn't a different saga, as Naresh Goyal continued to operate it despite the company having suffered up to 40 per cent loss in revenues. Ultimately, it led to Jet Airways cutting its original fleet and complete non-payment of its dues towards both internal and external stakeholders. Employees complained of their lives being adversely affected on account of increased debt to meet day-to-day expenses.

3. **Safety Issues:** Concerns around aeroplane safety hit the spotlight when a Boeing 737 Max crashed earlier this year. Closer home, 8 aeroplanes, operated by SpiceJet was grounded by the government post the crash, and talks around aeroplane safety gained traction. During an investigation, dysfunctional software and lapses in the clearance provided by the official authorities were found to be at fault. This incident raised many questions about the safety standards and post manufacturing checks conducted by the official authorities.

4. **Environmental Concerns:** Despite efforts in emission reduction trials and more fuel-efficient as well as less polluting engines, the rapid growth of air travel in the past decade heavily contributes to an uptick in total pollution. Research demonstrates that efficiency innovations to airframes, engines, aerodynamics and flight operations combined, will not be able to control the accelerated growth in carbon emissions, due to the forecasted persistent growth in air travel. In addition, due to near-absent taxes levied on aviation fuel, air travel holds a competitive advantage over other transportation

modes. Unless market constraints are put in place, growth in aerospace emissions will result in the industry's emissions amounting to nearly all of the yearly global carbon emissions by 2050.

OPPORTUNITIES

1. **Rising Demand:** Widening of the working-class population in India is expected to boost demand significantly. The educated and aspirational middle-class of the country express strong sentiments towards a 'work-life balance', which encourages them to go on a greater number of holiday retreats. Consequently, commercial air travel across the world has grown considerably over the past few years and this trend is expected to continue.

2. **Favourable Regulatory Policies:** Indian aviation industry is governed by the provision of the Aircraft Act, 1934. According to a certain provision in the said act, namely 'the 5/20 rule', all airlines in India need a minimum of five years of domestic flying experience and at least 20 aeroplanes in its fleet for permission to fly abroad. The proposal to scrap this rule has been made in the parliament and if it is successfully scraped, experts believe that it would encourage new players to enter the market and attract additional investments in this sector.

3. **Increased Investments:** Aeroplane manufacturing giant, The Boeing Company plans to set up a maintenance and repair facility at its aerospace SEZ near Devanahalli airport which will focus on assembly and engineering technology with avionics manufacturing.

   Another major global player, AAR Corp, announced a joint venture with Indamer Aviation, a leading aviation company in India - for the development of a new airframe MRO facility in Nagpur which will initially constitute six narrow-body bays, including one bay for painting services.

4. **Governmental Support:** The Indian Government has taken numerous steps to steer the aviation industry in an upward direction. In 2016, RCS UDAN (Regional Connectivity Scheme - 'Ude Desh ka Aam Nagrik') was introduced with an objective

Passenger yields (US$, excl. surcharges & ancillaries)

% change on a yr ago	2018	Feb-19	Mar-19	Apr-19
India domestic	-4.1	0.2	0.9	3.3
Australia domestic	0.0	-5.8	-9.0	-4.1
Asia - Europe	-1.9	-9.8	-10.2	-6.8
Within Asia	-1.8	-8.6	-8.5	-4.8
Asia - Nth America	-2.7	-4.3	-2.6	-1.4
Asia - Middle East	-1.5	4.5	8.1	14.1
Asia - Sth America	0.7	-9.5	-9.8	-7.7
Asia - Africa	0.8	-6.2	-7.3	-3.7

Source: IATA Travel Intelligence Note: historical data may be subject to revision

of 'letting the common man take flights', which was primarily aimed at the provision of affordable and widespread air travel, and the development of infrastructure in and around airports across India.

Additionally, FDI policy has been liberalized to allow 100 per cent investment in Greenfield and Brownfield airport projects.

Lastly, the government is also promoting the development of an indigenous network of systems to support MRO (Maintenance, Overhaul, and Repair) services within India. This initiative holds the potential to boost revenues by exorbitantly high margins as they were previously carried out solely by foreign entities.

REVERSE PRIVATIZATION

Reverse privatization refers to the process of conversion from contracted ownership of an entity per se, to government ownership. It is extremely difficult for the Indian aviation industry to pursue this strategy since its liberalization in the early 1990s. However, the IATA has issued continuous warnings hinting towards the idea that privatization is not the right path for the aviation industry in general and airports in particular.

Alexandre de Juniac, CEO and Director General of the organization recently explained the idea that until now, there has not

No government has ever practised reverse privatization until now, due to the growth that the aviation industries of most economies have entailed.

been a single example of privatization that has been able to successfully deliver the benefits of greater efficiency for airlines as were initially promised. A research conducted by them concluded that privatized airports end up costing the customer a higher price, thereby rendering air travel costly. No government has ever practised reverse privatization until now, due to the growth that the aviation industries of most economies have entailed. Governments do not intend to bear the burden of investing in such a massive industry that requires hefty funding attributable to high operating costs while private players are keen on taking up these projects with a view to make unaccountable profits.

CONCLUSION

The industry is not in a position to capitalize on the rising demand, favourable regulatory policies, increasing investments, and greater government support due to a plethora of challenges being faced by it. Weighing the opportunities against threats, we see a close run-up among the two. This gap can only be bridged by gradually converting the weaknesses into strengths and ensuring that another player of the market does not indeed, go with the wind.

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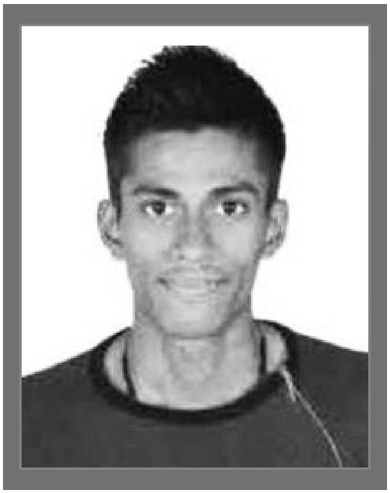

Managing Conflict in Organizations having Cultural Diversities:

A study of some organizations in Kolkata

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Cultural management describes and compares organizational behaviour within and across countries and cultures and seeks to understand how to improve the interaction of co-workers, managers, executives, clients, suppliers, and alliance partners from around the world.

ABSTRACT

In this era of rapid advancements, which calls for quick adaptations to the environment and reorganization of business strategies and processes, it has been noticed that organizations are subjected to rather difficult testing times. The bewildering changes in technologies, business processes and strategies and ever-increasing globalization demands a learning organization better equipped with knowledge workers. With such ramifications ensuing there has been a noticeable change in workforce composition. However, a diversified workforce often leads to conflict which hinders the efficiency, sustainability and overall growth of the organization. To cope up with these challenges, better competencies are required by managers who need to identify the root causes of the conflict and diagnose it effectively. The main purpose of this paper is to highlight the cultural dimensions at the workplace, probing into factors causing cultural conflicts and offer ways for wielding.

KEYWORDS: Culture, Organizational Culture, Cultural Diversities, Hofstede's Cultural Dimensions, Cultural Conflicts, Conflict Management

OBJECTIVES OF THE STUDY

1) To highlight the cultural dimensions affecting values at workplace and to find out the extent to which they do so.

2) To pinpoint the causes of organizational conflict and ways to resolve such conflicts for organizational success

INTRODUCTION TO THE STUDY

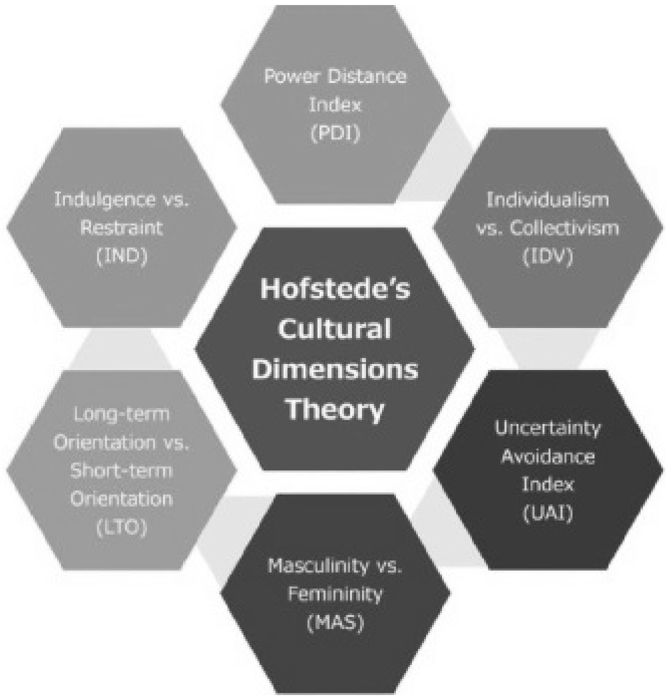
Culture

To start with, there has to be a good definition of the term 'culture' which can be defined as the inherited values, concepts, and ways of living that are shared by people of the same social group. To make the definition clearer, culture is divided into two kinds; the first is generic culture which is a shared culture of all humans living on this planet. The second is local culture which refers to symbols and schemas shared by a particular social group. According to Hofstede Geert, culture is defined as 'the collective programming of the mind distinguishing the members of one group or category of people from another.' There are certain levels at which culture can work which are national level, organizational level, occupational level and gender level.

Organizational Culture

According to Quinn and Cameron, an organization's culture is 'the proper way to behave within the organization'. This culture consists of shared beliefs and values established by leaders and then communicated and reinforced through various methods, ultimately shaping employee perceptions, behaviours and understanding.' Organizational Culture can be divided into four distinct quadrants or types which are as follows:

- The Clan Culture: This culture is rooted in collaboration. The main values are rooted in teamwork, communication and consensus.
- The Adhocracy Culture: This culture is based on energy and creativity. The core values are based on change and agility.
- The Market Culture: This culture is built upon the dynamics of competition and achieving concrete results. The main value drivers are market share and profitability.
- The Hierarchy Culture: This culture is founded on structure and control. The values include consistency and uniformity.



Cultural Diversities in Organizations

In this age of globalization, workplaces are increasingly integrated. This makes communication and cross-cultural understanding more crucial for everyone. Cross-culture in organizations refers to a company's efforts to increase its employees' ability to interact effectively with professional associates and colleagues from different backgrounds and nationalities. It implies the recognition of national, regional and ethnic differences in manners and methods and a desire to bridge them. A field of study, cross-cultural communication, has emerged to define and understand the many ways the different peoples of the world communicate with each other, both verbally and non-verbally.

> **An organization's culture is 'the proper way to behave within the organization'.**

Conceptual Framework

Hofstede's Cultural Dimensions

Professor Geert Hofstede, a sociologist who studied employees working in MNCs described six ways in analyzing and understanding other cultures. He conducted one of the most comprehensive studies of how values in the workplace are influenced by culture. The six dimensions of national culture are based on extensive research done by Professor Geert Hofstede, Gert Jan Hofstede, Michael Minkov and their research teams. The application of this research is used worldwide in both academic and professional management settings.

Internal Factors (factors present within an organization)	External Factors (factors present outside an organization)
Founder's values and beliefs	Industry standards
Policies	Economic conditions
Wages	Legal ramifications
Benefits	Technology
Incentives	
Management Style	
Treatment of Staff	

INDIVIDUALISM AND COLLECTIVISM

Individualism is defined as how individuals value the importance of their own interest and concerns for their immediate family.

Power Distance Index

Power distance refers to society's acceptance and expectations of power inequality.

Uncertainty Avoidance Index

This dimension describes how well people can cope with anxiety.

Masculinity and Femininity

This dimension is describing the effectiveness of cultures referring to the division of roles between genders.

Long-Term Orientation versus Short-Term Orientation

This dimension was originally described as 'Pragmatic Versus Normative (PRA)'. It refers to the time horizon people in a society display.

INDULGENCE VERSUS RESTRAINT

Hofstede's sixth dimension discovered and described together with Michael Minkovis relatively new. Countries with a high IVR score allow or encourage relatively free gratification of people's own drives and emotions whereas countries with a low IVR score emphasize more on suppressing gratification and more regulation of people's conduct and behaviour, and there are stricter social norms.

CULTURAL CONFLICTS

The conflict that occurs across cultural boundaries is especially susceptible to problems of intercultural miscommunication and misunderstanding. The more complex and differentiated the society the more numerous are potential groupings. There are several issues which cause cultural conflicts which are:

- Misunderstandings or conflict between different nationalities, religious or ethnic groups
- Cultural ignorance and insensitivity
- Lack of awareness of different societal lifestyle practices
- Differences in cultural practice
- Differences in perception of illness and treatment
- Communication barriers (miscommunication and misinterpretation)

MANAGING CULTURAL CONFLICT

Cultural management is examining human behaviour within organizations from an international perspective. Cultural management describes and compares organizational behaviour within and across countries and cultures and seeks to understand how to improve the interaction of co-workers, managers, executives, clients, suppliers, and alliance partners from around the world. Thus here, we can experience that in present day's scenario where people employed MNCs are from various cultures and each and every employee is different in his attitudes, practices, behaviour and values. Thus it becomes very difficult for a manager to manage his subordinates who are diverse in their culture. There emerges a need to understand and gain knowledge on different cultures.

Cultural management focuses on reducing the cross-cultural differences and barriers and creating cross-cultural awareness to have better communication and cooperation at the workplace. It is the toughest job of a cross-cultural manager to keep his employees involved in the tasks by keeping their differences aside.

MANAGERIAL GUIDELINES FOR SUCCESS

Guideline 1

Acquire factual and interpretive knowledge about the other culture, and try to speak their language. Successful managers acquire a base of knowledge about the values, attitudes, and lifestyles of the cultures with which they interact. Managers study the political and economic background of target countries. Such knowledge facilitates understanding about the partner's mentality, organization and objectives. Decisions and events become substantially easier to interpret.

Guideline 2

Avoid cultural bias. Perhaps the leading cause of culture-related problems is the ethnocentric assumptions managers may unconsciously hold. Ethnocentric assumptions lead to poor business strategies in both planning and execution of distorting communications with foreigners. Managers new to international business often perceive other's behaviour as odd and perhaps improper which may interfere with the manager's ability to interact effectively with the foreigner, even leading to communication breakdown.

Guideline 3

Develop cultural skills. Working effectively with counterparts from other cultures requires an investment in your professional development. Each culture has its own ways of carrying out business transactions, negotiations, and dispute resolution which needs to be understood and put into practice.

RESEARCH METHODOLOGY

A qualitative research strategy has been chosen as it is considered to be suitable for the empirical data and evaluation because in qualitative research the focus is on the experience by people in everyday situations, such as their place of work (Creswell, 2007, p. 40). The theories have been used as a base to increase the understanding of cultural diversity and the effect it has on global organizations which were done by using Secondary data. Primary data collection was done through surveyed questionnaires among 90 respondents working in MNCs. Out of the 90 questionnaires doled out only 75 were selected, as the rest were unfit for selection due to various flaws and mistakes. The questionnaire contains information related to customer's demographic profile like name, gender, age group, occupation (position), monthly income range, their viewpoint related to the influence of various cultural values on the workplace, their reasons for satisfaction and dissatisfaction and their future expectations. A five-point Likert Scale (1=

Research proves that there is a significant relationship between gender, age, occupation and income and their respective relationship with the values at the workplace.

Highly effective and 5=Highly ineffective) was adopted to measure the concepts. The results have been processed using IBM SPSS 23.0 software package.

RESULTS OF THE STUDY

This research proves that there is a significant relationship between gender, age, occupation and income and their respective relationship with the values at the workplace. It has also been proved that there exists a pivotal relationship between individualism and collectivism, power distance index, masculinity and femininity, indulgence and restraint and values at the workplace but no relationship between uncertainty avoidance index and long-term orientation and short term orientation and their respective relationship with the values at workplace.

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> The investors need to move away from herd behavior and stop following the pundits, who hide behind a cloak of unbiasedness, manipulate the masses for their own gains and ulterior motives.

Decoding Financial Markets – The Fundamental Way

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ABSTRACT

The objective of a developed capital market is to ensure that the funds lying with investors are put to the best use so as to ensure maximum utilization of resources. People remain perplexed on which companies to invest and most of the time follow the herd behavior of what others are doing and in turn, end up losing their money. This article explains how to filter stocks that meet one's individual criteria from a diverse range of stocks and then analyze their

internal factors by understanding the outlook of the management in order to make the perfect investment. In this backdrop, the present paper aims to (i) Classify the companies based on their growth characteristics (ii) Use financial ratios to filter companies from a diverse range available in the market (iii) To promote financial literacy amongst the youth by deviating from the much-followed herd behavior in the Indian capital market.

KEYWORDS: Fundamental Analysis, Stock Screening, Financial Markets, Financial Ratios, Value Investing

INTRODUCTION

Around 80 years ago Benjamin Graham and David Dodd, introduced the investing world to the then revolutionary and interlinked concepts of 'value investing' and 'margin of safety' through their book 'Security Analysis'(1). In an era ravaged by the Great Depression, the two men pointed out that the way to make money in the stock market with a high degree of certainty is to buy companies with low Price to Book, low Price to Earnings multiples and low debt. Such investments meant that the purchase price would be below the fair price of the company and would enable one to generate returns which are ideally not possible in a bear market.

Before investing in equities one should have settled on some fundamental choices about - the market, the amount to confide in corporate India, whether there is a need to put resources into stocks, whether one is a short term or a long term investor and how to respond to abrupt, startling, and extreme drops in price. It is ideal to characterize individual goals and explain one's mentality(do I truly think stocks are more dangerous than bonds?) heretofore, in such a case of uncertainty about these choices the need for conviction arises. At that point people are the market's unfortunate casualty, who desert all expectations and reason at the most noticeably terrible minute and sell out at a misfortune. It is close to home planning, as much as learning and research that recognizes the fruitful stock picker from the incessant failure. At last, it isn't simply the financial exchange, nor even the organizations themselves that decide a speculator's destiny. It is the speculator.

OBJECTIVE

As per a global survey by Standard & Poor's Financial Services LLC (S&P) less than 25 per cent of adults are financially literate in South Asian countries. For an average Indian, financial literacy is yet to become a priority. India is home to 17.5 per cent of the world's population but nearly 76 per cent of its adult population does not understand even the basic financial concepts. It is critical for developing nations like India, where the majority find financial literacy beyond their comprehension. The aim of this article is to determine the methodology that should be used to filter companies from a diverse universe of stocks by using the simplest of tools.

RESEARCH METHODOLOGY

Equity as an asset class is quite risky. But the risk is spread as systematic and unsystematic risks. Systematic risks cannot be removed due to the very nature of the asset class, however, diversifying a portfolio with different stocks from different sectors can prove to be an effective measure to reduce/eliminate unsystematic risk. The research has been done based on secondary data obtained from the website of NSE books on financial management and a few financial ratios. The following principles should be used in one's search for stocks:

Strong Foundation: It is advisable to have companies with different characteristics in a portfolio in order to gauge the risk of over concentration by including large cap, small cap and mid cap across different sectors like IT, Pharma, Consumption, Finance and others. This will help to create the foundation of the portfolio. Portfolio allocation should be done according to an individual's risk appetite. In the equity segment, if a person is risk-averse one should go for large-cap stocks or stock with high dividend yield. On the other hand if a person is risk loving they can go for mid-cap or small-cap stocks which are in the growth stage.

Strengthening: Filtering companies based on their growth structure and their financial position is imperative. A risk-averse investor could go for a company with a low Price to Earnings ratio, low Price to Book ratio, low debt, high-profit growth coupled with positive cash flow. However, if a person is willing to undertake risks then he might filter stocks which have high leverage, low net profit margins but a sustainable growth in sales.

The true picture: After applying these filters according to an individual's risk preference, a list of stocks will be obtained that match those criteria. Now comes the task of further analysis which majority of the people ignore. This needs to be done via reading the annual report and understanding the management's outlook about the times ahead. One should look for contingent claims, reserves present with company, covenants in the debt obligation such as conversion to equity which will further dilute one's stake. Look for positive signs like promoters or managers increasing their stake, buybacks by the company or if the company has got a niche in the segment, and others.

POWER OF EQUITY

This is what 1 lakh invested in the Sensex at various points of time in the past would have returned today.

Years	Sensex Returns CAGR (%)	Sensex investment today(INR)
30 years ago	15.55	76,41,100
25 years ago	14.94	32,50,722
20 years ago	9.16	5,77,571
15 years ago	12.28	5,68,249
10 years ago	18.87	5,63,267

Source:https: //www.valueresearchonline.com/story/h2_ storyview.asp?str=23436&utm_medium=vro.in

THE INDIAN PICTURE

According to a report published by the National Securities Depository Limited of India, there are approximately 1,87,40,325 investors registered in its depository. This is quite perturbing in a country with a population of more than 130 crores. The Indian Capital market has more than 7000 listed companies (around 5000 in BSE and 2000 in NSE), the second highest in the world. But the average market capitalization of the listed companies is 14 million dollars which is by far the lowest when compared to other countries.

There is a positive correlation between finance and economic growth. Thus, economic development is relatively impossible without quality innovation in the financial market. Innovative practices help in exploring viable opportunity propositions. There are many unexplored areas in both domestic and corporate financial markets. A strong financial market with broad participation is necessary for a developed economy. With India's development story unfurling, there is a need to raise assets for organizations to fuel the capital needs of the economy and furthermore guarantee that the advantages of development permeate to all sectors. India's family unit savings, one of the most astounding on the planet at 30 per cent, can be channelized through the capital market to accomplish the availability of capital and improve the securities market in India.

FUNDAMENTAL ANALYSIS

Fundamental analysis is a technique of analyzing stocks in order to find their true worth. Fundamental Analysis is done to find the fair value of a stock. The fair value helps to find out whether the stock is overvalued or undervalued. If the fair value is above the current price then we can buy the stock as we believe that the stock price will rise. On the other hand, if the fair value is below the current price then the stock is believed to be overvalued. Financial ratios depict the performance of the company and are used to compare their performance with themselves historically and with other stocks or scripts in that particular industry. Some of the statistics based on historical performance can yield a deeper understanding of asset value.

GROWTH CATEGORIES

Peter Lynch, America's number one money manager, advocated that it is better to divide the companies on the basis of their growth characteristics. Each characteristic depicts the risk profile of the company which in turn depicts the risk profile of the investor. Generally, companies can be broadly classified into slow growers, stalwarts, fast growers, cyclicals, asset plays, and turnarounds. These principles are universally applicable.

SLOW GROWERS: They grow at a rate greater than the GDP. They were once the fast growers but their speed declined either because the entire market was tapped or the industry at large slowed down. Companies like TCS, INFOSYS, TATA MOTORS; and others. Another sure sign of a slow grower is that it pays a generous and regular dividend

STALWARTS: They are not exactly fast growers but better than slow growers. They are big companies like D -MART, AXIS BANK, and others. One cannot expect them to grow 10 times but they give a reasonable return and move range bound along a particular level.

FAST GROWERS: They are small and aggressive new enterprises that grow at 20 to 25 per cent a year. A fast-growing company doesn't necessarily have to belong to a fast-growing industry, it can even expand in a slow growing industry. One needs to identify when will they stop growing and how much to pay for their growth. Companies like Bajaj Finance, 3M India fall in this category.

Short term fluctuations in the market price of a security should not create a panic if one has followed these principles while investing in a company.

CYCLICALS: A cyclical is a company whose sales and profits rise and fall in regular if not completely predictable fashion generally with the situation of the economy. FMCG, airline, steel, automobile companies fall in this category. Coming out of a recession and into a vigorous economy, the cyclical flourish, and their stock prices tend to rise much faster since the overall spending in the economy increases substantially. Companies like: Maruti Suzuki, DLF fall in this category.

ASSET PLAYS: In this case a company has an asset which is valued historically but the current market price of that asset is way higher and forms a substantial portion of the stock price today. This asset can even be cash. If a company has cash which forms a substantial portion of the stock price, it effectively means that you are paying cash to hold cash in a stock. Companies like West Coast Paper Ltd., ITC fall in this category.

TURNAROUNDS: These companies are on the verge of bankruptcy. They are not growers and get restructured by their lenders in order to give them an opportunity. If the bailout turns out to be successful then they give a hefty return otherwise the entire investment can be lost. Companies like Fortis Healthcare, Jaypee Infra fall in this category.

COMMON FUNDAMENTAL RATIOS

Price to Earnings Ratio: P/E Ratio shows how much investors are ready to pay for per rupee earnings of the company. In other words, it signifies the payback period of current market price of share through earnings generated by the company. When compared with their peer's P/E ratio tends to be lowest for slow growers, highest for fast growers and cyclicals somewhere in the middle. If a company has a high P/E ratio, it has to have high earnings growth to justify the price but if the latter is not present, then there would be uncertain fluctuations in the stock prices.

P/E Ratio = Price per Share / Earnings Per Share

Price to Book Ratio: P/B ratio considers the book value of assets of a company. This is applicable for asset rich companies and capital intensive industries. This gives a brief idea about what one should pay for the company's assets. IT Industry which has a lot of human capital is not suitable for this metric.

P/B Ratio = Price per Share / Book Value per Share

Debt to Equity Ratio: D/E ratio essentially shows the level of debt in a firm. A lower debt to equity ratio over successive years means that the company is reducing its debt. This along with positive Cash Flow from operations is a good signal.

Debt-to-Equity Ratio = Total Liabilities / Total Shareholder Equity

Interest Coverage Ratio: This means how many times does the earnings cover the interest burden of a firm. This shows the level of safety in a firm. Usually it should be between 6 to 7 for a healthy company.

Interest Coverage Ratio = Earnings before Interest and Tax / Interest Expense

Asset Turnover Ratio: The asset turnover ratio, also known as the total asset turnover ratio, measures the efficiency with which a company uses its assets to produce sales. The asset turnover ratio formula is equal to net sales divided by the total or average assets of a company. A company with a high asset turnover ratio operates more efficiently compared to competitors with lower ratios.

Asset Turnover Ratio = Sales / Average Total Assets

PEG Ratio: In the ordinary scenario of only using the P/E ratio as a valuation metric companies with high P/E ratio would seem very overvalued. This problem is adjusted by using the growth rate of the company. So high growth companies will now have low PEG Ratio thereby providing a true picture.

PEG Ratio = (P/E Ratio) / Annual Growth in Earnings per Share

Return on Equity (ROE): Return on equity (ROE) is a measure of an organization's financial performance that demonstrates the connection between an organization's profit and the return that has been generated for the investors by the management of the company. ROE represents how much profit an organization generates in relation to the capital invested in the business and how efficient the company's management is at transforming the money put into the business into more prominent additions and development for the organization. The higher the ROE, the more proficient the organization's activities are at utilizing those assets.

Return on Equity = Net Income / Average Stockholder Equity

ANALYSIS OF THE STUDY

A stock filter has been applied on the market of 2014 and returns have been calculated for a 5-year period on the basis of that. The filter consists of the following parameters and specifications:

1. Debt to Equity Ratio less than 1.5,
2. Interest Coverage Ratio more than 10,
3. Asset Turnover Ratio more than 1.2,
4. Sales growth more than 10 per cent,
5. Profit after Tax growth more than 8 per cent,
6. A Positive Cash Flow from Operations,
7. Return on Equity more than 5 per cent,
8. Price to Book Ratio less than 15.

This filter was applied from 1st April, 2014 and returns were calculated for those stocks till 31st March, 2013. The data for these companies was obtained from the website of NSE. The current market price of the stock (See Table 1) along with the current P/E, P/B ratio is mentioned. The return on investment over a 5-year period (1st April, 2014 to 31st March, 2019) compounded annually along with the D/E, Interest Coverage and asset turnover on 31st March, 2019 has been calculated from the data. In the result, a few companies have given negative returns over the period as their fundamentals have deteriorated significantly. As emphasized earlier one has to go for further analysis by way of reading annual reports and understanding the management's perspective along with identifying positive signs to finally boil down to the decision of buying a stock.

The result obtained shows that the best performer was Minda Industries Ltd. which gave a return of 94.63 per cent compounded annually for a period of 5 years which essentially means that Rs.100 invested in 2014 would turn into Rs. 2792. On the other hand this filter also contains the likes of Sun Pharmaceuticals Ltd., R.S Software India Ltd. and Lovable Lingerie Ltd. which have destroyed investor’s wealth over the mentioned period. However, the inefficiency in these companies could have been found out if one had gone through their annual reports and understood the kind of competition that they were facing.

CONCLUSION AND SUGGESTION

The investors need to move away from herd behavior and stop following the pundits, who hide behind a cloak of unbiasedness, and manipulate the masses for their own gains and ulterior motives. One should start by understanding their own risk profile and then choose the growth characteristic of a company that will suit them and then create an appropriate filter to narrow down their search for a suitable investment option. Short term fluctuations in the market price of a security should not create a panic if one has followed these

Table 1

Company Name	Current market price	Return (5year prd) Componded Annually	P/E	P/B	D/E	ICR	Sales growth (5year prd) Componded Annually	PAT GROWTH (5year prd) Componded Annually	CFO POSITIVE	Asset Turnover	ROE > 5%
3M INDIA LTD	INR 21,460.00	45.60%	84.8	13	0.35	465	10%	49.41%	Yes	1.11	Yes
THE RAMCO CEMENTS LTD	INR 751.00	28.7%	35.6	3.96	0.82	19.8	6.92%	32.63%	Yes	2.04	Yes
NATIONAL ALUMINIUM COMPANY LTD	INR 45.50	6.77%	4.95	0.69	0.42	692	6.57%	5.41%	Yes	3.78	Yes
MINDA INDUSTRIES LTD	INR 291.00	94.63%	24.7	6.96	1.52	11.5	28.20%	117%	Yes	2.35	Yes
DCM SHRIRAM LTD	INR 445.00	40.10%	8.69	1.95	1.14	11.5	4.68%	30.51%	Yes	3.09	Yes
V I P INDUSTRIES LTD	INR 376.00	36.10%	37.8	9.77	0.85	60.8	13.63%	25.64%	Yes	0.75	Yes
CARBORUNDUM UNIVERSAL LTD	INR 340.00	22%	29	5.03	0.3	51.7	4.89%	22.37%	Yes	1.15	Yes
SUN PHARMACEUTICALS INDUSTRIES LTD	INR 425.55	-4.80%	36	4.59	0.36	10.8	18.94%	-3.09%	Yes	0.41	Yes
LOVABLE LINGERIE LTD	INR 67.50	-20.80%	NA	0.6	0.19	4.95	3.11%	-15.61%	Yes	0.92	Yes
R S SOFTWARE (INDIA) LTD	INR 20.80	-20.43%	NA	0.35	0.08	-65	-29.74%	-14.50%	Yes	0.37	Yes

principles while investing in a company. According to the outcome acquired from the analysis, one should know about the challenges and threats that a company faces and accordingly pick the correct stock. In this manner, a stock screener limits the quest for an ideal investment and indicates the investor to further examine and investigate about the company. Otherwise, it's difficult to explore every single listed company for an investor.

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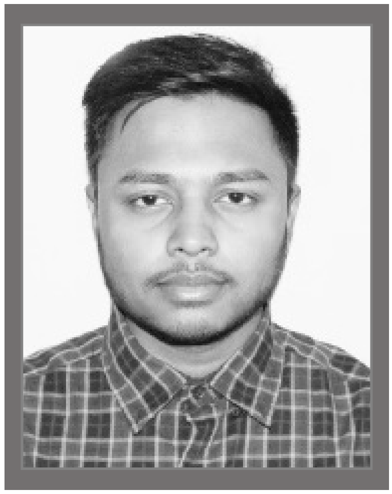

With a vision to provide affordable and fast transport option for the people, Rapido Bike app is now operational in 40+ cities across India.

Rapido
- Evolution of Taxi Services

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ABSTRACT

The present study is all about Rapido Bike app, a platform where people can book a bike ride through a mobile app to and fro the destination of their choice. It also provides an opportunity for people with a two-wheeler to become a 'Captain' on the platform to offer rides on their bikes and make some extra money in their spare time.

Founded in 2015, Rapido Bike app has been making life easier for people, solving the ever-growing intra-city commute problem in the most economical way.

The menace of traffic and the lack of efficient transport options in most cities is a common day problem now. With a vision to provide affordable and fast transport option for the people, Rapido Bike app is now operational in 40+ cities across India.

KEYWORDS: Rapido, Motorbike taxi, Start up, Safety.

BACKGROUND

For every car that's sold in India, there are six two-wheelers also changing hands. The ubiquity of motorbikes makes them seem like the obvious answer to India's chronic problems of congested roads, limited public transport, and poor last-mile connectivity. And it's also the reason why a slew of motorbike-taxi aggregators have been flooding the Indian market, following the success of such services like Go-Jek and Grab in markets across Southeast Asia.

Bangalore-based startup Rapido was one of the early movers in the sector. Started by three engineering grads, Aravind Sanka, 28; Pavan Guntupalli, 28; and S.R. Rishikesh, 26; the startup has managed to secure the backing of Indian motorbike maker Hero Motorcorp's Pawan Munjal.

Rapido has raised $6 million in two rounds of funding so far. The founders say that revenues are $1.5 million per month and it's operationally profitable in many of the 16 cities that it operates. Rapido has 15,000 bikes 'drivers' or 'captains' on its platform and does 30,000 daily rides. It's nearing two million cumulative app downloads since its founding in 2015. And it's clocking 2, 00,000 app downloads a month.

All that commuters have to do is book a ride; slip on a shower cap for hygiene and a helmet for safety and get riding. Depending on the time of the day – the commuter's ride is 40 per cent to 60 per cent cheaper than a cab ride. So, how did it all start and where is Rapido headed? Cofounder Aravind Sanka discusses the company's founding, growth, and prospects. Edited excerpts follow.

What inspired you to start Rapido? How did the idea come about?

We had been users of ride-sharing apps for our own commutes each day. However, we realized that though these apps were convenient, they were not affordable on a daily basis for everyone. We wanted an option that was both affordable and convenient at the same time. In India, two-wheelers are the frequently used vehicles. So, we figured that if there's a platform where these two-wheeler owners were able to share a ride, we could provide affordable transportation to the common man.

How did the three founders get together?

Pavan and I are childhood friends. In 2014, we got together for our first startup that was called 'TheKarrier.' Rishi and Pavan were roommates for more than a year and worked on a couple of projects together. All of us decided to quit our jobs and launch our start-up in November 2014. TheKarrier then became Rapido in 2015.

The idea and how did it evolve?

We started by building a ride-sharing platform for two-wheeler owners and riders. We then figured that there are peaks and lulls in demand. In order to bridge the gap in demand during the dull hours, we diversified into last-mile delivery of goods.

Restriction in terms of what motorbikes can be used - as in what models and ages can be used?

The bikes need to be no older than 2010. We enroll all sorts of bikes – motorcycles, scooters, and e-bikes - except for a few sport bikes. Our captains can have bikes of any brand.

OBJECTIVE OF THE STUDY

- India's Bike Taxi – Rapido is focused on making our daily intracity commute affordable, faster and safer travel.

- To achieve this, it had to overcome several hurdles, the biggest of which is that the adoption of two-wheeler as a way of commute and transaction using Rapido wallet is a challenge for many people in India.
- Rapido target market is all of India's daily intracity commuters and smartphone users.
- Its biggest focus is on how to grow its market share and cover different areas so that people's travelling becomes more convenient and easier.
- The Publicity strategy was uniform and aimed at mass audience across all major cities. To truly reach everyone, the brand begins a promotional campaign
- Such as free first rides, cashback if payment made through Rapido wallet.

RESEARCH METHODOLOGY

Research Methodology is a systematic method of discovering new facts or verifying old facts, their sequence, inter-relationship, casual explanation, and the natural laws which govern them. There are mainly two types of research methodology i.e., based on Primary Data and Secondary Data. This study is mainly based on the Primary data.

Primary Data: It consists of a collection of original primary data collected by the researcher. It is often undertaken after the researcher has gained some insight into the issue by reviewing secondary researcher or by analyzing previously collected primary data

Secondary Data: The secondary data has been collected from books, journals, and websites which deal with online share trading.

Sample Size: It is a 50 people survey.

Area of Sampling: Kolkata

Tools Used: Personal Survey, Internet Opinions and Variety of other things.

SAMPLE SIZE

We targeted 50 people of different age groups for the research. In the research, the people were from different professional backgrounds and different income levels.

Responses Received – 50 No.s

Surveyed Location – Kolkata City

The medium of forwarding Google Forms- WhatsApp

Description of Google Form:

Section I: Personal Description.

Section II: Questionnaire (Set of 9 Questions).

Precaution for accidents:

We are a safety-first company. Right at our inception, we introduced proactive and reactive measures to ensure safety. We have speed-tracking that alerts the captains if they are exceeding the speed limit. We also provide insurance to the captain and the pillion rider. We are very fortunate and proud to say that there have been no major accidents until now.

Significant challenges in running the business now?

Spreading awareness amongst captains and users that such an option exists and educating them to use [our services are the primary challenges that we face.

Future of Rapido:

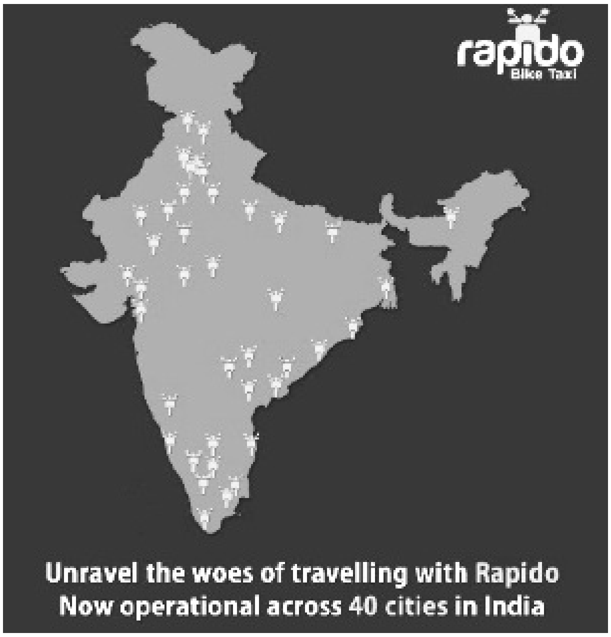
We will be looking to expand aggressively in the existing cities as well as newer cities. We will be looking to clock close to one million rides per day by the end of 2019.

ACHIEVEMENT

Rapido completes 100 thousand+ rides and 50,000 App downloads making it the first bike taxi service in India to achieve these milestones together in the year of its launch.

In the three years since its launch, Rapido has recorded two million app downloads on iOS and Android and is operational in 16 cities from metros (Kolkata, Bangalore, Gurugram, Hyderabad, etc.) to small towns (Mysuru, Patna, Madurai, Indore, etc.). It has 5,000 daily drivers and 10,000 monthly drivers or "captains", including women.

Rapido is a commendable initiative and has the potential to generate significant employment, besides making convenient motorized transport accessible to the masses. With their strong background and passion, I believe that the founders of Rapido are well-positioned to deliver on their promise.



GROWTH REPRESENTATION

Bengaluru-based start-up Rapido Bike Taxi has expanded operations to 12 cities, including Hyderabad, Gurgaon, Mysuru, Visakhapatnam, Patna, Indore, Vijayawada, Coimbatore, Tiruchirapalli and Madurai.

"The last-mile connect has always been an issue for the common man. The bike-taxi operator has over 60,000 captains in these 12 cities. "Enrollment is a continuous process as there is always a demand for a bike ride. Over two hundred thousand aspirants (two-wheeler owners) sought to enrol as captains, but we have stringent norms. We have both part-time and full-time captains, from students to retired individuals,"

The company, according to its co-founder, does close to 15,000 ride every day and the number is steadily growing at 30 per cent month-on-month.

Two-wheeler ride-sharing platform Rapido plans to introduce bike-taxi service to 25 cities in the next six months.

CONCLUSION

- Existing investors Skycatcher, AdvantEdge and Astarc Ventures also participated in the round.
- Rapido is aiming to reach 25 cities by the end of this year.
- Currently, Rapido does 2.5 million orders a month.

Bengaluru-based bike taxi app Rapido has raised $10 million (INR 71.08 Cr) in a fresh round of funding led by Hong Kong's multi-strategy private investment office, Integrated Capital. Existing investors Skycatchr, AdvantEdge and Astrac Ventures also participated in this round of funding.

Rapido will use these funds to expand across all major cities in India, aiming to reach 25 cities by the end of this year. Currently, Rapido does 2.5 million orders a month and plans to grow to 20 million orders by the end of this year.

Jeffrey Yam, Principal Investments at Integrated Capital said," India's ride-sharing is beyond four-wheelers and we see two-wheeler ride-sharing is unlocking new customer base in India by bringing convenience at an affordable price. Ability to understand and create the product for the next billion coupled with strong tech-led operations has set Rapido apart in this market".

Founded by Rishikesh SR, Pavan Guntupalli and Aravind Sanka in October 2015, Rapido currently has 10,000 active drivers or 'captains', including women. Anyone with a two-wheeler license, a bike, a vehicle registration certificate, and bike insurance can register themselves as a Rapido Captain.

SUMMARY AND FINDINGS

For the integrated Capital Ventures, this is the second investment in India in the time period of four months, last year it invested in Tea Café Chain Chaayos.

Rapido, which is operated and led by the Roppen Transportation Services Pvt Ltd, plans to use the funds to expand its operations to all the major cities in the entire country.

The company has an aim to reach to 25 cities by the end of this year. As of now, Rapido gets 3 million orders a month and has a plan to grow to 20 million orders by the end of this year.

The startup founded by the Sanka, Pavan, and Rishikesh, it allows the users to book the bike rides for the solo trips with the mobile app that can be accessed in the multiple languages such as the Telugu, Kannada, Tamil, English, and Hindi. As of now, it operates in Delhi and Bangalore.

RECOMMENDATIONS

- A Rapido is a Two-Wheeler Bike Taxi commute system, it faces a problem of Accidents, Hence Safety Measures should be improved by giving proper training to the 'Captains' and ease in the process of claiming insurance in case of emergency.
- Speed limit must be introduced in the bikes to ensure safe and secure rides.
- Rapido is limited to 40 cities only and as many people are still unaware of this commute system i.e. Bike taxi, hence it should be promoted through a proper marketing campaign.
- Bike Taxi is too technical to use for a layman. Hence, it should be made simpler for users.
- A trust of making payments is still an issue for masses, hence trusted vendors and trusted sites should provide a solution to this problem.
- Proper information to the customer should be given per change in rate card or any change relevant for the users

COMPANY FINANCIALS

Since its beginning, it's operating till date.

YEAR	ANNUAL REVENUE (IN MILLION ₹)	YOY GROWTH	NET WORTH (IN MILLION)
2015-16	24000000	0.00%	6000000
2016-17	38000000	36.84%	24000000
2017-18	186000000	79.57%	103500000
2018-19 (TILL DATE DATA)	392000000	108.60%	893400000

Fig: Company Financial Since 2015 Till Date.

SNAPSHOT OF ANALYSIS

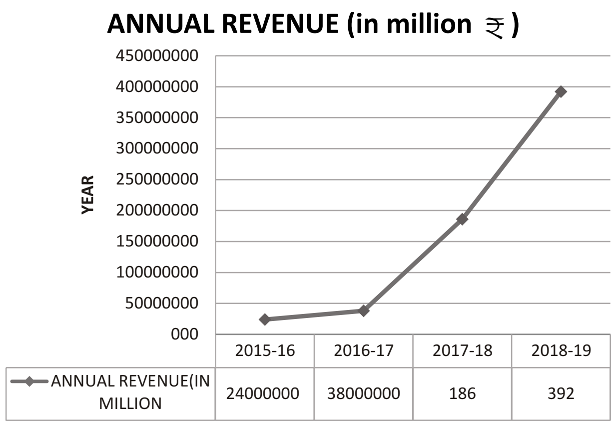


Fig: Annual Revenue Growth Chart From 2015, Showing Quick Growth Over The Years.

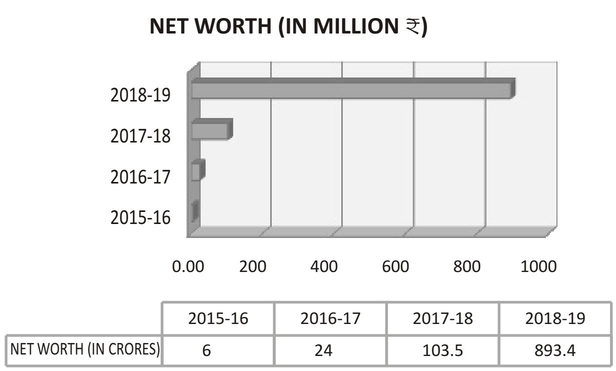
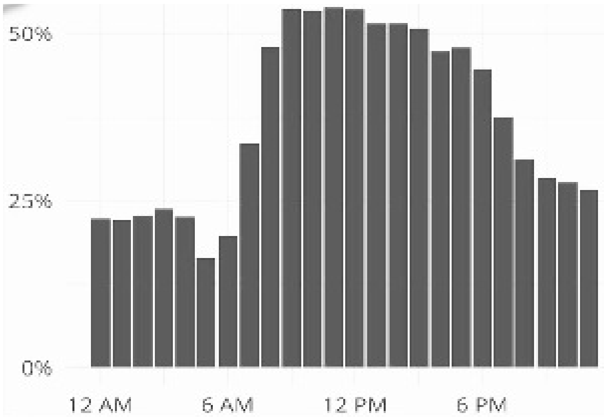
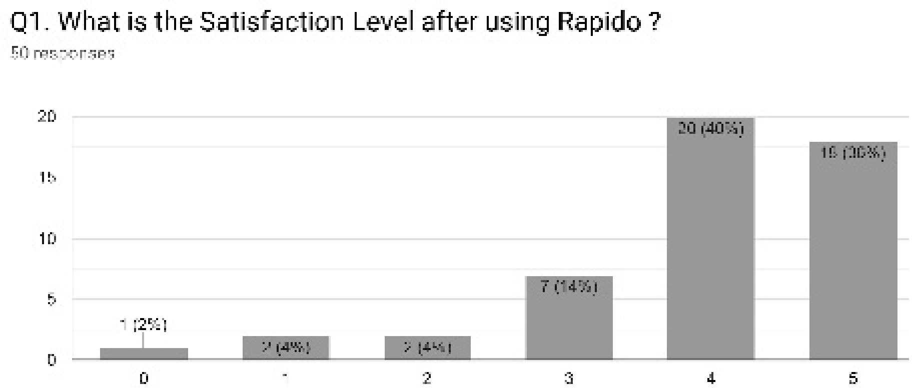


Fig: Networth of the Company over the Years, During 2018-9 (till date) It Is Showing Significant Improvement.

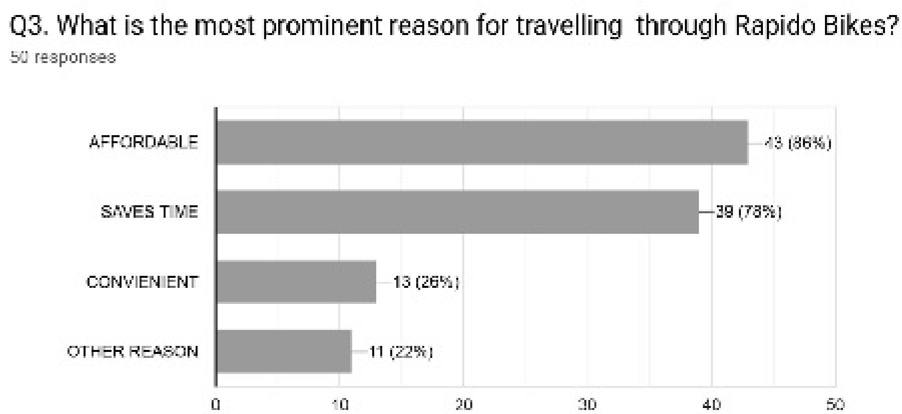


WHEN BIKE TAXIS ARE FASTER THAN CABS

The percentage of taxi trips taken on weekdays, within the city, is expected to be more if a switch or a transition is made to bikes.



Interpretation: Only 10 per cent of the riders rated two or below. So it is clearly evident that people do like bike taxi as 40 per cent of Riders Rated 4/5 and 36 per cent of Riders Rated 5/5.



Since it is a Bike Taxi, 86 per cent of the riders prefer Rapido since it is quite cheap as compared to other Taxi apps available, also 78 per cent of Riders think they save a lot of time on the two-wheeler.

COST STRUCTURE AND BENEFITS

For the driver, bike taxis have a higher return on investment. The most common bike in India, especially for taxis, is the Hero Splendor that costs around Rs.50,000, depending on the state. In contrast, the most popular car that is used for ride-sharing, the Maruti Swift Dzire Tour, costs upwards of Rs.500,000 for the diesel-powered variant. Fares for bike taxis vary anywhere from Rs.2 per kilometre to Rs.6 per kilometer, significantly cheaper than a shared or pooled ride.

Many bike taxi driver moonlight as a delivery person for food delivery platforms as well, so why not allow them to engage in productive labour when they're otherwise idle?

The biggest plus point is that you get to see more women drivers around. Women in India have preferred two-wheelers over four-wheelers for decades now and with issues cropping up about the safety of women, especially since there is only one other person on a bike, it makes a lot of difference. After UberMoto's launch in Haryana, a woman in Gurgaon completed a thousand trips in a year.

When it becomes so apparent that bike taxis take the benefits of ride-sharing a step further, why not stop the whataboutery and legalize them? More operators will also mean better services- drivers often switch providers depending on the prevalent fare. Also, given that it is clear that it benefits

The ubiquity of motorbikes makes them seem like the obvious answer to India's chronic problems of congested roads, limited public transport, and poor last-mile connectivity.

women as well, it should be legalized on a priority basis. Concerns about safety in terms of driver's assaulting and harassing people are on an unfounded basis — it is a two-wheeler; doing anything will certainly cause an accident.

Hindering innovations like bike taxis are only going to take things several steps backwards. The lack of an open operating environment will slow down- or even stop- innovations in the manufacturing industry. The freedom to operate bike taxis may see increased research and development in making bikes more efficient, faster, and safer. Given how not only bike taxis but also pillion riders are being made unwelcome, innovation will just keep stagnating.

Cost of a bike- Rs.50,000 (average cost of Hero splendor).

Cost of a car taxi- Rs.5,00,000 (average cost of Maruti swift dzire).

Fares per km on the bike range from Rs.2 - Rs.6/km.

Fares per km on car range from Rs.10 - Rs.18/km.

Hence, significantly cheaper than a shared or pooled ride.

Monthly statement of cost under both the categories:

PARTICULARS	RAPIDO	UBER/OLA
AVG COST/KM	3/KM	12/KM
AVG DISTANCE TRAVEL	300 K.M.	300 K.M.
MONTHLY COST	Rs. 900	Rs. 3600

When a daily commuter switches to Rapido instead of using normal cabs, he could save an amount of Rs.2,700 (Approx.) on a monthly basis.

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Companies tend to create a value that appeals to their emotions and differentiation have to go beyond the product or price only.

Impact of Sensory Triggers on Consumer Behaviour:
A Study Based in Kolkata

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ABSTRACT

In this era of cut-throat competition, traditional marketing techniques are gradually becoming ineffective and marketers have to come up with innovative means to attract and retain customer's attention. Consumers are overloaded with information about new products and brands every day and marketers have to try and break through this advertising clutter.

This paper tries to address the concept of sensory marketing and understand how it influences consumer behaviour. It also gives an overview of the significance and influence of sensory triggers in building brand identity and brand awareness. The research methodology was by means of a survey. It was found that sensory triggers provided by marketers influence consumer's perception and thus influencing buying decisions. It also makes products and brands differentiable and identifiable to the consumers. This paper also suggested some ways through which retailers can implement sensory triggers as a part of their product atmosphere.

KEYWORDS: Sensory Marketing, Sensorial Marketing, Multi-sensory Experience, Sensory Branding

INTRODUCTION

In a consumption society filled with marketers promoting their product, they face the challenge of finding new ways to market their product that is different from its competitors. Indeed, a person sees 4000 advertisements on an average per day according to The Business journal which might come through TV commercials, radio, print or sales promotion. Marketers spend a lot of time, money and efforts to be seen, heard and felt by the consumers.

Hence, companies tend to create a value that appeals to their emotions and differentiation have to go beyond the product or price only. As a result, the concept of sensorial marketing came in the 1990s.

As defined by the American Marketing Association, sensory marketing 'is the marketing techniques that aim to seduce the consumers by using the senses to influence the consumers' feeling and behaviours.' In this context, stimulants addressing one, some or all the five senses, try to influence emotional and behavioural tendencies of consumers.

Aradhna Krishna has defined sensory marketing as 'marketing that engages the consumers senses and affects their behaviour.' From a managerial perspective, sensory marketing can be used to create subconscious triggers that associate the abstract notions of the product, e.g., its sophistication, quality, elegance, innovativeness, modernity, interactivity and the brand's personality.

Given the gamut of advertisement, consumers see ads for millions of products that are available in the marketplace which results in the unconscious triggers, like those appealing to basic senses, maybe a more efficient way to appeal to consumers. Through these sensory triggers, a consumer may derive self-generation of desirable brand attributes, rather than the verbal offering by a marketer. Such deductive engagement may be more persuasive than deliberate statements.

The concept of sensory marketing refers to engaging of consumer's senses. The five senses of humans - sight, sound, smell, taste and touch - are extremely important to humans and they see and perceive everything through these senses. Marketers are trying to target these senses so as to create an emotional association with the consumers in order to positively influence consumer behaviour. It is very effective as senses are directly connected to our memories, feelings, emotions and pleasure.

FOUR STEP SENSORY MARKETING PROCESS

Companies can increase their brand value through successful use of sensory marketing strategies which can be implemented through the following process –

(i) Identify the required brand positioning: It means achieving a brand's position in the consumer's mind which is different from the competitors.

(ii) Design the right sensory identity elements: The position identified guides sense motives of a company.

(iii) Test the sensory elements: Emotional elements determined through positioning are tested on a target audience via focus groups at this step.

(iv) Optimize across the critical touchpoint: Sensory motives are determined based on test results of the target audience and then sensory identity is tested on actual market conditions.

LITERATURE REVIEW

The discipline of sensory marketing is a relatively new area of research and has garnered significant attention in recent years. Few scholars have done research on how Sensory Marketing works and linking the emotions and perception of consumers with their senses can be effectively put into branding a product. Review of the literature available describes the emphasis on the five senses and the approaches to implement this strategy.

According to a research paper by Lindstrom, 99 per cent of the brands communicate with two-dimensional senses only. Lindstrom also affirms that this strategy has the potential to create the most binding form of engagement between brands and consumers.

Consumers see ads for millions of products that are available in the marketplace, the unconscious triggers, like those appealing to basic senses, maybe a more efficient way to appeal to consumers.

Hulten, on the other hand, provides a more precise idea of the effects by determining them for every sense that contributes to the creation of memory pictures, a positive atmosphere, well-being among the consumers and employees, a positive impact on consumers' emotional state and mood, meaning of the brand and the brand identity through a physical and psychological interaction.

While a lot of work has been done on Sensory Marketing in the last two decades, there is still a need for additional research on many aspects of sensory marketing. Many of the links still remain to be explored. Even for the link where some research has been done, more research is still needed and there is ample room for further research. In terms of links, where little research has been conducted so far, we have the interaction of senses, sensory imagery, sensory load, grounded emotion, a-modal information affecting perception and emotion affecting perception.

NATURE OF THE PROBLEM

Sensorial Marketing though being such a unique strategy, proper research has not yet been done in this field. There is a gap in the marketing literature and the effects and efficiency of sensory inputs on consumer need further research.

OBJECTIVES

Primary –

1. To examine if at all different Sensory triggers influence consumer behaviour.
2. To evaluate the effectiveness of Sensory triggers and their impact on changing the perception of consumers and brand attractiveness.
3. To analyze if the consumer can differentiate between related or similar triggers.

Secondary –

1. To examine which Sensory triggers have the most dominance over other triggers.
2. To analyze how consumers behave to multi-sensory interactions or congruence of senses in the application of Sensory Marketing techniques.

RESEARCH METHODOLOGY

The research design used is descriptive in nature and both primary data and secondary data were used. An online survey method has been used with convenient sampling with 326 respondents from Kolkata, who were asked to answer a questionnaire which consisted of a number of questions, technically framed keeping in mind the objectives of the study.

ANALYSIS AND INTERPRETATION

1. When probed about the sensibility of their senses, it was concluded that majority of the respondents (96.62 per cent) have strong senses. Furthermore, respondents show a positive inclination towards the pleasant smell, music diffused and the colour palette of the product as well as the atmosphere. This brings out that the consumers are influenced

by different triggers and the marketers need to focus on this aspect and try to communicate on it.

2. Brand characteristics communicated through jingles, logos and package design have a very long-lasting impact on the consumers. Majority of the respondents have answered correctly when told to match the jingle with the brand and to identify a brand logo which highlights the distinguishing feature of sensory triggers.

3. A cross-interaction among the various sensory triggers can be seen in influencing consumers' behaviour. Different ancillary factors trigger the purchase of a product apart from the predominant feature creating a multi-sensory experience for the product. (Table 1)

4. It was obtained that different consumers show different factors affecting their need for touch. Some of the factors are to assess the quality of the product (38.66 per cent), to connect better with the product (23.42 per cent), to appreciate the design and material used (22.3 per cent) and also for the pleasure (15.16 per cent).

FINDINGS AND OBSERVATIONS

1. Consumers are sensitive to different sensory triggers used by the marketers to make them buy the products and favour those which are more soothing and pleasing to their senses. This helps the marketers to create a closer connection for building a consumer relationship through emotions and consumers see it as an added advantage.

2. Sensory triggers influence on a very emotional level creating long-lasting effects in the minds of the consumers through the enriching experience of a brand, discriminating their personality, generate more interest and their preference and loyalty of the consumer.

3. Consumers can differentiate between similar and related triggers such as package design, jingles, colour codes and brand logo. This makes it necessary for marketers to be innovative in their approach.

4. Multi-Sensory experience has been highly accepted and appreciated by the consumers when engaged with a brand in an object-centred functional way.

RECOMMENDATIONS

1. Marketers should try to associate brand characteristics with sensory cues to better communicate their identity to the consumers. Sensory stimuli like sight, sound, smell, taste and touch can be stimulated using different factors pertaining to the product or the brand.

2. Sensory Marketing should be integrated into the Marketing Communication Mix and traditional marketing should not be used as a stand-alone strategy. In order to cut through the clutter, marketers need to do something new and unique for their brand.

3. Organizations can try using experimental strategies when trying to adopt Sensory Marketing. But with that, the marketers should first conduct an in-depth research on what the audience is saying about their brand.

4. Using multiple Sensory experiences ensures better connectivity with consumers in a world that is full of traditional visual and audio ads and marketing campaigns.

The research in Sensorial Marketing has proved that it makes a real difference for companies by creating a competitive advantage in areas that are valuable for them to adopt.

CONCLUSION

Sensory Marketing is the technique where marketers use subconscious triggers that help shape the abstract notions of the product in the consumer's mind. It has been found that the use of senses and their effect on the understanding of the consumers paves the way for an enriching experience of a brand, discriminate their personality generate interest as well as shape preferences and loyalty of consumers. Therefore, marketers are trying to strategically stimulate these senses so as to influence the consumer buying behaviour.

Through this paper, we tried to highlight what is sensory marketing, how it can be used to influence consumers and how it can help in making a brand differentiable and identifiable in the eyes of the consumer. It also gives an overall framework of how Sensory Marketing can be used in order to distinguish a brand from its competitors.

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Table 1: Multi-sensory experience

	Row Labels	Count	Percentage
Food products	Taste	241	69.44%
	Smell	32	9.82%
	Aesthetic appeal	38	11.66%
	Others	15	4.6%
	TOTAL	**326**	**100%**
Apparels	Visual aspect	87	26.69%
	Touch aspect	28	8.59%
	Both	211	64.72%
	TOTAL	**326**	**100%**
Royal Enfield	Design and colour	74	22.7%
	Monstrous sound	51	15.64%
	Brand image	117	35.89%
	Performance	84	25.77%
	TOTAL	**326**	**100%**

The term 'Covert Advertising' means to describe marketing programs where 'advertisers' fail to publicly declare or acknowledge their investment at the point of presentation.

Does In-film Branding have an Impact on Consumers' Brand Recall and Purchase Decision?

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ABSTRACT

Advertising has emerged as a key component of Integrated Marketing Communication. It has adjusted with the changing economic environment and consumer behavior. With the change in time and rise of new techniques and styles of advertising patterns, companies are no longer looking for the traditional form of media advertising but to extend it to one level up of advertising pattern. It is clearly known that advertisement includes a huge amount of expenditure and advertising through films is at the top of it. In the initial days, the property master, who arranged the props of the film simply placed a product as per the requirement of the scenes. But as days passed, companies realized that the strategy of placing a product in the film has far reaching affect and evokes a steady brand recall to the consumers who have at least seen the film once. The research tried to examine the link between brand familiarity and the level of brand recall through product placement in films by conducting a primary survey taking a sample of 100 respondents in Kolkata. The research paper also tried to analyze the impact of brand familiarity for the effectiveness of product placement in films.

KEYWORDS: Advertising, Brand Recall, Integrated Marketing Communication, Media, Films

INTRODUCTION

Over the years, advertising has emerged as a key component of Integrated Marketing communication. Moreover, it has adjusted to the changing economic environment and consumer behavior. The clutter in the product market and the media has made the task challenging for marketers to reach their consumers. Thus, both the media and advertiser's search for innovative advertising techniques has led to 'Covert Advertising'. The term'Covert Advertising' means to describe marketing programs where 'advertisers' fail to publicly declare or acknowledge their investment at the point of presentation. With the change in time and rise of new techniques and styles of advertising patterns, companies are no longer looking for the traditional form of media advertising, but are looking to take it one level higher. It has been clearly known that advertisement includes a huge amount of expenditure, and advertising through films is at the top of it. According to Zubin Tatna, National Director, MEC, all expenses are totally justified if they meet some return on Investment (ROI). He also added 'With in-film integrations, the lead actors become brand endorsers (depending on how the brand is used). Given the exorbitant costs for celebrities, this could give a very healthy ROI.' Needless to say, if in-film is done for awareness or brand associations, then calculating ROI on sales is pointless. Cinema has seen a wide range of product placement within the films since the early '80s where films like The Cannonball Run and Smokey and the Bandit film series featured a huge number of products and even the directorial film E.T by Steven Spielberg cited multiple and obvious placements. Though in the earlier times, neither payment was made for product exposure nor promises of marketing support were made when the consumer's brand appeared in the movie. Wings (1927), a silent film, featured Hershey's Chocolates whereas Fritz Lang's film M (released in 1931) displayed Wrigley's PK Chewing Gum, for approximately 20–30 seconds. In the initial days, the property master, who arranged the props of the film, simply placed a product as per the requirement of the scenes. But as days passed, companies realized that the strategy of placing a product in the film has a far-reaching effect and evokes a steady brand recall to the consumers who have at least seen the film once.

Recently, in-film brand placement has become an innovative and cost-effective advertising trend for most of the brands.

INDIAN FILMS AND PRODUCT PLACEMENTS

Indian Cinema has always been a platform for product placement since the era of monochrome or black and white pictures. The famous song 'Mera Joota hain Japani' from the film Shree 420 (1955) was no doubt a clear indication of product placement. With the rise of competitive brands around the globe, companies are now placing their products smartly in films so that it flows with the storyline without creating a glitch in their placement strategy. Since 2012, Indian Cinema has seen a wide use of in-film branding of different products and hence it has generated a new era of advertising strategy. For instance, Shah Rukh Khan rattling off the product features of Nokia in *Chennai Express*. Not to mention the barrage of brands that have been associated with the political drama, *Satyagraha*– Sahara Q Shop, Ultratech Cement, Rupa, India Gate Basmati Rice and Wishtel India, to name a few. Today, brand names appear in song lyrics (Fevicol, Zandu Balm, Coca Cola) and film titles (Mere Dad Ki Maruti) 2013. It was seen that after the release of the film *Mere Dad Ki Maruti*, the Ertiga saw a 30 per cent spike in test drives and enquiries around that time, given that there was no other advertising for the brand on air. A lot of In-Film Placements take place through media barters – in exchange for getting placed in a film, the brand gives the producer media space worth a certain amount, which means that instead of the usual brand campaigns, co-branded content is used in the brand's ads. Besides overseeing these barter deals, these professionals also craft '360 movie strategies'. For instance, if a camera brand (Canon) is being endorsed by an actor (Anushka Sharma), they will ensure that the actor uses this brand in her next movie which was clearly portrayed in the film '*Jab Tak Hain Jaan*' 2012. Sajay Moolankodan, Director, Go Fish Entertainment, who advises brands on film-branding strategies, stated, 'A good placement or co-promotional deal will definitely help the brand break the clutter as well as smartly create a good recall value.' In *PK*, 2014,'All brands managed to establish a great recall and the film becoming the highest-grossing film has added further sheen to the association.'Indian Cinema is just too large a platform to ignore. Nearly 80-85 per cent of all moviegoers are 15-35 years old and this is the affluent group most advertisers are talking to these days. It's a high impact medium and the shelf life is infinite. According to estimates by the major entertainment and media marketing company EMC Solutions Worldwide, companies who have invested in In-Film branding in 2013-14 spent about Rs.350 crores, the number of which is growing by 15-20 per cent year-on-year. Navin Shah, Managing Director of EMC Solutions Worldwide, said, 'Gone are the days when brands used to associate with films at the last minute for in-film placements. Now things are evolving and they get involved at the scripting stage of the film and ensure the product is integrated well in the film and talks begin much in advance.'Shah added, 'Brands are now seriously looking at film-branding opportunities. Instead of doing it as a one-off exercise, some brands are even earmarking budgets to be spent on film branding opportunities.They ensure they leverage their association with the film not only on various media platforms but take it down to product packaging at the distribution and retail level.'

RESEARCH OBJECTIVES

1. The main objective of the paper is to examine the link between brand familiarity and the level of brand recall through product placement in films.
2. The research paper also tries to analyze the impact of brand familiarity on the effectiveness of product placement in films.

RESEARCH METHODOLOGY

The research was conducted generally on the basis of Primary Data Collection. A questionnaire method was adopted which consisted of closed-end questions primarily targeting a sample size of 100 respondents inhabiting the Kolkata region between the age group of 18- 40. The research work is generally exploratory in nature where quantitative methods with structured questions were used for the survey.

EXPLORATORY STUDY

Yusuf Shaikh, Head Distribution and IPR, Percept Pictures believes that there should be an integration of storyline with brand values of the brand which has been placed. He stated, 'Basically in India any communication through films is always taken as noticed and registered as the audience loves stardom. If you think a certain movie fits into your scheme of things, this brings in smart integration. Ashish Patil, Vice President, Youth Films, Brand Partnerships, Talent Management at Yash Raj Films (YRF) stated 'Audiences are spending so much more time on social media that it's too big to ignore. We have pretty much moved to do just a Facebook page instead of a dedicated movie microsite. Given the nature of the medium, we also try to use it as more than just a distribution platform. 'It should not be jarring and must be woven seamlessly into the script,' said Amol Mohandas, VP, Allied Media. But the biggest question is that after all the efforts that have been put in by the multinational giants to make consumers recall their brands and have an effective market share, is there any link between brand familiarity and the level of brand recall of product placements in movies? Does it highlight the role of brand familiarity for the effectiveness of product placements in movies? To give a thought to the above questions, a sample of 100 respondents were taken and questions were framed.

TABULAR FRAMEWORK OF DATA

The respondents data are hence portrayed in a tabular format with the relevant questions discussed to fulfil the objective of the study. Respondents were from Kolkata, varying from 18-40 years old, irrespective of any social class, income and gender.

Where do you watch movies	
At Theatres	54
On Television	4
On Laptop/Mobile	42
TOTAL	**100**

Have you ever had an urge to try a brand after seeing it in a film	
Yes	52
No	48
TOTAL	**100**

Do you think you pay attention to visual exposition of brands in a film	
Yes	65
No	35
TOTAL	**100**

Do you feel bothered if your favourite actor/actress uses a negative product for the role	
Yes	31
No	69
TOTAL	**100**

How often do you watch movies	
Once a week	36
Once a month	29
2-3 times a month	15
Once in 2-3 months	20
TOTAL	**100**

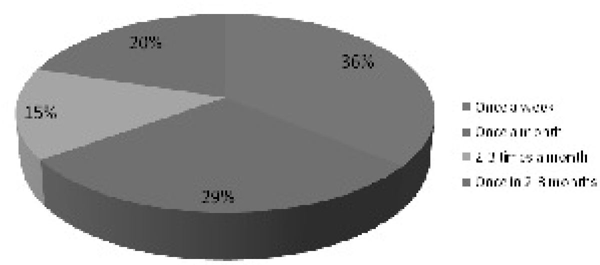
What do you look for when you decide to watch a movie	
To gain knowledge/ intellectual stimuli	17
Entertainment/fun	74
Casting/crew others	5
Peer/family influence	4
TOTAL	**100**

Which of the following brands can you recall that you saw in the film '3 Idiots'?	
Mahindra XUV 500	29
TVS Scooty	73
Volvo SUV XC90R	41
Fortis Hospitals	66
TOTAL	**100**

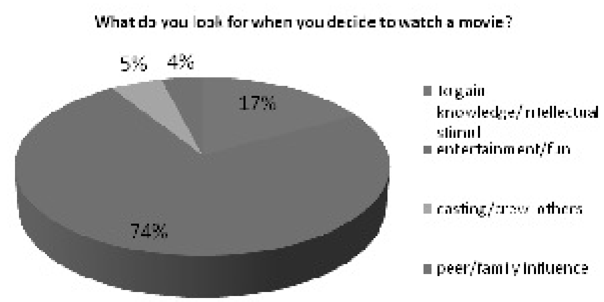
ANALYSIS AND FINDINGS

The study showed that majority of the respondents prefer to watch movies at least once a week, so products placed in films have a higher possibility to be visible to the customers. It has also been seen that more than 50 per cent of respondents watch movies in theatres. Almost 50 per cent of respondents watch on either laptops or television. Only a few watch it on their televisions solely. Movie watching in theatres is due to an individual's choice and thus the level of involvement is higher. Thus the chances of In-Film branding getting

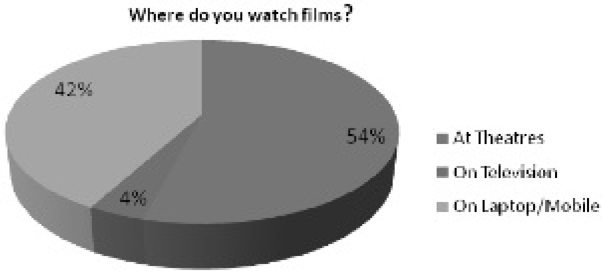
How often you watch movies?

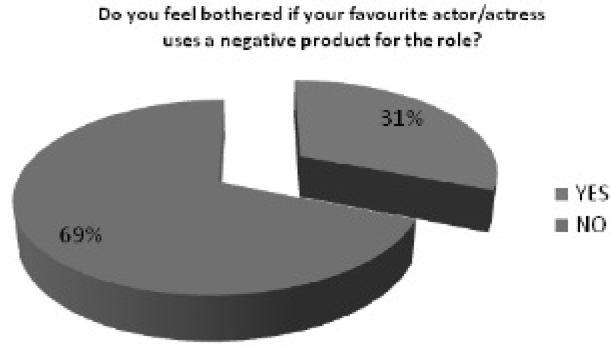


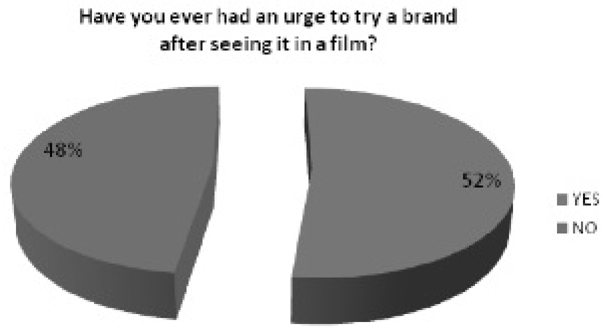
noticed are much higher in such an audience. 90 per cent of respondents watch movies very often i.e. at least once a month or a higher number of times. It has also been seen that more than 70 per cent of the people watch the movie/film for entertainment purposes i.e. to relax and have fun. Almost 15 per cent of people watch movies to gain knowledge or to have an intellectual stimulus. 65 per cent of the people think that they pay attention to visual exposition of brands which is indeed



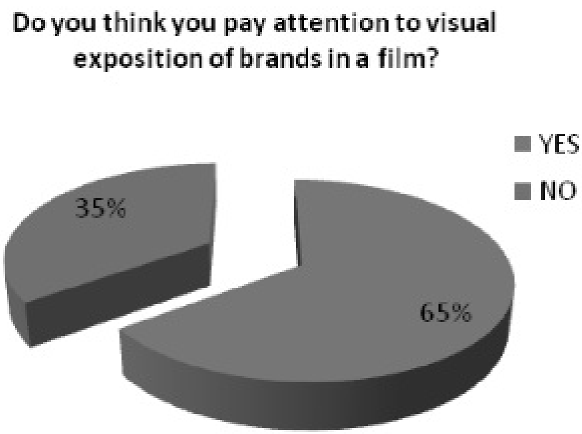
a very good number for marketers to put their bets on. Because of these findings, a marketer may choose to advertise its' brand/ product. 52 per cent of the people think that they have an urge to try a brand or product after seeing it on the big screen whereas 48 per cent



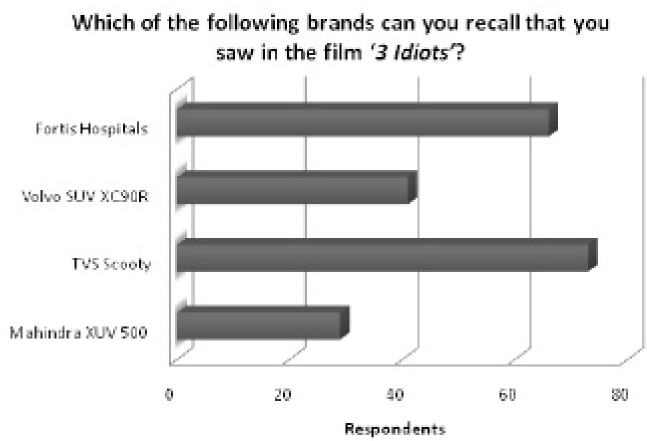




think they don't. Moreover, from the study, it is seen that 46 per cent of people have actually looked for a product in the market and started using it whereas 54 per cent did not. 69 per cent of the people think it is alright for their favorite stars to use a negative product if the character demands so whereas 31 per cent don't think that they should use cigarettes or any negative products



just for the screenplay. It is also been seen that 73 per cent of respondents recalled TVS Scooty, 66 per cent of respondents recalled Fortis Hospitals followed by Volvo SUV XC 90R and Mahindra XUV from the movie '*3 Idiots*'. The question has been framed to understand whether consumers understand the brand or the product and since *3 idiots* was a film which had maximum views, hence it has been taken as a sample. It was seen that the TVS Scooty has got the highest recall from the movie 3 Idiots, which was not even placed in the movie. As people do not discriminate brand stimuli and do not get into extensive thinking, they assumed Mahindra Flyte to be TVS Scooty. In fact, the lead actress, Kareena Kapoor endorses the brand and has used the brand in many incidents in the movie but the brand name is not highlighted during the placement. As against that, the brand name of Fortis Hospitals was visible multiple times and thus recall is clear.



RECOMMENDATIONS

The research work has been used to analyze the brand recall and brand positioning of products which has only been confined to the respondents of Kolkata. The sector for this research is quite vast and can be explored through various dimensions of targeting and positioning techniques used by the brands in films. The demographics used in this research could be further explored while the locational segment could be increased for a better scope of analysis and broader research domain.

CONCLUSION

Recently, In-Film brand placement has become an innovative and cost-effective advertising trend for most of the brands. Thus it is important for the brands to exploit the medium effectively all.

This study has attempted to find whether brand familiarity and brand knowledge have any influence on brand recall. It is observed that it is essential to have brand knowledge and thus advertisers should ensure that brand awareness is created either before placing the brand in movies or post-release, by the way of co-branded promotions. This is true as the TVS Scooty got recall while the brand placed was Mahindra Flyte, unlike few brands which have high familiarity but low recall; the reason could be the kind of placement in the movie. This also suggests that visual and prominent placements are recalled more than pure auditory placements, which suggests that advertisers should aim for this kind of placement which is visual, prominent and integrated within the story itself.

With such promising results shown by this, it can be safely concluded from this research paper that there is a correlation between brand familiarity and brand recall of In-Film product placements and marketers should try to advertise more through the medium of movies.

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Research Project on Behavioural Finance

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> "There are countless instances in which emotion and psychology have undue influence upon our decisions, and the result is that "rational" actors can display unpredictable or irrational behaviours."

ABSTRACT

The term Behavioural Finance is concerned with the application of psychology to finance. Humans believe that they are rational but the fact is that people frequently behave irrationally. There have been many instances where the investors were irrational in taking decisions. To prove the irrationality among the investors, this project includes three real life examples which an investor could relate to easily. There are companies which have weak fundamentals but have far better market value than those with strong fundamentals in the same industry. The market valuation of a company is unjustified by its fundamental ratios. Consumers get a higher return when they invest in the individual companies of the mutual funds instead of investing in mutual funds itself. It is mere psychology that mutual fund gives a

higher return. People claim to be rational but still there are instances of herd behaviour in the market.

KEYWORDS: Behavioural Finance, Company Fundamentals, Market Value, Mutual Funds, Herd Behaviour

INTRODUCTION

At its core, Behavioural Finance is about understanding how people make decisions, both individually and collectively. One of the primary conventions of financial theory holds that participants in an economy are essentially rational wealth maximizers, meaning that they will make decisions based on the information around them and in a way that is as reasonable as possible.

However, in actuality, there are countless instances in which emotion and psychology have undue influence upon our decisions, and the result is that "rational" actors can display unpredictable or irrational behaviours.

The branch of economics which is concerned with this paradox is called "Behavioural Finance". The fact is that people frequently behave irrationally.

Behavioural Finance research is an attempt to resolve inconsistency of Traditional Expected Utility Maximization of rational investors within efficient markets through explanation based on human behaviour.

LITERATURE REVIEW

The Wall Street Journal (2009) found where Behavioural Finance comes in. It was about how a human mind makes a mistake in investment decisions. Most investors are intelligent people, neither irrational nor insane. But Behavioural Finance tells us, that our brains are often full of emotions that are overflowing.

Daniel Kahneman and Amos Tversky are considered the fathers of Behavioural Finance. They have focused much of their research on the cognitive biases and heuristics (i.e. approaches to problem-solving) that cause people to engage in unanticipated irrational behaviour. Their most popular and notable works include writings about prospect theory and loss aversion.

OBJECTIVES

The main objectives of this research paper are:

A) Identifying companies having valuations not justified by fundamentals.

B) To prove the loss-averse nature of investors. i.e. Mutual Funds that have consistently outperformed the market.

C) Demonstrating herd effect.

There are many aspects of traditional finance theory. Some of the strong pillars have been chosen and explained below and then contradictory results to the theory are proved.

EFFICIENT MARKET HYPOTHESIS

An efficient market is a market where in prices fully reflect available information because of the actions of a large number of rational investors.

The assumptions of the Efficient Market Hypothesis are:

- Price fully reflect available information.
- Market participants are rational economic beings.
- In aggregate, the population is correct, even if no one person is.
- Whenever new relevant information appears, the population updates its expectations.
- Relevant information is freely available to all participants.
- At any given time in an efficient market, the price of a security will match that security's intrinsic value.

GAMBLER'S FALLACY

In the Gambler's Fallacy, an individual erroneously believes that the onset of a certain random event is less likely to happen following an event or a series of events. This line of thinking is incorrect because past events do not change the probability that certain events will occur in the future.

Valuations not justified by fundamentals

Efficient Market Hypothesis states that prices should fully reflect available information because of the actions of a large number of rational investors.

So three industries and five companies in each industry were chosen and their P/E ratios as compared with reference to their fundamental ratios such as Debt to equity ratio, interest coverage ratio etc. were taken into consideration. The objective was to see whether the valuation(P/E ratio) of the companies is justified by their fundamentals. It was found that in each industry there was a company where the fundamentals did not satisfy the valuation of the company. The Growth rate of the Companies were also calculated to evaluate the future prospects of the Companies. The growth rate has been calculated using the formula (Retention Ratio * Return on Equity)

Industries Selected:

1. Cement Industry
2. Banking Industry
3. Tea Industry
4. Mutual funds

CEMENT INDUSTRY

In the Cement Industry, the following five companies were randomly selected:

1. UltraTech Cement
2. Ambuja Cement
3. ACC
4. Dalmia Bharat
5. Shree Cement

The Current Market Prices of the companies were taken and their P/E ratios were calculated based on the latest available Financials.

Name of company	Current Market Price	P/E	D/E	Interest Coverage ratio	Average Sales Growth (5yrs)	Average ROCE (5yrs)	Average Profit Growth (5yrs)	Growth
Ultratech Cement	3874	48.74	0.64	3.68	7.42	1.09	1.0875	7.5422%
Ambuja Cement	229	14.99	-	18.12	30.41	(3.23)	30.08	-
ACC	1571	18.58	-	18.21	3.26	3.84	17.32	-
Dalmia Bharat	2372	393.36	0.91	1.8	1.56	(2.74)	27.46	-
Shree Cement	17837	40.73	0.28	14.51	14.29	26.39	35.73	13.82%

Source: NSE, BSE, Companies' Annual Reports

The result of the analysis has been summarised below

Observations:

1. On the basis of D/E Ratio, Dalmia Bharat is the riskiest company out of the five Companies.
2. On the basis of Interest Coverage Ratio, ACC is the riskiest company out of the five companies.
3. The average growth rate of profit for the last five years is the lowest for Dalmia Bharat except for ACC And Ultratech.
4. The average sales growth of Dalmia Bharat for the last five years has been 1.56 per cent which is lowest as compared to other companies.
5. The Average ROCE for the last five years has been the

lowest for Dalmia Bharat except for Ambuja Cement.

6. Due to 100 percent Dividend Pay-out and no retention in the last year, there is no growth rate for Dalmia Bharat, Ambuja cement And ACC.

7. Ultratech Cement is riskier as compared to Shree Cement in terms of D/E and Interest Coverage Ratio.

8. Ultratech cement has lower Average Sales Growth, Average ROCE And Average profit Growth than Shree Cement.

Analysis:

1. Based on the above observations, as per the Efficient Market Hypothesis, the stock of Dalmia Bharat should trade at a lower multiple to earnings as compared to other peers.

2. Peers in the group are trading at a P/E of around 15-48, while the investors are ready to pay 8 times more for Dalmia Bharat despite its weak fundamentals.

3. Ultratech Cement has every aspect lower and riskier than Shree Cement. Still, investors are ready to pay more for Ultratech Cement than Shree Cement.

4. This shows that the decisions investors take may not always be rational and stock prices may not truly reflect all available information.

BANKING INDUSTRY

In the Banking Industry, the following five companies were randomly selected:

1. IndusInd Bank
2. HDFC Bank
3. Yes Bank
4. Axis Bank
5. Kotak Mahindra

The Current Market Prices of the companies were taken and their P/E ratios calculated based on the latest available Financials.

Name of company	CMP	P/E	Interest Coverage	Average Profit Growth (5 yrs)	Average Income Growth (5yrs)	Average ROE (5yrs)	Growth Rate
IndusInd Bank	1725	29.89	NA	25.59	25.33	11.8	13.50%
HDFC bank	2274	26.45	NA	20.64	21.12	(3.87)	16.45%
YES bank	252.50	16.59	NA	27.35	30.98	(8.11)	14.26%
Axis Bank	760	281.75	NA	(27.64)	11.97	(37.62)	(1.76%)
Kotak Mahindra	1334	32.51	NA	25.6	22.92	(0.69)	10.58%

Source: NSE, BSE, Companies' Annual Reports

Observations:

1. The average growth rate, average ROE and operating income is the least for Axis Bank as compared to its peers.

2. The calculated growth rate for Axis Bank has been the least i.e. Negative Growth Rate.

Analysis:

1. Based on the above observations, as per Efficient Market Hypothesis, the stock of Axis Bank should trade at a lower multiple to earnings as compared to other peers.

2. Peers in the group are trading at a P/E of around 25, while the investors are ready to pay 11 times more for Axis Bank despite its weak fundamentals.

3. This shows that the decisions investors take may not always be rational and stock prices may not truly reflect all available information.

BEVERAGE INDUSTRY

The following five companies were randomly selected:

1. Tata Global
2. Bombay Burmah
3. CCL Products
4. Rossell India ltd
5. Goodricke Group ltd.

Name of company	CMP	P/L	D/L	Interest Coverage	Avg. Profit Growth (5yrs)	Avg. Sales Growth (5yrs)	Avg. ROL (5yrs)	Growth Rate
Tata global Beverage	198	28.75	0.14	18.61	378.18	(2.75)	17.57	8.93%
Bombay Burmah Trading	1299	10.56	0.27	24.83	21.34	8.71	4.97	(11.24)%
CCL Products	288	25	0.33	26.78	24.24	12.29	5.68	9.70%
Rossell India Ltd.	66	1398.29	0.53	0.78	(13.33)	9.2	15.44	-
Goodricke Group ltd.	207	20.39	0.03	24.04	46.02	6.46	220.8	7.16

Source: NSE, BSE, Companies' Annual Reports

OBSERVATIONS

1. On the basis of D/E Ratio and Interest Coverage Ratio, Rossell India Ltd. is the riskiest company out of the five companies.

2. The average sales growth of Rossell India Ltd for the last five years has been 9.2 per cent. During the same time, the profit has decreased by 13.33 per cent. This shows that the cost per unit of production has increased during the period.

3. The Average ROE for the five years last has been the least for Rossell India Ltd except for that of Bombay Burmah Trading and CCL products.

4. Due to 100 per cent Dividend Payout and no Retention in the last year, there is no growth rate for Rossell India ltd.

Analysis:

1. Based on the above observations, as per the Efficient Market Hypothesis, the stock of Rossell India Ltd. should trade at a lower multiple to earnings as compared to other peers.

2. Peers in the group are trading at a P/E of around 10-30, while the investors are ready to pay 46 -48 times more for Rossell India ltd despite its weak fundamentals.

3. This shows that the decisions investors take may not always be Rational and stock prices may not truly reflect all the available information.

3.2 Mutual Funds that have consistently outperformed the Market

One of the key assumptions of the Efficient Market Hypothesis is that relevant information is freely available to all participants.

In sum, at any given time in an efficient market, the price of a security will match that security's intrinsic value. If markets are efficient, then no market participant should be able to consistently earn excess returns but the result was contrary as a period of seven years is taken for standard Comparison.

According to Gambler's Fallacy, if the price of a security is more than security intrinsic value then it won't continue for a long period of time but according to the results, it's been continued for a minimum of seven years.

The results have been summarized below:

The following Mutual Funds were selected:

1. Aditya Birla Sun Life Equity Fund
2. Axis Long term Equity Fund
3. ICICI Prudential Value Discovery Fund
4. Sundaram Small Cap Fund – Regular Plan
5. UTI Equity Fund

1. Aditya Birla Sun Life Equity Fund

Trailing Return

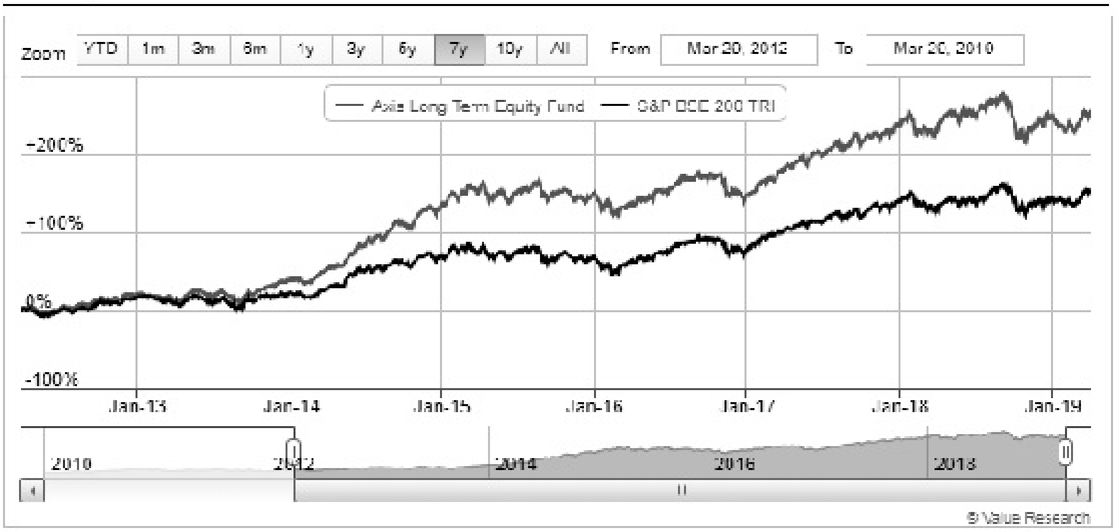
Source: Valueresearchonline.com

Observations:

AdityacBirla Sun Life Equity Fund has been regularly out-performing the Corresponding Index for the last seven years.

2. Axis Long term Equity Fund Observations:

Trailing Return

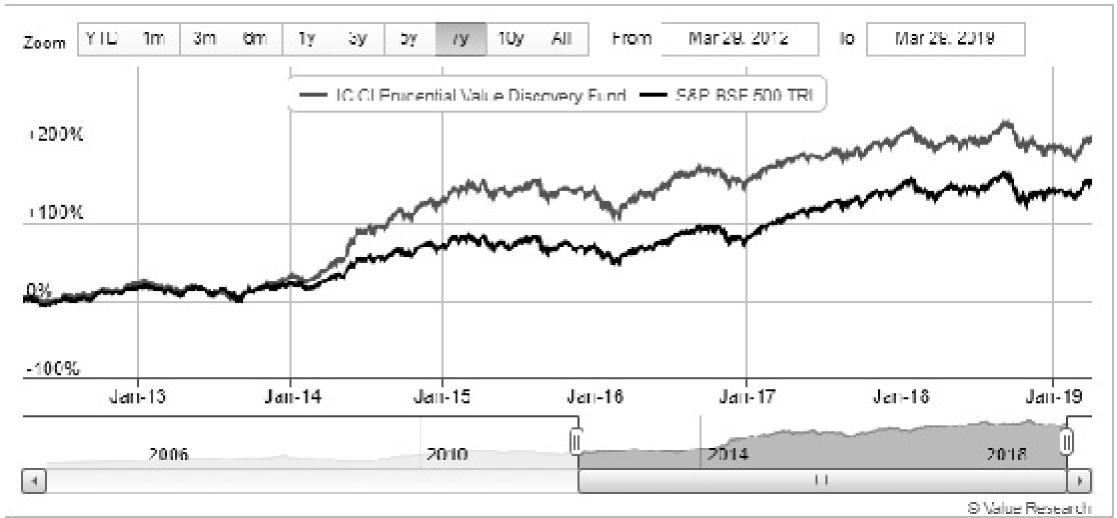


Source: Valueresearchonline.com

Observations:
Axis Long Term Equity Fund has been regularly out-performing the Corresponding Index for the last seven years.

3. ICICI Prudential Value Discovery Fund

Trailing Return

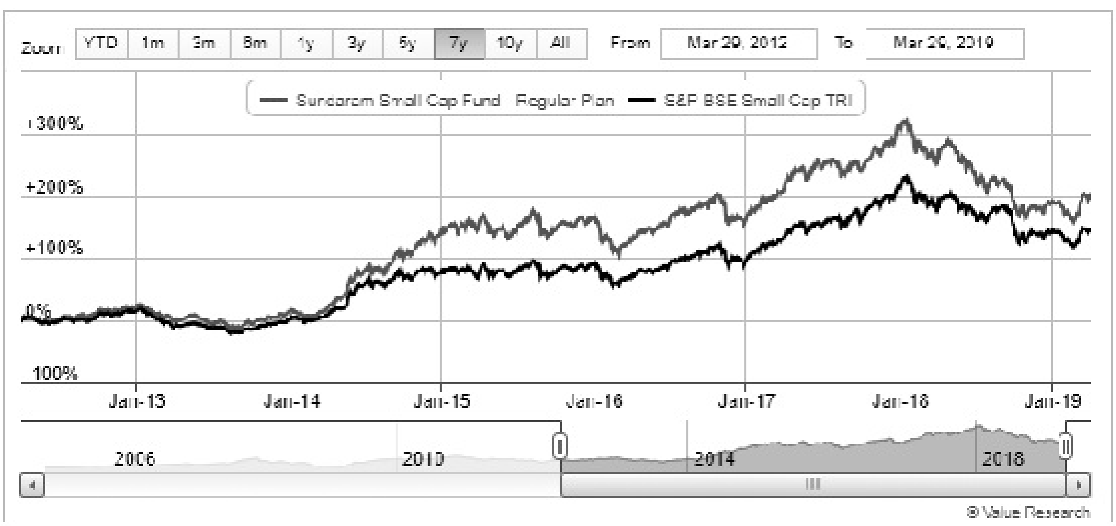


Source: Valueresearchonline.com

Observations:
Aditya Birla Sun Life Equity Fund has been regularly out-performing the Corresponding Index for the last seven years.

4. Sundaram Small CapFund – Regular Plan

Trailing Return

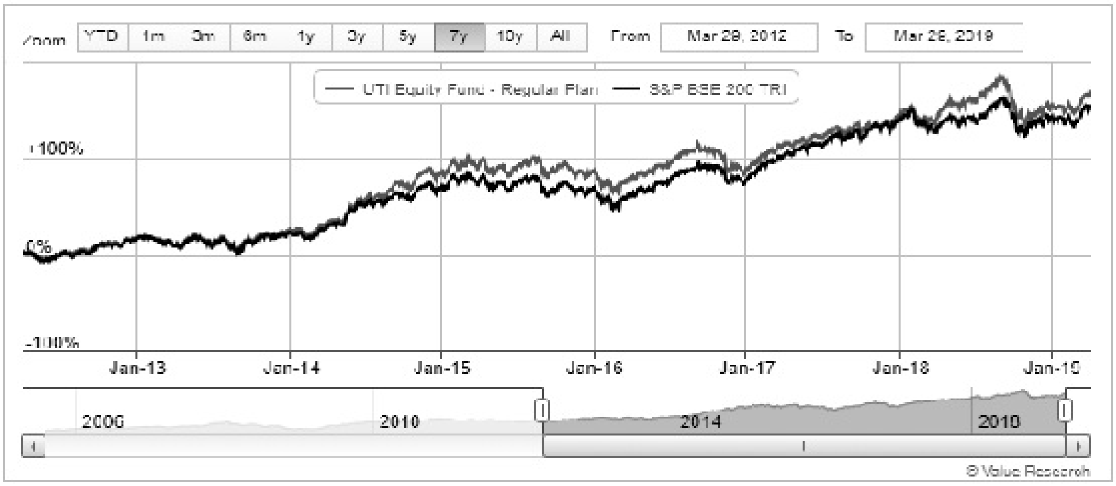


Source: Valueresearchonline.com

Observations:
Sundaram Small Cap Fund – Regular Plan has been regularly out-performing the Corresponding Index for the last seven years.

5. UTI Equity Fund

Trailing Return



Source: Valueresearchonline.com

Observations:

UTI Equity Fund – Regular Plan has been regularly out-performing the corresponding Index for the last seven years.

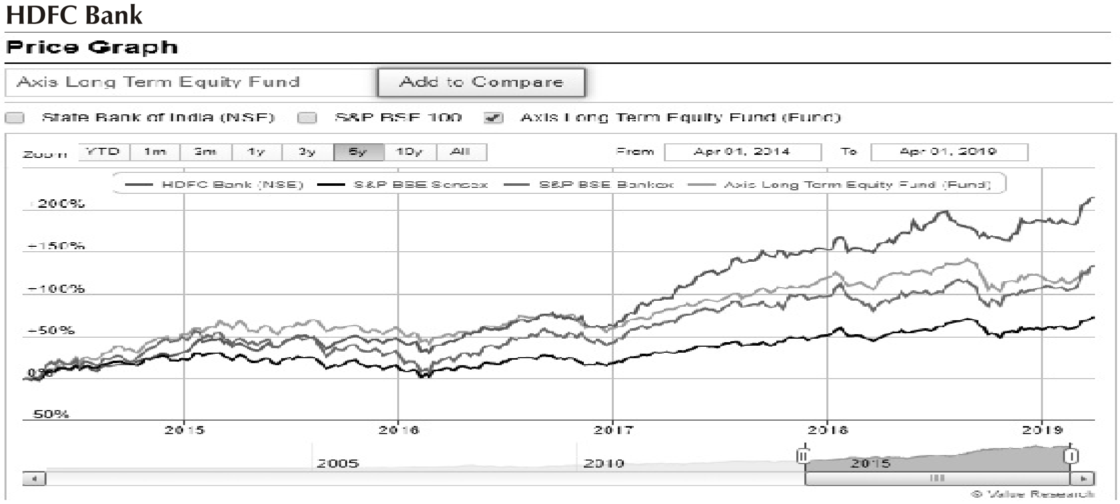
In contrary to these observations, there are cases where the return to the investor from investing in the individual stocks of the entity after studying and analyzing the entity's fundamentals is higher as compared to the return which the investor receives from investing in Mutual funds but due to preoccupied thoughts in the investors mind they incur loss.

So, for the analysis of the same, the top 5 companies in the portfolio of Axis long term Equity Fund were taken on the basis of percentage holding of assets and the returns from the individual stocks were compared with the returns of the mutual fund and the results are as follows:

COMPANY	SECTOR	% ASSETS
HDFC bank	Financial	7.95
Kotak Mahindra Bank	Financial	7.74
Bajaj Finance	Financial	7.71
Pidilite Industries	Chemicals	7.45
Maruti Suzuki India	Automobile	5.37

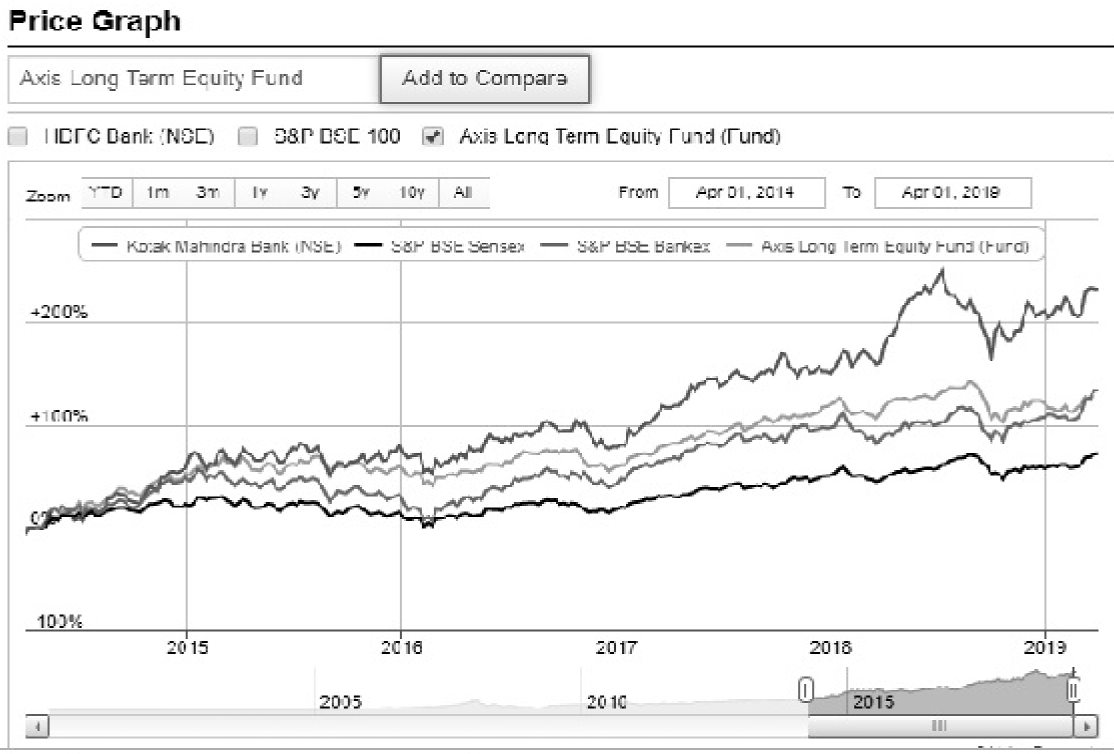
The below graphs have been shown to explain the observation:

HDFC Bank



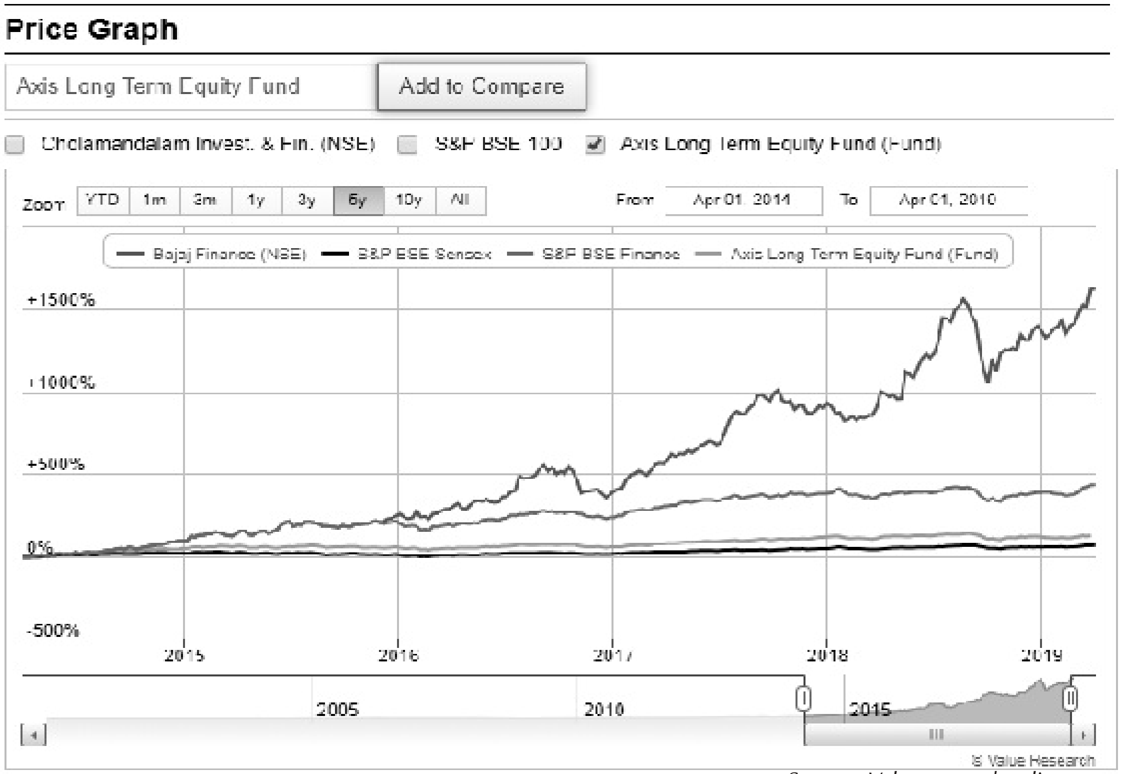
Source: Valueresearchonline.com

Kotak Mahindra Bank



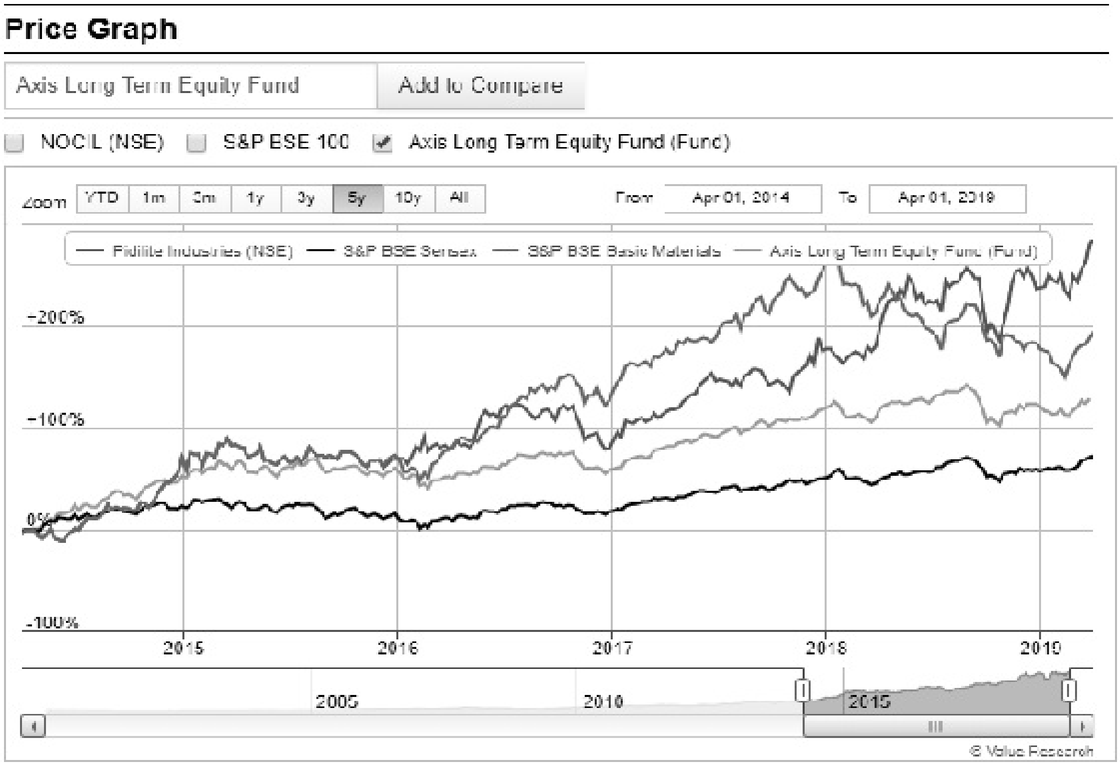
Source: Valueresearchonline.com

Bajaj Finance



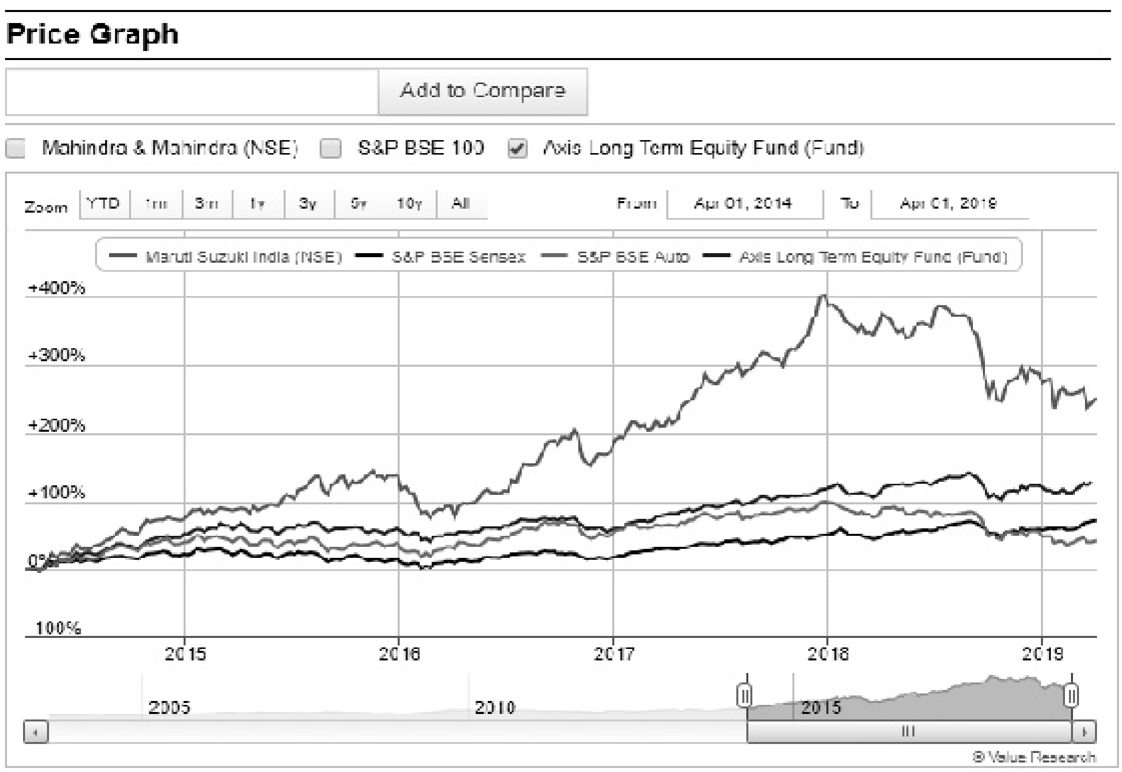
Source: Valueresearchonline.com

Pidilite Industries



Source: Valueresearchonline.com

Maruti Suzuki India



Source: Valueresearchonline.com

Analysis:

It may so happen that if an individual investor tends to study the fundamentals of individual stocks and invest as per the findings, then the investor may earn a higher return on the individual stocks than what he could have earned by investing in mutual funds. But the fact is that every time investor will choose mutual funds investments over individual company stock investment.

DATE	OPENING	HIGH	LOW	CLOSING
18th March, 2016	1673	1673	1539	1558.9
21st March, 2016	1570	1570	1502.2	1535.35
22nd March, 2016	1541	1564.4	1536.8	1549.75
23rd March, 2016	1562	1562	1531.92	1524.5

EVIDENCE OF HERD BEHAVIOUR IN THE STOCK MARKET

The stock market has examples where investors have just followed the market trend and displayed herd behaviour without actually judging the stocks based on the fundamentals and future prospects.

In order to find out the herd behaviour in the market, an analysis was made to the effects on the stock prices of securities of the actions of the renowned investor "Rakesh Jhunjhunwala".

News No. 1: Lupin hits over one-year low on speculation of Rakesh Jhunjhunwala selling some of his stakes. (Business Line, 18th March 2016).

On 18th March 2016 Business Line reported that Rakesh Jhunjhunwala is expected to sell some of his stakes in Lupin Limited. Soon after the news, Lupin Ltd fell as much as 8.32 per cent to its lowest since February 3, 2015, in intra-day trade.

The stock market has examples where investors have just followed the market trend and displayed herd behaviour without actually judging the stocks based on fundamentals and future prospects.

The stock continued to fall even after 18th March 2016 as the herd behaviour started to take effect.

News No. 2: Rakesh Jhunjhunwala to invest \$4M in Radio One, Subsidiary of Next Media works. (VC Circle, 19th June 2015)

VC Circle reported on 19th June 2015 that Ace private investor Rakesh Jhunjhunwala has agreed to invest Rs 25 crore (approximately \$4 million) in private FM radio company Next Radio Ltd. Next Radio is a subsidiary of media company Next Media Works Ltd.

After the news came, the shares of Next Media Works surged up to about 50 per cent in a week.

DATE	PREV CLOSE	HIGH	LOW	CLOSING
18thJune, 2015	9.65	10.80	9.45	10.65
19thJune, 2015	10.65	12.75	11.60	12.75
22ndJune, 2015	12.75	13.90	12.20	12.65
23rdJune, 2015	12.65	13.90	12.90	13.90
24thJune, 2015	13.90	15.25	14.40	15.25
25thJune, 2015	15.25	16.75	16.15	16.75
26thJune, 2015	16.75	17.55	17.55	17.55

Source : NSE and BSE

CONCLUSIONS

1) These examples (valuation not justified with the fundamentals) are not limited to one industry or two, rather these are pervasive.
2) The return from investing in individual stock is more than the return from mutual funds.
3) Herd effect is also observed in the market (that suggests that investor don't make rational decisions)

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The Indian economy is experiencing a series of deviations after the midnight of November 8, 2016. Intending to revert the black money to the government of India, the signs are likely that cashless is not very far.

Digital India

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ABSTRACT

The study focuses on the impact and importance of a cashless economy in India. According to the Government of India, the cashless economy will increase employment, reduce cash related robbery thereby reducing the risk of carrying cash. The cashless policy will also reduce cash related corruption and attract more foreign investors to the country. In many countries, the introduction of a cashless economy has been considered as a step in the right direction. In India also, moving towards a cashless economy is a step towards the Digital India project.

Digital India is the flagship programme of the Government of India. It was launched on 1st July 2015 by Prime Minister Narendra Modi, with a vision to transform India into a digitally empowered society and knowledge economy. "Faceless, Paperless, Cashless" is one of the professed roles of Digital India. Major progress towards this goal was made in late 2016 when the government took steps to demonetize the country. Now, even small retailers and shop owners are using cashless models like Paytm for transactions. However the retail sector still has a predominance of cash transaction and payment through cash is yet to pick up card is one of the most secure,

convenient mode of cashless payment in the retail market.

KEYWORDS: UPI, Demonetization, Digital Wallet, Cashless Economy.

INTRODUCTION

Ordering a product from an E-commerce site and realizing that you have Rs. 500 and Rs.1000-rupee notes make you drive crazy but a mobile wallet and that incoming message that you're 'Transaction Successful' as an alternative payment method relieve your heart. Cashless India or an economy with lower cash transactions seems to be unreal when we used to look at the older picture of the economy. But the current scenario is deviating the Indian economy towards a cashless future. The Indian economy is experiencing a series of deviations after the midnight of November 8, 2016. Intending to revert the black money to the government of India, the signs are likely that cashless is not very far.

The Indian government with another aim to promote the economy through non-cash transactions has introduced mediums such as Banking cards, USSD, AEPS, UPI, Mobile Wallets, Banks Pre-Paid Cards, Point of Sale, Internet Banking, Mobile Banking, Micro ATM's. Reducing the economy's dependence on the cash and making it more deviated towards these mediums would result in the betterment of the country and the economy.

RESEARCH OBJECTIVES

- To examine vendors and hawkers' awareness and usage of cashless transactions.
- To assess the opinion of vendors and hawkers regarding the benefits and challenges of using cashless transactions.

RESEARCH METHODS

The study is descriptive in nature. The study is based on both primary as well as secondary data, but the main analysis is based on primary data through survey method. A primary survey was made by adopting a personal interview method to know the views of vendors and hawkers. 40 hawkers and vendors of Burrabazar Area in Kolkata were Interviewed. Secondary data is gathered from e-Journals, books, articles and study reports on 'Cashless India'.

GOVERNMENT INITIATIVES

After the government announced the demonetization of high-value currency notes, Union Finance Minister announced measures that the Centre has taken to encourage digital payments. Here are the few measures announced by the Finance Ministry.

1) 0.75 per cent discount on fuel
2) POS machines in villages
3) RupayKisan Cards for farmers
4) Buy railway tickets online and get discounts up to 0.5 per cent
5) Free accidental insurance up to Rs 10 lakhs
6) Incentives for railway passengers by providing a discount of 5 per cent for payment through digital modes
7) No transaction fee on digital payments
8) No cess on cashless payment less than Rs.2000/-
9) Tax benefits to vendors and hawkers

Thus, like this, there are several other initiatives taken up by the Government of India to promote Digital Payments.

CHALLENGES YET TO BE OVERCOME

For making India a cashless economy, the government will face some problems initially. Especially in a country like India where the majority of people reside in rural areas, the cashless economy concept will face some resistance by the people. So, there are few challenges which are yet to be overcome: -

1. As the majority of the population lives in rural areas, they are still outside the banking net. Despite having credit and debit cards the ability to use them is still limited.

2. Rural people are not aware or educated enough to use these digital facilities.
3. As 90 per cent of the population works in an unorganized sector, it will not be easy for an informal sector to accept this change of cashless transactions.
4. Technological factor plays an important role like in metro cities people are facing problems due to poor networks.
5. Banks have to invest more in technological and security needs, which will result in cost increment at the initial stage.
6. People will only opt for cashless transactions when they will find it easy and convenient to use.

IMPACT OF DEMONETIZATION ON VENDORS AND HAWKERS: CASE STUDY

To know the impact of demonetization on vendors and hawkers, a primary survey was made by adopting a personal interview method to know the views of vendors and hawkers.

The survey research includes the sample size of 40 in which 28 were vendors and 12 were hawkers. The survey area was Burrabazar of Kolkata.

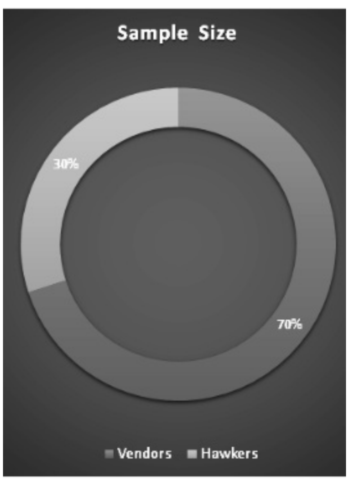

Figure 1

After the survey, it was found that after the demonetization happened, the weekly sales of vendors and hawkers decreased by 75 per cent to 85 per cent. The main reason for their decrease in sales was a shortage of cash in the market. People preferred to go to retail stores and departmental supermarkets as they accepted digital payments.

During a survey, when asked about having a bank account it was observed that out of sample size 30 per cent of people did not have opened bank accounts, 50 per cent of people had bank accounts but in their home town and only 20 per cent of people had bank accounts in the city during the demonetization period. So, the majority of them faced a lot of difficulty in changing the demonetized currency notes.

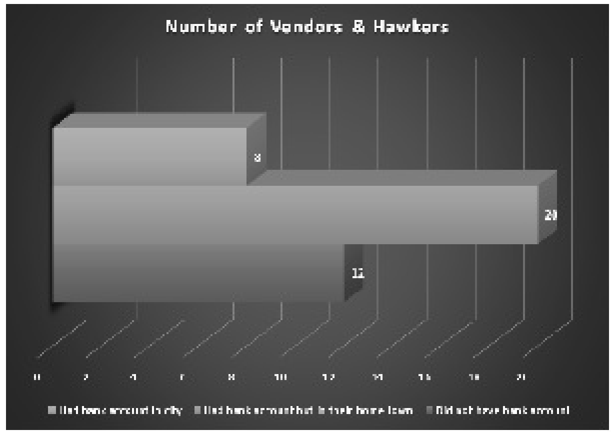

Figure 2

However, it was observed that out of the 70 per cent people who had their banks account, nearly 55 per cent of them opened their accounts through Jan DhanYojna.

Even though people had a bank account, they did not know how to debit their money from their accounts and ATMs. They had to leave their work and stand in long queues for taking out cash from banks and ATMs.

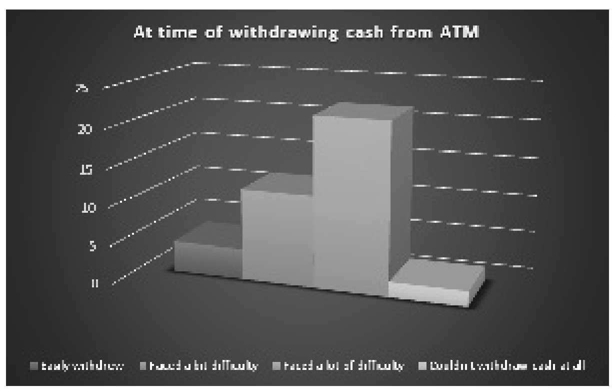

Figure 3

The above graph shows the number of vendors and hawkers who could easily withdraw cash, who faced a bit of difficulty in withdrawing cash, who faced a lot of difficulty in withdrawing cash, who couldn't withdraw cash at all from the ATM.

One of the vendors, Bijoy Dey said, 'It was very difficult to decide whether to stand for hours in a long queue to either deposit or withdraw or change the demonetized currency notes and not go for work or to go for work and earn money for livelihood. At times, this also happened that after standing for hours when my turn came, there was no cash left at the bank/ATMs.'

From the survey, it was observed that Hawkers need a daily supply of cash to start a new business cycle the next morning. Without cash, they cannot run their business. It was also observed that hawkers and vendors do not have any immediate plans to switch over to new modes of money transfer, and they consider card swiping as an expensive affair.

However, if they managed to buy a card swiping machine or a smartphone, they did not know how to use it, and even if somehow they learnt a bit, they faced a lot of problems in accessing it.

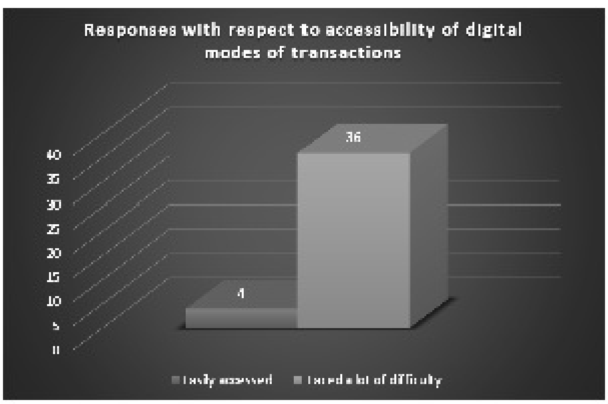

Figure 4

From the survey it was found that nearly 90 of the people (36 out of 40 vendors and hawkers) faced a lot of difficulty in accessing digital modes of payments, however, only 10 per cent of them (4 out of 40) could easily access. One of the hawkers, Shankar Kundu said, "Before demonetization, I used to earn Rs. 500-600 per week, but during the demonetization period, I could barely cover up my cost and fulfill the basic needs of my family."

Apart from having a negative impact, the demonetization also had few positive impacts. Because of demonetization hawkers and vendors started to keep and use mobile wallets such as Paytm, MobiKwik, card-swiping machines as the buyers preferred digital payments because of lack of cash circulation in the market. This somewhere led to the promotion of Prime Minister Narendra Modi's cashless India mission.

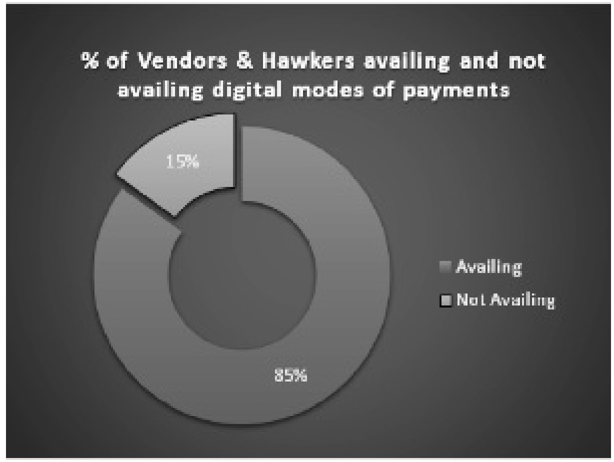

Figure 5

From the survey it was found that nearly 85 per cent of hawkers and vendors have availed digital modes of payments to keep their business going, however 15 percent of them have not yet availed digital modes of payments.

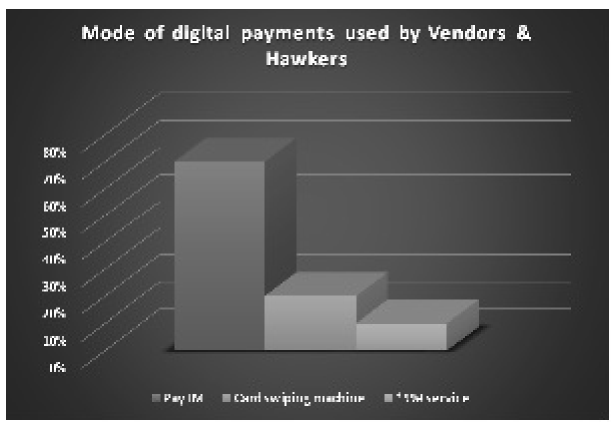

Figure 6

From the survey it was also found that of 85 per cent of people who adopted digital modes of payments, 70 per cent of them installed Paytm in their phones, 20 per cent of them started using card swiping machines, and those who are not having smartphones started using *99# service.

One of the vegetable vendors, Shanti Das said, “Previously, if the total selling price for the vegetables used to be Rs 74, then the customer used to pay Rs 70, which would result in loss of Rs 4, and an approximate annual loss of Rs 1300, but now as digital payments have emerged, customers pay the exact amount and there is no more loss because of undesirable discount.”

After completing the survey, I came to the conclusion that the demonetization period was very difficult for the vendors & hawkers, they had a shortage of cash, their income fell by a drastic rate, they had to bear extra expenses for purchase of card swiping machines and smartphones, they also faced problems while adopting the digital modes. Even after facing so many difficulties, most of the hawkers and vendors backed this strong decision taken up by the Modi Government. Everyone’s perception was that it was short-term pain for a long-term gain. One of the vendors Ranjeet Yadav said, “For a while like every other person, I too was tensed on the night of November 8th, but that night I slept peacefully as I did not have any tainted money, whatever I had earned was out of my hard work.”

During demonetization due to lack of cash, people had to unwillingly use digital modes of payment, now in the present scenario, people prefer to use digital payments even after the cash supply is moderate in the market, as it is the easy, convenient and safest mode of payment. Even the vendors and hawkers who faced a lot of difficulties to adapt to the digital modes are now preferring online mobile wallets like Paytm, as it is easy to keep proper records of total sales, total expenditure, total revenue, etc. After demonetization within 50 days, the vendors and hawkers became used to making online payments.

Digital competence focuses on developing digital skills which can be applied to a wide range of subjects and scenarios.

Thus, from the survey, it can be concluded that Demonetization helped in promoting cashless transactions.

CONCLUSION

Increase In Cashless Transactions

The digital money strategy has been laid out by Prime Minister Modi’s government from its early days in power, via a string of major decisions. The Jan Dhan scheme, for example, saw more 220 million new bank accounts being opened for the poorest in society. The Reserve Bank of India also decommissioned all currency notes issued before 2005. Since the removal of the notes, the government has been working hard to promote digital payment systems to consumers, proactively offering different incentives and rewards.

Turning Into Complete Cashless Economy

However, when it comes to converting from cash to a cashless economy completely, it can be concluded that the people of India are the biggest hurdle in the implementation of the cashless strategy. Many can already see the benefits of going cash-free – such as the ability to tender exact change at small retailers, and keep track of expenditures – and are ready to adopt. The opportunity is there, and the Indian authorities are certainly keen to take it. But citizens have to feel confident about the move, especially those who doubt online security.

Demonetisation was just the first step and now much more needs to be done – but the country can get there.

RECOMMENDATIONS

The above-mentioned outcome of research implies that it is a very good initiative taken up by the Government of India. It may be a good initiative, but there’s a lot to be done to make this initiative turn into a successful step.

Thus, the following recommendations can be considered:

Recommendations With Respect To Digital Education

The main step which should be taken to make the idea of a cashless economy successful is to provide digital education to the people of India. In a cashless economy, everybody needs digital competence to be able to use digital media for learning. Digital competence focuses on developing digital skills which can be applied to a wide range of subjects and scenarios. Financial literacy and awareness about digital transactions which leads to digital competence are paramount to make the cashless economy a reality. For carrying out different kinds of digital transactions appropriately, safely, confidently and with a definite purpose, an individual must be digitally competent and financially literate & aware of digital transactions.

Recommendations With Respect To Administrative Reforms

Still, there is a large number of people in this country who do not have Bank Accounts, so awareness and new schemes like the Jan DhanYojna can be brought up to increase the number of bank accounts.

A report says that there are only 2 PoS machines for every 1000 Debit Cards, so the number of PoS machines should be increased so that digital payments can become more convenient.

The majority of Indians are still employed in the unorganized sector. As per certain industry estimates, as much as 90 per cent of the workforce is employed in the organized sector, hence having to opt for cash-based transactions as default. While the section was adversely affected due to the sudden demonetization announcement, the Government is yet to take institutional and systematic steps towards organizing this sector.

The majority of vendors and hawkers prefer cash as they do not have to pay taxes, so to promote the idea of cashless economy amongst them, various schemes can be brought up to give relaxation to the vendors and hawkers in payment of taxes if they opt for digital payments.

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SURVEY

1. Personal Interview of hawkers and vendors to know the impact of demonetization
2. Graphical Interpretation of information received from survey

App-based cab aggregator (ABCA) is a type of business model that serves as the link between customers and cab-drivers.

A Study of App-Based Cab Aggregator (ABCA) Model

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ABSTRACT

In the last few years, the app-based cab aggregator model (ABCA) has gained popularity in India among various transportation modes. Technological advancement is the major reason behind it. Customers can book cabs at any time and from anywhere by clicking once from their Smartphone apps. Consequently, door to door service is provided at a competitive price. ABCA model has a high potential to grow in densely populated countries like India where either public transport is overcrowded during peak hours, or car-parking is a big problem due to a shortage in parking space. The success of the

ABCA business model lies in their ability to match demand and supply using innovative technology, which can provide the right information to the right person at the right time. Due to the dynamic pricing structure of the ABCA model, it has created a win-win situation for all. Here, the commissions are received by cab aggregator companies, whereas idle time for the drivers and waiting time for the customers are reduced. This article aims to offer a brief overview of the app-based cab aggregator model in India. It focuses on the two most popular app-based cab aggregators OLA and UBER as a case study. For comparative analysis, data is collected from secondary sources such as existing articles and websites. This article concludes with a few issues that can be implemented by the ride-hailing companies like Ola, Uber to improve the ABCA services.

KEYWORDS: Aggregator, On-demand Cab, OLA, UBER, Business Model

INTRODUCTION

Initially, the taxi market in India was an unorganized sector. The opportunity was identified by the private sector, which in turn had given rise to organized cab-aggregator model in India. The aggregator collects relevant information and binds the partners in a contract to provide quality service. App-based cab aggregator (ABCA) is a type of business model that serves as the link between customers and cab-drivers. A Mobile application is developed and technology like GPS (Global Positioning System) is used to identify the request from the customer and then the nearest available cab is signalled to accept the request. Huge development in the infrastructure along with rapid economic growth has remoulded cab rental industry in India. Most of the urban citizens are ready to pay for better services provided by on-demand cabs. Cabs are generally categorized as follows.

- Small cabs like Nano are considered as Micro.
- Cabs with hatchback like Tata Indica are considered as Mini.
- Cabs with Sedan option like Toyota Etios are considered as Sedan.
- Luxurious cabs like Mercedes are considered as Luxury.

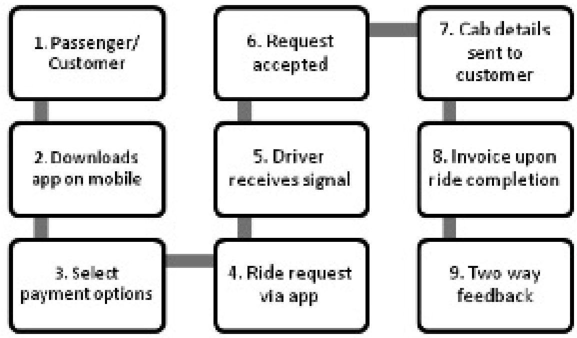

Fig. 1 : Ride Process via Mobile Application

ABCA model mainly focuses on the following issues.

- How to satisfy customers' requirements.
- How to provide comfortable trips to customers.
- How to motivate drivers.
- How to resolve the grievances of the drivers.

Here, customers get a convenient service while travelling in air-conditioned cab, where prices are equivalent to prices of a general taxi. ABCA model also provides revenue for Government through service tax. This type of business model enhances earning opportunities. Many people can register their cars through ABCA model to earn their side income.

OVERVIEW OF ABCA MODEL

How ABCA Model Provides On-Demand Cabs

Technology plays a major role in the effective management of demand and supply service provided by cab aggregators. Customers can book the cabs using the cab aggregator's application. Only drivers authorized by transport authorities can register with the aggregator. After valid registration, drivers can access the mobile app designed by the ABCA model. A thorough check is done to ensure the authenticity of the driver. The drivers can decide when they want to accept requests from the customers. The role of data analytics in cab aggregator business is vital as it helps to expose variability and optimize operations. Data analytics can be used to predict future demand, monitor traffic and road conditions, gain insights into where and when the demand will peak.

Reasons for Expansion of ABCA Model

- Taxis play a major role in public road transport for many years. However, the overall model of taxi services faced several problems.
- Fare meters were not followed by the taxi drivers.
- If both the driver and the passenger had no idea about the route to reach the destination, then there was wastage of time and money.
- The level of safety was low as it was difficult to track drivers.
- The Taxi market would be affected by frequent strikes in demand for a fare hike.

From Aggregator Perspective

Loopholes in the modes of transport, changing the lifestyle of people and exponential rise in per-capita income have been some of the causes of the remarkable growth of Taxi aggregators in India. Improving traffic situations is also helping the growth of the market. Government supports the model as it increases the employment potentials and thus, boosts the service. Low car ownership and non-availability of good cab service have facilitated the growth of cab aggregators. Successful use of data analytics, support from drivers and appropriate use of technology have also contributed to the growth. Investor reliance in the model has also led to the growth of this model.

From Customer Perspective

The taxi market in India was largely unorganized and had many cons:

- Drivers would not operate as per the cab meter.
- Drivers were unaware of the travelling route which would cost time and money.
- These cabs would often go on a strike and demand a fare hike.
- Low safety.
- Lack of availability and refusal to go to the said destination caused major problems for the customers.

Hence, the customers rapidly switched to the aggregator model as it removed most of the problems and provided hassle-free service.

CASE STUDY: Ola vs. Uber

OLA founded in 2010 by the IIT graduates Bhavish Aggarwal and Ankit Bhati. Initially, it was started as a taxi rental fleet business with owned cars and used to give rent on a traditional something 80 kilometers or 8 hours basis, only on weekends. According to the researcher, OLA valued at around $5 billion until September 2015 after acquiring Taxi For Sure in March 2015 for $200million (Ashok Kumar Panigrahi, 2018). After many experiments in business strategies, they ventured into app-based cab aggregation service and created history. ANI Technologies Pvt. Ltd. is the name behind OLA's operating app and the OLA algorithm.

OLA has a larger customer base. Ola's app installation is very high. The technology platform is aptly monitored by engineers. The rise in per capita income and the rise in standard of living and the adoption of western and

Strengths	Weaknesses	Opportunities	Threats
Largest operator in the country	End to end user experience	Only 10% of taxi business is organized	Regulation
Good branding and awareness	Getting good quality drivers	Expand into more cities	Government expansion
Strong technology	Training of drivers	Socio-economic trends fuelling growth	Present taxi service improvement
Asset Light model	Multi-app situation	Expand into new services	Transportation improvement

Table 1. SWOT Analysis: OLA
(source: www.marketing91.com/swot-analysis-ola-cab/)

modernized culture provides great opportunities for Ola. Ola has diversified into other services like food delivery services, bike and auto services which has increased its customer base.

How OLA works:

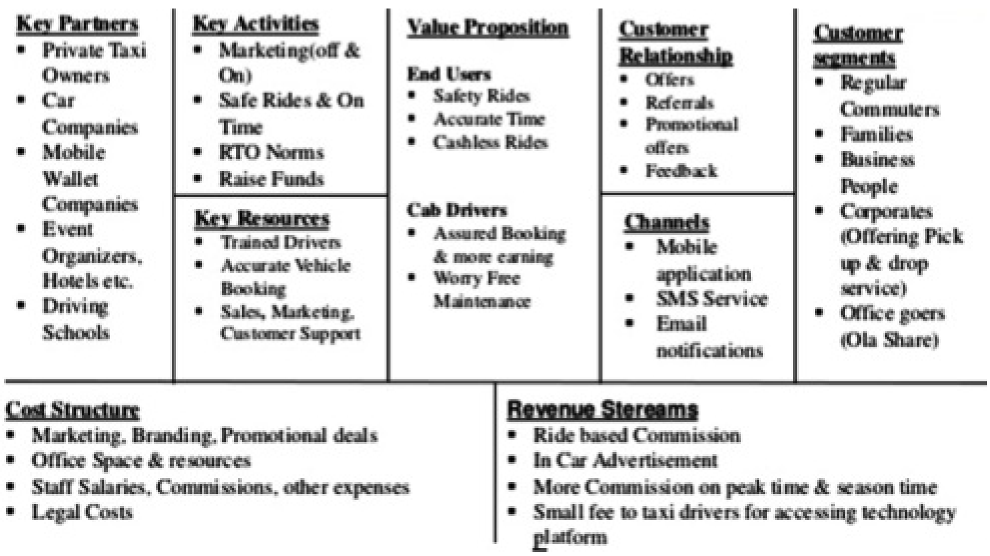

Fig. 2 : Business Model Canvas for OLA (source: www.innovationtactics.com)

Customers need to download the OLA application. One needs to register with all the details, enter the pickup location (or set location via GPS automatically) and the destination. The car type needs to be selected (micro, mini, prime, sedan, share) and ride now button must be clicked. The cab and the driver's information get displayed then the booking is processed. Payment can be made either via cash or Ola Money.

UBER was founded in 2009 by Travis Kalanick and Gerrett Camp. This San Francisco based company did not come to India until 2013. Uber got the award named 'World's most valuable start-up'. Uber Technologies Inc. is the company name under Uber's operating app. Uber started in India,while having a global market and huge cash pool and OLA despite the

Strengths	Weaknesses	Opportunities	Threats
Strong brand recognitionand global reputation	Numerous scandals and controversies : sexual harassment cases defamed company	Having potential to venture into driverless technology and other special services	Fierce competition
Largest ride sharing technology	Substantial losses	Logistics	Government regulation
Adaptive nature	Low barriers to entry	Accountability and performance	Customer and driver retention
Operate on low fixed investment	Plagiarism: business idea can be easily copied for its simplicity	Huge resources at disposal	Lawsuits and revolt from unorganized sector.

Table 2. SWOT Analysis: UBER
(source: www.marketing91.com › SWOT)

initial struggles is slowly catching up with its competitor with its service in India.

Uber was one of the first ride-sharing apps operating across the globe. Its international exposure has allowed it to blend and integrate among different nationalities and cultures. Uber can easily access more cities in its communicative network. Uber already faces severe competition from Ola as both operate on relatively similar business model. Government regulations are not lucid and thus there arises a question on the sustainability of the enterprise. Customer and driver retention becomes a problem because of severe competitions (Uber vs. Ola, 2016).

How Uber works:

Uber works on almost the same mechanism. The cab type differs here. User can select among UberX, UberGo, Uber Pool and other variants.Payment can be made via cash, mobile wallets like Paytm or bank cards. The drivers can be contacted as details of the drivers are mentioned on the app.

Revenue Lines

- According to the survey conducted in July 2016, Uber and Ola operate with 350,000 and 550,000 drivers respectively across India (The Statistics Portal, 2016).
- Both the companies rely on trip-based commission but Ola does not own most of the cars and is known to acquire 20 per cent commission from 3rd parties and is not responsible for who gets the trip. With a variable commissioning system based on the age of the package, Uber, with owned or loaned cars, gave a limited start to fleet variation and somewhat hikes to the trip price. It is likely to provide them with more profit per trips.
- Ola built its own payment portal called Ola Money where trip payment is transacted via TDR in its platform. This dedicated e-wallet allowed them more online promotion and further promotion by discount provided in transactions through this app. Uber earlier, collaborated with Paytm to provide ease of access to more customers digitally and sacrificed commission to Paytm. Like Ola, Uber also manages the payments via gateways and cash.
- Ola and Uber both charge a minimal fixed fee from drivers to get them attached to their aggregation model.
- Ola started fleet leasing to drivers where they provide free maintenance and insurance of cars against daily or weekly payment from them. By this, they managed some assured income and got rid of some shifters who would have worked for both the companies according to the situation. Uber is yet to catch up with OLA in fleet leasing business but its sufficient cash pool is yet to play. Presently they are into leasing loaned cars to drivers wherein they are the mortgage providers and earn commissions from the transaction.
- Though Ola is leading the market with its range of fleets Sedans, SUVs (prime), Compact Cars, Minis, comprising 18000 cabs across 12 cities, Uber is trying to change the game by providing exclusive vehicles like helicopters, jets, trucks and bikes.
- Both companies apply cancellation charges to the customer after a minimum lapse of 5 minutes time or minimum traverse.
- Ola has its peak time charges while Uber manages the extra income by surged pricing of unusual trips.

X Factors

- Ola makes corporate and event tie-ups at a discounted rate because of the heavy demands they get from the companies or events.
- Ola does in-cab advertisement providing leaflets to the passengers.
- Ola has built a strategic partnership with food delivery company Foodpanda.
- Uber keeps the paid money deposited in the banks for 7-10 days mandatorily and profits from the bulk interest.
- Uber started a food delivery system called UberEATS.

Ola vs. Uber – which one provides the best service?

Both Ola and Uber are trying their best to outscore each other (yourstory.com, 2016). It is very difficult to give the answer to the aforementioned question in a word. Uber entered India in 2013, whereas Ola entered in 2010. So, Ola got the advantage of that. The number of driver app installations is much higher in the case of Uber. This shows that drivers have huge faith and loyalty towards Uber. The greater number of driver-partners implies a greater number of cars and hence higher revenue. Thus, the satisfaction among the driver-partners is high in the case of Uber. Uber mobile app is slicker than Ola and the routing algorithms for Uber Pool are better than that of Ola Share (nextbigwhat.com). Uber charges higher fares than Ola. This ensures long term sustainability. OTP is not required for Uber customers to start their trip. Entrepreneurship is promoted by Uber. Paytm like Indian companies are also promoted by Uber, whereas Ola Cabs prefers to use all their in-house technologies. Ola gives a second chance to the drivers having poor ratings to reduce unemployability. Ola provides various services like Share, Micro, Mini, Prime, Lux, Rentals, Outstation, Bike, Autos, Shuttle. Many are free of cost, or at very low rates. It operates in around 100 cities and provides jobs in various sectors like operations, product management, technology. The number of weekly active users for Ola cabs is greater than Uber (www.7parkdata.com/).

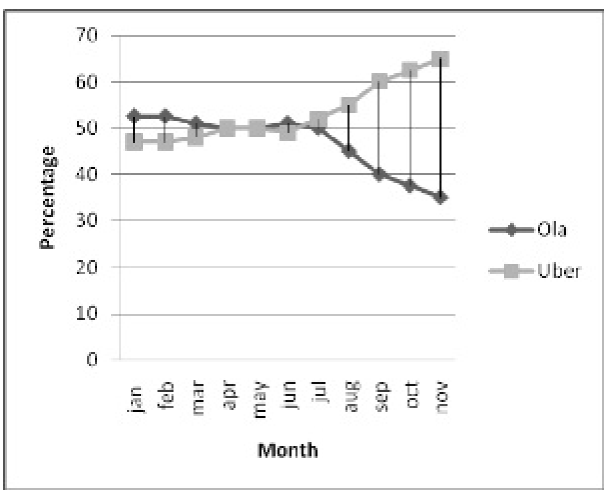

Fig. 4 Driver App Installation Trend in 2018 (Data Source: Kalagato)

'Ola Stars' is a rewards-oriented initiative for drivers and their family based on the monthly performance of the drivers. This scheme provides medical insurance, scholarship for children, skill development programme for women, car servicing and fuel discounts.

Uber has used innovation to solve problems specific to India. In Mumbai, UberBOAT was launched for short trips. Uber has also launched Uber Lite as India struggles with poor Internet speed. Uber launched UberAssist for physically-challenged passengers. All these, will not only to earn revenue, but also indicate its willingness to innovate. This increases brand value and recognition.

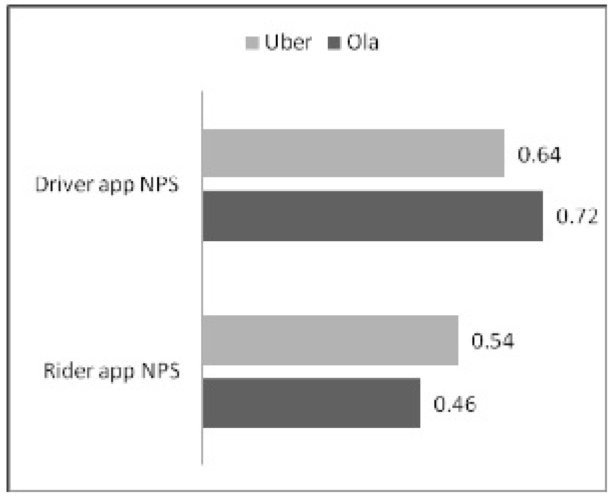

Fig. 5 User Recommendation Concerning Net Promoter Score (Data Source: Kalagato)

Net Promoter Score (NPS) is correlated with revenue growth. It is used to measure the customer relationship of a firm.

Talking about the payment terms, Ola provides a cash payment option. In India, a huge volume of cash is used. So, Uber which initially had the only option of cashless travel, later on, added the cash payment method which considerably increased its revenue. As Ola was the first mover in this case, it got the advantage of higher acceptability initially.

Ola operates with services of cabs, autos and two-wheelers. Uber operates in less number of cities than Ola. 80 per cent of the revenue of Ola is concentrated in top metro cities. This shows that customers are really favouring the app. The app uninstalls rate is high for Uber due to low reach. This is the area where Uber needs to improve.

Talking about cab variants, Ola offers Micro, Mini, share, Prime and prime sedan. On the other hand, Uber provides Uber X, UberGo and pool. Uber provides intercity which is similar to Ola's outstation services.

When it comes to safety, Uber has faced severe allegations of sexual harassment against drivers and thus, this has created a negative impact. Ola has not faced such severe allegations. So, Ola can be contemplated to be on the safer side. The pricing strategies differ on the basis of distance traveled and the cab variant. The peak charges may differ according to the availability of the cabs and the demand by customers.

Both the companies are trying to innovate and offer a wide variety of services. These include association with food delivery option-so that customers can enjoy food during their ride, launching various modes of transport. Uber recently tied up with Yulu to offer bicycle rental services to its customers. In the years to come, both the companies may look forward to investing in the electric car segment. Uber launched Uber Eats to offer food delivery services. Ola's food delivery and grocery options flopped and so it acquired Foodpanda to reenter the market. UberEats is way ahead with about 10000 orders a day. Its main competitor is Swiggy with about 30000 orders a day.

When it comes to Customer attraction, both offer a wide array of promotions to increase customer base. They release exciting offers from time to time. In order to promote newer services, the promotions might offer a discount of about 50 percent. Customer assistance and quality services have been the topmost priority. Ola also provided advance booking services and thus increased customer base. Uber came late into the field of advance bookings and thus suffered a decline in customers. Due to Ola's wide reach, it enjoys a greater market share.

Ola is considerably reducing losses while Uber is gradually earning profits. But there's a high uncertainty regarding the survival of these cab aggregators. Sometimes, it is considered that aggregators can create more transport problems when public transport is easily available. For such scenarios, the ABCA model may increase pollution or lead to traffic congestion. Consequently, the penalty tax may be imposed on the ABCA model, which adversely affects its business strategy.

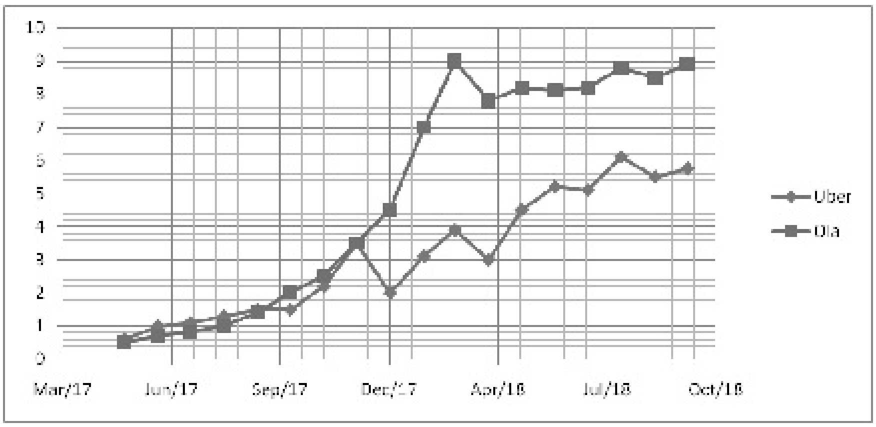

Fig.6 : Weekly Active User Trend(Data Source: Analytics Vidhya)

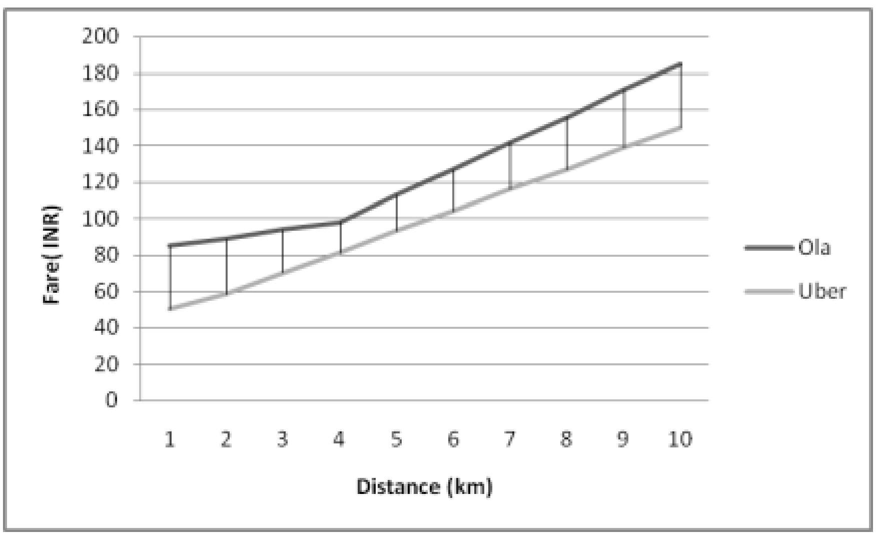

Fig. 7 : Comparison between Ola Micro and Uber Go(Data Source: Analytics Vidhya)

It is seen here that Uber is the cheapest cab if distance is in between 1 km and 10 km. However, a muliplier of 2.1 is charged for Uber, where as a multiplier of 1.4 is charged for Ola on Sedan type cabs. During peak hours, the multipliers are frequently added with cab fare. Although Ola is generally more expensive than Uber, OLA may become cheaper at peak time when demand is high compared to the availability of cabs.

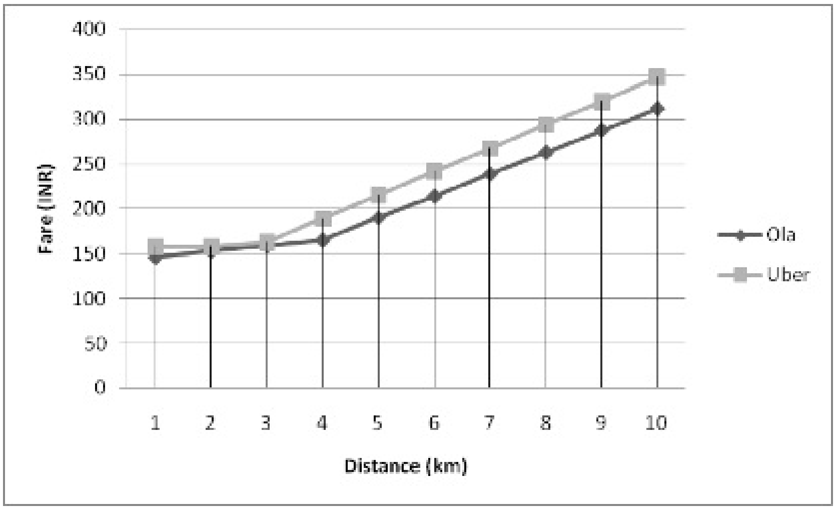

Fig. 8 : Comparison between Ola Prime and Uber X (Data Source: Analytics Vidhya)

LIMITATIONS

In spite of several advancements in technology, there are a few factors that may adversely affect the performance.

- Lack of availability of idle cabs to meet the demand: There still exists unsatisfied demand which results in low revenues and reduced opportunities for growth and expansion.
- Undesired events like route unavailability: There may arise unwanted issues like route unavailability when the GPS the navigation system does not work properly.
- Surgepricing: Companies charge exorbitant prices and thus, surge pricing needs to be controlled and aptly monitored. Reasonable pricing policy needs to be adopted.
- Service Rejections and Driver Denials: The service might be rejected due to uncertainty and drivers might not accept the ride or show reluctance to the service.
-

DEMANDS FOR INNOVATIVE SERVICE

There is a huge demand for various services that can be considered by any ABCA model to grow in business.

- To provide pick-up and drop facilities for school/ college students at a concessional rate
- To tie-up with institutes for organizing picnic or any formal tour.
- To provide special discounts for senior citizens or pregnant women going for health check-ups.

CONCLUSION

The share of the unorganized taxi market is reducing because of the efficiency of the ABCA model. However, the unorganized taxi market in India still continues, because of the unavailability of on-demand cabs in rural areas, growing population and a mismatch between demand and supply of service especially during peak hours.

Loopholes in the modes of transport, changing lifestyle of people and exponential rise in per-capita income have been some of the causes of the remarkable growth of Taxi aggregators in India.

From the above studies, it is clear that both Ola and Uber flourished with the clarity of each other's weaknesses and more importantly by knowing their own strengths and exercising the same. Ola took advantage of its knowledge of the Indian market. They ventured to take the beginner's risk; it helped them to be the largest stakeholder.

Uber despite having huge cash to burn waited to understand the scenario and observe the market growth.

To ensure the sustainability as well as growth in business, the ABCA model needs to focus on performance analysis and various innovations in a continuous way. The unutilized capacity of the ABCA model can provide huge scope to attract more stakeholders in this market. The existing players need to maintain efficiency and face local and global competitions.

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“Equity Research enables to predict the future performance of a stock based on past performance, current status and external environment.”

A Fundamental and Technical Analysis of the Automobile Sector:
Case Study of Eicher Motors and Tata Motors

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ABSTRACT

In this study, details on Stock, Stock Market, both fundamental and technical analysis will tend to help investors in getting a better understanding of working of the Indian Stock Market as a whole. It gauges the direction in which their investments in the companies might be headed and its utility helps in estimating the future trends of stock prices to make a decent profit

out of it. The Automobile sector has been highlighted with a detailed report on its growth, trend, prospects, and economic data to get a hold on the sector. Further, two Companies – Eicher Motors and Tata Motors have been studied in detail for the current year's first-quarter results fundamentally and technically.

KEYWORDS: Automobile Sector, Technical Analysis, Indian Stock Market.

INTRODUCTION

Nowadays many people are interested to invest in financial markets especially equities to get a high return. Since the introduction of the concept of shares, large numbers of investors have shown interest to invest in the stock market. The concern for an investor is to predict the right time to buy and sell the stock to gain maximum return and thus comes the role of equity research.

Equity research involves a critical analysis to calculate the fair value of stocks of a particular company. On a broader role, it is also used to signify the possibility of growth or decline in the share price of the company. The main objective of the analysis is to find out trends by which decisions can be made to maximize returns from investments. Investors depend upon equity analysts to prepare research reports to estimate the value of equity shares of a particular company, as well as decipher the probable future value of its fair price after studying trailing equity patterns. Hence by using the tools of premium equity research reports and skills of a competent research analyst the investor is much better armed to make more prudent and informed investment decisions. Equity research enables to predict the future performance of a stock based on past performance, current status and external environment. It provides outlook based on industry-based intelligence and thorough study of fundamental and technical tools. It aims at identifying the opportunities of wealth creation and arriving at the right investment decision. There are two analysis to formulate a trading strategy-Fundamental Analysis and Technical Analysis. The defining principles of each of these methods of stock analysis are:

Fundamental analysis - It is a method of evaluating securities by endeavouring to measure the intrinsic value of a stock. Fundamental analysts' study everything from the overall economy and industry conditions to the financial condition and management of companies. Some Fundamental tools include Earnings per Share, Price to Earnings Ratio, Projected Earnings Growth, Price to Sales Ratio, Price to Book Ratio, Dividend Payout Ratio, Dividend Yield, ROCE, etc.

Technical analysis - It is the evaluation of securities through studying statistics generated by market activity, such as past prices and volume. Technical analysts do not try to measure a security's intrinsic value but instead use stock charts to identify patterns and trends that may suggest what a stock will do in the future. Some Technical Tools Include: Trend Lines, Chart Patterns, Moving Average, RSI, etc.

OBJECTIVES

- To highlight with a detailed report on growth, trend, prospects, and economic data of the Automobile sector.
- To make a detailed case study including two companies, Eicher Motors and Tata Motors, for the current year's first-quarter results, fundamentally and technically.

METHODOLOGY

This project is analytical and the data has been collected purely from secondary sources. The secondary data has been collected from the annual reports of the companies extracted from the NSE/BSE website; relevant textbooks on subjects, that is, study material of NSE on capital markets and Derivatives and Company official website. Further, much other related information has been extracted from reliable websites.

DATA ANALYSIS AND FINDINGS

Automobile Sector Overview

India is the 4th largest automobile industry, with the country currently being the world's 4th largest manufacturer of cars and the 7th largest manufacturer of commercial vehicles in 2017. The Indian automotive industry is expected to reach Rs 16-18 trillion by 2026. Two-wheelers dominate the industry and makeup 81 per cent share in the domestic automobile sales in FY18. Overall, Domestic automobiles sales increased at 7.01 per cent CAGR between FY13-18 with 24.97 million vehicles being sold in FY18. The Indian automobile industry has received Foreign Direct Investments (FDI) worth $20.36 billion between April 2000 and September 2018.

During April-December 2018, the highest year-on-year growth in domestic sales among all the categories was recorded in commercial vehicles at 25.86 per cent followed by 18.85 per cent year-on-year growth in the sales of three-wheelers. The passenger vehicle sales in India crossed the 3.2 million units in FY18 and is further expecting an increase to 10 million units by FY20.

The government has also set up a target of having only electric vehicles being sold in the country. Indian auto industry is expected to see an 8-12 per cent increase in its hiring during FY19. The government of India has shortlisted 11 cities in the country for the introduction of electric vehicles (EVs) in their public transport systems. The first phase of the scheme has been extended to March 2019 while a second phase is expected soon. The number of vehicles supported under the FAME scheme has increased to 192,451 units in March 2018 from 5,197 units in June 2017.

Exports grew by 18.53 per cent during April-December 2018. It is expected to grow at a CAGR of 3.05 per cent during 2016-2026. The domestic two-wheeler industry is expected to grow at 8-10 per cent during FY19. Also, the luxury car market in India is expected to grow at a 25 per cent CAGR till 2020.

Case Study

EICHER MOTORS

Multiple factors are likely to impact the growth outlook at Eicher. After witnessing robust growth over CY12-FY18, when earnings grew at 46 per cent CAGR, we believe earnings growth will moderate to 10% CAGR over FY19 as lifestyle segment growth normalizes in India, competition steps in and export initiatives take time to pay off. The lower multiple reflects the moderating growth outlook.

INDUSTRY: AUTOMOBILE CMP (15 Mar 2019): Rs 22,612	
Nifty	11,427
Sensex	38,024
KEY STOCK DATA	
No. of Shares (mn)	27
MCap (Rs bn) / ($ mn)	617/8,924
6m avg traded value (Rs mn)	2,781

STOCK PERFORMANCE (%) 52 Week high / low: 32,237/18,780			
	3M	6M	12M
Absolute (%)	(4.7)	(23.0)	(21.2)
Relative (%)	(10.4)	(22.9)	(34.1)

SHAREHOLDING PATTERN	
Promoters	49.33
FIs & Local MFs	5.87
FPIs	30.79
Public & Others	13.54
Source : BSE	

Industry growth rates to normalize: After witnessing hyper-growthover the past decade (Royal Enfield volumes delivered 46 per cent CAGR between CY10-FY18), segment growth rates will likely settle at 1.5-2x of overall two-wheeler industry growth, in our view.

Competition in the lifestyle biking segment: The Jawa is the first serious competitor to the RE range of bikes as the brand has a rich legacy in India, similar to that of Royal Enfield.

Exports a medium-term opportunity: While Eicher's launches of the 650cc Twins in global markets reflect its enhanced R&D capabilities, the adoption of these products by consumers needs to be monitored, especially since developed countries are witnessing stagnating volumes.

Near tear headwinds (1) customers are yet to absorb price hikes intheir entirely (Rs.25,000, ~15 per cent of the ASP) 2) high volume markets such as Kerala (where RE has a 30 per cent market share of overall bikesales) are sluggish 3) Competition in commercial vehicles remains intense, with the industry continuing to witness aggressive discounting. This is impacting profitability at VECV.

Financial Summary

Y/E Mar (Rs. mn)	FY17	FY18	FY19E
Net Sales	70,334	89,650	99,134
EBITDA	21,740	28,076	29635
APAT	17,131	21,797	22,619
Diluted EPS (Rs)	630	800	830
P/E (x)	35.9	28.3	27.3
EV/EBITDA (x)	26.3	19.8	18.3
RoE (%)	38.1	35.2	28.4

BACKGROUND

Incorporated in 1982, Eicher Motors is engaged in manufacturing of commercial vehicles, motorcycles and engineering components.It is one of the leading producers of commercial vehicles. It has manufacturing facilities located in Madhya Pradesh, Tamil Nadu, Maharashtra, and Haryana.

PRODUCTS

Motors - It manufactures numerous commercial vehicles. Its 50-50 joint venture with the Volvo group, VE Commercial Vehicles Limited, designs, manufactures and markets commercial vehicles of high quality and modern technology, engineering components and provides engineering design solutions. It has technical and financial collaboration with Mitsubishi Motors Corporation leading to the manufacturing of CANTER range of vehicles.

OPPORTUNITIES, THREATS AND OUTLOOK

The company is determined to emerge as a dominant player in the global mid-size motorcycle market. It is evident from the data presented above that the Company continues to grow handsomely and enjoys a dominant position in 250cc and above segment where it enjoys a 96.1 per cent market share in India. In the last few years, Company has been focusing on growing in international markets. Its global strategy combines its learning from the success in India and is calibrated for specific international geographies.

DOMESTIC BUSINESS

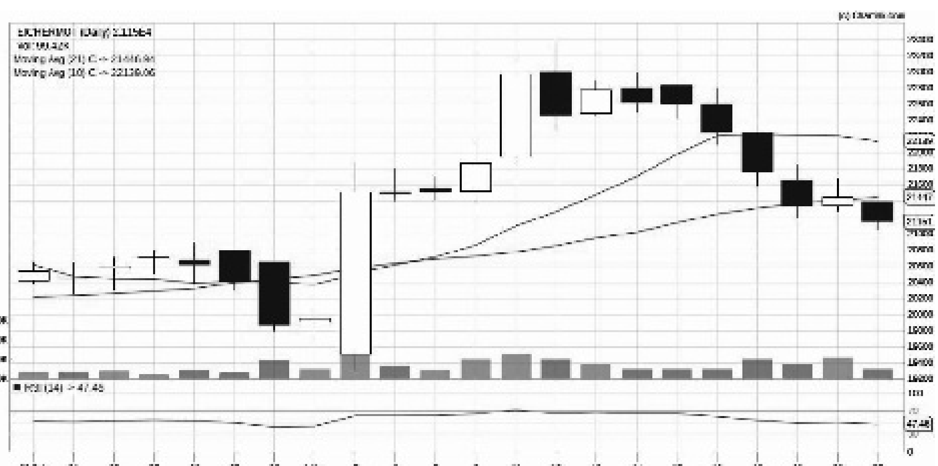
Royal Enfield has substantially expanded and upgraded its pan-India distribution network. In 2017-18, it added nearly 100 new dealerships taking the total dealership network to over 500. The Company nurtures a culture of customer orientation.

STRENGTHENING PRODUCT DEVELOPMENT

Over the years, the company's growth has been driven by the design and development of products that are true to the brand ethos of the Royal Enfield brand.In May 2017, Company acquired the brand, technical know-how, intellectual property and the business of U.K.-based Harris Performance Products Limited.

Technical Chart for Eicher Motors has been shown below:

The Credit Rating of AA+ & A1+ makes the stock commendable and investor’s choice of investment.



Source: ICRA

DIVIDEND HISTORY:

Dividend Year	Announcement Date	Dividend Type	Dvidend amount per share (in Rs.)	Dividend (%)
2017-18	09/05/2018	Final	110.00	1100
2016-17	05/05/2017	Final	100.00	1000
2015-16	12/03/2016	Interim	100.00	1000
2014	13/02/2015	Final	50.00	500
2013	12/02/2014	Final	30.00	300
2012	12/02/2013	Final	20.00	200
2011	11/02/2012	Final	16.00	160
2010	05/02/2011	Final	11.00	110

The company has been distributing dividend to its investors on a regular basis. It can be seen from the above that there has been gradual increase in the dividend paid to the investors.

FINANCIAL SNAPSHOT:

Year ending March (Rs mn)	FY17	FY18	FY19E
Net Revenues	**70,334**	**89,650**	**99,134**
Growth (%)	***13.9***	***27.5***	***10.6***
Material Expenses	37,045	46,435	51,015
Employee Expenses	4,263	5,737	7,262
Other Operating Expenses	7,287	9,402	11,221
EBITDA	**21,740**	**28,076**	**29,635**
EBITDA Margin (%)	***30.9***	***31.3***	***29.9***
EBITDA Growth (%)	***12.9***	***1.3***	***(4.5)***
Depreciation	1,538	2,233	3,023
EBIT	20,201	25,843	26,612
Other Income	2,273	2,801	3,874
Interest	36	53	68
PBT	22,439	28,591	30,418
Tax (Incl Deferred)	7,203	9,359	10,431
Share of Profit/Loss in JVs	1,895	2,566	2,632
APAT	**17,131**	**21,797**	**22,619**
APAT Growth (%)	***28.0***	***27.2***	***3.8***
Adjusted EPS (Rs)	**630**	**800**	**830**
EPS Growth (%)	***27.8***	***27.0***	***3.8***
EO (Loss) / Profit (Net Of Tax)	(460)	(2,201)	
RPAT	16,671	19,597	22,619

RATIO ANALYSIS

	FY17	FY18	FY19E
PROFITABILITY (%)			
GPM	47.3	48.2	48.5
EBITDA Margin	30.9	31.3	29.9
APAT Margin	24.4	24.3	22.8
RoE	38.1	35.2	28.4
RoIC (or Core RoCE)	150.3	176.4	142.1
RoCE	37.8	34.7	27.9
EFFICIENCY			
Tax Rate (%)	32.1	32.7	34.3
Fixed Asset Turnover (x)	1.4	1.4	1.4
Inventory (days)	*17*	*16*	*16*
Debtors (days)	*3*	*3*	*3*
Other Current Assets (days)	*17*	*16*	*15*
Payables (days)	*67*	*79*	*75*
Other Current Liab & Provns (days)	*4.6*	*3.1*	*2.8*
Cash Conversion Cycle (days)	*(34.7)*	*(47.5)*	*(43.6)*
Debt/EBITDA (x)	0.0	0.1	0.0
Net D/E (x)	(0.8)	(0.9)	(0.8)
Interest Coverage (x)	567	484	391
PER SHARE DATA (Rs)			
EPS	630	800	830
CEPS	686	882	941
Dividend	100	110	115
Book Value	1,964	2,579	3,275
VALUATION			
P/E (x)	35.9	28.3	27.3
P/BV (x)	11.5	8.8	6.9
EV/EBITDA (x)	26.3	19.8	18.3
EV/Revenues (x)	8.1	6.2	5.5
OCF/EV (%)	3.5	5.2	4.8
FCF/EV (%)	3.3	3.6	3.3
FCFE/Mkt Cap (%)	3.0	3.3	2.9
Dividend Yield (%)	0.4	0.5	0.5

TATA MOTORS

INDUSTRY: AUTOMOBILE

CMP (15 Mar 2019): Rs 180

- Tata Motors (TML) reported a disappointing Q3FY19 performance
- At JLR, sensing the current muted demand prospects and profitability challenges, the company undertook a one-time impairment charge to the tune of Rs.278.38 billion.
- On a standalone basis, net revenues came in at Rs.162.08 billion (up 0.7 per cent YoY), with volumes at 171,354 units, down 0.5 per cent YoY. EBITDA was at Rs. 14.30 billion with corresponding EBITDA margins at 8.8 per cent. Consequent PAT was at Rs.6.18 billion.

- Consolidated net sales were at Rs.770.01 billion, up 3.8 per cent YoY with EBITDA margins of 9.3 per cent, down 154 bps QoQ. Consequent to the large write-off, TML reported an after-tax loss to the tune of Rs.269.61 billion at the consolidated level.

JLR continues to face substantial headwinds in key markets! China is amid a slowdown, with total industry volumes down 2.8 per cent YoY marking the first market contraction in more than two decades. Elsewhere, the UK market is still besieged by Brexit related uncertainty while there is waning demand for diesel vehicles in the ex-UK Europe market amid pollution concerns. This leaves the US as the sole bright spot among JLR's key geographies. Going forward, at JLR, it's expected that volumes will decline by 8.9 per cent in FY19E to 570,000 units and thereafter rebound by 6.9 per cent to 610,000 units in FY20E.

Regulatory changes weigh on domestic CV industry; PV business stable.

On the domestic front, TML's core CV business has slowed down in recent months on the back of revised axle load norms that have increased capacity and, thus, cooled incremental truck demand along with credit crunch leading to lack of liquidity. However, despite the recent blip, we believe the M&HCV space will rebound in FY20E driven by pre-buying ahead of the implementation of BS-VI norms. The newly launched premium UV 'Harrier' is expected to boost volumes. Over FY19E-20E, we expect volumes at standalone operations to grow at a CAGR of 15.1 per cent to 850,000 units in FY20E (640,000 units in FY18).

Indian auto industry is expected to see an 8-12 per cent increase in its hiring during FY19.

We value TML on SOTP basis with domestic operations contributing | 108 (6x EV/EBITDA), JLR contributing 13/share (2.2x EV/EBITDA) and others at 24.

BACKGROUND

Tata Motors was established in 1945 as Tata Engineering and Locomotive Co. Ltd. to manufacture locomotives and other engineering products. It is India's largest automobile company. It is the world's fourth-largest truck manufacturer and the world's second-largest bus manufacturer. More than 4 million Tata vehicles ply on Indian roads since the first rolled out in 1954.

Tata Motors, the first company from India's engineering sector to be listed in NYSE, has also emerged as an international automobile company. It's commercial and passenger vehicles are being exported to several countries in Europe, Africa, the Middle East, South East Asia, South Asia and South America.

ALLIANCE & ACQUISITIONS

In 2004, Tata Motors acquired the Daewoo Commercial Vehicles Company, South Korea's second-largest truck maker. In 2005, it acquired a 21 per cent stake in Hispano Carrocera, a Spanish bus and coach manufacturer. In 2006, it formed a joint venture with the Brazil-based Marcopolo, a global leader in body-building for buses and coaches to manufacture fully-built buses and coaches. Following a strategic alliance with Fiat in 2005, it has set up an industrial joint venture with Fiat Group Automobiles to produce both Fiat and Tata cars and Fiat powertrains. In 2006, Tata Motors entered into a joint venture with Thonburi Automotive Assembly Plant Company to manufacture and market the company's pickup vehicles in Thailand.Tata Motors signs a definitive agreement with Ford Motor Company to purchase Jaguar and Land Rover and completes the acquisition of the two iconic British brands, Jaguar Land Rover in 2008.

RESEARCH & DEVELOPMENT

With more than 2,000 engineers and scientists, the company's Engineering Research Centre, established in 1966, has led to revolutionary technologies and products. The company today has R&D centres in Pune, Jamshedpur, Lucknow, in India, and South Korea, Spain, and the UK. It was Tata Motors, which developed the first indigenously developed Light Commercial Vehicle, India's first Sports Utility Vehicle and, in 1998, the Tata Indica, India's first fully indigenous passenger car.

Technical Chart for Tata Motors has been shown below:

CREDIT RATING

Date	Instrument Type	Rating Agency	Rating
21-Jul-18	Long Term Bank Facilities	CARE	CARE AA+
21-Jul-18	Non Convertible Debentures	CARE	CARE AA+

The Credit Rating of AA+ that the Investment Grade Long term Credit Risk is quite Creditworthy.

HISTORICAL DIVIDENDS

Year End	Dividend Amount	Dividend %	Dividend Yield %	Dividend per Share(Rs)	Face Value(Rs)	Un.. (Rs.
Mar-2016	73.00	10.00	0.05	0.20	2.00	386
Mar 2014	648.56	100.00	0.50	2.00	2.00	398
Mar-2013	645.20	100.00	0.74	2.00	2.00	269
Mar-2012	1280.70	200.00	1.45	4.00	2.00	275
Mar 2011	1274.23	200.00	1.60	20.00	10.00	124
Mar-2010	859.05	150.00	1.98	15.00	10.00	755

The Company has not paid any dividend since 201

FINANCIAL SNAPSHOT

Y/E March	2015	2016	2017	2018	2019E
Total Income	**2,631,590**	**2,730,456**	**2,696,925**	**2,946,192**	**3,073,114**
Change (%)	13.0	3.8	-1.2	9.2	4.3
Expenditure	2,210,452	2,312,693	2,327,802	2,576,462	2,754,804
EBITDA	**421,138**	**417,763**	**369,124**	**369,730**	**318,309**
% of Net Sales	16.0	15.3	13.7	12.5	10.4
Depreciation	133,886	167,108	179,050	215,536	238,993
EBIT	**287,252**	**250,655**	**190,074**	**154,194**	**79,316**
Product Dev. Exp.	28,752	34,688	34,136	36,319	40,348
Interest	48,615	48,891	42,380	46,818	54,595
Other Income	8,987	8,854	7,545	8,889	19,824
EO Exp/(Inc)	930	18,504	-11,146	-19,751	304,091
Forex Gain/ (Loss)	-917	-16,169	-39,101	11,853	20,507
PBT	**217,026**	**141,258**	**93,148**	**111,550**	**-279,388**
Tax	76,429	30,251	32,512	43,419	-23,581
Effective Rate (%)	35.2	21.4	34.9	38.9	8.4
Reported PAT	**140,597**	**111,007**	**60,636**	**68,131**	**-255,807**
Change (%)	-0.3	-21.0	-45.4	12.4	-475.5
% of Net Sales	5.3	4.1	2.2	2.3	-8.3
Minority Interest	-868	-989	-1,022	-1,025	-1,096
Share of profit of associate	134	5,775	14,930	22,783	1,430
Net Profit	**139,863**	**115,793**	**74,544**	**89,889**	**-255,474**
Adj. PAT	**140,465**	**130,334**	**67,288**	**77,826**	**-14,777**
Change (%)	-1.1	-7.2	-48.4	15.7	-119.0

RATIO ANALYSIS

Y/E March	2015	2016	2017	2018	2019E
Basic (INR)					
EPS	**43.6**	**38.4**	**19.8**	**22.9**	**-4.4**
EPS Fully Diluted	**43.6**	**38.4**	**19.8**	**22.9**	**-4.4**
EPS Growth (%)	-1.1	-12.0	-48.4	15.7	-119.0
Cash EPS	85.2	87.6	72.5	86.4	66.0
Book Value (Rs/Share)	174.8	232.5	171.0	281.0	193.4
DPS	0.0	0.0	0.0	0.0	0.3
Payout (Incl. Div. Tax) %	0.0	0.0	0.0	0.0	-7.5
Valuation (x)					
Consolidated P/E	4.2	4.7	9.2	7.9	-41.7
EV/EBITDA	1.9	1.7	2.2	2.3	4.3
EV/Sales	0.3	0.3	0.3	0.3	0.4
Price to Book Value	1.0	0.8	1.1	0.6	0.9
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.2
Profitability Ratios (%)					
RoE	23.1	19.3	9.8	10.1	-1.8
RoCE	15.7	15.1	9.2	6.4	5.7
RoIC	39.2	34.5	22.6	15.1	7.3
Turnover Ratios					
Debtors (Days)	17	18	19	25	22
Inventory (Days)	41	44	47	52	50
Creditors (Days)	80	82	85	95	85
Asset Turnover (x)	2.1	1.9	2.0	1.7	2.1
Leverage Ratio					
Debt/Equity (x)	1.2	0.8	1.3	0.8	1.2

The Automobile industry in India is the seventh-largest in the world and has emerged as Asia's fourth-largest exporter of automobiles. The Indian Automobile industry has recovered from the global slowdown and started to make good returns and the industry is expected to grow in the future years. So, investment in the automobile company is good for the long-term.

EICHER MOTORS:

The flagship product Royal Enfield is now a leader in the premium motorcycle segment of India and style statement for dynamic youths. With increasing demand in Modern trucks, it's Truck segment also going to witness robust demand in the coming days. Its low equity, very nominal debts, high RoE, good dividend track record, solid financial results in every quarter have made good reasons for investing in Eicher Motor on a long term basis. The depreciation cost has increased but can be ignored considering the overall comparison of PBT. The market is rightly giving premium to this stock and the high-end price of the stock likely to witness a steady uptrend in the coming years.

TATA MOTORS LTD.:

Tata Motors, a solid parentage and premium carmaker has a dominant presence in Commercial vehicle like Bus and Truck, in small car segment and also has a global presence with its iconic brands Jaguar and Land Rover. Total income from Operations is higher even after the reduction in Other Operating Income. There has been a reduction of 58 per cent in P/L before Other Income, Interest, and Exceptional Items as compared to the same quarter last year. Once the domestic sales recovers, the stock price would start increasing steadily, as its JLR Brand is doing fantastic. A premier-class blue chip automaker is still available at a low price, which could be a solid investment idea for a long term basis.

CONCLUSION

There is no denying that natural movement in the Stock Market is upwards while the fall is the correction which comes when the price moves ahead of the fundamentals. That is why the benchmark index Nifty started from 1000 points and today is 11450 points, although it dipped from 6300 points to 2200 points in the year 2008 during the global crash. Stock Markets do absorb almost every shock, we have witnessed in the past, but before investing, an investor should have clear and adequate knowledge of the capital market. It is better to go for Long term Investment rather than the Short-term Investment because it is less risky and also provides a better return. Fundamental Analysis is used for making long term investment decisions while technical analysis is used for making short term investment decisions. It is important that investors know the value of money.

Thus, from the above findings, it's been recommended that one should go for Eicher Motors and Tata Motors even at this price as they both are very good for investment purposes. If anybody is holding than must add on further dips as it has good long-term prospects and they may touch a new high in the coming days giving a good return to its shareholders

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It is an established fact that consumers can better connect with and forge relationships with brands at a deep-rooted emotional level especially if they possess a human-like demeanor, and hence, marketers are engaged in a pursuit to introduce brands with distinct personality traits that consumers can connect to easily.

Anthropomorphizing Brands: A Case Study of the Amul Girl

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ABSTRACT

The last few decades have borne testimony to significant research that has documented the existence of brands in more 'humanlike' terms. Interestingly, brands, that are akin to human beings, breathe, mature, feed, and flourish, if there is apposite placement of strategy. If they are not taken care of, they ultimately cease to exist, thereby bringing out the significance of branding in a contemporary milieu. The brand which is able to communicate its message to the target audiences and is able to strike a chord with them shall emerge as a clear winner in a hyper competitive market. It is an

established fact that consumers can better connect with and establish relationships with brands, at a deep-rooted emotional level, especially if they possess a human-like demeanor, and hence, marketers are engaged in a pursuit to introduce brands with distinct personality traits that consumers can connect to easily. In this context, brand anthropomorphism is a strategy that traditionally involves the process of humanizing the brand, giving it a feel so that the consumer can easily connect with it, as it aids in tapping human emotions far more effectively. In this undertaking, the concept of brand anthropomorphism has been examined in light of the case of the 'Amul Girl', the iconic mascot of Amul, as an archetype of brand anthropomorphism.

KEYWORDS: Brand, Anthropomorphism, Humanizing, Amul, Human-like, Personality.

PREFATORY OBSERVATIONS

In today's hyper competitive marketplace, the sheer number of brands available to consumers has escalated tremendously. It would be tedious to scout for such an industry or marketplace where the business is not exposed to rigorous competition from established brands as well as form new entrants. In just a specific market segment, brands are known to compete intensely as well as aggressively with each other. For instance, in the case of mobile phones, there are major players such as Apple, One Plus, and Samsung which aspire to sell their products in a distinct and sui generis manner. This is where the role of branding is most prominent; it is imperative for such brands to make their offerings stand out from the rivals. The market dynamics keep on transforming at a tremendous pace due to ever-growing brand competition. Hence, this does not merely imply that the brand is expected to survive, but rather plan their overall strategy in a manner that yields desired results. Marketing myopia was a topical term used in the late 1960s where marketers were known to concentrate on the short-term requirements of the product rather than on the long-term requirements. Therefore, they did not concern themselves immensely with the aspect of product development, but instead focused more on selling their products rather than building long-term customer relationships, which resulted in demeaning the value of the brand. Archetypal branding strategies have failed to establish the emotional connect while selling their product, and thus, marketers now a days are cognizant of the fact that merely focusing on the product specifications would not yield them any significant returns, if there exists no customer to build a relationship with. The mantra adopted by modern-day marketers is thus to make customer retention the focal point of branding.

The current undertaking has been developed in the form of a conceptual article that aims to explicate the concept of brand anthropomorphism, a process that humanizes brands by giving it certain human-like appearances, such as a face, while enriching it with stories, and connecting with customers who share characteristics that are congruous with it.

UNDERPINNINGS OF BRAND PERSONALITY

A brand is created by merging the proclamations made on behalf of the particular company, the members of the society, as well as how the company performs in the eyes of the consumer (Berry, 2000). The brand which is able to communicate its message to the people and is able to strike a chord, is sure to bypass others in the skyrocketing competition. Brand personality may be defined as a set of human characteristics that are attributed to a brand name (Azoulay & Kapferer, 2003). It enables the company to discern how people feel about their product and how it sets them apart from the competition. Customers are likely to purchase the product if there exists a sync with their own personalities. The effectiveness of the brand increases in the eyes of the customers when they perceive that the brand they have considered for purchase has been congruent with their own behavioural dimensions. According to a seminal study by Aaker (1997), there exist five principal types of personalities with common traits; they are excitement, sincerity, ruggedness, competence and sophistication.

Apple, for instance, opts for sophistication for its products. It is exclusively marketed keeping in mind of the premium customers. Again, the personality of the Dove brand is often said to be that of sincerity, which is used effectively to attract female customers. Such brand personalities help in selling products effectively by creating a distinct impression in the minds of the target audience. A robust brand identity can be regarded as a crucial foundation for developing customer loyalty, customer retention as well as having a discernible competitive advantage. It must possess an emotional appeal such that it becomes easy to connect with the customer base.

THE RUDIMENTS OF BRAND ANTHROPOMORPHISM

Traditionally, low-involvement products such as toothpaste, soap and others in the fast moving category, have been purchased largely due to rational factors. However, in today's era, marketers are more focused on developing emotional appeals for their products rather than simply selling it.

It is an established fact that consumers can better connect with and forge relationships with brands at a deep-rooted emotional level especially if they possess a human-like demeanor, and hence, marketers are engaged in a pursuit to introduce brands with distinct personality traits that consumers can connect to easily. In this context, brand anthropomorphism may be understood as the process of humanizing the brand i.e. the human character with which the target audiences shall associate with and establish communication. It is also akin to the concept of brand personification wherein the brand is personified by giving the brand a human guise. Given how easily consumers view brands as human beings, it has become quite lucid for marketers in today's times to design an anthropomorphism strategy by utilizing human emotions such as happiness, anger, sadness or motivation. This would help foster a robust connection with the brand in question. Targeting the emotions of the target audience has become the primary goal of marketers, and such techniques result in a high favourable influence and the urge to develop ownership for the product.

The M&M characters have been assigned human traits but their forms happen to be non-human. In fact, they sport faces with no body similar to the actual M&M. The cynical and scornful red pair serve as mascots for milk chocolate M&Ms and the happy yellow pair represent peanut M&Ms. In 2004, an online poll survey conducted by USA Today found that the M&M characters were voted as America's favorite advertising icons. Interestingly, Indian brands have also had substantial involvement in such a form of marketing communication. Britannia's Biscuit range has a smiling sun, 'Sunny' who plays and talks with kids in its advertisement. The humanized walking 'Debit Card' of State Bank of India serves as a guide for several families to start seamless shopping. Calcium Sandoz, on the other hand, uses packaging as its anthropomorphizing catalyst. The Nirma Girl was a major success in the context of detergent brands in India. This association with brand characters results in creating, liking, and repetitive buying, and thus brand loyalty.

Mascots have also been used as a versatile marketing implement, as they have immense advertising value for the company. It furnishes life to the brand as it is visually appealing and promptly noticed. A good mascot augments brand awareness and aids in creating a mass appeal as consumers develop a deep-rooted love for the character. They are used as a communication channel between the consumer and product, which provides a creative, humorous, gracious as well as a low-cost model for communicating the brand's value through the desired personified image. By adding a mascot, it helps in bridging the gap between the marketer and the customer, thereby enabling the customer to get a good impression of the people involved behind the advertisement.

THE AMUL GIRL: A CLASSIC CASE OF BRAND ANTHROPOMORPHISM

Anand Milk Union Limited or Amul is an Indian cooperative dairy company based in Anand, Gujarat. The milk revolution had triggered the establishment of Amul, and its product categories comprise milk, butter, curd, beverages, ice cream etc. Launched in 1955, Amul commenced operations with butter and went ahead of its rival Polson Dairy. Over the years, Amul, one of the most trusted brands of India, has grown to become the 'Taste of India', as the tagline of the company promises.

Designed by the firm Da Cunha advertising in 1966, this mischievous girl has been the sole brand mascot for the company in all its brand communications. She has been one of the longest-running mascots in India and has a huge fan following. She is clad in a polka-dot dress with blue hair and a half pony that is tied-up. She has been imprinted into the minds of millions and has transcended to become a nostalgia-evoking symbol over the breadth of years. The Indian audience has always witnessed her on the outer package of 'utterly butterly delicious' Amul butter. She has been persistently spotted on the corner newspapers or outdoor billboards, taking a jibe on major trending issues, for a prolonged period. Unlike other brands, the Amul Girl and her marketing communication programs have not only been used to promote the product but have also incorporated diverse social events and transformations occurring in Indian history that have been of importance and have adhered to the set values. Whenever the context of butter comes up, the picture of the Amul girl is formed in the back of our minds.

The Amul girl has strategically encompassed almost every socio-political or socio-cultural occurrence or dimension; whether it is the surgical strikes at Uri, celebrating sporting victories of India, moments of despair in the country or mockery of characters, she has always been there with her visual impact on the audience. She has got involved in many controversies but she has buttered it out with her charm. The Amul Girl was a digression from the humdrum corporate ads that the previous agencies had developed. After more than three decades, the Amul Girl is still known to win the hearts of the audience, be it through print ads or the butter packets. This has been accomplished with the help of humor, sarcasm and prudent wordplay by the makers. There always happens to exist a story behind each campaign wherein the Amul girl is portrayed making it a perfunctory amalgamation of good sense and impact. It has been established that the Amul girl had been envisioned as "naughty, cuddly, innocent and cute". For instance, in a campaign launched in the aftermath of the Bollywood movie 'Raazi', Amul came up with a "Sab Raazihai!" campaign, wherein the Amul girl was observed jumping into the act by reenacting a very memorable scene of Alia Bhatt determinedly pointing a gun at the camera. It represents how the Amul girl sports an 'up-to-date', 'independent' and 'contemporary' personality, though her demeanor. It clearly depicts her cute and naughty nature that helps it to garner the requisite target audience and remain etched in the memory forever.

Mascots have also been used as a versatile marketing implement, as they have immense advertising value for the company.

The points of difference associated with the Amul Girl in relation to her peers is that she is able to tap into a deeper cultural pool in India and establish herself within the subconscious of the audience. Her outdoor or newspaper advertisements keep on changing regularly, adding dynamism to her presence, while having people wait eagerly for the next campaign. The distinct appearance and design of the advertisement allow the audience to locate the Amul Girl easily. Her presence is, therefore, greater than the brand itself, and she portrays a character that is above the consumer-product relationship. Amul has successfully kept its brand value intact over the years, and it expresses a very appealing perspective. This has contributed to the success of the Amul Girl unlike contemporary mascots such as the Rasna or the Liril girl. Today, it is not just a brand but it is the voice of the country, which represents the flow of suppressed emotions of its citizens. She has stood the test of time and emerged victorious in her scheme of things, and thus kept the core values of the company in sync with her expressions. Hence, she becomes a classic example of brand anthromorphism with her personality and with the help of emotional appeal.

The Amul Girl's personality can be assessed with the aid of the Brand Identity Prism developed by Kapferer (1996). There are six aspects to brand identity that are demonstrated in Kapferer's (1996) model, namely, physique, culture, personality, relationship, reflection, and self-image.

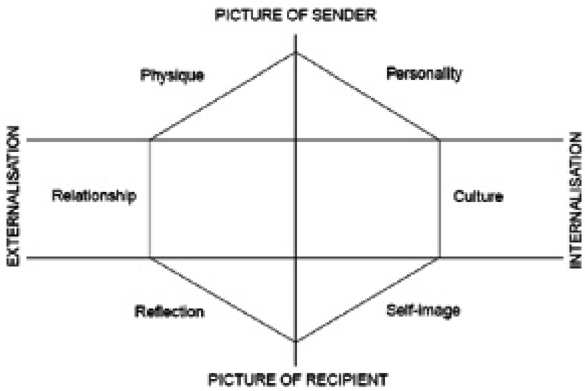

Figure 1: Brand Identity Prism (Kapferer, 1996)

The connotations associated with Amul with respect to the aspect of 'Physique' are the unique taste of its milk products, the "utterly, butterly" Amul girl and the butter. In terms of brand personality, the implications refer to the fact that Amul is a purely Indian brand, which is traditional while being innovative, simple while being honest. Amul has been perceived as a trusted brand that does not cheat its consumers. The connotations associated with Amul with respect to the cultural dimension are that there is a co-operative culture with emphasis on sharing and being socially responsible. Amul is known to have a strong relationship with its customers. There is a definite sense of reliability, which consumers perceive based on product experience. Another feature that is associated with this aspect is being sociable. Amul is a component of the social lives of consumers as experienced by the extensive use of Amul products. In terms of reflection, there is a distinct feeling of care and concern for loved ones and a deep respect and orientation for values. The self-imageof Amul include dimensions such as being fun loving and being a proud Indian, who simultaneously believes in quality and is a firm believer in values.

CONCLUSIVE STATEMENTS

In essence, the current undertaking preliminarily introduces the concept of brand anthropomorphism by elucidating its psychological process. Brand anthropomorphism, as is evident in the discussion, is a pertinent antecedent of brand personality. While making use of various design elements that endow brands with a human-like appearance, much like in the case of Amul and the Amul Girl, the perception of human body contours and facial physiognomy in consumers can be enhanced, thus shaping a distinctive brand personality. Similarly, emergent communication strategies of Amul emphasize the self-expressive role of their brands, thus boosting self-brand congruity. It is an effective strategy to reinforce the perceptions towards brand anthropomorphism in the minds of its target audiences. By focusing on an effective brand anthropomorphism strategy, brand marketers could develop novel products, redesign existing ones, and conceive effective communication strategies. The brisk and simplified inception of an anthropomorphic perspective, either directly with animated human-like characters or indirectly in embedded human-like traits in product designs, can enable consumers to relate to and connect with their favourite brands almost on an immediate level. They can utilize the most intuitive and reasonable means possible to evaluate the brands as far as practicable.

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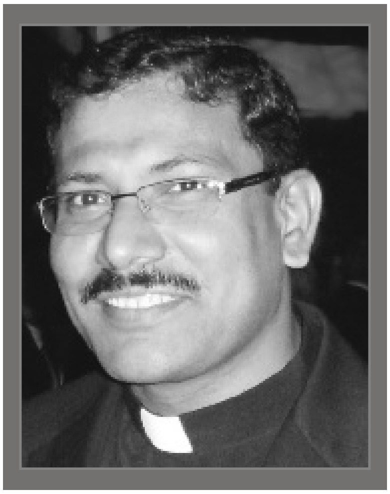

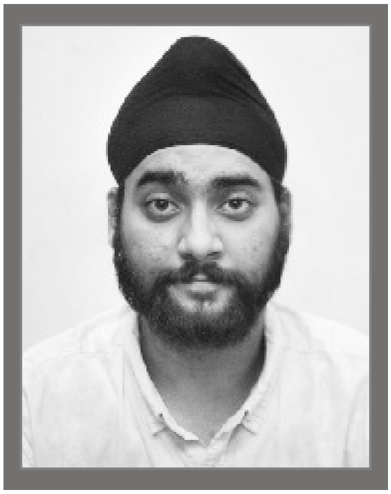

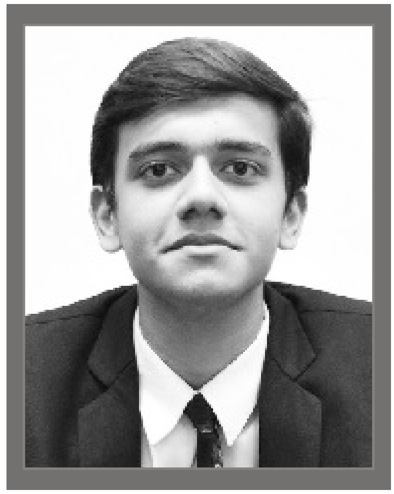

With advanced levels of climate factor disclosures, institutions shall have to diligently work towards building a green economy and factoring changes to accommodate the impacts of climate change.

Climate Risk in Financial Management

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ABSTRACT

Climate Change is real, and the times are changing. The environment is crumbling at a pace beyond reproach. Theories are becoming a reality, and the world requires collective action. Climate Risk threatens to expose nature in a way that can be detrimental to humanity in an unprecedented manner. While the above is steeply becoming an undeniable reality, the financial industry has been reluctant to take definitive steps towards making climate

risk an essential threat, and treat it accordingly. The complacency of treating it as a moral obligation and noble character is no longer true in any manner whatsoever. The Financial Industry will have to take decisive actions to treat and manage these risks so as to shelter itself from any future threats. While steps have been taken towards countering these risks, general awareness and concern is still a widespread issue. The culture needs to inculcate the gravity of such a situation. While the primary driver will always be money and maximizing profits, in the industry, the environment shall also have to be looked upon as a fundamental cause inhibiting it, further facilitating action.

Left unmanaged, climate changes will reverse development progress and compromise the well-being of current and future generations.'

International Finance Corporation

World Bank Group.

KEYWORDS: Climate Risk, Environment, Complacency, Widespread.

BACKGROUND

While the world was asleep, one fine day the global narrative changed. It was not a surprise to those who did know and cared, but given the minimal proportion, and the global setback, it indeed was a shock, that would modify the perspective and the way forward. The first climate change bankruptcy, as they call it, from $25 billion to bankruptcy filing at a market value of $4 billion and $40 billion in Liabilities, in a matter of 4 months. PG&E California utility got overwhelmed by the overwhelming rapid climatic changes as a prolonged drought dried out much of the state and decimated forests, dramatically increasing the risk of fire, in turn causing the utility damage that it could not recover from. While the fire kept expanding and the industry experts kept commenting on the lack of foresight and complacency to tackle climate risk, the top management of the company kept pushing the blame on laws such as inverse condemnation until the CEO decided to step down, and soon the company tumbled into bankruptcy. While there are exogenous factors responsible for the bankruptcy as well, the primary driver remains climate risk. This serves to be an alarming sign, threatening the very disciplines of capital investments, managing risks, and investments. Russell Gold calls this first climate-change bankruptcy, probably not the last. And the latter is probably the call to action that industry experts need, to finally rise to the occasion, take responsibility and prepare for the future.

'Physical risks have only recently manifested themselves. This is a fairly new development. If you are not already considering extreme weather and other climatic events as one of many risk factors affecting business today, you are not doing your job.'

-Bruce Usher, a professor at Columbia University's business school who teaches a course on climate and finance.

(See Figure 1)

LITERATURE REVIEW

'Investors today face a two-sided climate risk to their assets: a policy risk and a physical impacts risk.'

Centre for International Climate Research

The restructuring resulting in the tightening of the climate risk policy across the globe is accelerated by the Paris Agreement, which sets clear aspirations to limit global warming to 1.5 or 2 degrees Celsius, and will affect all sectors and future investment patterns for global financial capital. The investors are confronted with a physical impact risk, which is linked to potential adverse impacts from climate change such as extreme weather, floods or droughts, and sea-level rise. Both physical and policy risks can result in real financial impacts on companies and assets. In this light itself, Linc Energy, the failed company of Queensland was fined $4.5 Billion for ecological vandalism.

IMPACT OF CLIMATE RISK ON FINANCIAL INSTITUTIONS

The classification of risk falls into multiple brackets and is open to adoption by institutions to a certain extent, whereas climate risk unfolds multifold areas of concern. From consumer borrowing to capital decisions, climate risk needs to be incorporated everywhere. Since the very inception, borrowing has been directly proportional to the monetary standards of an individual with a unidimensional outlook. Financial institutions have been complacent, and as a result most climate drivers are not incorporated in such databases. Hence, without data there are no repercussions, neither is there any scope to interpret behaviour, and the entire system of assessing climate exposure gets complicated. Examples of such pertinent data include energy mix of utilities, cost of reserves for oil and gas upstream companies, supply chain information for industries, or precise collateral location for mortgages. In these cases, we rely on external borrower-level data, industry-level data, or expert judgment.

With the growth of the Green products the Financial Industry is adapting to the changing times, moving together towards an economy that becomes sustainable for the years to come.

'The 2007-08 droughts in Australia contributed to global wheat-price hikes of up to 85 per cent. By 2030, up to 20 per cent more drought months are projects over most of Australia' - This has adversely impacted the commodity market in a severe fashion.

However, more importantly, these analyses help to identify the data items that banks should start collecting as a part of their underwriting and credit review process. Similarly, while considering investment decisions, the end consumer needs to be aware of the risk practices being incorporated into the system of a particular corporation in order to comprehend the future practices of a company. On the other hand of the investment decisions, from the perspective of the corporations itself, projects shall have to be adopted or rejected, on the basis of their green practices, having considered possible threats of climate change.

'Research in Alaska has shown that capital depreciation of transport, water and sewage infrastructure could increase by 10-20 percent by 2030 due to climate change, with temperature skewing drastically' (See Graph 1)

These impacts need to be carefully studied and subsequently, systems and models need to be developed for tackling threats arising from climate change.

TREATMENT OF CLIMATE RISK IN FINANCIAL MANAGEMENT

Historically, Climate Risk is primarily seen as a social responsibility for financial institutions, across the globe. They have different names for it, but the crux of Corporate Social Responsibility (CSR), Environmental, Social and Governance (ESG) incorporation and other such classifications have been propagated and practiced only to shy away from the principal responsibilities of the institutions. However, the time has come to appropriately model and meet the needs so as to be able to meet the requirements in order to manage climate risk. Institutions should move towards treating climate risk as a financial risk, owing to its importance in the global narrative, moving beyond traditional trifles of considering it to be only a transition or reputational risk.

Climate Scenarios are one primary way to model and include climate risk in financial management. Although historical scenario analysis is not the most effective way, scenario analysis with stress variables can be an effective way of modeling climate change. Such integration with the help of financial modeling shall have to be used in climate risk as well. Although perceived primarily as a physical risk, climate risk cannot just be treated as one, it needs to be modeled equally if not more than how market risk does.

REGULATORY STEPS IN ORDER TO COMBAT CLIMATE RISK

The Intergovernmental Panel on Climate Change (IPCC), governs a cohesive panel on climate change overseeing the entire structure of regulatory steps essential in countering the global problem of climate change. In December 2015, the Financial Stability

Board (FSB), established the Task Force on Climate-related Financial Disclosure (TCFD) to develop voluntary, consistent climate-related financial risk disclosures for companies to use when providing information to investors, lenders, insurers and other stakeholders. These are the primary bodies, which facilitate regulatory oversight over institutions, both public and private in nature, in regards to climate risk. At the same time, there are other national regulatory bodies, which exercise control over governmental and private organizations. This regulatory insight into the entire spectrum facilitates a great amount of control over institutions that do not take appropriate steps towards the cause.

THE GREEN ROAD AHEAD

A joint initiative by Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA), shall lead to the formation of the Climate Financial Risk Forum, the aim of which is to help the financial sector manage the financial risks from climate change and support innovation for financial products and services in green finance. The forum will involve representatives from industry as well as technical experts and other stakeholders.

Another such initiative taken to solve the increasingly difficult issue of projection and valuation of companies and to tackle disclosure amongst institutions in the United States of America was the Climate Risk Disclosure Act. The Climate Risk Disclosure Act was reintroduced and passed by the House Financial Services Committee, this called for corporations to increase the level of disclosure in terms of Climate practices in corporations. This shall facilitate increased levels of transparency between the stakeholders and the corporations. With advanced levels of climate factor disclosures, institutions shall have to diligently work towards building a green economy and factoring changes to accommodate the impacts of climate change.

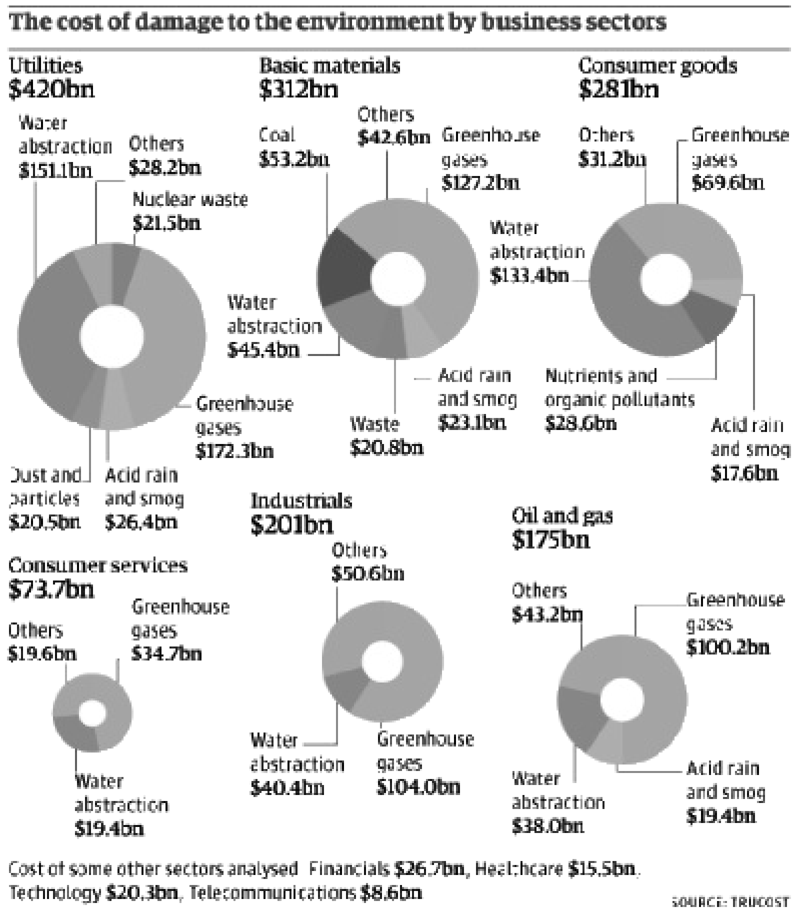
The green dream to adopt an environment friendly culture, which is sustainable in nature, is being worked upon rapidly. Although, there has been a display of complacency, the narrative is evolving with time. Corporations from all across the globe are making constant efforts to take necessary steps in preparing for the future. The future is driven by alternative sources of energy, and it is a fact we have to undeniably accept. The global economy, which has majorly survived upon non-renewable sources of energy, will and is adapting with the changing times, so as to promote and propagate sustainable consumption, with a steep increase in action towards a green economy. At the same time investments from the financial sector in low-carbon solutions and infrastructure that shift our economies away from fossil fuels while also reducing the risk for adverse climate impacts. This hopes to improve the current status of the financial industries in particular, and the economy in general, with regard to the climate conditions across the globe.

Financial Products facilitated by Financial Engineering have been in the industry for almost a century now, but green products are only now coming in the picture, with the alarming concern over climate change integrated into financial management. As per the Bank of England, 'There are now over 70 green bonds listed on the London Stock Exchange in seven currencies, worth over the $22 billion. Thirty-eight green companies have raised $10 billion in London, including 14 renewable investment funds. The retail banking sector has seen the introduction of Green mortgages. Homeowners who want to buy an energy-efficient new-build property can be offered lower rates on some mortgages. Green loans are also available for a range of projects such as reducing greenhouse gas emissions.'

With the growth of the Green products the Financial Industry is adapting to the changing times, moving together towards an economy that becomes sustainable for the years to come.

CONCLUSION

In a nutshell, environmental sciences and financial sciences need to amalgamate in a way that is fruitful for the future. Financial integration of climate change is not just a demand, it is currently a necessity in the global scenario. With that viewpoint, the cooperation and mechanism to move forward needs to be inculcated steadily into mainstream financial management. The stressed factors need to be induced in the right manner, with uniform control and responsibility across organizations. Climate Change is real, it is happening, and we have to act now.



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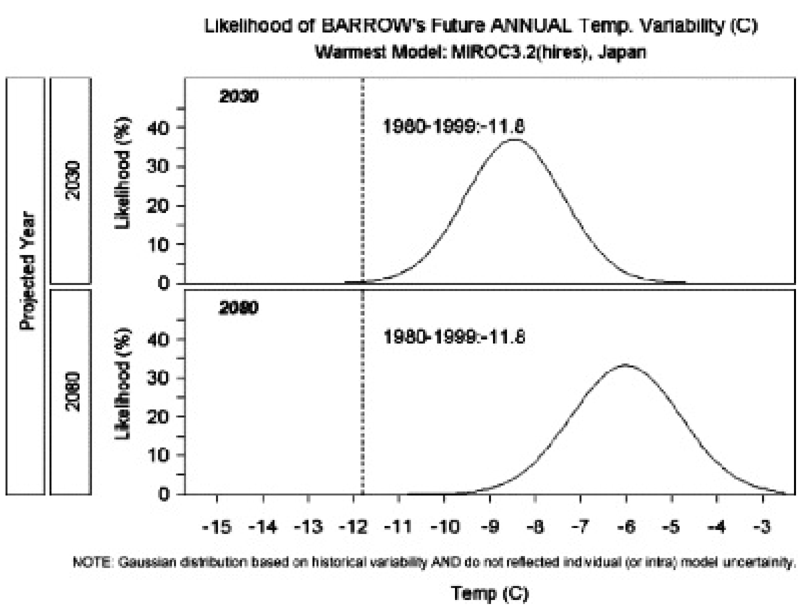

"The industry analysis of the NBFC sector lays down several growth prospects which are tainted with stains of roadblocks going forward. It shall be pertinent to observe the growth opportunities curdled with roadblocks before coming closer to the recent times."

Non Banking Financial Companies in India:
A Study on its Crisis and Revival Strategies

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ABSTRACT

"An essential feature of the evolution of the financial system has been the emergence of non-banking financial institutions", read an RBI Press Release dated 2nd January, 2012. The importance of Non-Banking Financial Companies, as an epicentre of the financial system supporting the often credit starved MSMEs and Rural India, has time and again been reiterated and emphasised by the Government, irrespective of the ruling parties and the Reserve Bank of India. In the recent years, the NBFCs have outperformed the banks with respect to credit deployment by customizing the rigid policies of the bank.

Recently the NBFCs are a much talked about topic in the market though not for the correct reasons. Despite the continuous growth of the NBFCs, its share prices reacted negatively in the latter half of 2018 after the default in debt payments of the Infrastructure Leasing and Financial Services group. Many business houses and body corporates have invested their funds into the IL&FS group. Seeing its default in payments, a fear cropped up in the market that their funds might get locked in. This fear led to a liquidity crunch in the market and investors started withdrawing their money which negatively impacted the stock prices. Banks played a major role in intensifying the crisis as they were reluctant in providing credit to this sector.

"The Government will take all measures to ensure that adequate liquidity is maintained/provided to the NBFCs ", a September, 2018 tweet by our Honourable Finance Minister on NBFCs, however, did seem to pale the beauty of the ever-praised position of the NBFCs.

A lot has happened in the journey of the NBFCs in India, right from their humble beginnings in the 1960s to them finding a well-designed regulatory framework to their evolution as a key driver for MSME growth to their sudden shake up in recent times paralysing them to the extent that the eminent liquidity providers of the country are themselves falling prey to liquidity starvation. Non-Banking Financial Companies' landscape in India is a story in itself.

KEYWORDS: NBFC, Liquidity, Credit, MSME.

OBJECTIVES

This article aims to –

- Understand the position of NBFCs in the Indian Financial System.
- Identify key drivers impacting the NBFC Sector.
- Examine the current scenario of the NBFCs in the country.
- Understand the NBFC Liquidity Crisis of 2018.

RESEARCH METHODOLOGY

To attain these objectives, extensive research has been done through secondary sources. Information has been obtained from Equity Research Reports of listed NBFCs, RBI Press Release, corporate filings, interview/ call transcripts and presentations of select NBFCs. Published industry reports, articles and news reports from the Economic Times, Mint, Bloomberg Quint, and The Hindu have formed the base for the study. The study has been restricted to the past 5 financial years (FY 2013 - FY 2018) to ensure relevance.

LIMITATIONS OF THE STUDY

- Inability to obtain primary data.
- Time being a major constraint leading to restriction of the scope of the study.
- Given that it is an evolving issue, many real time news pieces and information may not have been included.

INDIAN NBFC LANDSCAPE: ANALYSIS

Using the Porter's Five Forces Model, an understanding of the sector has been developed.

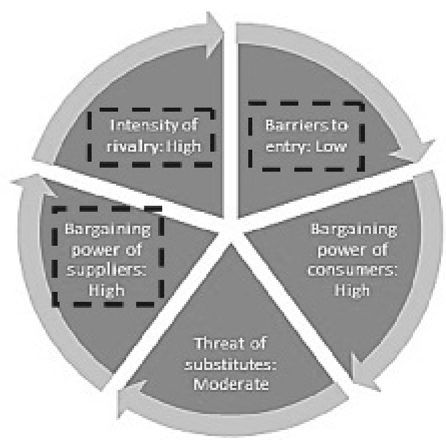

Chart 1: Industry Analysis

With over 11 thousand registered NBFCs in the country, compliance to the RBI requirements seem self sufficient in obtaining the license ensuring a low entry barrier within the industry. However, in the past few months we have seen bulk cancelation of license requests due to stringency displayed by the Central Bank, exposing the positions of the present NBFCs.

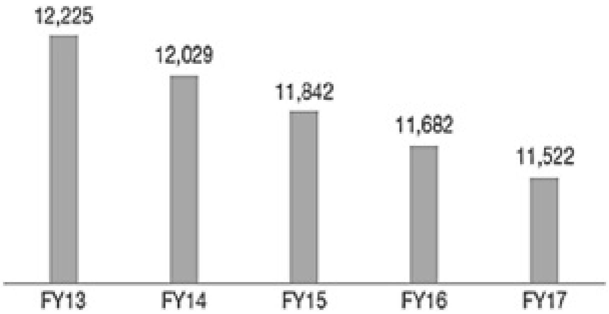

Chart 2: Number of NBFCs in India and its decline over the years

Availability of alternative sources of credit and the presence of considerable number of NBFCs in the country propel the bargaining power of consumers leading to NBFCs stepping beyond the safe territory and over burdening their risk portfolios. Competitive pricing to win over customers have hit the sector hard, making almost 50 per cent of the NBFC loans, taken from banks, Non-Performing Assets.

With banks and unorganised lenders present in the market, NBFCs find a significant threat from substitutes. However, owing to strict compliance requirements for obtaining bank credit, MSMEs and unorganised players are cut off from the banking system. Moreover, staunchly high rates charged by unorganised lenders make the small borrowers avoid such funding. This has created a niche for the NBFCs and thereby curtailing the threat of the substitutes to moderate levels.

With depositors having multiple options to deposit their savings and generate returns, bargaining power of suppliers (depositors) seem to peak in this sector.

Given such dynamics, it is evident that the industry works with a high intensity of rivalry with players fighting for existence. Moreover, undifferentiated services of NBFCs make it stand behind the time and further adds fuel to the fire of rivalry. Aggressive selling and intense marketing strategies of NBFCs are a result of high competitiveness within the sector. These strategies take a toll on the bottom lines of the companies.

The industry analysis of the NBFC sector lays down several growth prospects which are tainted with stains of roadblocks going forward. It shall be pertinent to observe the growth opportunities curdled with roadblocks before coming closer to the recent times.

GROWTH DRIVERS

1. Commendable understanding of the customer segment - NBFCs target customers are from unorganized and under-served segments of the economy. They have identified the needs and preference pattern of these segments and have customized their product offerings accordingly. Thus, NBFCs have created a niche for themselves.
2. Wider and effective reach - NBFCs are now reaching to the Tier-2, Tier-3 and Tier-4 markets, distributing their products and services accordingly. They are also involved in building a connected channel experience, with 24/7 sales and service. With the growth of information technology and digital media, NBFCs have come up with new and innovative ways to engage their customers.
3. Co-lending arrangements - NBFCs have been tying up with multiple alternative lenders with digital platforms and commercial banks. For example, Punjab National Housing Finance is a part of Punjab National Bank.
4. Commensurate technological advances and improved efficiency - Proper use of technology helps in customizing the credit assessment models and enhances its business operations which in turn helps in improving customer experience. Select NBFCs are also investing in data analytics and artificial intelligence to build robust relationships with their target customer segments.
5. Robust risk management - Given the focus on lending to sub-prime customer segment, and regulatory disadvantage (SARFEASI, DRT, and capital adequacy requirements) in comparison to commercial lenders, NBFCs are ensuring improved governance through a pro-active, robust and agile risk management model.

ROAD BLOCKS TO THESE GROWTH PROSPECTS

1. Misalignment in product offerings with customer needs - NBFCs' have been trying to expand their business by customizing the services as per the needs of the customers. This has led to an increase in the cost of investment and operations.

2. Borrow for short-term and lend for long-term strategy - Most NBFCs have short-term loans, which fund long-term borrowings. They borrow funds for short-term periods (three to five years maximum), and lend the same for long-term (mostly 10 years and above). For example: Suppose a NBFC borrows funds in 2018 at 10 per cent interest rate for a period of two years and lends the same at 12 per cent interest rate for period of ten years. After four to five years the interest rate usually increases and hence, it leads to a loss for the company. The interest rate mismatch which led to asset liability mismatch became one of the primary reasons for the Liquidity Crisis of 2018.
3. Asset Liability Mismatch - Due to the problem of borrowing for short-term and lending for long-term, NBFCs have faced a major issue of asset liability mismatch where the liabilities are maturing faster for payment compared to the loans advanced. This issue has made it difficult for raising capital.
4. Leveraging an off-the-roll sales force with no direct ownership - The absence of direct sales agents on NBFC payrolls have had a downward spiralling effect on the quality of sourcing. In addition to resulting in minimal accountability, the situation has also been exacerbated by agents looking to exploit gaps and loopholes with the existing underwriting model to on-board new customers.
5. Gaps in the underwriting model - Given the focus on lending to the under-served segment, an approach to effective underwriting has required NBFC lenders to form personal relations with prospects and taking a credit call based on local context. The decline in asset quality for select NBFCs has stemmed from cases where underwriters are inexperienced, or have limited understanding of the local situation and dynamics that drive the demand for credit.

KEY PERFORMANCE INDICATOR ANALYSIS

Among the various key performance indicators, Asset under Management, Capital Adequacy Ratio (projects the stability of the NBFC in absorbing risks), Cost to Income Ratio and Return on Assets (suggests efficiency of NBFCs in operations and fund raising) have been looked at in this article.

If we look at Chart 3, we see some of the major players in the sector are way below the industry average when it comes to asset under management. However, even more glaring is the fact that DHFL (with AUM way above the industry average) has a Capital Adequacy Ratio way below the industry average (seen in Chart 4). No wonder why it was amongst the worst hit due to the crisis. Later this article shall further probe into DHFL as a case to understand the fragility of the NBFCs.

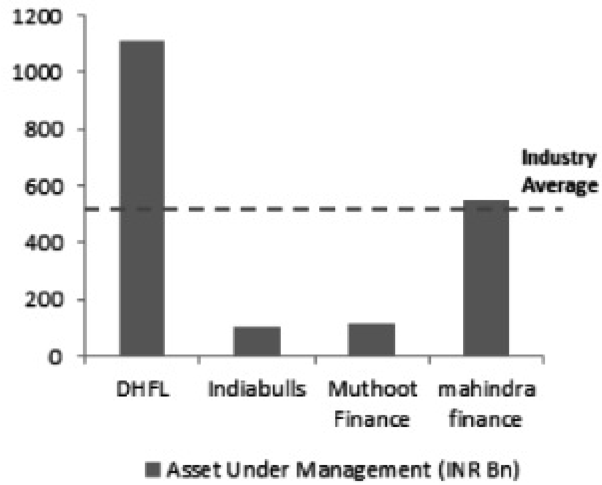

Chart 3: Comparative Analysis of NBFCs (AUM)

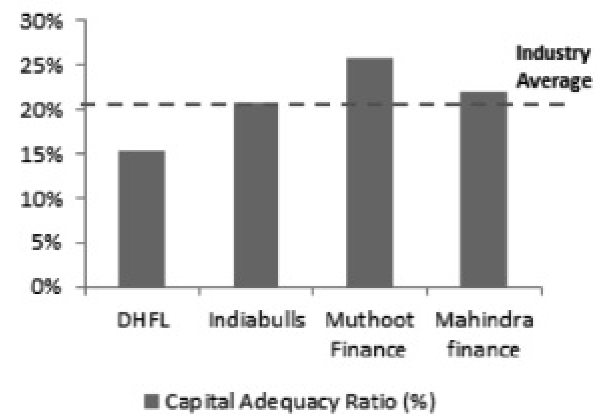

Chart 4: Comparative Analysis of NBFCs (CARR)

PWC Report 'Building the NBFC of the Future' dated 02.03.2019.

We have so far got a clear idea of the movements within the NBFC landscape. However, adhering to the objective of the article of understanding the position of the NBFCs in the financial system, it is essential to have a look at the Liquidity Crisis of 2018. In this article, the case of DHFL is taken under study in order to attain the objectives of the article.

THE LIQUIDITY CRISIS OF 2018: CASE OF DHFL

Dewan Housing Finance Limited (one of the biggest housing finance companies in India) provides various home loan services such as loans on homes and residential plots and loans against property. CARE credit rating company rated DHFL as AAA in 2018. All was going on well until 21st September, when something unexpected occurred and the value of shares fell down by more than 60 per cent.

This created a panic in the market and the major reason for the drop in share prices was rumours that DHFL may have defaulted in one of its debt payments. The reason for this rumour was that DSP mutual fund sold short term DHFL papers at 11 per cent yield which was at a significant discount of 18 per cent to its actual yield. Investors started raising concerns regarding why would a company with AAA rating sell its short-term papers at such a discount. Shares worth three billions were sold by the DSP mutual fund because of urgent need of cash. The following chart depicts the share crash.

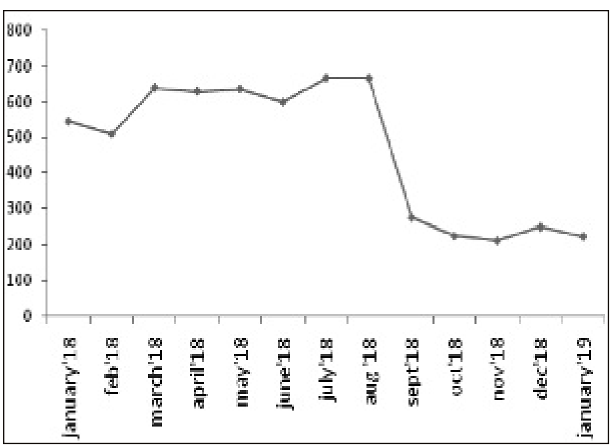

Chart 5: DHFL Share price movements

On further probing, it was identified that the fund house had a significant amount of IL&FS debt in its books. When we look at IL&FS at around the same times, we see that IL&FS was itself roiled by a series of defaults in commercial papers leading to a situation causing an INR 1000 billions of shortage in the system. Moreover, there were multiple companies exposed to IL&FS.

Thereby, exposure to IL&FS framed the base for all rumours and spoilt the valuations of DHFL. Of course, it was the same case for other NBFCs as well.

POST CRISIS REACTIONS

Immediately after such events, Mr. Kapil Wadhawan, CMD of DHFL, came out and said, "We wish to categorically state that DHFL has not defaulted on any bonds or repayment nor has there been any single instance of delay on any of its repayments of any liability. We do not have any exposure with IL&FS."

However, such episodes unravelled new chapters with respect to the NBFCs due to scrutiny. Timing mismatches and asset quality issues came to the forefront. The crisis had exposed the entire NBFC sector. So crucial was the case that incremental borrowing costs in the system went up by 50-150 BPS leaving the entire financial system cash strapped. The RBI and Government felt the heat.

If we look at Equity Research Reports on DHFL at that time, we see a series of price target cuts and rating downgrades. Narnolia Equity Research House cited funding situation as a driver to impact growth and thereby hampering the EBDITA numbers pulling down valuations. Crisil placed the ratings under 'Watch Negative' category citing asset quality as the key issue. In an interview, Mr Anil Ambani, the chairman of Reliance Group stated that the NBFC sector has been into the ICCU (Intensive Coronary Care Unit) since september 2018.

A committee led by Mr. Kotak was formed to take care of IL&FS. Government took on the driver's seat. The Reserve Bank of India chipped in too, making policy changes to ease liquidity in the system. With OMOs and Buy-Sell Swaps, the central bank enhanced liquidity increasing operations. There was a block in the growth of the country, that was reflected in the GDP numbers. The impact was visible of FIIs as well. Suddenly things seemed to change for India.

Some of the moves by the Reserve Bank of India were:

1. Partial Credit Enhancement - The Reserve Bank of India on 2nd of November, 2018, announced that it is allowing banks partial credit enhancement (PCE) to bonds issued by the systemically important non-deposit takings of non-banking financial companies (NBFCs) amid the liquidity crisis in the sector. The period of occupancy of these bonds should not be less than three years.

2. Relaxation of rules for securitising loans - Reserve Bank of India (RBI) relaxed rules for NBFCs to sell or securitize their loan books to reduce the stress in the sector. NBFCs can now securitize loans of more than five-year maturity after holding those for six months. Earlier, they had to hold these assets for at least one year.

3. Classification of NBFCs - In order to provide NBFCs with greater operational flexibility, harmonization of different categories of NBFCs into fewer ones was carried out. It was decided to merge the three categories of NBFCs - Asset Finance Companies (AFC), Loan Companies (LCs), and Investment Companies (ICs)- into a new category called NBFC - Investment and Credit Company (NBFC-ICC).

These moves were all targeted at improving the effeciency of the NBFCs and correcting the asset liability timing mismatch issue.

CONCLUSION

All these events draw a thoughtful image of the position of the NBFCs in the Indian Financial System. It clearly puts forth their relevance and significance to both the Central Bank and the Government of India. Moving back to from where the article started (the two contrasting quotes), Mr. Jaitley's remark was no less than a praise. It traced the worry of the ministry regarding the fear of fall of something which could choke the entire financial system and suppress the broad money (M3) in the economy.

Ahead lies greater involvement of the RBI and the Government with regards to the sector, an improved regulatory environment and a more focused progress.

As a recommendation, the need of the hour is to build a Financial Blueprint with a 5-10 year horizon period to curb the issues permanently. The plan should be hard coded and measurable, with real-time data, the lack of which is a big hurdle for the sector plagued by legacy issues. Redefining the objectives to focus on deepening Indian debt markets, higher capital thresholds for NBFCs, and risk based solvency mechanism is what is most suitable for the times to come.

Ideally, the history of the Banking Landscape suggests that this should have always been in place. But, it wasn't. This caused the asset quality to degrade and the timing mismatches to occur, revealing the exposed image of the sector. India may have underplayed a sector which stands at par with the banking sector and supports it to the fullest. Still, it is better to be late than never.

The timely crisis gave a big lesson.

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> "The slowdown primarily affected the power, iron and steel sector, increasing the raw material price volatility and raw material availability. This in turn negatively impacted the ability of these companies to pay back their loans and is one of the important reasons behind the increase in Non-Performing Assets (NPA) in India."

Insolvency and Bankruptcy Code, 2016 - Potential Game-Changer for Tomorrow

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ABSTRACT

The Indian insolvency resolution regime underwent a complete overhaul consolidating several pre-existing laws and providing a single law for insolvency and bankruptcy-related matters.

The IB Code 2016 covers the insolvency resolution process as well as the liquidation process for individuals and corporate debtors. This paper seeks to

critically analyze the new law and its applicability in the last year of its enforcement, in the light of past lessons and series of reforms, to ascertain the effectiveness and future prospects of the reformed insolvency law in India. It was for the first time in India that the 'creditor is in control' of the asset and not the debtor. This was instrumental and the biggest change in the history of insolvency laws in India.

KEYWORDS: Insolvency, Shortcomings, Investors Perspective, IBC (2016).

INTRODUCTION

Between early 2000 and 2008, the Indian economy was in the boom phase. During this period, banks, especially public sector banks, lent extensively to corporates. However, the profits of the corporates dwindled due to a slowdown in the global economy, ban on mining projects, and delay in environmental-related approvals. The slowdown primarily affected the power, iron and steel sector, increasing the raw material price volatility and raw material availability. This in turn negatively impacted the ability of these companies to pay back their loans and is one of the important reasons behind the increase in Non-Performing Assets (NPA) in India.

In addition to the above, the points mentioned below contributed to the rising NPA situation in India:

- Lax lending norms, including inadequate analysis of the borrower's financial status/ credit rating;
- Insufficient implementation of project risk mitigation tools such as contingency planning for eventualities like the failure of gas projects, failure of companies to acquire land for highway development projects, etc.;
- Loan restructuring facilities granted to highly leveraged companies with low-profit margins, based on optimistic cash flows.

To deal with the above menace of rising NPA in the Indian banking industry, the Insolvency and Bankruptcy Code, 2016 was enacted and considered as a watershed moment in the Indian economy as it provided a comprehensive bankruptcy regime to the banking industry in restoring the health of the banks.

REVIEW OF LITERATURE

Insolvency and Bankruptcy Code, 2016 is still a young legislation. Few works of literature are available on the overview of the code but no such comprehensive analysis has been made on the shortcomings of the existing legal framework and analysis of the Code from investors' perspective.

OBJECTIVES

The various objectives of the project are as follows:

- To identify the shortcomings in the existing laws preceding the code.
- To bring the investors' perspective into play because the investors played an instrumental role in the resolution of the company and bring about the real-time information and viewpoints of the individuals associated with IBC.

RESEARCH METHODOLOGY

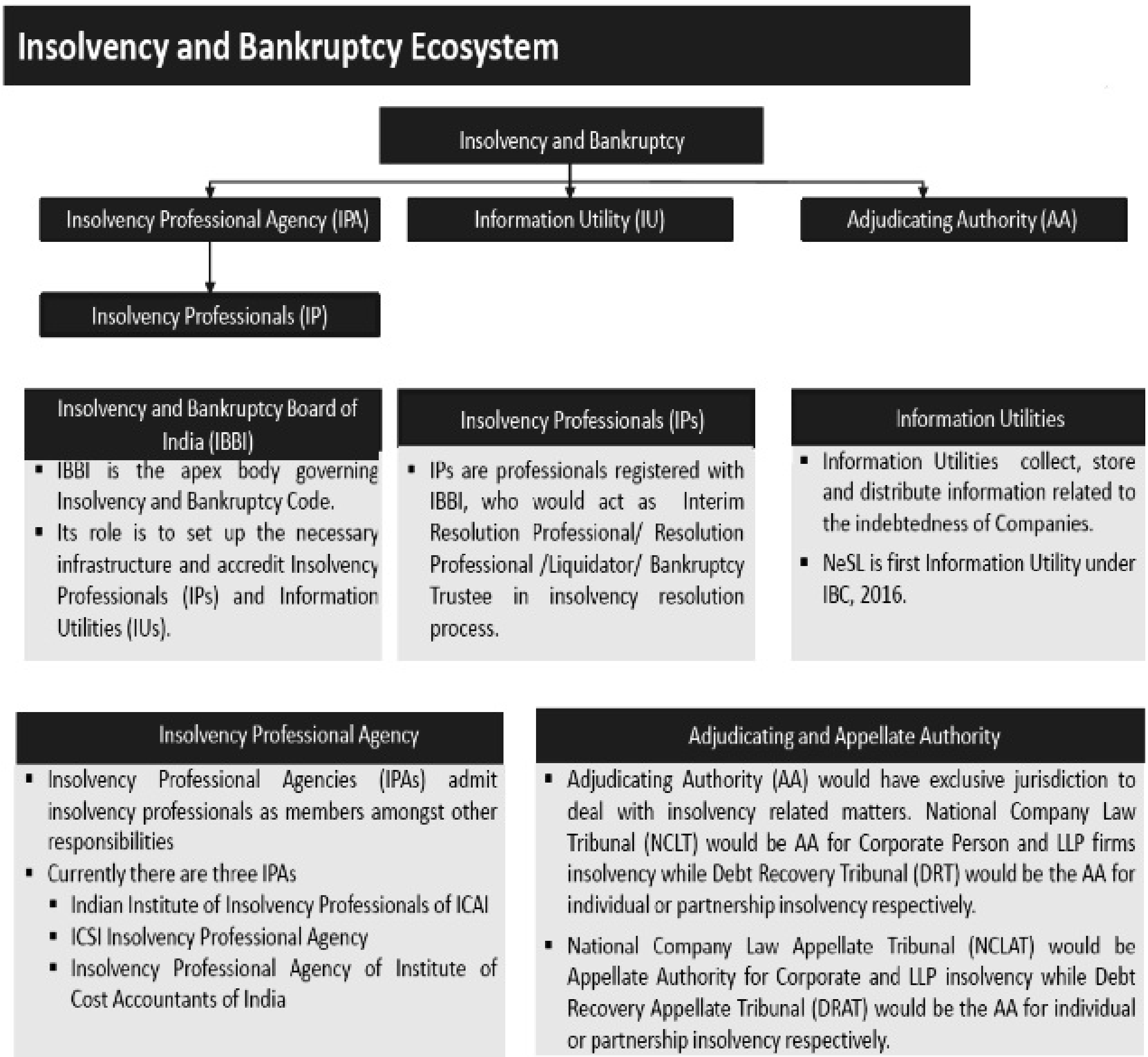
The data that has been used are both primary and secondary data. The primary data has been garnered through the questionnaires sent out to the ten potential investors. Further forty respondents who are associated with the resolution process comprising the Resolution professionals, Interim Resolution professionals, Investors, Partners, Managers, Assistant Managers, Associates, Senior Associates, Analysts, Article Assistants were enquired from investors' perspectives to have a holistic view of the Code from investors' viewpoint. The secondary data was collected from the newspaper articles, the ICAI's website, and through various other sites. Graphical presentation of the data has been done to highlight upon the notable observations.

OVERVIEW OF INSOLVENCY AND BANKRUPTCY CODE

The Insolvency and Bankruptcy Code, 2016 (IBC) is the newly enacted bankruptcy law of India which seeks to consolidate the existing framework for debt recovery by creating a single law for insolvency and bankruptcy. The Insolvency and Bankruptcy Code, 2015 was introduced in Lok Sabha in December 2015. It was passed by Lok Sabha on May 5, 2016, and it received the assent of the President of India on May 28, 2016. The Code became effective from December 2016. It is a creditors driven resolution process and a time-bound resolution process. A fixed resolution period of 180 days has been mandated in the act, which can be extended upto 270 days upon consent from the Committee of Creditors.

CORPORATE INSOLVENCY RESOLUTION PROCESS

- Filing of application before NCLT,
- Adjudication: Admission or Rejection of application,
- Moratorium and Public Announcement,
- Appointment of Interim Resolution Professional,
- Formation of the Committee of Creditors,
- Preparation and approval of the Resolution Plan,
- Consequences of non-submission of the Resolution Plan.



BAD LOAN RECOVERY MECHANISMS - Prior to Insolvency and Bankruptcy Code

The bad loan recovery mechanism was governed by the following legislation prior to the enactment of the Insolvency and Bankruptcy Code, 2016 (IBC) in chronological order:

- The Presidency Towns Insolvency Act, 1909;
- The Provincial Insolvency Act, 1920;
- The Sick Industrial Companies (Special Provisions) Act, 1985;
- The Recovery of Debts due to Banks and Financial Institutions Act, 1993;
- SARFAESI Act, 2002;
- CDR/SDR/S4A. 2008;
- Companies Act, 2013.

A brief overview of the previous legislation with the IBC is made to pinpoint on the shortcomings existing in the previous legislation, which paved the way for the adoption of IBC 2016.

COMPARATIVE ANALYSIS OF THE LAWS OF INSOLVENCY PRIOR TO THE ENACTMENT OF THE IBC, 2016

S.No	Basis of differentiation	SICA	RDDBFI	SARFAESI	Restructuring Mechanisms	IBC
01.	Trigger Amount	1.Company existed for at least 5years 2.Accumulated losses >= net worth for any financial year	Default is Rs.Ten lakh or more than ten lakh	Amount of Default as owed to a secured creditor	Aggregate exposure not exceeding ten crore rupees	Minimum default amount of Rs.1,00,000 to file an application
02.	Objective	Rehabilitation and revival of sick industrial units	Establishment of specialized Tribunals called the Debt recovery Tribunals and other Appellate Tribunals to recover money due to banks and financial institutions	Enforcement of security interest over the property of the borrower and establishment of asset reconstruction companies	Change in the existing terms and conditions of the debt.	
03.	Adjudicating Authorities	BIFR and AAIFR	Debt Recovery Tribunals (DRT) and Debt Recovery Appellate Tribunals	Assistance in the recovery of dues by Chief Metropolitan Magistrate and Chief District Magistrate. Any party aggrieved by the action of Bank or Financial Institution may file Appeal to Debt Recovery Appellate Tribunal.	RBI Regulations and inter-se voluntary agreement between creditors	National Company Law Tribunal and National Company Law Appellate Tribunal

S.No	Basis of differentiation	SICA	RDDBFI	SARFAESI	Restructuring Mechanisms	IBC
04.	Time-line	1-2 years for further investigation of sick companies	More than two Years	1-2 years	Ongoing process	Model timeline prescribed for corporate Insolvency Resolution process post which company goes into liquidation. The period ranges from 180 to a maximum of 270 days
05.	Types of creditors covered	Secured and unsecured	Secured and unsecured	Secured	secured	Operational as well as financial creditors which include the secured and the unsecured creditors
06.	Pillars of the legal regime	The adjudicating authorities	The specialized Tribunals established under the Act	Public Auction and enforcement of the security interest	RBI regulations	The Insolvency and the Bankruptcy Board of India(IBBI), The Information Utilities, The National Company Law Tribunal and the Insolvency Professionals

Following shortcomings of the laws preceding the IBC, 2016 are observed upon:

- The Sick Industrial Companies (Special provisions) Act, 1985 defined the concept of the 'sick company' and a 'potentially sick company'. The provisions under the Act defined the company as sick when there was a complete net worth erosion. It took a long time for the net worth to erode, and the grave liquidity issues remained unaddressed.
- The provisions of the Recovery of Debts due to Banks and Financial Institutions Act, 1993 did not apply to those banks and financial institutions where the amount due is less than Rs.1 million. Section 2(g) of the RDDBFI Act, 1993 defined debt, which includes any amount claimed by the bank and the financial institution during the course of any business activity whether secured or unsecured, assigned or payable under any decree or order.
- The major drawback of the SARFAESI Act, 2002 was that there were no rights available to the unsecured creditors under this legal regime. It was only created for the purpose of enforcement of security interest.
- The CDR mechanism was only limited to the banks and the financial institutions that had an aggregate exposure not exceeding Rs.100 million.
- The laws preceding IBC, 2016 was conflicted with the other laws and not in line, which eroded the efficacy of the laws. Hence, on an average, it took three to four years to solve the bankruptcy proceedings. The errant promoters used the other laws to hide from the banks to prevent them from paying interest obligations.

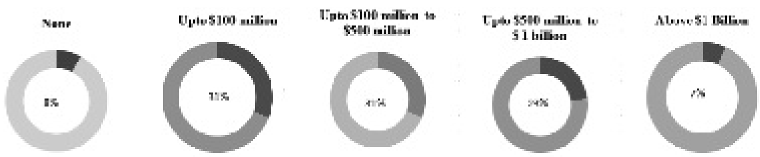
THE INVESTOR'S PERSPECTIVE

Stressed Assets: Big, Actionable and Lucrative:

The IBC has brought a plethora of opportunities for the investors as the assets were available at lower-rates compared to their actual value. This was a major incentive as we can see from the chart below that more than 60 per cent investors were ready to invest more than Rs.10 billion. Some of the investors had said that it was like a shopping bonanza in the Indian ecosystem.

What is the amount of investment the investors are willing to make?

Amount of Funds	Number of Investors
None	one
Upto one billion	three
1 billion to 5 billion	three
5 billion to 10 billion	two
Above 10 Billion	one

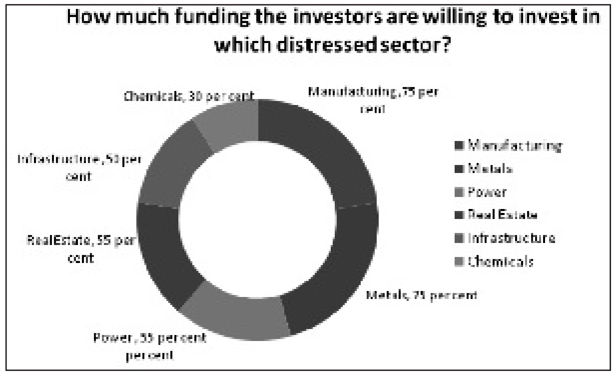


The above data depicts that 31 per cent of the respondents are willing to invest from $1 billion to $5 billion, 23 per cent of the respondents are willing to invest $5 billion to $1 billion.

Sector Biases

Many investors were basically biased towards the manufacturing space spanning from steel, cement, pharmaceuticals, and real estate, to name a few. Most preferred sector are as depicted in the chart:

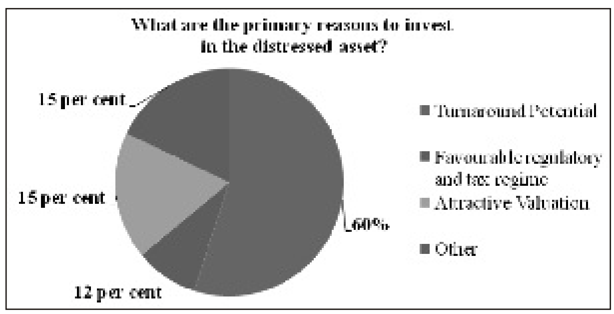
DETAILS OF THE RESPONDENTS	
ALLOCATION OF FUNDS	**NUMBER OF INVESTORS**
MANUFACTURING	8
METALS	8
POWER	6
REAL ESTATE	6
INFRASTRUCTURE	5
CHEMICALS	3



The above data depicts that the respondents are willing to invest mainly in Manufacturing, Metals, and Chemicals. This is followed by the Real Estate, Infrastructure and Power.

The main aim of the resolution applicant: Turnaround Potential

Many of the investors felt that there was a huge turnaround potential for as the distressed asset would add synergy benefit to their portfolio of businesses. It was an opportunity to make high scale returns and derive alpha returns put off their investments.



Graph 3

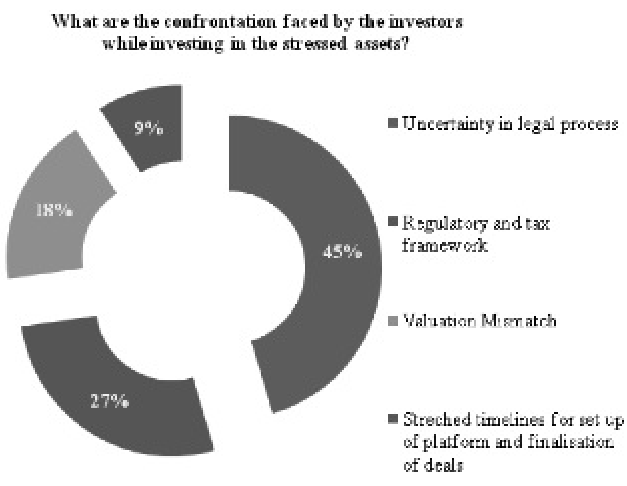
DETAILS OF THE RESPONDENTS	
KEY REASONS FOR INVESTING	**NUMBER OF RESPONDENTS**
TURNAROUND POTENTIAL	22
FAV REGULATORY AND TAX REGIME	4
ATTRACTIVE REGIME	7
OTHER	7

The above graph depicts that the key reasons for investing are that the assets have a major urn around potential followed by the beaten-down valuation at which the assets are available.

Investment challenges

The major challenges as faced by the respondents were the uncertainty of the legal process followed by the regulatory and tax framework, stretched timelines and then valuation mismatch.

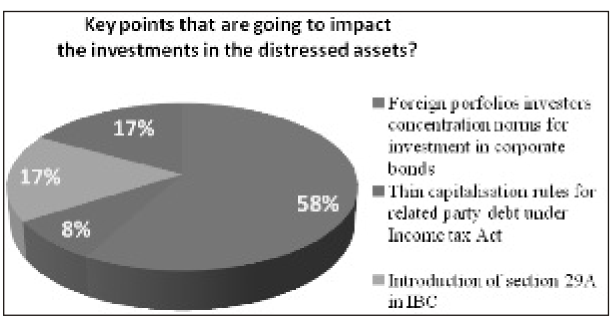
DETAILS OF THE RESPONDENTS	
BIGGEST REGULATORY HURDLES TO IMPACT INVESTMENTS	NUMBER OF RESPONDENTS
FPI CONCENTRATION NORMS FOR INVESTMENT	
IN CORPORATE NORMS	6
THEN CAPITALISATION RULES FOR RELATED PARTY	1
INTRODUCTION OF SECTION 29A	2
REVISED FRAMEWORK FOR RESOLUTION ASSETS	2



Graph 4

DETAILS OF THE RESPONDENTS	
BEST CHALLENGES FOR INVESTING IN DISTRESSED ASSETS	NUMBER OF RESPONDENTS
UNCERTAINTY IN LEGAL PROCESS	18
REGULATORY AND TAX FRAMEWORK	11
VALUATION MISMATCH	7
STRETCHED TIMELINE	4

The above graph depicts the biggest challenges are the uncertainty in the legal process as the code is relatively new. Hence desired amendments have to be brought into place to maintain the efficacy of the code. This is followed by factors like regulatory and tax framework, and valuation framework.



Graph 5

The above graph depicts that over 58 per cent of the respondents have mentioned that Foreign portfolio investors concentration norms for investment in corporate bonds is the main hurdle to impact investment followed by introduction of Section 29A and revised framework for the resolution of the stressed assets.

CONCLUSION

IBC is a work in progress but it is going to bear fruitful results in the near term. We have a lot of consolidation going on in various sectors due to the issue of high debt leverage and companies unable to service the high debt mounting on their books. It is a positive step taken by the government but it does contain some follies which can be pondered upon and the follies can be mitigated by such thoughtful implementation. It has been seen in cases like Bhushan Steel, Alok Industries and Electrosteel; the banks were at a disadvantage as they received a lot of hair cut which has plagued their position due to high NPA surmounting on them. Nevertheless, the saying goes that something is better than nothing. This code has led to consolidation in most of the sectors like steel, power and cement, to name a few.

IBC has expedited the recovery for the banks as they have been its biggest beneficiary on one hand and on the other, they are a disadvantage. The recoveries have improved for the bank and this has eased the liquidity in the market and has been a breather for most of the banks as the NPA ration has improved considerably. There are various instances which have plagued IBC as it is new code which demands rigorous thinking and amendments.

To deal with the above menace of rising NPA in the Indian banking industry, the Insolvency and Bankruptcy Code, 2016 was enacted and considered as a watershed moment in the Indian economy as it provided a comprehensive bankruptcy regime to the banking industry in restoring the health of the banks.

Last but not the least, IBC is a ray of hope not only for the banking sector but also the other stakeholders as their lives are going to be impacted vehemently by the resolution and the outcome of the process. The lives of thousands of workers wait for the companies to be restructured and get paid, which they have not been for a couple of months. The mood is grim and supposedly, the IP has been entrusted with the ardent task to restructure the company within a short period of 270 days, which is a tough task.

IBC is a ray of hope for many.

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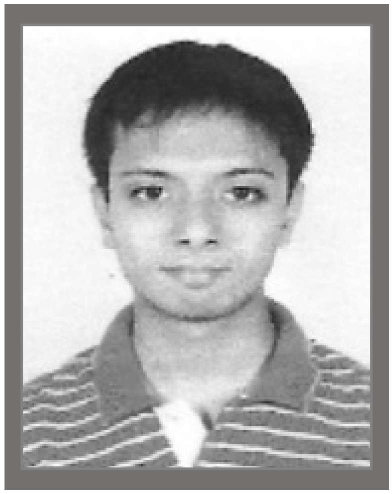

> A great company can be a bad investment at exorbitant valuations. Conversely, a loss-making company may be a good investment at cheap valuations. Thus, it is important to take valuations of the listed entity into consideration while making an investment decision.

Sheela Foam – An Investment Proposal: In-depth Analysis of The Indian Mattress Industry and Sleepwell Mattresses In India

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ABSTRACT

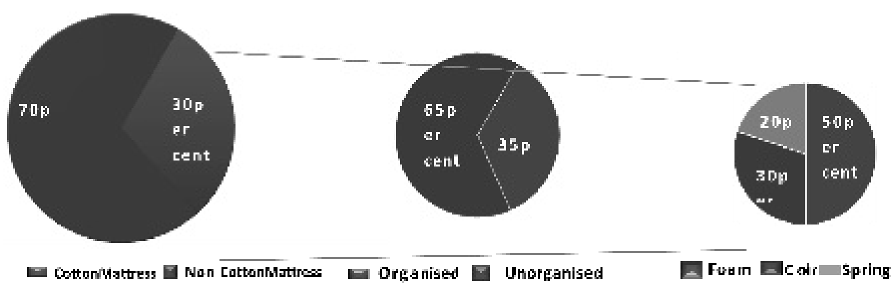
The mattress industry in India, just like any other industry, has undergone a profound transformation in the recent years. Currently standing sturdy at Rs.100 billion industries, it is projected to reach Rs.140 billion by 2021, according to statistics provided with a CAGR of 9 per cent. Simultaneously, the online mattress market is estimated to reach Rs.2.9 billion by next year. Rising income levels and health consciousness, growth in the real-estate sector as well as the hospitality sector, are a few factors that have contributed to the accelerated growth of India's mattress industry.

In the present study we have tried to find out the position of Indian mattress industry in relation to the global market. In connection to this, we have also studied whether the publicly listed shares of Sheela Foam Ltd. is a good investment candidate or not. Moreover the study focuses and revolves around the development strategies including marketing strategies that can be adopted by Sheela Foam Ltd. to increase the brand's equity over and above their competitors. A Research Report on the company - Sheela Foam Ltd. and Final Investment recommendation of either a 'Buy', 'Sell' or 'Hold' based on various parameters have been considered here.

KEYWORDS: Brand Equity, Compound Annual Growth Rate (CAGR), Dealer Incentive, Toluene Di-isocyanate (TDI)

OBJECTIVES OF THE STUDY

1. To find out whether the publicly listed shares of Sheela Foam Ltd is a good investment candidate.
2. Comparative analysis between global & Indian mattress industry to find out the position of Sleepwell brand of Sheela Foam Ltd.
3. Analysis of improvement & marketing strategies that can be adopted by Sleepwell to increase the brand's equity over other consumer super-durables.



CONTENTS OF THE STUDY

A Research Report on the company - Sheela Foam Ltd. and Final Investment recommendation of either a 'Buy', 'Sell' or 'Hold' based on the following factors:

Industry Outlook: Careful analysis of the Indian mattress Industry will help predict the future growth rates, opportunities and threats of the industry.

Supply-side factors: Supply-side factors include analysis of raw material availability, wages, rent, sales promotion, advertisement expenditure, and any other large expenditures.

Demand-side factors: Demand-side factors include an analysis of consumer taste and preferences, advertising campaign, distribution network, product quality and brand equity.

Company Valuations: A great company can be a bad investment at exorbitant valuations. Conversely, a loss-making company may be a good investment at cheap valuations. Thus, it is important to take valuations of the listed entity into consideration while making an investment decision. Factors to be analysed include relative valuation with comparable companies, absolute valuations through the calculation of relevant ratios, prediction of future P&L and Balance Sheets through past performance, present scenario, and future outlook.

INDIAN MATTRESS SECTOR OUTLOOK

- The Indian mattress market size is approximately about \$1.2 Billion. Accordingly, there should be above 12,000 retailers of different mattresses with product mix.
- Estimated CAGR of 8-10 per cent to reach a value of Rs.120 - Rs.140 billion by FY2021.
- 70 per cent of India does not use modern mattresses. Of the remaining 30 per cent, 65 per cent is the unorganized sector.
- The organized market (30 per cent; 30 billion), 60 per cent is foam, 25 per cent is coir and 20 per cent is spring. This has changed from 30 per cent foam to 60 per cent within the past five years.

- The market share of Coir has been decreasing as of late due to quality and health consciousness.
- High growth is seen in this sector due to urbanization, rising disposable income, and rising standard of living.
- Organized sector has grown by 11 per cent over FY11-FY16 versus 8 per cent for the unorganized sector.

COMPANY ANALYSIS - SHEELA FOAM

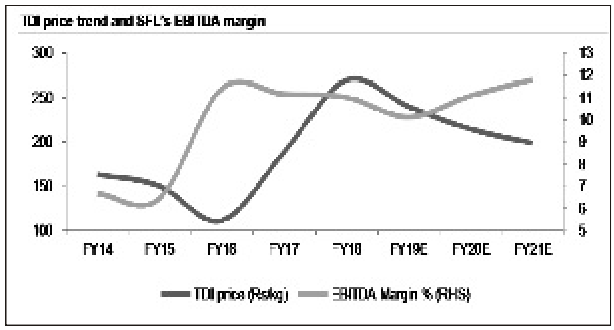
COMPANY HISTORY:

- Incorporated in 1971, SFL is a leading manufacturer of mattresses in India marketed under its flagship brand Sleepwell. According to CRISIL, based on revenue, Sleepwell brand mattresses constituted a share of 25 per cent of the branded Indian mattress market as of FY18.
- SLEEP WELL: Over the past two decades, Sheela has developed the 'Sleepwell' brand associated with quality home comfort solutions. Sleepwell manufactures foam, coir and spring-based mattresses, pillows and cushions. The company commenced the manufacture of PU foam in 1972 and currently owns and operates 11 manufacturing facilities in India. Six of these factories are utilized for the manufacture of home products while five of them are used in the manufacture of PU Foam.
- CAPACITY BASE: The Installed capacity for foam production in India is currently at 123,000 TPA. In addition to its domestic facilities, Joyce operates five manufacturing facilities in Australia that exclusively manufacture PU foam primarily through the variable pressure foaming technology and has a total installed production capacity of 10,500 TPA in FY18

SUPPLY SIDE FACTORS:

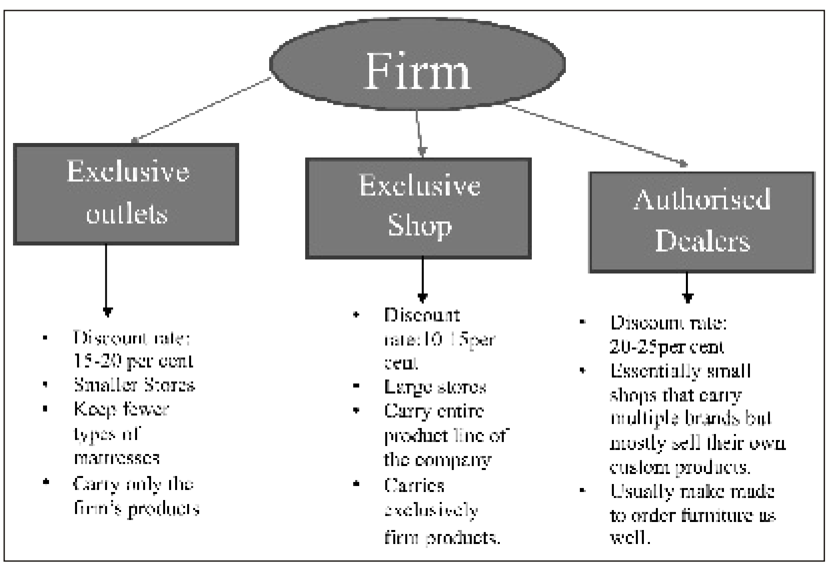
RAW MATERIAL: Toluene di-isocyanate (TDI) is a major raw material used in the production of Foam. The price of TDI is highly volatile and price movement depends on the demand-supply gap.

- From June'18, prices have started to fall in anticipation of Northeast Asian plants to restart from their shutdowns.
- Toluene di-isocyanate (TDI) prices globally are likely to fall further as the market moves from a sustained period of tightness into overcapacity. The company management expects TDI to remain at around Rs.240 by the end of FY2019.



DISTRIBUTION NETWORK

SFL has pan India network of exclusive 100 distributors and 2,650 exclusive retail dealers. It also sells products through 3,450 multi-brand outlets. Such a strong network helps SFL to eat (take) market share of the unorganized segment. SFL's well-developed sales and distribution network sets it apart from the competition in a market where lack of distribution channels can create high entry barriers.



DEMAND SIDE FACTORS

Dealer Incentives:

The primary data collection revealed that a large part of the customer purchasing decision was based on the dealer recommendations. The product recommended by the dealers were generally favoured by the consumers as they lack sufficient prior knowledge on mattress technicalities. Thus, incentivising the dealer to push a product plays a major part in increasing consumer sales and demand.

We have here a sample of confidential dealer incentives document collected during store visits offered to SpringFit dealers. Incidentally, Sleepwell dealers were generally the happiest with their brand and were giving the greatest offers and discounts and enjoying greater margins. This is a significant competitive advantage for Sleepwell and Sheela Foam that acts as a moat for other businesses.

Customer Incentives:

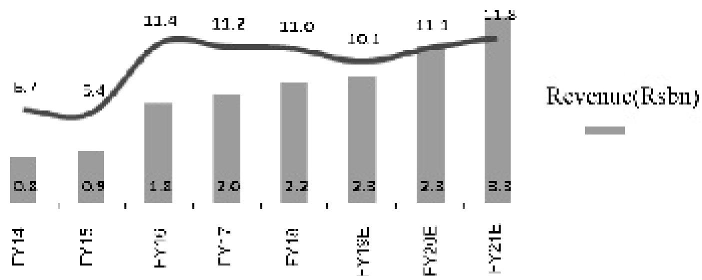
Customer incentives offered broadly include discounts and promotions to facilitate the sale of the product. Different strategies are applied to this effect by each company. They include:

- Kurl-On: Cheapest Products, less discount of around 10 per cent. Perception of Coir Mattresses has reduced and this is reflected in the decrease in market share from 25 per cent in 2014 to 17 per cent in 2018.
- SpringFit: Expensive spring-based mattresses, a good discount of 15-20 per cent. Mostly caters to bulk orders from the hospitality segment and thus, it can maintain prices. Hence, does not compete with other brands for sales.
- SleepWell: Expensive Foam based mattresses, good discounts of 20-25 per cent. Large discounts on expensive products incentivize consumers to buy. Sleepwell can afford the lower prices as they manufacture their own foam leading to lower costs. The end result is more sales at similar margins to other mattresses and an increase in market share from 21 per cent in 2014 to 25 per cent in 2018.

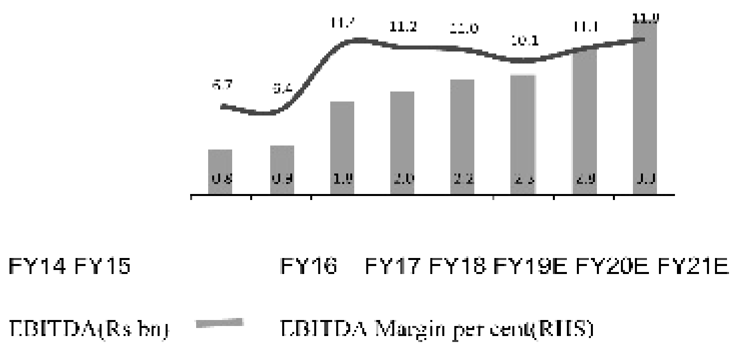
INVESTMENT THESIS

It is forecasted that revenues will rise to 12 per cent p.a in FY20-21. EBITDA Margins should also recover to 11.8 per cent in FY21 from 10.1 per cent this year due to gains from lower TDI prices as shown above. FY20 and FY21 earnings should also rise 20 per cent on average.

SFL's revenue performance



SFL's earnings performance



PRICES OF FLAGSHIP LOWER LUXURY (MOST SELLING) MATTRESS FOR MAJOR BRANDS IN THE MATTRESS INDUSTRY.

Kurl-On	Sleepwell	Springfit	Unorganised Sector
• MRP : 38000	• MRP: 39000	• MRP: 43000	• MRP: 35000
• Discount: 10per cent	• Discount: 23per cent	• Discount: 18per cent	• Discount : 20per cent
• Final price: 34200	• Final Price : 30000	• Final Price: 35260	• Final Price: 28000

SOLID RETURN PROFILE

As of FY18, SFL has a ROCE ratio of 34.5 per cent and a ROE ratio of 25.2 per cent. A steady generation of cash flows will help keep these return profiles high. However, some healthy reduction in them is seen due to Capital Expenditure for an increase in production capacity to help meet higher demands.

SFL is in process of launching niche and higher margin products. In particular, the company intends to start production of high-end grades of technical PU foam that does not have a significant manufacturing presence in India. In the long run, it also intends to venture into new product lines and target new consumer segments such as home furnishings.

SFL has 11 manufacturing plants in India (located near distributors and markets). The plants are integrated to produce their own PU foam thus giving them a competitive advantage over other competitors in terms of margins. It only out sources the production of lower density commercial PU foam cores.

MARKETING ANALYSIS

Sheela Foam or Sleepwell spends almost 10.4 million dollars (11per cent of mattress sales) on advertising and sales promotion expenditure annually. This is contradictory to other consumer brands which spend up to five-seven per cent of sales on advertising. In addition to this, the effectiveness of this strategy is questionable due to the limited reach and consumer disconnect with the Sleepwell brand. This study aims to showcase where Sleepwell has gone wrong and provide concise suggestions for improvement

SL NO	BRAND NAME	AD SPEND	AD SPEND CAGR(5yr)	MARKET SHARE	MARKET SHARE GROWTH	TURNOVER GROWTH
1)	Kajaria Ceramics	80 Cr	25per cent	10per cent	✓✓	✓✓
2)	Somany Ceramics	48 Cr	26per cent	7per cent	✓✓	✓✓
3)	Dollar Industries	86 Cr	22per cent	4per cent	✓✓	✓✓✓
4)	VIP Industries	76 Cr	12per cent	9per cent	✓✓✓	✓✓✓
5)	Page Industries(Jockey)	87.5 Cr	21per cent	9per cent	✓✓✓	✓✓✓
6)	TTK Prestige	88.7 Cr	3per cent	13.50per cent	✓	✓✓
7)	Symphony Air Coolers	45.41 Cr	33per cent	23per cent	✓✓✓	✓✓✓
8)	Bajaj Corp Ltd	62 Cr	10per cent	13per cent	✓	✓✓
9)	Century Plyboards India	75.5 Cr	12per cent	9.20per cent	✓✓	✓✓
10)	Greenply Industries	62.4 Cr	4.00per cent	8per cent	✓✓✓	✓✓✓
11)	Whirlpool India	56 Cr	3per cent	4per cent	✓	✓✓
12)	Sheela Foam(Sleepwell)	75 Cr	-	8per cent	✓✓	✓✓

BRAND SUMMARY (1)

SL NO	BRAND NAME	AGENCY	BRAND AMBASSADOR	CLARITY OF TAGLINE	PRODUCT REVIEW	AD REVIEW	MARKET SHARE GROWTH
1)	Kajaria Ceramics	Crayons Advertising	Akshay Kumar	Yes	✓✓	✓✓✓	✓✓
2)	Somany Ceramics	Oglivy& Mather	None	Yes	✓✓	✓✓✓	✓✓
3)	Dollar Industries	Lowe Lintas	Akshay Kumar	Yes	✓✓	✓✓✓	✓✓
4)	VIP Industries	McCann Erikson	Hrithik Roshan, Alia Bhatt, Varun Dhawan	Yes	✓✓✓	✓✓✓	✓✓✓
5)	Page Industries(Jockey)	Saatchi and Saatchi	None	Yes	✓✓✓	✓✓	✓✓✓
6)	TTK Prestige	DBB Mudra	Vidya Balan	Yes	✓✓✓	✓✓	✓
7)	Symphony Air Coolers	DBB Mudra	Lion Mascot	Yes	✓✓	✓✓✓	✓✓✓
8)	Bajaj Corp Ltd	Motivator	Parineeti Chopra	No	✓✓✓	✓✓	✓
9)	Century Plyboards India	Lodestar UM	Nana Patekar	Yes	✓✓✓	✓✓	✓✓
10)	Greenply Industries	Oglivy& Mather	None	No	✓✓	✓✓✓	✓✓✓
11)	Whirlpool India	Lodestar UM	Kriti Sanon, Sushant Singh Rajput	Yes	✓✓✓	✓✓✓	✓
12)	Sheela Foam (Sleepwell)	Hakuhodo Percept	None	No	✓✓✓	✓✓	✓✓

BRAND SUMMARY (2)

Turnover Growth: >15per cent

CAGR(5Yrs)= ✓✓✓

10-15per cent CAGR(5Yrs) = ✓✓

<10per cent CAGR(5Yrs)– ✓

Market Share Growth: >2per cent = ✓✓✓

1-2per cent(5Yrs) = ✓✓

<1per cent (5Yrs)= ✓

Market Share Gr: >2per cent = ✓✓✓	Product Review: >3/5 = ✓✓✓	TVC Review: >1 Mn View= ✓✓✓
1-2per cent(5Yrs) = ✓✓	(Mouthshut) 2-3/5 = ✓✓	(Youtube) 100k-1 Mn View= ✓✓
<1per cent (5Yrs) = ✓	<2/5 = ✓	<100k View= ✓

FINANCIAL ANALYSIS

P/L STATEMENT (CONSOLIDATED)

Y/E Mar (Rs mn)	FY17	FY18	FY19E	FY20E	FY21E
Revenue	**17,500**	**19,653**	**22,410**	**25,158**	**28,207**
Expenditure	**15,548**	**17,490**	**20,141**	**22,370**	**24,878**
EBITDA	**1,952**	**2,163**	**2,269**	**2,787**	**3,329**
Depreciation	304	352	405	457	509
EBIT	**1,648**	**1,811**	**1,864**	**2,331**	**2,820**
Other Income	219	211	300	350	400
Interest expenses	99	87	53	53	53
PBT	**1,769**	**1,935**	**2,112**	**2,628**	**3,167**
Tax	520	598	673	901	1,087
Extraordinary Items	0	0	0	0	0
Minority Int./Income from Assoc.	0	0	0	0	0
Reported Net Income	**1,248**	**1,337**	**1,439**	**1,727**	**2,080**
Adjusted PAT	**1,248**	**1,337**	**1,439**	**1,727**	**2,080**

BALANCE SHEET (CONSOLIDATED)

Y/E Mar (Rs mn)	FY17	FY18	FY19E	FY20E	FY21E
Equity share capital	244	244	244	244	244
Reserves & surplus	4,390	5,729	7,167	8,589	10,302
Net worth	**4,634**	**5,973**	**7,411**	**8,833**	**10,546**
Minority Interest	**0**	**0**	**0**	**0**	**0**
Loan Funds	**594**	**479**	**479**	**479**	**479**
Net deferred tax liability	16	20	21	23	24
Total Liabilities	**5,244**	**6,472**	**7,912**	**9,334**	**11,049**
Net block	**3,184**	**3,484**	**3,679**	**3,823**	**3,914**
Investment	**0**	**0**	**0**	**0**	**0**
Current Assets	**5,637**	**6,421**	**8,144**	**9,899**	**12,052**
Cash & bank balance	2,094	2,563	3,776	5,023	6,612
Other Current Assets	192	352	370	389	408
Current liabilities & Provision	**3,940**	**3,955**	**4,433**	**4,910**	**5,439**
Net current assets	**1,698**	**2,466**	**3,711**	**4,990**	**6,613**
Misc. exp	0	0	0	0	0
Total Assets	**5,244**	**6,472**	**7,912**	**9,334**	**11,049**

RATIO AND VALUATIONS

Profitability (per cent)	FY17	FY18	FY19E	FY20E	FY21E
EBITDA Margin	11.2	11.0	10.1	11.1	11.8
EBIT Margin	9.4	9.2	8.3	9.3	10.0
Effective Tax Rate	29.4	30.9	31.9	34.3	34.3
Net Margin	7.1	6.8	6.4	6.9	7.4
ROCE	38.1	34.5	30.1	31.1	31.6
ROE	31.1	25.2	21.5	21.3	21.5
RoIC	66.3	58.7	53.3	63.0	73.2
Valuations (x)	**FY17**	**FY18**	**FY19E**	**FY20E**	**FY21E**
PER	52.4	46.9	45.5	37.9	31.5
P/CEPS	42.3	38.9	35.6	30.1	25.4
P/BV	14.1	11.0	8.8	7.4	6.2
EV / Sales	3.7	3.2	2.8	2.4	2.1
EV / EBITDA	32.7	29.3	27.4	21.8	17.8
Dividend Yield (per cent)	0.0	0.0	0.0	0.5	0.6

INDUSTRY COMPARABLES

Industry	Leader	Mkt Cap	PAT CAGR	EBITDA Margin (per cent)			P/E			EV/EBITDA			RoE		
		(USD Mn)	(FY19-21E)	FY19	FY20	FY21	FY19	FY20	FY21	FY19	FY20	FY21	FY19	FY20	FY21
Light Electricals	Havells India	6,074	18.9	13.0	13.3	13.4	51.0	41.9	36.1	33.3	27.2	23.7	20.8	22.3	23.1
Fans	Crompton Greaves	2,023	19.6	13.2	13.8	14.0	38.0	31.1	26.6	24.0	20.2	17.2	41.1	38.9	36.2
Kitchen App.	TTK Prestige	1,238	16.8	13.7	14.0	14.6	46.9	39.8	34.3	29.4	25.2	21.6	17.2	17.9	18.4
Durables	Symphony	1,197	27.9	20.3	21.6	22.2	52.8	40.0	32.6	42.0	31.4	na	24.6	27.7	27.1
Paints	Asian Paints	18,815	19.8	18.7	19.4	20.0	58.8	49.2	41.1	37.2	30.8	25.7	25.3	26.7	27.8
Pipes	Astral Poly Technik	1,913	28.2	15.6	16.2	16.4	60.6	45.0	37.0	32.9	25.7	21.6	19.3	21.1	22.6
Tiles	Kajaria Ceramics	1,181	21.7	15.2	16.0	16.5	36.5	29.2	24.6	18.7	15.5	13.1	15.9	17.6	18.3
Average			**21.8**	**15.7**	**16.3**	**16.7**	**49.2**	**39.5**	**33.2**	**31.1**	**25.2**	**20.5**	**23.5**	**24.6**	**24.8**
Mattress	**Sheela Foam**	**925**	**20.2**	**10.1**	**11.1**	**11.8**	**45.7**	**38.1**	**31.6**	**27.5**	**21.9**	**17.9**	**21.5**	**21.3**	**21.5**

CONCLUSION

An improving product mix and easing raw material prices bolster our PAT CAGR of 35 per cent for FY18–20E and maintenance of ROCE in the 32-35 per cent range (FY18: 35 per cent). Though Sheela is trading at a high valuation, we believe our target consolidated multiple of 40x FY20E EPS fairly reflects the stock's potential given the opportunity size (large unorganised market) as well as the company's solid brand, leadership in a stable industry, and sector-leading return ratios.

Potential problems that are to be looked into for disturbances are the advertisement strategy of Sleepwell and the threat of potential entrants like IKEA into the Indian Market. Assuming both of the above are mitigated favourably, we assign a P/E Multiple of 42x FY20E EPS to Sheela Foam Ltd. This multiple takes into account industry growth, market share growth, and improvements in margins from a decrease in raw material (TDI) prices.

Thus, from our analysis we value Sheela Foam Ltd at Rs.1,486. The CMP of Sheela Foam Ltd as on 29th March, 2019 is Rs.1,254 on the BSE. The target price implies a return of 18.5 per cent on the investment, thus making it an attractive investment candidate.

Hence, we appoint a 'BUY' suggestion to Sheela Foam Ltd for a TP of Rs.1,486.

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"The Modern Portfolio Theory assumes that markets are efficient and there are no transaction costs, taxes and others. However, such costs exist in real life and it is highly recommended to include such costs in the analysis."

Portfolio Construction:

Asset Allocation and Stock Selection Criteria among the Investors

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ABSTRACT

Investing in securities like shares, debentures, and bonds generate greater profits. But it also brings in a higher risk of loss with it. Thus, an investor must know how to maintain a balance in between the return he wants and the amount of risk he wants to deal with. This gives rise to the creation of a portfolio of securities that can diversify and reduce risk. The investor can select an optimal portfolio considering the risk-return ratio with the help of Sharpe ratio and invest systematically over a period of time. An investor who

has ample knowledge about portfolio management has a greater chance of success than others.

KEYWORDS: Portfolio Management, Optimal portfolio, Portfolio Selection.

INTRODUCTION

It is believed that the evolution of portfolio construction began in 1952 with the publication of Harry Markowitz's thesis, 'Portfolio Selection'. This piece introduced the world to Modern Portfolio Theory (MPT) and provided a framework that aimed at maximizing returns at a stated level of volatility, termed as the standard deviation of returns. 'Portfolio theory' or 'portfolio management theory', suggests that it is possible to create an efficient frontier of different optimal portfolios, providing the maximum possible expected return for a stated level of risk. It suggests that it is not just enough to look at the expected risk and return of one particular stock. By investing in more than a stock, an investor can reap the benefits of diversification, which also implies a reduction in the riskiness of the portfolio.

Portfolio construction involves two very important considerations, namely, asset allocation and security selection. It is important to analyze investor's preferences for the allocation of assets as different investors having different risk tolerances. The decisions for investment should be made while considering the entire portfolio. Asset allocation being more important, it is important to consider how creating a diversified portfolio of assets helps in reducing risk. The efficient frontier helps in assessing different risk and return profiles. Risk and reward must be evaluated together when considering investment choices; this is the focal point presented in Modern Portfolio Theory. Many investors mistakenly base the success or failure of their portfolios based on returns alone. Few investors consider the risk involved in achieving those returns. Since the 1960s, investors have known how to quantify and measure risk, but no single measure of performance measurement actually looked at both, the risk as well as the return.

OBJECTIVES OF THE STUDY

- To understand the optimal asset allocations for different investors having varying risk tolerances.
- To assess the returns and performances of portfolios using various methodologies.

METHODOLOGY OF THE STUDY

The research work was done keeping in mind the relevance of the data as well as making a thorough analysis of the available details. Most of the statistical data has been obtained from the Internet. Tools have been used as per the need and type of study and have been analyzed thoroughly. The data has been collected through published sources.

DATA ANALYSIS AND FINDINGS

For the purpose of analysis, the monthly closing prices of two stocks, namely, Hindustan Unilever Ltd. and HDFC Bank is taken from January 2017 to January 2019. The following data has been collected:

Month	Closing Price of HUL Ltd.	Closing Price of HDFC Ltd.
17-Jan	855.15	1,286.95
17-Feb	864.9	1,389.20
17-Mar	909.75	1,442.30
17-Apr	934.7	1,542.15
17-May	1,066.80	1,633.35
17-Jun	1,081.60	1,652.25
17-Jul	1,153.35	1,783.35
17-Aug	1,217.35	1,775.00
17-Sep	1,175.15	1,803.05
17-Oct	1,236.85	1,808.80
17-Nov	1,273.75	1,852.05
17-Dec	1,368.10	1,873.55
18-Jan	1,369.65	2,006.35
18-Feb	1,316.35	1,883.80
18-Mar	1,335.90	1,891.45
18-Apr	1,509.05	1,944.60
18-May	1,613.65	2,136.15
18-Jun	1,641.85	2,108.05
18-Jul	1,731.60	2,181.05
18-Aug	1,780.60	2,062.25
18-Sep	1,607.65	2,005.65
18-Oct	1,617.85	1,911.85

Using the above data, monthly returns for both the stocks can be calculated by using the following formula: [(Closing price for the present month/Closing price for the previous month)-1]

Month	% returns of HUL	% returns of HDFC
17-Jan		
17-Feb	1.14%	7.95%
17-Mar	5.19%	3.82%
17-Apr	2.74%	6.92%
17-May	14.13%	5.91%
17-Jun	1.39%	1.16%
17-Jul	6.63%	7.93%
17-Aug	5.55%	-0.47%
17-Sep	-3.47%	1.58%
17-Oct	5.25%	0.32%
17-Nov	2.98%	2.39%
17-Dec	7.41%	1.16%
18-Jan	0.11%	7.09%
18-Feb	-3.89%	-6.11%
18-Mar	1.49%	0.41%
18-Apr	12.96%	2.81%
18-May	6.93%	9.85%
18-Jun	1.75%	-1.32%
18-Jul	5.47%	3.46%
18-Aug	2.83%	-5.45%
18-Sep	-9.71%	-2.74%
18-Oct	0.63%	-4.68%
18-Nov	8.39%	10.74%
18-Dec	3.68%	0.25%
19-Jan	-3.07%	-1.95%

The following table shows the monthly returns calculated for both the stocks:

The variance of the asset returns will be calculated as the average of square of the difference between the returns and the mean.

$$\sigma^2 = \frac{\sum_{t=1}^{n}(R_t - \mu)}{n}$$

Where n represents the number of periods in the data, R_t is the returns for each time period, and μ represents the mean returns.

	HUL	HDFC BANK
Mean	3.19%	2.13%
S.D.	0.26%	0.21%
Variance	5.14%	4.61%
correlation	0.49912943	

Now, a portfolio can be constructed with different weights in both the stocks such that the two weights add up to 100 per cent.
The portfolio variance is calculated as:

Portfolio Variance

$$= \mathbf{w^2_A * \sigma^2(R_A) + w^2_B * \sigma^2(R_B) + 2*(w_A)*(w_B)*Cov(R_A, R_B)}$$

Where: w_A and w_B are portfolio weights,
$\sigma^2(R_A)$ and $\sigma^2(R_B)$ are variances and
$Cov(R_A, R_B)$ is the covariance

Portfolio Standard Deviation= Square root of Portfolio Variance

Rp	2.66%
S.d of portfolio	4.22%

Now, hypothetical weights are taken for both the stocks and the portfolio return and standard deviation for the portfolio is calculated accordingly.

Weight in HUL Ltd.	Weight in HDFC	Return on Portfolio	Standard deviation of the portfolio
0.00%	100.00%	2.13%	4.61%
10.00%	90.00%	2.23%	4.43%
20.00%	80.00%	2.34%	4.31%
30.00%	70.00%	2.45%	4.22%
40.00%	60.00%	2.55%	4.19%
50.00%	50.00%	2.66%	4.22%
60.00%	40.00%	2.76%	4.31%
70.00%	30.00%	2.87%	4.45%
80.00%	20.00%	2.98%	4.64%
90.00%	10.00%	3.08%	4.87%
100.00%	0.00%	3.19%	5.14%

A scatter plot can now be constructed with Standard Deviation of the different portfolios plotted in the X-Axis and the return of the portfolios plotted in the Y-Axis.

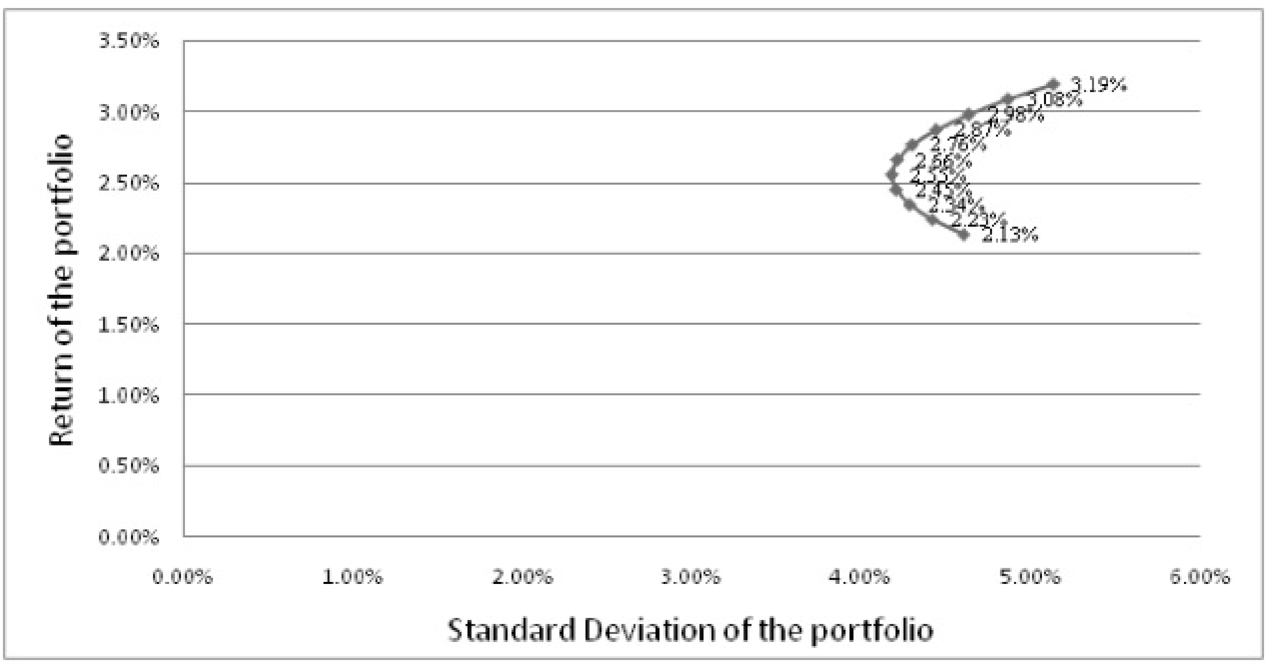
This scatter plot gives a graphical representation of the efficient frontier and the minimum variance portfolio.

The efficient frontierhere is the set of portfolios that provide a higher return for the same amount of risk taken. For instance, a portfolio comprising 20 per cent weight in HUL Ltd. and 80 per cent weight in HDFC Bank provides a return of 2.34 per cent and portfolio standard deviation of 4.31 per cent, whereas, a portfolio comprising of 60 per cent weight in HUL Ltd. And 40 per cent in HDFC Bank provides a return of 2.76 per cent and portfolio standard deviation of 4.31 per cent. Therefore, for the same amount of risk the second portfolio (comprising 60 per cent weight in HUL Ltd. and 40 per cent in HDFC Bank) provides a better return. Hence, this is to be plotted in the efficient frontier.

The minimum variance portfolio is the one with the lowest Standard Deviation, that is, the one with standard deviation equal to 4.19 per cent and return equal to 2.55 per cent. The portfolios providing return less than 2.55 per cent do not lie in the efficient frontier. This is because, for the same amount of risk taken, other portfolios (those that provide a return greater than 2.55 per cent) can provide a better return.

Performance Evaluation:

Calculation of Sharpe Ratio



Sharpe Ratio= (Return of the portfolio-Risk Free Rate of return)/(Standard Deviation of the portfolio)

Assuming the 91 Day T-Bill to be the risk-free rate of return, it is approximately equal to 6.25 per cent p.a. or 0.52 per cent compounded monthly.

The weights are taken to be 65 per cent in Hindustan Unilever Ltd. and 35 per cent in HDFC Bank.

Weight in HUL Ltd.	Weight in HDFC	Return on Portfolio	Standard deviation of the portfolio
65.00%	35.00%	2.82%	4.38%

Therefore, the Sharpe Ratio for this portfolio would be-
Sharpe Ratio= (2.82 per cent-0.52 per cent)/4.38 per cent = 52.47 per cent

By using the solver function in excel, the maximum value of Sharpe Ratio can be achieved.

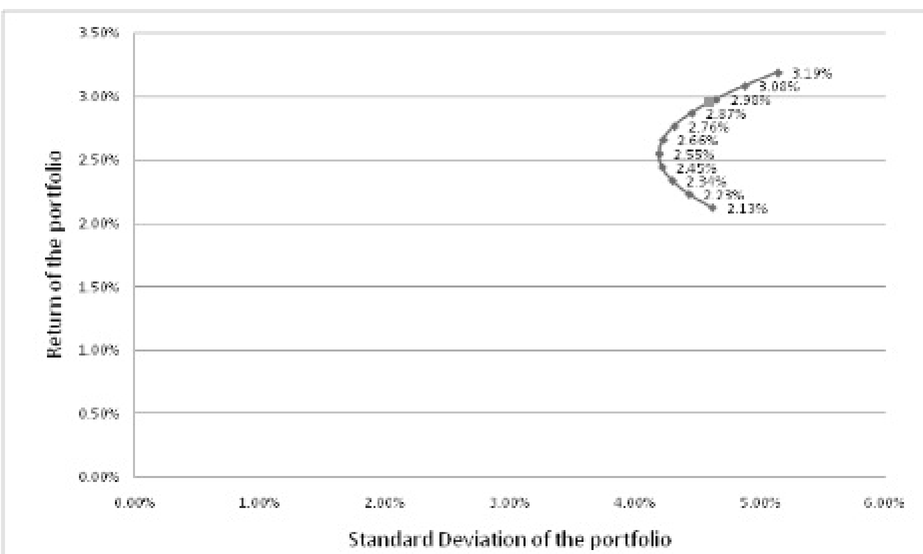
The maximum Sharpe Ratio for the above portfolio would be attained at the following weights:

Weight in HUL Ltd.	Weight in HDFC	Return on Portfolio	Standard deviation of the portfolio
77.64%	22.36%	2.95%	4.59%

The Sharpe ratio at the above weights would be
Sharpe Ratio= (2.95 per cent-0.52 per cent)/4.59 per cent = 52.92 per cent

The portfolio with maximum Sharpe ratio can be plotted in the efficient frontier as follows:

The orange point in the graph represents the point with the maximum Sharpe ratio.



In constructing portfolios, investors often combine risky assets with risk-free assets (such as government bonds) to reduce risks in their portfolios. A complete portfolio is defined as a combination of a risky asset portfolio, with return Rp, and the risk-free asset, with return Rf.

The expected return of a complete portfolio is given as:

$$E(R_c) = w_p E(R_p) + (1 - w_p) R_f$$

And the variance and standard deviation of the complete portfolio return is given as:

$$Var(R_c) = w^2_p Var(R_p),\ \sigma(R_c) = w_p \sigma(R_p),$$

Where w_p is the fraction that has been invested in the risky asset portfolio.

While the expected excess return of a complete portfolio has been calculated as follows:

$$E(R_c) - R_f,$$

Here, the risky asset portfolio refers to the portfolio of Hindustan Unilever Ltd. and HDFC Bank that maximises the Sharpe ratio, i.e., 77.64 per cent of the total amount being invested in Hindustan Unilever Ltd. equity share and 22.36 per cent being invested in the HDFC Bank's equity share.

If the investor wishes to reduce the risk taken, it can be done by investing a certain portion in the risk free asset along with investment in the risky asset. (Assuming Risk Free rate= 0.52 per cent)

The return and standard deviation are as follows:

	Return	S.D
Risky asset	2.95%	4.59%
Risk free asset	0.52%	0%

The different combinations of risky asset and risk free asset and their respective return and standard deviation calculations are as follows:

Weight in Risky asset	Weight in Risk free asset	Return of the portfolio	Standard Deviation of the portfolio
0%	100%	0.5200%	0.00%
5.00%	95.00%	0.6415%	0.23%
10.00%	90.00%	0.7631%	0.46%
15.00%	85.00%	0.8846%	0.69%
20.00%	80.00%	1.0061%	0.92%
25.00%	75.00%	1.1276%	1.15%
30.00%	70.00%	1.2492%	1.38%
35.00%	65.00%	1.3707%	1.61%
40.00%	60.00%	1.4922%	1.84%
45.00%	55.00%	1.6138%	2.07%
50.00%	50.00%	1.7353%	2.30%
55.00%	45.00%	1.8568%	2.53%
60.00%	40.00%	1.9783%	2.76%
65.00%	35.00%	2.0999%	2.99%
70.00%	30.00%	2.2214%	3.22%
75.00%	25.00%	2.3429%	3.44%
80.00%	20.00%	2.4645%	3.67%
85.00%	15.00%	2.5860%	3.90%
90.00%	10.00%	2.7075%	4.13%
95.00%	5.00%	2.8290%	4.36%
100.00%	0.00%	2.9506%	4.59%
105.00%	-5.00%	3.0721%	4.82%
110.00%	-10.00%	3.1936%	5.05%
115.00%	-15.00%	3.3152%	5.28%
120.00%	-20.00%	3.4367%	5.51%

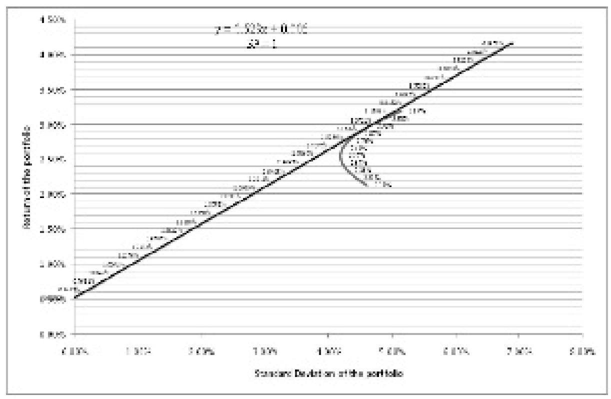
Here, the standard deviation formula can be simplified. Previously the formula for standard deviation was:

Standard Deviation =

$$\sigma_P = \sqrt{w_A^2\sigma^2(k_A) + w_B^2\sigma^2(k_B) + 2w_A w_B R(k_A,k_B)\sigma(k_A)\sigma(k_B)}$$

This formula can be simplified as the standard deviation of riskfree asset is zero and the correlation between the risky asset and risk free asset is zero.

Therefore, standard deviation of the portfolio with 50 per cent weight in each can be calculated by simply multiplying the weight of risky asset and the standard deviation of the risky asset i.e., 50 per cent*4.59 per cent = 2.30 per cent.



Therefore, it can be concluded that:

Investors use both the efficient frontier and the CAL to achieve different combinations of risk and return based on what they desire. The optimal risky portfolio is found at the point where the CAL is tangent to the efficient frontier. This asset weight combination also gives the best risk-to-reward ratio.

The optimal portfolio consists of a risk-free asset and the optimal risky asset portfolio. The optimal risky asset portfolio is at the point where the CAL is tangent to the efficient frontier. This portfolio is optimal because the slope of CAL is the highest, which means we achieve the highest returns per additional unit of risk. The graph below illustrates this:

$E(R_c) = R_f + S_p\sigma(R_c)$, where Sp =

$$\frac{(E(Rp) - Rf)}{\sigma(Rp)}$$

The line $E(R_c) = R_f + S_p\sigma(R_c)$ is called the capital allocation line (CAL). The slope of the line, Sp, is called the Sharpe Ratio, or reward-to-risk ratio. The Sharpe ratio measures the increase in expected return per unit of additional standard deviation.

In the graph, the black line represents the Capital Allocation Line.

The point of tangency between the line and the curve is the point that produces the maximum Sharpe Ratio.

Now, the investor can choose different combinations of risky and risk free asset. Generally a risk averse investor would allocate more towards the risk free asset and less allocation would be made to the risky asset and vice versa.

The equation of the Capital Allocation Line is:

$y = 0.529x + 0.005$

Where 0.005 is the risk free rate of return, 0.529 is the optimized Sharpe Ratio (slope of the CAL)

CONCLUSION

The equity shares of Hindustan Unilever Ltd. And HDFC bank provided a return of 3.19 per cent and 2.13 per cent respectively. A portfolio comprising of equity shares of both the companies should be combined in a way such that its Sharpe Ratio is maximized. It can be argued that the return is maximized when the portfolio is fully invested in HUL, meaning, an allocation of 100 per cent to HUL Ltd. would provide a return of 3.19 per cent. However, as per Modern Portfolio Theory, a portfolio should be constructed while taking both risks and return into consideration as well as considering portfolio diversification. The higher return comes at the expense of higher risk. Therefore, portfolio optimization takes place at a point where the risk-adjusted measure of return is maximized, in other words, when the Sharpe ratio is maximized.

Another reason why investing 100 per cent in HUL Ltd. might not lead to optimal asset allocation is related to the benefit of diversification which is achieved by different assets or stocks to the portfolio diversification. Therefore the optimal allocation would be by investing 77.64 per cent and 22.36 per cent in the equity shares of Hindustan Unilever Ltd. and HDFC Bank respectively.

Being widely used by investment institutions, Modern Portfolio Theory still has been subjected to various criticisms. The assumptions made by Markowitz have been criticized mainly due to research findings in other fields of study. The behavioural economists have proven that the assumption of 'investors acting rationally' is wrong. It is, therefore, recommended to view investors and markets as bad decision-makers and the role of emotions in decision making is to be considered rather than rational computational entities forces us to reconsider every aspect of investment management. Also, the Modern Portfolio Theory assumes that markets are efficient and there are no transaction costs, taxes and others. However, such costs exist in real life and it is highly recommended to include such costs in the analysis.

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"For any flourishing economy, a healthy private sector is very important. A rational government should pay attention to law and regulations affecting small and medium size enterprise for economic well-being and advancement of its country."

Cluster Analysis and Macroeconomic Determinants of Ease of Doing Business Score of Countries

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ABSTRACT

For economic development, a healthy business environment is a very important aspect. Here we make an attempt to categorize the countries of the world on the basis of their business environment. We have carried out k-mean cluster analysis on ease of doing business score as published by the

World Bank of the different countries of the world for the time period 2016-19. During this four year time period, three countries - Pakistan, Nigeria, Guinea shifted from low score cluster to medium score cluster and two countries - China and Turkey have been shifted from medium score cluster to high score cluster. Here we also make an attempt to identify the macroeconomic factors affecting the business environment of our selected countries. Annual growth rate of GDP and employment in industry are the macro variables which have positive and significant impact on the ease of doing business score of the countries.

KEY WORDS: Ease Of Doing Business, Cluster, GDP Growth.

INTRODUCTION

For any flourishing economy, a healthy private sector is very important. A rational government should pay attention to law and regulations affecting small and medium size enterprise for economic well-being and advancement of its country.

The World Bank Group has been releasing the Doing Business reports since 2003 every year. The ease of doing business index was created by Simon Djyankov in which higher rankings show better and simpler regulations for business. The study has brought about a lot of regulatory reforms in developing countries.

The Doing Business reports advise both regulatory quality and efficiency. It includes 10 indicators based on which aggregate scores are calculated for each economy. The scores indicate an economy's position to the best regulatory practice. The score captures the gap between a country's current performance and a measure of best regulatory practice set by the World Bank group across the entire sample of same 41 sub indicators for 10 indicators set used every year. Higher scores indicate absolute better ease of doing business (the best score is set at 100), while lower scores indicate absolute poorer ease of doing business (the worst performance is set at 0).

Doing business data are widely used by researchers in academia, think tanks, international organizations, and other institutions. Regulation of firm entry is one of the most investigated areas of business regulation. The results of this body of research suggest that excessive regulation of entry increases the number of informal businesses and employment. A natural experimental study by Bruhn (2011) in Mexico found that reforms that simplified business registration increased registration by five per cent and wage employment by 2.2 per cent. These reforms also resulted in 14.9 per cent per cent of informal business owners shifting to the formal economy as shown by Bruhn (2013).

Efficient and non-distortionary business regulations are crucial for productivity. A study by Branstetter and others (2014) on India, for example, shows that inefficient licensing and size restrictions cause a misallocation of resources, reducing total factor productivity (TFP) by preventing firms which are efficient, from achieving their optimal scale and allowing inefficient firms to remain in the market.

Even though Doing Business measures aspects of business regulation affecting domestic firms, several studies indicate that better business regulation is associated with higher levels of FDI as shown by Corcoran and Gillanders (2015). Also, the impact of FDI on domestic investment depends on how business-friendly entry regulations are in the host economy. A study by Munemo (2014) showed that FDI can crowd out domestic investment in economies with costly processes for starting a business.

In this study, we will first focus method of scoring done by the World Bank Group in their Doing Business report. We will then group the countries in there different categories of low score, medium score, and high score on the basis of cluster analysis. Lastly, we will focus on the macro economic factors that might affect the ease of doing business scores by performing correlation analysis.

EASE OF DOING BUSINESS SCORE METHODOLOGY

The ease of doing business scored computed by the World Bank is an aggregate score which is computed by calculating individual scores of all 41 indicators used and thereby calculating it's aggregate on the basis of which ease of doing business ranks are also assigned to the countries.

For calculating the aggregate EDB score, each individual component indicator is normalized to a common unit where each of the 41 component indicators (except for the total tax and contribution rate) is rescaled using the linear transformation (worst - y)/(worst - best). In this formulation the highest score means the best regulatory performance on the indicator across all economies since 2005 or the third year in which data for that indicator was collected. The indicators used for computing the ease of doing business score is explained below:

Indicator set	What is measured
Starting a business	Procedures, time, cost and paid-in minimum capital to start a limited liability company for men and women
Dealing with construction permits	Procedures, time and cost to complete all formalities to build a warehouse and the quality control and safety mechanisms in the construction permitting system
Getting electricity	Procedures, time and cost to get connected to the electrical grid, the reliability of the electricity supply and the transparency of tariffs
Registering property	Procedures, time and cost to transfer a property and the quality of the land administration system for men and women
Getting credit	Movable collateral laws and credit information systems
Protecting minority investors	Minority shareholders' rights in related-party transactions and in corporate governance
Paying taxes	Payments, time and total tax and contribution rate for a firm to comply with all tax regulations as well as postfiling processes
Trading across borders	Time and cost to export the product of comparative advantage and import auto parts
Enforcing contracts	Time and cost to resolve a commercial dispute and the quality of judicial processes for men and women
Resolving insolvency	Time, cost, outcome and recovery rate for a commercial insolvency and the strength of the legal framework for insolvency

Table1: Indicators Used by World Bank in Ease of Doing Business Score.

CLUSTER ANALYSIS OF EASE OF DOING BUSINESS SCORE OF DIFFERENT COUNTRIES

Here we have considered K - mean cluster analysis. The number of predefined cluster that we have considered is three. We have selected 30 countries from different continents. Table 2 and Table 3 represent the result of cluster analysis for the time period 2016 and 2017 respectively.

TABLE 2: THE RESULT OF CLUSTER ANALYSIS OF 2016

CLUSTER 1(LOW)	CLUSTER 2(MEDIUM)	CLUSTER 3(HIGH)
1. AFGANISTHAN	1. ARGENTINA	1. CANADA
2. BANGLADESH	2. BHUTAN	2. FRANCE
3. GUINEA	3. CHINA	3. ITALY
4. LIBYA	4. COLUMBIA	4. JAPAN
5. MYANMAR	5. INDIA	5. MAURITIUS
6. NIGERIA	6. INDONESIA	6. NEW ZEALAND
7. PAKISTAN	7. MALDIVES	7. UNITED KINDOM
8. YEMEN REPUBLIC	8. NEPAL	8. UNITED STATES
9. ZIMBABWE	9. PHILLIPINES	
	10. SAUDI ARABIA	
	11. SOUTH AFRICA	
	12. SRI LANKA	
	13. TURKEY	

	Cluster		Error		F	Sig.
	Mean Square	Df	Mean Square	Df		
EASE OF DOING BUSINESS SCORE	2657.589	2	28.116	27	94.521	.000

Number of Cases in each Cluster

Cluster	1	9.000
	2	13.000
	3	8.000
Valid		30.000
Missing		.000

TABLE 3: THE RESULT OF CLUSTER ANALYSIS OF 2017

CLUSTER 1(LOW)	CLUSTER 2(MEDIUM)	CLUSTER 3(HIGH)
1. AFGANISTHAN	1. ARGENTINA	1. CANADA
2. BANGLADESH	2. BHUTAN	2. FRANCE
3. GUINEA	3. CHINA	3. ITALY
4. LIBYA	4. COLUMBIA	4. JAPAN
5. MYANMAR	5. INDIA	5. MAURITIUS
6. NIGERIA	6. INDONESIA	6. NEW ZEALAND
7. YEMEN REPUBLIC	7. MALDIVES	7. UNITED KINGDOM
8. ZIMBABWE	8. NEPAL	8. UNITED STATES
	9. PAKISTAN	
	10. PHILLIPINES	
	11. SAUDI ARABIA	
	12. SOUTH AFRICA	
	13. SRI LANKA	
	14. TURKEY	

ANOVA of Cluster Analysis in Table 3

	Cluster		Error		F	Sig
	Mean Square	Df	Mean Square	Df		
EASE OF DOING BUSINESS SCORE	[illegible]	2	[illegible]	27	[illegible]	.000

Number of Cases in each Cluster

Cluster	1	8.000
	2	14.000
	3	8.000
Valid		30.000
Missing		.000

Movement of countries from 2016 to 2017:

It can be observed from Table 2 and Table 3 that Pakistan has moved from low score cluster to medium score cluster from 2016 to 2017. The shift of Pakistan from low cluster to medium cluster is attributed to improvement in three indicators of EDB score as shown in the Table 4.The improvement in the above mentioned indicators increased the aggregate EDB score from 50 in 2016 to 52.26 in 2017.

TABLE 4: IMPROVEMENT IN INDICATORS OF EDB SCORES OF PAKISTAN

INDICATOR	2016	2017	CHANGE
REGISTERING PROPERTY	36.66	40.51	1.18
GETTING CREDIT	25	45	20
TRADING ACROSS BORDERS	55.29	56.59	1.3

Source: World Bank

In Table 5 we have represented the result of cluster analysis for the time period 2018.

TABLE 5: RESULT OF CLUSTER ANALYSIS OF 2018

CLUSTER 1(LOW)	CLUSTER 2(MEDIUM)	CLUSTER 3(HIGH)
1. AFGANISTHAN	1. ARGENTINA	1. CANADA
2. BANGLADESH	2. BHUTAN	2. FRANCE
3. GUINEA	3. CHINA	3. ITALY
4. LIBYA	4. COLUMBIA	4. JAPAN
5. MYANMAR	5. INDIA	5. MAURITIUS
6. YEMEN REPUBLIC	6. INDONESIA	6. NEW ZEALAND
7. ZIMBABWE	7. MALDIVES	7. UNITED KINDOM
	8. NEPAL	8. UNITED STATES
	9. NIGERIA	
	10. PAKISTAN	
	11. PHILLIPEINES	
	12. SAUDI ARABIA	
	13. SOUTH AFRICA	
	14. SRI LANKA	
	15. TURKEY	

ANOVA of Cluster Analysis in Table 5

	Cluster		Error		F	Sig.
	Mean Square	Df	Mean Square	Df		
EASE OF DOING BUSINESS SCORE	2751.576	2	35.169	27	62.903	.000

Number of Cases in each Cluster

Cluster	1	7.000
	2	15.000
	3	8.000
Valid		30.000
Missing		.000

Movement of countries from 2017 to 2018:

It can be observed from Table 4 and Table 5 that Nigeria has moved from low score cluster to high score cluster. The shift of Nigeria from low to medium cluster is attributed to the improvement in the five indicators of EDB score as shown in the Table 6. This improvement has increased the aggregate EDB score of Nigeria from 47.87 in 2017 to 51.52 in 2018.

TABLE 6: IMPROVEMENT IN INDICATORS OF EDB SCORES OF NIGERIA

INDICATOR	2017	2018	CHANGE
STARTING A BUSINESS	78.99	80.75	1.76
DEALING WITH CONSTRUCTION PERMITS	54.33	57.81	3.48
REGISTERING PROPERTY	26.28	29.07	2.79
GETTING CREDIT	60	85	25
PAYING TAXES	50.33	53.03	2.7

TABLE 7: RESULT OF CLUSTER ANALYSIS OF 2019

CLUSTER 1(LOW)	CLUSTER 2(MEDIUM)	CLUSTER 3(HIGH)
1. AFGANISTHAN BANGLADESH	6. ARGENTINA	20. CANADA
2. LIBYA	7. BHUTAN	21. CHINA
3. MYANMAR	8. COLUMBIA	22. FRANCE
4. YEMEN REPUBLIC	9. GUINEA	23. ITALY
5. ZIMBABWE	10. INDIA	24. JAPAN
	11. INDONESIA	25. MAURITIUS
	12. MALDIVES	26. NEW ZEALAND
	13. NEPAL	27. TURKEY
	14. NIGERIA	28. UNITED KINGDOM
	15. PAKISTAN	29. UNITED STATES
	16. PHILIPPINES	
	17. SAUDI ARABIA	
	18. SOUTH AFRICA	
	19. SRI LANKA	

ANOVA of Cluster Analysis in Table 7

	Cluster		Error		F	Sig.
	Mean Square	Df	Mean Square	Df		
EASE OF DOING BUSINESS SCORE	2614.310	2	34.646	27	75.454	.000

Number of Cases in each Cluster

Cluster	1	6.000
	2	14.000
	3	10.000
Valid		30.000
Missing		.000

Movement of Countries from 2018 to 2019:

It can be observed from Table 5 and Table 7 that there are movement of three countries from one cluster to another from 2018 to 2019. Guinea has moved from low score cluster to medium score cluster whereas China and Turkey has moved from medium score cluster to high score cluster from 2018 to 2019. The shift of Guinea from low to medium cluster is attributed to improvement in the five individual indicator scores as shown in the table. The improvement increased the aggregate EDB score from 49.49 to 51.51 from 2018 to 2019 respectively.

Table 8:IMPROVEMENT IN INDICATORS OF EDB SCORES OF GUINEA

INDICATOR	2018	2019	CHANGE
STARTING A BUSINESS	75.15	83.9	8.75
DEALING WITH CONSRUCTION PERMITS	70.46	74.04	3.58
REGISTERING PROPERTY	50.07	51.92	1.85
TRADING ACROSS BORDERS	46.24	47.82	1.58
ENFORCING CONTRACTS	52.95	53.87	0.92

Source: World Bank

The shift of China from medium to high cluster is attributed to the improvement in the seven individual indicators as shown in the table 9. This improvement increased the aggregate EDB score of China from 65 in 2018 to 76.64 in 2019.

Table 9: IMPROVEMENT IN INDICATORS OF EDB SCORES OF CHINA

INDICATORS	2018	2019	CHANGE
STARTING A BUSINESS	85.47	93.52	8.05
DEALING WITH CONSTRUCTION PERMITS	41.21	65.16	23.95
GETTING ELECTRICITY	65.71	92.01	26.3
REGISTRING PROPERTY	74.99	80.8	5.81
PRECTING MINORITY INVESTORS	55	60	5
PAYING TAXES	62.9	67.53	4.63
TRADING ACROSS BORDERS	69.91	82.59	12.68

Source: World Bank

The shift of Turkey from medium to high cluster is attributed to improvement in seven of its individual indicators as shown in the table 10. This improvement increased its aggregate EDB score from 69.99 in 2018 to 74.33 in 2019.

Table 10: IMPROVEMENT IN THE INDICATORS OF EDB SCORES OF TURKEY

INDICATORS	2018	2019	CHANGE
STARTING A BUSINESS	81.91	88.21	6.3
DEALING WITH CONSTRUCTION PERMITS	69.36	73.19	3.83
GETTING CREDIT	55	75	20
PAYING TAXES	72.91	74.65	1.74
TRADING ACROSS BORDERS	86.73	90.27	3.54
ENFORCING CONTRACTS	69.93	71.78	1.85
RESOLVING INSOLVENCY	33.26	40.71	7.45

Source: World Bank

Therefore, from the above analysis we can conclude that there is movement of some countries from one cluster to another, indicating significant improvement in the score. From 2016-2017, Pakistan shifts from low score to medium score cluster. Nigeria shifts from low score to medium score cluster from 2017 to 2019. From 2018-2019 analysis, we see movement of three countries. Guinea moves from low score to medium score cluster, China and Turkey move from medium score to high score cluster.

MACROECONOMIC DETERMINANTS OF EASE OF DOING BUSINESS SCORE

Here our objective is to analyze whether the macroeconomic factors can influence an economy's ease of doing business score. The macro-economic indicators used for such analysis are: GDP Growth Rate (annual in percentage), Foreign Direct Investment, Net Inflows (as a percentage of GDP), and Employment in industry (as a percentage o total employment). Sources of data for the three macro variables are from the World Bank. Table 11 represents pair- wise correlation of ease of doing business score with the three macro variables during the period 2016 to 2019.

score cluster to medium score cluster and two countries China and Turkey have been shifted from medium score cluster to high score cluster.

Since the World Bank does not include macro-economic factors which may affect the business environment in any economy, a correlation analysis was performed in order to determine whether such factors affect the ease of DoingBusiness scores or not. The three macroeconomic factors-annual GDP growth rate, FDI, and employment in industry are considered. The result of pair-wise correlation showed positive and significant correlation between EDB scores, annual growth rate, and employment in industry. However, Foreign Direct Investment does not have any significant correlation with ease of DoingBusiness score.

Table 11: Pair wise Correlation of Ease of Doing Business Score with Macroeconomic Variables

	EDB SCORE	GROWTH RATE	FDI	EMPLOYMENT
EDB SCORE	1			
GROWTH RATE	0.5337 (0.0072)	1.000		
FDI	0.2242 (0.2922)	0.0381	1.000	
EMPLOYMENT	0.7093 (0.0001)	0.0080	0.4254	1.000

Note: Figures in parenthesis represents level of significance.

From table 11 we can observe that growth rate of the countries and their employment in the industry have positive correlation with the ease of doing business score and both of them are statistically significantce. However foreign direct investment has positive correlation with ease of doing business score, but it is not statistically significant.

CONCLUSION

In the study, the business environment of different countries has been analyzed with the help of World Bank's reports on ease of doing business. Cluster analysis has been carried out in order to understand the grouping of the countries in ease of doing business score for the time period of 2016-2019. We found that in the time period of four years, a total of three countries namely Pakistan, Nigeria and, Guinea, shifted from low

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The marketers understand the impact of covert advertising on their brand or product, believing that the high popularity of a certain film or series will surely rake in more patrons for the product being covertly endorsed.

Product Placement in the Indian Entertainment Industry

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ABSTRACT

Product placement in the Indian Entertainment sector is not something new, especially in Indian movies. A discernible pattern that uses the storyline of a film to advertise products has been noticed and has evolved in the recent past. The products chosen for advertising through such a medium have varied from automobiles, soft drinks, garments, gift items, to services, pharmaceuticals, mobiles, electronics and applications. It has created a new way of communication. The striking feature of product placement practices today is the methodical and refined technique used to integrate brands and brand messages into entertainment venues. The integration strategy meets

the needs of both producers as well as advertisers. Producers are looking up to non-traditional partners to finance and support their programs. The key segments where product placements are popular and major work in brand integration has been done are television, print, radio, music, online gaming and films.

KEYWORDS: Product placement, Brand Integration, Indian Entertainment, Bollywood, TV. Embedded Marketing

INTRODUCTION

"If you notice it, it's bad. But if you don't notice, it it's worthless."- Ephron 2003

The means of entertainment today have diversified, evolved and taken shape into well-organized business sectors. The acceleration and growth in the world's economy due to the commercialization of entertainment is phenomenal. The Indian media and entertainment sector consists of many different segments.

- Television
- Radio
- Print
- Films
- Music
- Online Gaming
- Out of Home (OOH)
- Animation and VFX

The key segments are television, print and films. Smaller segments include radio, music, OOH, animation, gaming & visual effects (VFX) and Internet advertising. "Product Placement in the Media and Entertainment Industry is the practice of including brand names, logos, signage and other symbols of brands in a planned format within mass media programming." It's an unobtrusive form of advertising through visual and audio mediums. Brands and companies have largely profited through it and it has become an integral part of the entertainment industry. Though the role and importance of media is increasing in our lives today, it's sad that its accountability and professionalism is dwindling. With the integration and use of embedded marketing techniques called product placements, it becomes difficult to detect and often unidentifiable advertising efforts towards the consumer. In layman terms, product placement is the promotion of branded goods and services within the context of a show or movie (or even personal videos) rather than an explicit advertisement. Product Placement is one such technique that has been cleverly adopted in the media and entertainment sector of India. Not only limited to Bollywood movies and television shows, it has also spread to music, gaming and comics. This incredible leap has been beneficial to the advertisers who choose to promote using product placement rather than traditional ways of advertising. The reason behind it is that the advertising doesn't look like advertising at all. It looks real and believable to the customers, thus creating more impact in the minds of the customer. It may not be very appealing as it is difficult to point out in comparison to traditional methods like television advertisements, newspaper advertisements, billboards, flyers, etc. which can be easily identified. The success of the product placement form of advertisement is dependent largely upon the success of the programming content. Product placements' rate of success and integration into the content in special interest programmes versus general interest programmes is more effective in terms of brand recognition and behavioural reactions by the audience. This means that the placement of brands needs to fit the audience's need for information.

NATURE OF PROBLEM

Marketers have strategically used the blue ocean strategy and entered the entertainment sector of India. With every year, this sector is growing through more creativity, commercialization and content. They have also effectively integrated marketing, advertising and promotion in the media and entertainment industry. One of the major reasons for the survival of the industry is the presence of marketing integration in big companies and brands. The marketers get into the consumer's mind-space when they are at leisure through creative advertising techniques integrated into entertainment. The techniques have how become even more creative and unique.

LITERATURE REVIEW

Stacy Jones and Daniel Lakstins (2012), discussed product placement from the point of view of the movie makers. Stacy Jones, a producer and director of films, points out the important points of the product placement process and its requirements. It is a win-win situation for both the brand and the producer of the movie because both of them benefit. It has reduced the production cost for the movie makers and has also enabled working on a low budget. For product placements, the brand has to approach the producer, director or writer for the integration of their brand and sometimes the cast also. A very clear identifiable logo should be provided to the production set before the shoot, and the set up of the signage of the brands. Nothing is shown in films without the exchange of dollars with the brand. Furthermore, the network and distribution permit it whether to use or not to use the product placement as a part of the movie or film for the brand's personal promotional purpose has to be acquired.

Bimaldeep Kaur (2014) provides us with an array of product examples that were advertised and promoted in Bollywood movies and songs from 1967 till 2014. This insight shows us the heavy usage of product placement as a promotional tool in Bollywood movies. With products being placed in the movies for advertising, the products get an edge over other media for promotion because of its captivating intensity and its reach. He also highlights the limitations of product placement in movies where the marketers have almost no control over the visibility of the products and the techniques are distractive, intrusive and unethical.

OBJECTIVES

The major objectives are:

- To ascertain whether the product placements are as effective as traditional advertising in terms of appeal.
- To examine the attitude of consumers towards product placement.
- To find out the brand awareness of the product placed in entertainment channel.
- To evaluate the brand recall value of the product and services placed in the media and entertainment industry.
- To assess the impact of product placements in the various media and entertainment vehicles on brand attitude.

RESEARCH METHODOLOGY

A convenience sampling technique is used. The sample is made up of people who are easy to reach. In this technique, subjects/respondents are selected because of their convenient accessibility and proximity to the researcher. It is a form of non-probability sampling where population elements are purposely selected based on the judgement of the researcher, and this technique was chosen because media and entertainment is concept that influences each element of the population. Also, due to time and geographic limitations, every stratum of the population could not be approached; therefore the probability of selecting every element was not equally likely, which has restricted the use of probability sampling.

Sample Size: 215

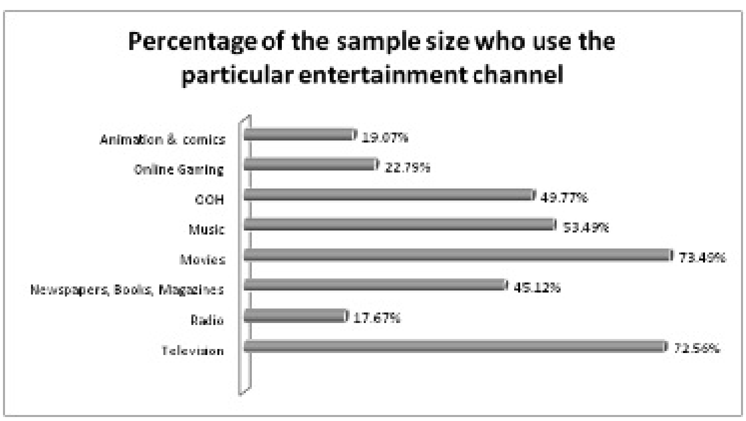
ANALYSIS

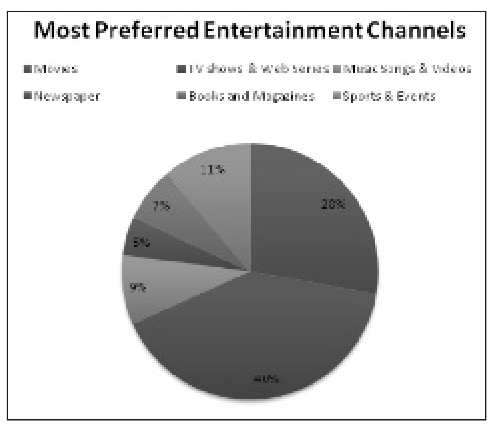
The marketers understand the impact of covert advertising on their brand or product, believing that the high popularity of a certain film or series will surely rake in more patrons for the product being covertly endorsed. It uses undercover tactics, turning ordinary entertainment into an extended advert. It raises the brand or name image, making it more recognizable and memorable to the target audience. Traditional advertising media like television, radio, newspaper and magazines have their own disadvantages like low selectivity, short message life, high absolute and production cost, clutter, fleeting message, audio-only, low attention-getting, long lead time for ad placement, lack of flexibility, visuals only, poor reproduction quality and selected reader exposure. So today, marketing experts believe that a company has to make use of new communication channels to survive and stay ahead of the competition. This is why most companies are now leaning towards product placements or branded entertainment as a new way to communicate with consumers. Movies have become one of the most effective mediums to reach out to consumers. Product placement in movies has become a trend all over the world and India is also impacted by it. Movies as a medium give an excellent opportunity for marketers to place their products in movies and the potential to connect emotionally with consumers. Creating a brand image is based on a strong and memorable brand identity through artistic appeals and execution styles. Artistic execution style is the use of imagination or original ideas, especially in the production of artistic work. It is a novel and varied stimulant that may be useful in solving problems, communicating ideas and values with others, and entertaining ourselves as well as others. It is also the qualitative impetus behind any given act of creation, and it is generally perceived to be associated with intelligence and cognition. Advertising occupies a major place in the Integrated Marketing Communication strategy of marketers. It has evolved in sync with the changing media environment. Product placement is an immense field of research within which much is yet to be discovered. However, several issues need to be kept in mind. The brand managers need to guard the clutter in the scenes against other competing products in the same product category, which should not be incorporated. The brand managers, however should pre-test the placement to determine the exact level at which viewer irritation sets in. As the success of brand placement is dependent on the success of the movie and consequently, its reach, it is not possible to evaluate placements from a sales generation perspective. More importantly, as the Indian audience become fragmented into class-specific segments, marketers are faced with the more difficult task of communicating their brand messages. Effective and well thought of product placement appears to be a some what effective selection.

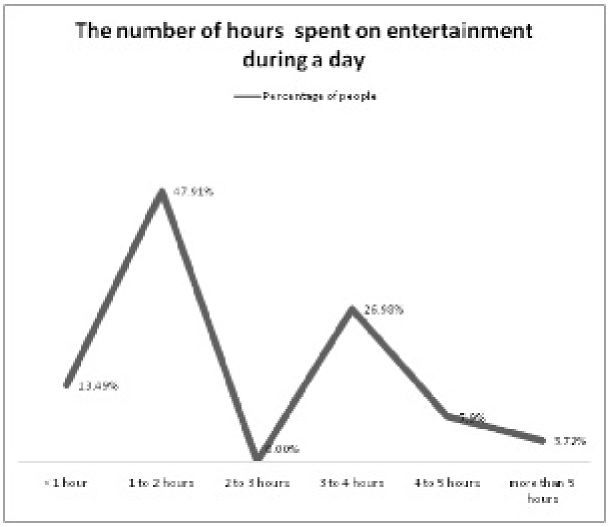
Which entertainment mediums do you use for the purpose of entertainment?

Types of choices	No. of people who ticked	Percentage
Television	156	72.56
Radio	38	17.67
Newspapers, Books, Magazines	97	45.12
Movies	158	73.49
Music	115	53.49
OOH	107	49.77
Online Gaming	49	22.79
Animation & comics	41	19.07

Source: Research Survey March-2019







OBSERVATIONS AND FINDINGS

- Greater importance has been given to the product placement form of advertising than the traditional form of advertising. The respondents are more attracted to the product placement form of advertisement than the traditional form of advertisement, even though only a slight difference of 2 per cent can be seen amongst their choices. The respondents agree to the statement that product placements are a better alternative to traditional advertising forms.
- 73 per cent of the people are aware of the term product placement. Out of the 27 per cent of the people who do not know about the term product placement, 17 people can recognize a product placed when shown an example. The most used vehicle for entertainment is movies and television. The least used vehicle for entertainment is the radio. On an average, people spend 2 hours and 20 minutes of their day in entertainment.
- Brand awareness about products placed in movies is not complete. It's some partial knowledge that the consumers have about the product and service lines of the brands. The respondents do not mind watching products or services of brands that are new to them or they know and love.
- People are not willing to pay a higher amount of money for entertainment if the product placements are not there. They prefer product placements because it reduces entertainment cost. Product placements are also effective in creating a desire in the customers to buy or use a product or service.
- The brand's image is highly affected by what they showcase, how they showcase and in what plot their product is placed. Around 38 per cent of people agree that it is unethical to place products because they pay for entertainment and not to watch a paid form of advertisement.
- They have also strongly agreed that the image created in the product placement affects their feelings towards the brands. Brands using too much product placements can negatively affect the buying decisions of people.

RECOMMENDATIONS

- Movies, television shows and print media stay for a longer period in terms of existence. 50 year-old movies are still watched and re-watched by people. The product placements would, therefore, stay naturally in the background of the film and shows every time it is played. Thus, the brand can stay for a longer time if product placements are used.
- Music, Gaming and Radio are platforms where trends are always changing and with a new wave of change, they catch up to it. Thus, the advertising medium for product placements should attempt to create brand recall value which customers can remember even after multiple changes.
- The products placed should be well integrated into the scene rather than being a scene stealer. Otherwise, it can create a negative impact on the audience.
- New forms of lifestyle channels like NDTV Good Times are coming up which provide a huge platform in television media to promote brands as product placements in special interest programmes.
- While playing video games, much attention by the player goes to the progress in the game rather than the presence of product placements. Product placements in this vehicle would be beneficial if it is

done during free boosters to the players or when they take a break to relax for a few seconds.

- Radio has the potential for development in the form of product placements. For better utility of product placements, radio channels should come up with creative embedded marketing techniques.
- Movies should limit the number of product placements to make it a little more ethical.
- The music industry has been working without brand integrations and has been publicizing brand names without any commercial purpose or payment. They need to become more aware of their brand name usage.
- The marketers should keep in mind the ethics related to the practice of product placements in movies. It is unfair and unethical to blatantly advertise to consumers when they do not want to see it during movies and shows.
- The over use of product placements attracts negative attitudes towards the brands.
- Government rules and regulations should be upgraded to develop a better understanding of the existing phenomenon of the product placements.

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"The Indian food industry is poised for huge growth, increasing its contribution to the world food trade every year due to its immense potential for value addition, particularly within the food processing industry."

Analysis of the Agriculture Sector in India

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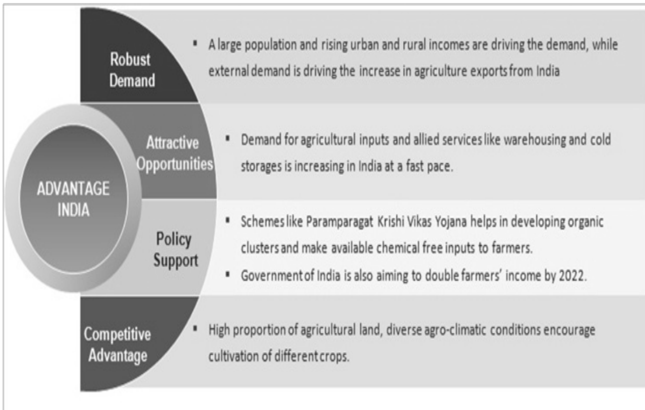
ABSTRACT

Agriculture is the backbone of Indian economy and it is the most important of all the economic activities of man. In a very basic language, Agriculture is related to growing of crops and raising of animals in order to satisfy the food needs of the people. This study is related to analyzing the various components of the Indian Agriculture sector. We analyze the growth in the value added by the agriculture sector and the share of agriculture sector in the Gross Domestic Product of the country. Then we move on to analyzing the profitability and sustainability of the Indian Agriculture sector and recommend steps to improve profitability. After this we study the trend of employment and suicide rates in the Indian Agriculture sector and provide reason for farmers suicide. Lastly we discuss the SWOT Analysis of the Indian agriculture and give our final conclusions on the Indian Agriculture sector.

KEYWORDS: GDP, GVA, Polyhouses, Organic Farming, Farmers' Welfare

INTRODUCTION

Agriculture is the primary source of livelihood for about 58 per cent of India's population. Gross Value Added by



STRUCTURE OF INDIAN AGRICULTURE SECTOR

agriculture, forestry and fishing is estimated at Rs.17.67 trillion ($ 274.23 billion) in FY18.

The Indian food industry is poised for huge growth, increasing its contribution to the world food trade every year due to its immense potential for value addition, particularly within the food processing industry. The Indian food and grocery market is the world's sixth largest, with retail contributing to 70 per cent of the sales. The Indian food processing industry accounts for 32 per cent of the country's total food market, one of the largest industries in India, and is ranked fifth in terms of production, consumption, export and expected growth. It contributes around 8.80 and 8.39 per cent of Gross Value Added (GVA) in Manufacturing and Agriculture respectively, 13 per cent of India's exports and six per cent of total industrial investment.

OBJECTIVES

The objectives of this project report are as follows:

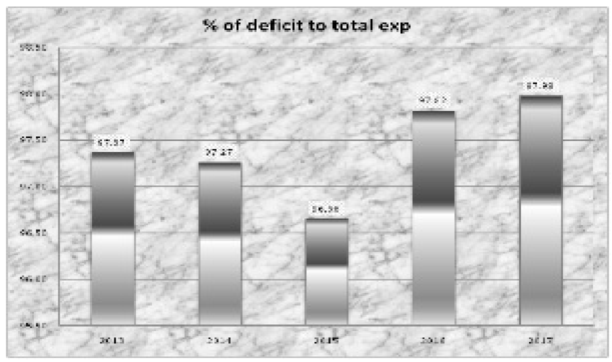
- To study the profitability and sustainability of the Indian Agriculture sector.
- To anatomize the trends, reasons and solution that should be brought regarding the suicide of farmers and labourers.
- To examine the various opportunities and threats of the agriculture sector through SWOT Analysis.

Analyzing the Profitability and Sustainability of the Indian Agriculture sector

To analyze the profitability of the Indian Agriculture sector, we take into consideration the revenue receipts, revenue expenditure, capital receipts and capital expenditure of the Indian Agriculture sector for a period of five financial years from 2013-14 to 2017-18. The data has been provided by the Ministry of Agriculture and Farmer's Welfare.

Formula for calculating percentage of deficit to total expenditure:

percentage of deficit to total expenditure = - (Deficit)/ Total Expenditure



Deficit = Total receipts – Total expenditure

Total receipts = Revenue receipts + Capital receipts

Total expenditure = Revenue expenditure + Capital expenditure

Interpretation:

- High percentage of deficit to total expenditure shows the inefficiency of this sector.
- 2015-16 was relatively better. The reason is as follows:
- Budget allocation for 2015-16 was relatively less compared to next 2 years. As per the Economic Times, budget allocation was raised by 84 per cent from 2015-16 to 2016-17.
- Revenue receipts increased drastically by 46 per cent from the previous year but capital expenditure decreased on account of repayment of loan for dairy development but increase in revenue receipts more than the decrease of capital receipts lead to a rise in total receipts.

- Combined effect of rise in income and fall in expenditure led to reduction in deficit for 2015-16.

3.3 Flow of Funds during F.Y. 2017-18

Table No. 3.1 (Rs. In cr.)

Receipt Amount	Sector	Disbursement Amount
	CONSOLIDATED FUND OF INDIA	
1113.91	Revenue	46976.19
0.00	Capital	42.19
17.15	Loans	1.04
1131.06	**Total C.F.I.**	**47019.42**

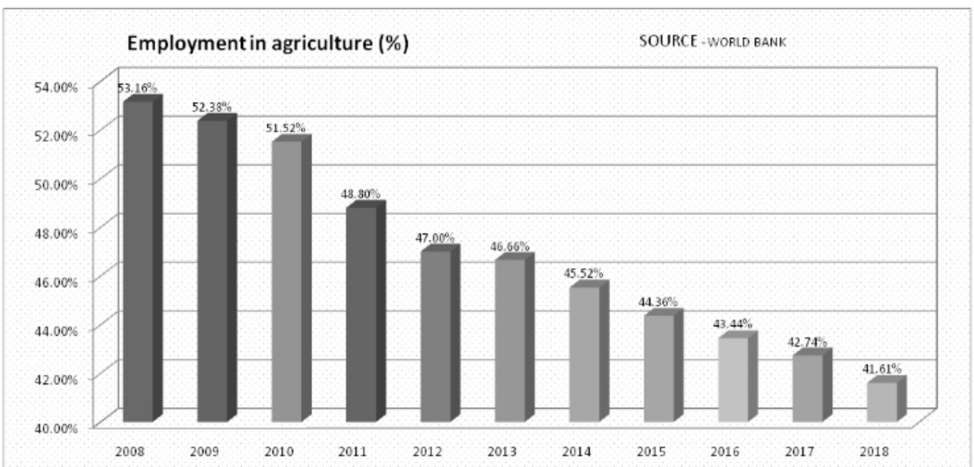
For a sector to sustain on its own in the long run, it requires a minimum amount of profit. But while analyzing the data for the past 5 years, we see that every year has had a huge deficit. The above picture shows a huge deficit in the consolidated fund of India for 2017-18.In order to make up for this deficit, the government has to take loans from other nations and also from the public account of India. This affects sustainability because now the Government has a fixed burden of interest and principal repayment.

Employment in Agriculture:

We see that employment in agriculture is on a steep decline.

The following reasons can be given for such a decline in the employment in agriculture:

- The declining participation of the labour force in agriculture could have been treated as a natural and inevitable phase in the country's transition towards industrialization. The industrialization pace in India is rapidly increasing with new companies emerging in every industry.
- The youth is not interested in agriculture. This is because agriculture is not economically rewarding and intellectually stimulating and India is a youth oriented country. India has more than 5 per cent of its population below the age of 25 and more than 65 per cent below the age of 35. It is expected that in 2020, the average age of an Indian will be 29 years, compared to 37 for China and 48 for Japan. Hence, the employment is less in agriculture.
- For the millions trapped in agriculture, the possibilities of escaping poverty depend on the rapid growth of agriculture and the availability of jobs in more productive sectors outside. There are major impediments to the former, the chief among them being the fragmentation of land into very small holdings, making the mobilization of capital for development extremely difficult. The choice of the latter is contingent upon more better-paying jobs being available outside agriculture for the *'unskilled'* farm worker.



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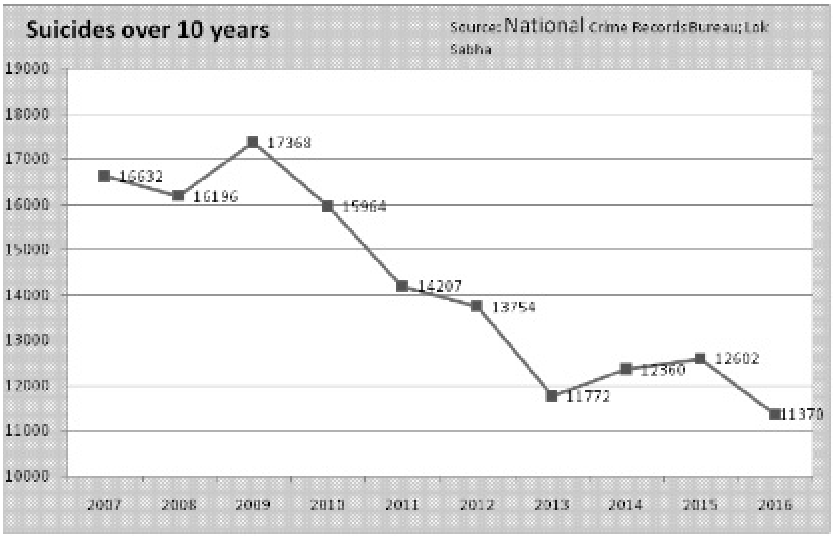
Suicide In Agriculture Sector

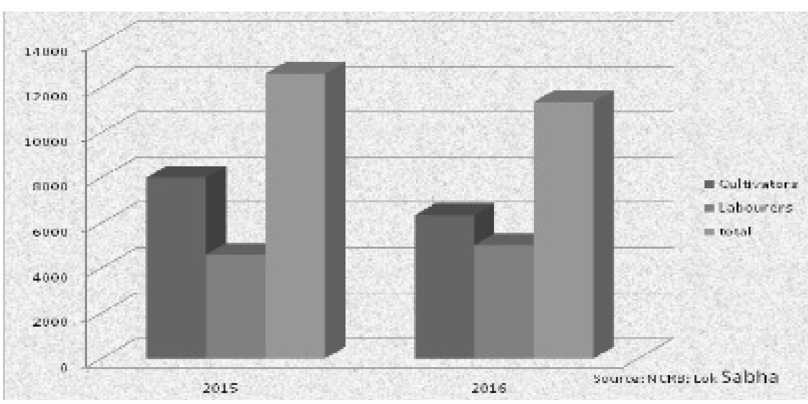


We note that suicides in the year 2009 increased compared to the previous year. This was because of the Aila storm which came in that year and left many people homeless. That storm had affected farmers and the low earning class people the most.

In 2014-15, India had a 12 per cent deficit in rainfall, followed by a 14 per cent shortfall in the year 2015-16.This was the main reason because of which the harvest was not in favour of cultivators and they faced heavy losses which might be a strong reason for their suicides.

Apart from these years, the suicide rate decreased in a flow which shows that farmers are getting trained in terms of technical areas as well as receiving support from various schemes and organizations.

Allocation Of Suicides Between Labourers And Cultivators



We see that the number of cultivators committing suicide is more than that of labourers. The main reason why this happens is that the cultivators bear full risk of holding the land, so in case of any natural calamities, they are the ultimate victims. While the labourers work in a fixed pay system and have the option of switching their jobs i.e. working under any other employer who is making profits, it is very difficult for cultivators to switch their business altogether. Also labourers can work under government programs like MGNREGA which assures employment opportunities without bearing any risk and a fixed pay.

RECOMMENDATIONS

How to make the agriculture sector profitable?

Assuming that a farmer needs an earning of Rs.2,00,000 per year to make the farming worthy, here is what he or she needs:

1. The average yield for good paddy fields in India is about 2000 kg (1500 kg of rice).
2. The farmer gets a maximum of Rs.20/kg for high grade rice (about 40-50 per cent of the end cost to the customer)
3. This means total revenue from an acre is about Rs. 30,000 (1500 x 20).
4. The total cost of cultivation per acre is Rs.20,000 including cost of pesticide, worker salary and land rent.

This leaves a profit of Rs.10,000/acre. Thus, to ensure a Rs.4,00,000 earning, a farmer has to have 40 acres at a minimum. For cash crops, vegetables or fruits, the profit is a little high, but it also comes at a significant risk.

Thus, to make Indian agriculture profitable we need to:

- Ensure consolidation of land

holdings with a minimum of 30-50 acres of good fields per farmer. Anything below that is unprofitable. Ensure India has about 150 million hectares of agricultural land, but a sufficient chunk of it is not irrigated. Even assuming all of them are good and fertile, we can support only 2-3 million farmers based on1.

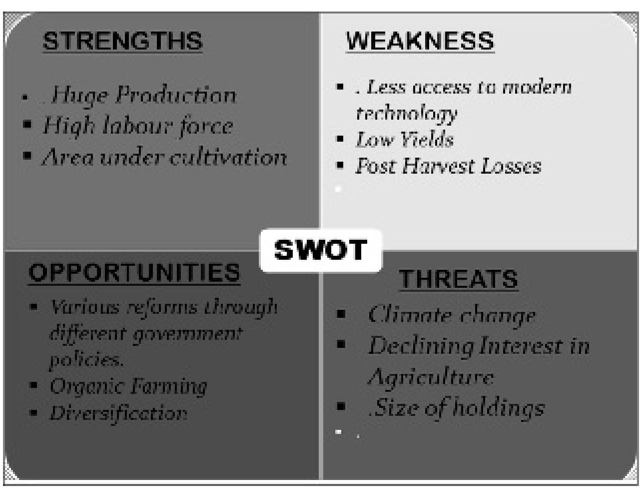
- Ensure we retrain a significant majority of current farmers and help them move to industries and services. This means 200-300 million labourers need to be resettled in other sectors which is a Herculean task.
- Ensure productivity gains that can increase yields and reduce cost of cultivation at the same time and it can reduce the number of acres needed to break-even.
- Ensure conduction of further research to make cultivation of vegetables and fruits less risky and more profitable.

So, we need to find a way to get a massive number of current farmers to move to other fields.

Migration of farmers to other sectors is not a solution to the agricultural problems in India and certainly not a solution to the financial problems of the farmers.

The best solution that can come up with is greenhouses or plasticulture in agriculture. Specifically, this to uses on Polyhouses.

SWOT Analysis of the Indian Agriculture Sector



STRENGTH

1. Huge Production

The combined effect of having a greater land under cultivation and a high labour force led India to become a major player in the agriculture sector. As per 2018 data, with an agriculture production of 7.39 per cent of total global agricultural output, India is the 2nd largest contributor in agriculture.

2. High labour force

Labour is also one of the most important factors of production. Generally high labour force leads to high productivity. The number of persons employed in agriculture in India is more than the world average. According to 2018 data, percentage of employment in India in the agricultural sector is 41.61 in comparison with the world average of 25.96 per cent.

WEAKNESS

1. Less access to modern technology

Majority of the farmers being small and marginal have no access to modern technology. They still rely on the traditional methods of agriculture having no linkages with any institution or industry. We talk of the Green Revolution, Evergreen Revolution but what we need is a Trickledown Revolution so that innovations reach the farming community. The technology is of no use unless and until it reaches those for whom it is intended. For those standing in the end of the queue, we have to ensure the last mile delivery of extension services.

2.Low Yields

Although the production is the highest yet the productivity is low compared to the world.

Our weakness lies in having more or less stagnant yields that are lower than most of the other countries. The yield is far less than the yield of most of the developed countries. According to 2016 World Bank data, Cereal yield average of the world is 3966.8 kg per hectare while the average cereal yield of India is 2992.8 kg per hectare.

3.Post Harvest Losses

India is one of the largest producers of agricultural products. Yet largely due to storage, transportation and financing infrastructure inadequacies, harvest and post-harvest losses of major agricultural produce is estimated at Rs. 92,651 crore, according to Food Processing Ministry data. If these were prevented, over 5 crore people could be fed, for a year, at the rate of Rs. 50 per day. Ironically, according to the high-level Dalwai committee report, an investment of Rs. 89,375 crore—a figure marginally lower than the annual post-harvest losses—is all it takes to improve the state of storage and transportation facilities for food crops.

OPPORTUNITIES

1. Various reforms through different government policies:

To improve the state of agriculture in India, the Government of India has come up and is coming up with a lot of different policies and schemes. These policies and schemes act as a motivation for the farmers to perform..

2. Organic Farming:

It avoids the large scale use of synthetic fertilizers, pesticides, and growth regulators as it solely depends upon the on farm and off farm use of crop residues animal wastes, green manures and biological pest control to maintain soil productivity. India has the largest number of organic producers in the world, according to the World Organic Agriculture Report 2018, published in February. With 835,000 certified organic producers, it is home to more than 30 per cent of total number of organic producers (2.7 million) in the world. In 2003, Sikkim stopped imports of chemical fertilizers in the State and since then the cultivatable land there is practically organic and farmers of Sikkim are traditional users of organic manure. Sikkim is the first organic state in the world. All of its farmland is certified as organic.

3. Diversification

Land already being a limiting factor and with no more possibility it horizontal expansion the situation calls for vertical expansion by integration spare crops with allied enterprises like Apiculture, Floriculture, Sericulture, Horticulture and Vegetables etc. We have enough scope in Floriculture. The state of Himachal Pradesh earned rupees 11 crore by selling flowers in the Common Wealth Games. Similarly, Goatry is another highly remunerative enterprise with a high benefit cost ratio.

THREAT

1. Climate change

According to B. Venkateshwarlu, former director at the International Central Research Institute for Dryland Agriculture (CRIDA), Hyderabad, climate change has about 4-9 per cent impact on agriculture each year. As agriculture contributes 15 per cent to India's GDP, climate change presumably causes about 1.5 per cent loss in GDP. Kharif crops will be affected more by rainfall variability, while Rabi crops by minimum temperature.

2. Declining Interest in Agriculture

A survey by National Sample Survey Organization reveals that 41 per cent of farmers want to leave agriculture if any other option was available. Even in an agriculturally progressive state like Punjab, 37 per cent of farmers wants to quit agriculture. Youths are not interested in agriculture. This is because agriculture is not economically rewarding and intellectually stimulating. Availability of better paying jobs outside the agriculture sector is also inducing people to leave agriculture. Data on employment in agriculture further proves this point. Employment in agriculture declined from 53.16 per cent in 2008 to 41.61 per cent in 2018.

3.Size of holdings

The average size of the Indian farmland shrank by over six per cent between 2010-11 and 2015-16, with operational holding in the country dropping to 1.08 hectares from 1.15 hectares in 2010-11. With land holdings getting smaller, the share of small and marginal holdings in the country, (between zero and two hectares) has risen to 86.21 per cent of total operational holdings in 2015-16, which comes to around 126 million, as against 84.97 per cent in 2010-11. On the other hand, the share of semi-medium and medium operational holdings (2-10 hectares) in total land holdings dropped from 14.29 per cent to 13.22 per cent, while that of large holdings (10 hectares and above) fell from 0.71 per cent in 2010-11 to 0.57 per cent in 2015-16. Small land holdings leads to the problem of using technology because adoption of technology requires a relatively large area. Large scale of production leads to economies of scale. Unless the size of holding is increased, large scale production and hence economies of scale cannot be attained.

CONCLUSION

By conducting this study and analysing its results, I came to the conclusion that the Indian Agriculture sector is very essential for the survival of the people of the country. This sector is highly dedicated to improve the status of the farmers and provide food to the people at nominal rates. But this sector is being neglected by the people of India. This can be seconded by the fact that both employment in agriculture and the share of agriculture in the gross domestic product of the country is falling continuously.

To improve this situation, the Government of India is coming up with various schemes and policies. These schemes and policies carry a huge cost outlay with no returns. This leads to huge deficits in the account of the Government. These deficits need to be covered up by taking loans and utilizing the treasury of India. This further swells up the fiscal deficit in the budget of India. In turn, it affects the economy as a whole. Thus, in order to solve the problem, the Government is facing even more problems. So, we see that the Indian Government is falling in a trap similar to the vicious circle of poverty. The harder the Government is trying to revive agriculture in India, the more grim the situation is becoming.

Highlights of Interim Budget 2019-2020 with respect to Agriculture:

The 2019-20 Interim Budget was presented on February 1, 2019 by Piyush Goyal.

Key Highlights with respect to agriculture are as follows:

- Government has increased the Minimum Support Price (MSP) so as to fulfill the aim of doubling farm income. A fund of Rs. 60,000 crores is also being allocated to the Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA), and more funds will be given if needed.
- A scheme has been announced namely PM Kisan Samman Nidhi, which is a package costing the 75,000 crore to the Government and covering 12.5 crore farmers. Under this scheme, farmers who own land up to two hectares will get Rs 6,000 every year. Farmers will receive money in their accounts directly, in three branches.
- Farmers who are severely affected by natural calamities will not only get 2 per cent interest subvention but also an additional 3 per cent interest subvention upon timely repayment. Rashtriya Kamdhenu Aayog is also to be set up. Along with this, a 2 per cent interest subvention has been announced for farmers pursuing animal husbandry and fisheries. A new department for fisheries will also be set up
- Government increased allocation for Rashtriya Gokul Mission to Rs 750 crores.
- Rashtriya Kamdhenu Ayog to be set up to upscale sustainable genetic up gradation of cow resources.
- Agriculture sector budget increased from Rs 57,600 in 2018-19 ($ 7.98 billion) to Rs 140,764 crore ($ 19.51 billion) in 2019- 20.
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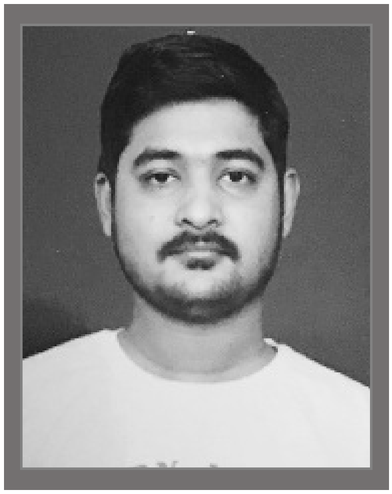

> The most common type of crowdfunding is using sites like Kickstarter and Indiegogo variety, where donations are sought in return for special rewards. That could mean a free product or even a chance to be involved in designing the product or service.

Even a Common Man can be an Investor

Dr. Sreemoyee Guha Roy
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ABSTRACT

Crowd funding is an online platform service that helps creators develop their campaigns by collecting small amounts of money from the public. As a representative form of two-sided platforms, and by creating efficiencies in matching between creators and contributors, crowdfunding is gaining popularity as an alternative and sustainable financial source for different types of campaigns such as creative works, technology ventures, and social causes. Based on the crowdfunding process and the two-sided platform framework, this chapter presents the development of a Crowdfunding Participation Model. It explains how crowdfunding campaign characteristics connect campaign creators to contributors, and how contributor motivations affect their funding intention, and thus, actual funding.

KEYWORDS: Crowdfunding, Two-Sided Platform, Crowdfunding Participation Model, Motivation, Customer Participation

INTRODUCTION

Today's college students – dubbed Generation Z – are beginning to make their mark on the workplace with a distinctly unconventional and often irreverent approach to problem-solving. Nowadays, Gen Z doesn't only ask "Why?", they but also ask "How can I fix that?" And this curiosity, independence, energy and assertiveness is transforming the entrepreneurial space.

These post-millennial are less like the bumbling geeks from the cast of the HBO comedy "Silicon Valley" and more in the spirit of a focused problem-solver like a young MacGyver, who would rather invent and innovate as a means to learning and discovery.

Crowdfunding is about persuading individuals to give you a small donation each – Rs.10, Rs.50, Rs.100, maybe more. Once you get thousands of donors, you have some serious cash in hand.

This has all become possible in recent years thanks to a proliferation of websites that allow nonprofits, artists, musicians -- and yes, businesses -- to raise money. This is the social media version of fundraising.

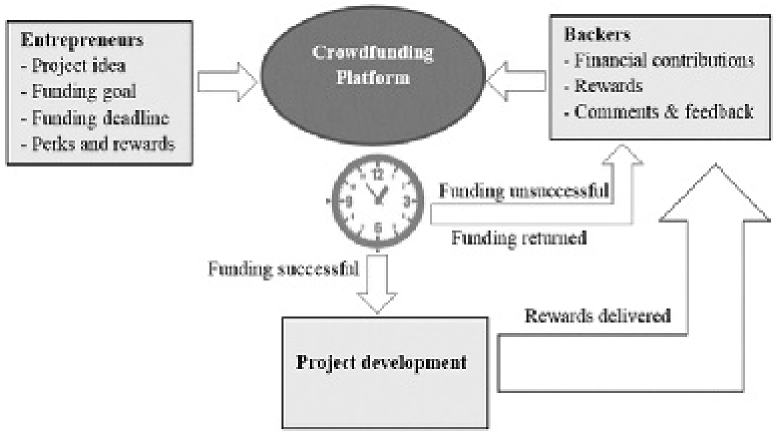
There are more than 600 crowdfunding platforms around the world, with fundraising reaching billions of dollars annually, according to the research firm Massolution.

HOW IT WORKS

The most common type of crowdfunding fundraising is using sites like 'Kickstarter' and 'Indiegogo variety', where donations are sought in return for special rewards. That could mean a free product or even a chance to be involved in designing the product or service.

It is also possible to use crowdfunding to assemble loans and finance royalties. The site Lending Club, for example, allows members to directly invest in and borrow from each other, with the claim that eliminating the banking middleman means 'both sides can win' in the transactions. Royalty financing sites appear to be rarer, but the idea is to link business owners with investors who lend money for a guaranteed percentage of revenues for whatever the business is selling.

The *Holy Grail* is to sell company shares or ownership stakes in the company on crowdfunding sites because it could be like a mini-IPO without the traditional hurdles.



UPSIDE

Crowdfunding provides another strategy for startups or early-stage companies ready to take it to the next level -- such as rolling out a product or service. Before, a business owner was subject to the caprices of individual angel investors or bank loan officers. Now, it is possible to pitch a business plan to the masses.

A successful crowdfunding round not only provides your business with needed cash but creates a base of customers who feel as though they have a stake in the business' success.

DOWNSIDE

If you don't have an engaging story to tell, then your crowdfunding bid could be a flop. Sites such as Kickstarter don't collect money until a fundraising goal is reached, so that's still a lot of wasted time that could have been spent doing other things to grow the business.

Careful planning is required both to set these goals and to prepare for a crowdfunding success, which will entail a need to rapidly execute a promised venture.

It could be even worse if you meet your goal but then realize you underestimated how much money you needed. A business can get sued if it promises customers products or perks in return for donations and then fails to deliver.

There is also an argument to be made that angel investors and even bank officers provide more than just money. They provide entrepreneurs with needed advice. Business owners miss out on such mentorship when they ignore traditional investors and turn to the crowd.

TYPES

Since crowdfunding's advent in 1997, four distinct types of crowdfunding have emerged within the industry. With different terms and requirements, it's necessary to understand the nuances involved with each branch of crowdfunding to choose the path that's most relevant to your goals and needs.

Rewards Based Crowdfunding

Rewards-based crowdfunding is the most common type of crowdfunding option available. This type of crowdfunding involves setting varying levels of rewards that correspond to pledge amounts. A standard rewards campaign offers at least three levels of pledges/rewards.

Equity Crowdfunding

Equity crowdfunding is the exchange of actual shares in a private company for capital. In this form of crowdfunding, entrepreneurs can set investor caps, minimum pledge amounts, etc. as well as approve or deny investors who wish to view their business documents.

Equity campaigns are typically several months or longer and fit well with startups seeking $100,000 or more in funding.

Donation Crowdfunding

Donation crowdfunding is exactly what it sounds like - the campaigns amass donations without being required to provide anything of value in return. This type of campaign serves social causes and charities best.

Donation campaigns are often 1-3 months in length and work well for amounts under $10,000.

Lending Based Crowdfunding

Lending based crowdfunding allows entrepreneurs to raise funds in the form of loans that they will pay back to the lenders over a pre-determined timeline with a set interest rate.Lending campaigns tend to take place over a shorter timespan of around five weeks and works well for entrepreneurs who don't want to give up equity in their startup immediately.

LET'S COME TO INDIA

Crowdfunding is in a very nascent, infantile phase in India. There are a few legal issues presented by SEBI and the infrastructure for crowdfunding is still extremely poor. Despite this, crowdfunding is still alive and kicking. The success of websites like Wishberry, Ketto, Start51, and multiple projects being launched by proxy on international platforms like Kickstarter and IndieGoGo is a testament to this. Many projects have gained critical acclaim through these websites, setting up a precedent for a rich market for funding projects through the general public. Some of these projects are inspirational, and we've made a list of 5 of our favourites:

Exploride

We can't start this list without mentioning the viral project that became Asia's most funded. Project Exploride is a transparent heads up display (HUD) that lets you access information without distracting you from the road. It allows you to control music, make and receive phone calls, read texts and view maps, all by voice and gesture control. It received almost $500K (5 times its goal) and placed its product for an affordable $299. It owes its success to publicity in the initial run by Tech in Asia and a seed amount of $75,000 invested by Project Guerilla amongst others.

The Great Indian Obsession

When engineer Adhitya Iyer created an independent T-shirt brand selling engineering themed clothing, he realised there were a lot more engineers like him, working in a field that wasn't their true calling. Intrigued by this, he wanted to find out what made so many opt for this dreaded career choice. After a few years of working, he quit his job, borrowed funds from a friend, and went backpacking across the country to understand this 'Great Indian Obsession'. This later became the title of the book his journey inspired him to pen. He quickly set up a crowdfunding campaign on Kickstarter and managed to gain almost $14,000 as funding for his project.

TransVision

Rachana Mudraboyina, a transgender activist from Hyderabad, observed the way the general public had been wary of the Hijra community for years. She knew this was just a matter of lack of awareness and misinformation. Along with film maker Moses Tulasi, she had a vision of creating a YouTube channel exclusively talking about trans-issues in India and spreading awareness about the Hijra community. Their campaign was wildly successful and raised around Rs.550,000. She ultimately started a campaign on this Youtube channel, TransVision, to create a 25 part web-series with three other co-hosts; Anjali Kalyanapu, Jhanvi Rai and Sonia Shaik.

Team Defianz

Formula Student UK® is a student design competition that is massively popular in Europe. Team Defianz aimed to win this competition. Like many others from India, they decided crowdfunding was the way to go to back their designs.

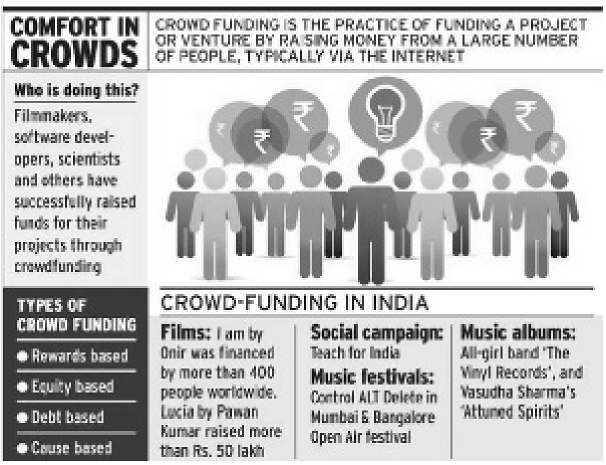
A group of 30 students, had the task of designing and manufacturing a Formula One-style racing car that would be sold to non-professional weekend autocross racers. With an ambitious goal of Rs 350,000 and a mammoth task ahead of them, they raised 4 lakhs and put their design to use in September this year. Although the results are still pending, they've more multiple accolades including Best Team in Asia (2016) and Best Design (2009), assuring that they've bound for a stellar future.

Local Kung Fu 2

When Kenny Basumatary set out to create India's first kung fu comedy, he didn't imagine it would become a viral success. With a budget of just Rs. 90,000, he managed to create an action-comedy that won the hearts of many in his home state of Assam. After almost four years, he set out to make a sequel with an entirely new plot. An adaptation of Shakespeare's 'The Comedy of Errors' it retained almost the entire cast of the prequel, as he set out with a more ambitious goal this time. In order to have a wider release, he set a higher goal of 8 lakhs. Gaining support from a few celebrities and other fans of the first film, he funded his project by 111 per cent on Wishberry. Inspite of a few issues with the local Assamese cinemas, the film was a success and became another beloved cinematic feature.

Tips for entrepreneurs planning a crowdfunding campaign:

- Do plenty of research, attend workshops and seminars, and talk to other entrepreneurs to increase your expertise. Allow at least six months of time to plan and execute your campaign.
- Identify your target market and focus your crowdfunding pitch on that audience. Be intentional. Not everyone cares equally about everything.
- Stay true to your original vision. Don't let thoughts of money get in the way of what you're trying to do, and promote what you've developed.

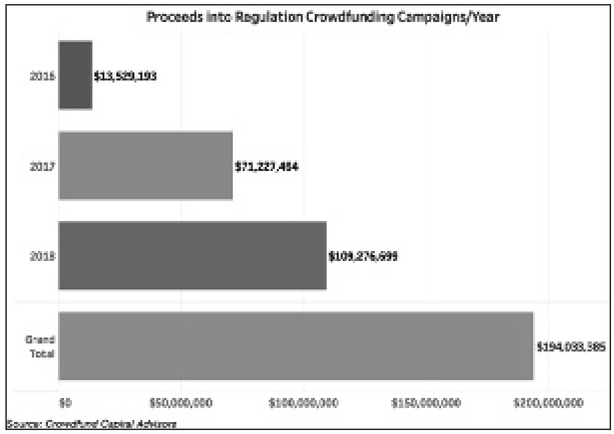


FOREIGN AFFAIRS

Stu Anderson is a hobby beekeeper from the Northern Rivers region in New South Wales who, in 2015, ran a record-breaking crowdfunding campaign with his son Cedar to launch Flow Hive, a honey harvesting system they had invented.

His advice to entrepreneurs who want to launch crowd-sourced funding (CSF) campaign is to allow for six-months' planning – at least. "If you go in unprepared, you'll have a failure on your hands."

In recent history, entrepreneurs looking for seed capital have congregated in large numbers in places like Silicon Valley in search of the ultimate prize of VC investment. In this competitive environment, success often relies on access to exclusive networks rather than a concept's merit.



Crowdfunding has emerged as an alternative source of funding that is open to anyone, regardless of geography or connections. "Crowdfunding appears to be democratizing access to capital among a larger pool of innovators," says, Vanessa Assenova, a professor in management at Wharton.

'If you have a great idea, going on a platform like Kickstarter can give you great visibility — not just among the crowd and the backers who can identify and screen these potential ideas, but your success on one of these platforms can subsequently attract venture capitalists to your area and to your types of projects and ideas.'

New to the world of start-ups, Stu and Cedar Anderson spent a year researching, planning and implementing the Flow Hive CSF campaign. An important development was the release of a teaser video a week before launch. Picked up and shared amongst a global audience passionate about bee conservation, the video went viral.

It was a foretaste of what was to come, highlighting how a highly engaged community can drive innovation and entrepreneurship. In February 2018, Stu and Cedar launched their campaign. They smashed through their $70,000 goal within minutes and reached both the $1 million and $2 million marks in record time. At the campaign's close, they had raised $13 million – Indiegogo's most successful campaign ever.

Suddenly, Flow Hive had 20,000 prepaid orders to be manufactured and shipped to 130 countries. "It rocketed us into business in a way we didn't expect," says Stu. Having prepaid orders was an 'incredible advantage' that allowed the Andersons to invest in infrastructure and pay both suppliers and manufacturers upfront. In late 2018, a second funding round raised another $14.9 million.

Skilling up

"Empowerment doesn't come from handing people a tool, it comes from teaching them how to use that tool successfully," says Tom Dawkins, CEO of StartSomeGood, a crowdfunding platform designed to connect innovation with capital, to create social change.

"Crowdfunding is an incredibly powerful tool to build communities and raise funds, but people don't wake up in the morning and intuitively know how to construct stories for people and design outreach strategies and how to do marketing and sales and all the things that are involved in raising money," he says.

Today, StartSomeGood works "with a lot of corporates, foundations, and governments to run programs that inspire, unearth, skill-up and launch innovative projects," says Dawkins. "Doing that through a crowdfunding model helps de-risk those early-stage investments, because when someone is able to go out there, pitch their idea and raise money from the community, it demonstrates that the community is interested and supportive of what they're creating."

Now, more than ever, he says, we need an innovation eco-system that is constantly running experiments to keep pace with our ever-changing world, but the traditional funding system has been reluctant to invest in totally new ideas that have no guarantee of success. Like elusive angel investors, crowdfunding provides "risk-tolerant capital" to these projects that would otherwise never get off the ground.

Dawkins founded StartSomeGood in 2012, inspired by the way Kickstarter allows creatives to bypass traditional cultural gatekeepers like record executives and funding bodies to develop projects. He wanted to offer social entrepreneurs striving to have a positive impact on the world the same opportunity to pitch ideas directly to the communities who care about what they are doing.

Dawkins argues that crowdfunding is essentially an outreach activity that offers entrepreneurs a completely new way to connect directly to a pool of engaged investors. "The people who succeed understand that the platform is a tool that they're using to raise money – not the source of money, and they have to use those tools and go out there and sell their project, pitch themselves and build a community," he says. "Your story is only as useful as your ability to pair it with the right audience."

CONCLUSION

Enthused with the passion to go on your own? Thinking of getting an idea and start working from the word go? But confused about how to proceed? Don't be.

We don't need to learn how to think. If you have it within you to think of it, then proceed. Remember, it's okay to fail. Kick start your campaign and crowdfunding is one such platform that provides means to achieve new heights.

Finally, for entrepreneurs who seek crowdfunding, there are some clear lessons. First, project quality is important, and entrepreneurs should look for ways to signal preparedness. Social network ties have also been found to be important in crowdfunding, both in this study and in others. Second, appropriate goals are those that allow a founder to deliver a product on time; achieving significantly more funding than requested is rare. Most importantly, careful planning is required for both to set these goals and to prepare for a crowdfunding success, which will entail a need to rapidly execute a promised venture.

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The occurrence of such scams has also been due to the inherent weaknesses of the Double Entry Accounting where data can be easily tampered.

Using Blockchain to Block Accounting Frauds

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ABSTRACT

In this study, we explore the theoretical framework for blockchain applications in accounting, identify the core benefits and downsides, and discuss its implications for auditing and accounting with the help of a case study. Triple entry accounting has the potential to transform the way financial reporting is done by making the process more transparent, efficient, secure, and accurate. Major accounting projects have come up based on Blockchain Accounting which are being rapidly accepted by the corporate world. Along with the benefits, it has also been discussed how major players in the market have reacted to blockchain innovations and how they are trying to leverage the blockchain technology to increase the efficiency of audit activities and develop assurance tools.

The adoption of Blockchain accounting is also poised to transform the auditing profession leading to better quality audits. It has been discussed in

this project how audits of the future will be different from the audits that are performed today.

KEYWORDS: Blockchain, Fraud, Auditing.

INTRODUCTION

Numerous accounting frauds in recent times have shaken the financial markets and caused great loss to both investor's funds and confidence. Companies window dress their books of accounts to present their financial statements in a way that serves their own personal interests. Such frauds can be so effectively laid that it escapes the eyes of the auditors. The occurrence of such scams has also been due to the inherent weaknesses of the Double-Entry Accounting where data can be easily tampered.

In our study, we have tried to analyse and find out how the solution to the problem of accounting being prone to manipulations lies in the adoption of the Blockchain Technology. Through the adoption of this, frauds can be prevented in two ways. Firstly, through ensuring that accounting done by entities is free from manipulations. Secondly, by ensuring that there is more coverage in audits and the auditors can deliver more comprehensive and efficient audits.

LITERATURE REVIEW

Unsurprisingly, the notion of blockchain being used as an accounting has been extensively covered by the accounting firms in their reports. In this sense, industry is ahead of academia in an attempt to create a comprehensive theoretical framework for implementation of the technology.

A paper by Deloitte (2016) "Blockchain technology a game-changer in accounting?" emphasizes that the use of blockchain can greatly simplify the procedures of recording and verifying the accounting data which can result into significant monetary and perhaps more importantly organizational benefits such as reduced time for conducting audit, more efficient audits, and ultimately automatic audit may become a reality.

Ernst and Young (2016), in their report expressed the same view as Deloitte. They expressed that the Blockchain Technology has a potential to change the role of accountants, more specifically they highlight the increased level of trustworthiness of the accounting data under the Blockchain regime. It may be programmed in a way to check the entire population of the transactions and identify unusual patterns which in turn can be checked manually.

OBJECTIVES OF THE STUDY

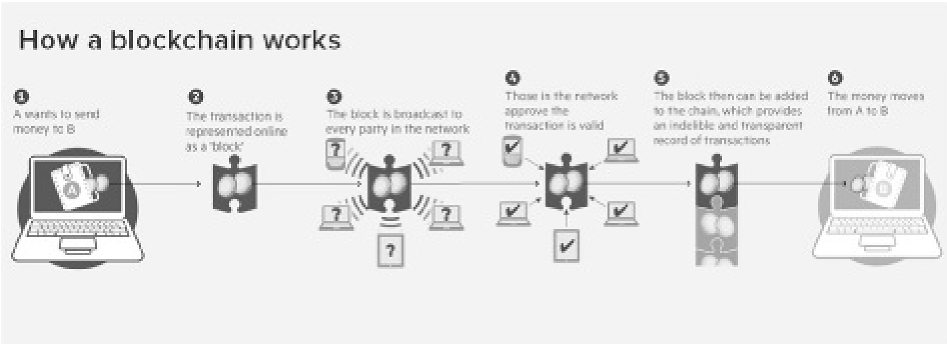
- To analyse and find out whether Triple-Entry Accounting is better than Double-Entry Accounting and how it will revolutionize finance industry in general and accounting in particular, with the help of a case study.
- To analyse the current state and future of Triple-Entry Accounting.
- To study and find out the probable impact of Triple Entry accounting in the areas of Credit Risk Management and Invoice Factoring.
- To analyse and forecast how the audits will be conducted in future.

RESEARCH METHODOLOGY

As Blockchain accounting is still in its infancy, a qualitative approach has been taken to make initial explorations on the topic. An analysis of how this technology will impact the future of Accounting and Auditing will be done through analysis of the current scenario and the future outlook of finance leaders and experts. Information of primary nature has been collected through discussions held with employees working in audit and accounting firms and the point of discussion has been how audit will be different in times to come and few data has also been collected from different secondary sources.

BLOCKCHAIN TECHNOLOGY - AN ANALYSIS

To put it in simple words, blockchain is literally just a chain of blocks. When we say the words 'block' and 'chain' in this context, we are actually talking about digital information (the 'block') stored in a public database (the 'chain'). Blocks store information about all the parties participating in transactions. Instead of using your actual name, your transaction is recorded without any identifying information using a unique



Source: https://www.winnesota.com/blockchain

'digital signature,' like a username. Blocks store information that distinguishes them from other blocks. Each block stores a unique code called a 'hash' that allows us to differentiate them from each other. The hash technology ensures that the data is immutable, as with any modification in the block, the hash code changes and the users will be able to differentiate the original data from the modified data. Thus, Blockchain is a distributed database of records or a public ledger of all transactions or digital events that have been executed and shared among participating parties.

Recent times have seen a great surge in the popularity of the Blockchain. Most of it has been due to the craze around Bitcoin. However, the world has realized the importance of Blockchain and it has been shaping up businesses in various industries.

ANALYSIS OF TRIPLE-ENTRY ACCOUNTING AND ITS PROSPECTS

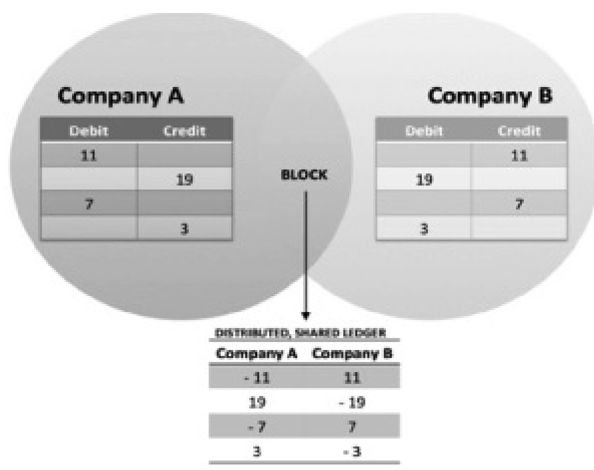
Triple-Entry Accounting

The Double-Entry Accounting hasn't changed much over the years. Digitalization of the accounting system is still in its infancy compared to the advances of technology in other industries. In Double-Entry Accounting, there are systematic duplication of efforts, extensive documentations, and periodical controls. Most of them are manual, labour intensive tasks and far from being automated. With the passage of time, this system is starting to show its age badly as various loopholes have been unearthed which can conceal the true and fair view of financial records.For example, a company like Enron can cook their books and manage to hide billions in debt.

Triple-entry Accounting is an enhancement to the traditional Double-Entry system in which all accounting entries involving the outside parties are cryptographically sealed by a third entry. These include purchases of inventory and supplies, sales, tax, smart contracts and utility payments, and other expenses. As the accounting is done in the books of both the parties simultaneously, the bookkeeping entries of both the parties, to a given transaction, are congruent.

A seller books a debit to account for cash received, while a buyer books a credit for cash spent in the same transaction, but in separate sets of accounting records and thus, there's always a possibility that one party can, either on purpose or by mistake, record the transaction incorrectly. This is where the Blockchain comes in; rather than these entries occurring separately in independent sets of books, they occur in the block which is like a transfer between wallet addresses in the same distributed public ledger, creating an interlocking system of enduring accounting records. Since the entries are distributed and cryptographically sealed, falsifying them in a credible way or destroying them to conceal activity is practically impossible.

Let's say that company A and company B enters into certain transactions. Both the companies maintain their own books of accounts. If either of the company intends



Source: https://www.imagur.com

to manipulate their accounts, they can easily do so by changing the figures. For example, company B can easily record 19 (debit) as 190 (debit) to window-dress their accounts.

Here, the concept of Ttriple-Entry accounting can be of great use to stop these frauds. Rather than recording the transactions in their books, the companies record the transactions on a Distributed Shared Ledger, on a Blockchain that is publically available. By doing this, the entry recorded by one party gets automatically reflected in the books of the other party. Like in our example, if company A debits the account of company B by 11 rupees in its books, the same entry gets automatically reflected in B's books and the Accounting software, on its own, credits the account of company A by 11 rupees thus creating a trail of interlocking relations.

While the blockchain technology seems to be a great solution for problems long-haunting auditing, accounting and governance issues including incorrect financial statements, high costs of auditing both, lack of owner's control over their company and insufficient security of financial data a company wishing to implement it should proceed carefully.

The companies using Triple-Entry book-keeping would derive two immediate benefits from adoption. First, since auditors could quickly and easily verify a large portion and even the entire population of the most important data behind the financial statements, the cost and time necessary to conduct an audit would decline considerably. Audits would still be necessary, but auditors could spend more time on higher risk areas such as internal control and operational inefficiencies. Second, the integrity of a company's financial statements would be essentially unassailable. Most financial statement captions could not be falsified, if they required the encrypted signature of the counterparty in order to be accepted as valid. In the case of Bitcoin, transactions only occur when wealth is transferred, so there is no incentive or considerable costs associated with spurious activity.

CASE STUDY

A study of how Paypie, an accounting software based on Triple-Entry Accounting is making waves in the Finance Industry.

An analysis of Paypie's mechanism

Company A is registered on PayPie's platform and they've integrated all their company's credentials on the single ledger Blockchain using SlickPie, QuickBooks or any other accounting software linked to or partnered with PayPie. They can now use the single ledger's Triple-Entry Accounting system to transact with other companies.

So, let's say company A just sent an invoice to be paid to company B on the single ledger. company B is now going to pay their invoice. As soon as that transaction is sent, it is hashed and time-stamped using PayPie's single ledger technology. Each transaction is assigned a unique fingerprint, allowing both parties to see it. It is also published on the Blockchain.

This shows both parties' transactions as verified and complete which allows businesses, as well as auditors, accountants, etc. to keep track of business financials. This includes sales invoices, vendor bills, expenses, debt, etc.

This can help prevent unethical practices from companies which misrepresent earnings and change balance sheets to show favourable performance of their company.

Source: https://www.paypie.com

PayPie has the potential to disrupt the accounting industry in amazing ways by saving accountants, auditors, and companies, so much time, effort and money. This is because everything is recorded on the Blockchain and ready for them to see and utilize anytime, and for any purpose deemed necessary, whether it be for tax season right down verification for audits. Companies spend tens of thousands of dollars on salaries to organize and retain information like this. This can now be nicely organized and presented on the blockchain, and it can be viewed and utilized in, literally, minutes.

Additional Applications by Paypie Leveraging Triple-Entry Accounting

Along with making accounting transparent, it can also be used for the following facilities:

Credit Risk Assessment

The amount of damage that can be caused to a company's financials in one year is huge and can significantly increase the risk of a potential lender's investment as they do not have access to current and up-to-date information. The accuracy of Triple-Entry Accounting, being tamper-proof combined with real time credit assessment, dramatically lowers risk for investors. Anyone in the lending business knows exactly what kind of value and insurance this technology can add as it can vastly increase the success rate of your investment.

Invoice Factoring for SMEs

SMEs can use it to post invoices asking investors to fund at a percentage. This can help SMEs stay cash flow positive. It can also help a growing SME scale up without worrying about the credit terms choking them out of growth opportunities due to lack of liquid funds.

Simply put, oftentimes customers sign a contract saying they don't have to pay their invoices for 30-120 days, depending on the agreement. This can cause a company to fail due to lack of cash flow which is unable to carry a company for up to 120 days. They can go for Sale-bill discounting or factoring facility as they can easily show that they're credible, with a good transactional track record through the platform.

The Future of Audits and Audit Firms

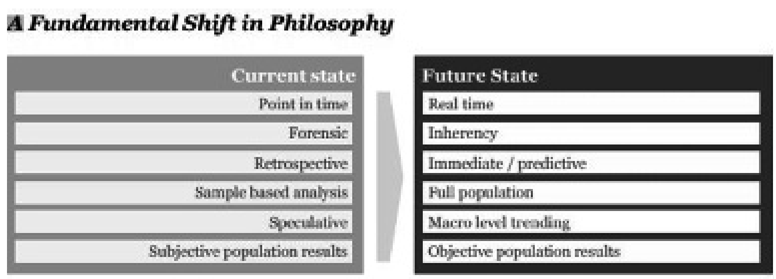
BIG four Audit firms have been continuously looking for newer ways to use the Blockchain Technology to provide more effective and efficient audits.

Audits of the Future

Analysis of how the audits will be transformed in the years to come.

The role of an auditor is to be an independent third party to verify that the information in a company's financial statements is accurate. The stakeholders of the company put their trust into the auditors' judgment. Considering that the blockchain can automate the process of confirmation of the transactions that have occurred in the company's ledger, it can be said that the profession will be greatly affected.

Currently, auditors have to perform a variety of procedures to verify the integrity of accounting entries; they may check invoices, confirm a sale transaction with the buyer and so on. These procedures result into hefty cost, consume a lot of time, manpower and ultimately do not guarantee results. Therefore, the main implication of blockchain-based accounting on the process of auditing is greatly reduced time and costs of performing auditing. Knowing for sure that all the transactions written in the accounting system indeed occurred and the amounts stated are correct allows not spending time on manual confirmation of the accounting entries allowing auditors to spend more time on more important areas such as complex transaction entries and internal control mechanisms.



Source: https://www.pwc.com

With blockchain-enabled digitalization, auditors could deploy more automation, data-analytics and machine-learning capabilities such as automatically alerting relevant parties about unusual transactions on a near real-time basis. Even the supporting documentation, such as contracts, agreements, purchase orders, challans and invoices could be encrypted and securely stored or linked to a blockchain. While performing their audit procedures, auditors can use blockchain timestamp technology to certify the ownership of all assets and liabilities in the audited entity, such as tangible assets, intangible assets, securities, etc. Through the concept of smart contracts, the various transactions like derivatives can be automatically settled on the due date and the entries can be passed without manual intervention on real time-basis.

Further, as the transactions are updated on real time basis, the balances with all the entities with whom the company enters into transactions can be easily verified with sending any balance confirmations.

Problems Existing in Current Scenario in Financial Audits	**The Advantages of Blockchain Technology Applying in Financial Audit**
Storage Space and Time Range of Financial Audit Material are Limited : At present, accounting information of enterprises is mainly recorded in the electronic accounting system and paper books. The electronic accounting system has limited storage space. The books, vouchers, and the like in paper occupy a lot of physical space in the enterprise. Some accounting information will be destroyed regularly after three years or five years, which also limits the storage of accounting information in the enterprise over time. Therefore, the lack of information may affect the accuracy of financial audits.	**Improve Financial Audit Data Recording and Storage :** The time stamp function in the Blockchain technology can not only record the basic information such as quantity and amount of each transaction, but also record the update time of the data accordingly. Data are arranged in chronological order so that they can be tracked continuously and the efficiency of financial audit work will be improved. The decentralization of blockchain can improve storage mode. This distributed storage mechanism makes every node of the chain store the financial audit data and reduces the storage cost of financial audit data.
Coverage of Financial Audit is Not Wide Enough : In the process of financial audit, the authenticity of the whole transaction data is not usually verified. It is also difficult to cover all the assets in the physical inventory. Instead, the statistical sampling method is adopted to control the audit cost and improve the audit efficiency. Auditors will only carry out detailed tests on key points or internal management control when they have doubts. The scope of financial audit evidence collection is too one-sided and may overlook some important audit doubt points.	**Broaden the Scope of Financial Audit Supervision :** In the blockchain database, recording and updating every data will be synchronized to the entire blockchain, and the node with corresponding key has the right to query the data on the entire blockchain. At the same time, the distributed accounting function of the blockchain ensures the integrity of accounting information. The data on each block can be traced back to the auditors who own the authorized key and verified so that it can broaden the scope of financial audit supervision.
Data of the Audited Entity is Easy to be Tampered : At present, most corporates' accountants use the electronic accounting system, but there are still some small enterprises in our country using manual accounting because of lack of information technology. There is risk that accounting information can be easily tampered either way. As for electronic data, accountants can easily modify the data has been entered without leaving any trace, making it difficult for financial auditors to find fake electronic data.	**Guarantee Financial Audit Data Integrity :** The data on the blockchain is irrevocable as soon as it is entered. The blockchain system will compare the new data with current books, and the same and duplicate data will be identified as real books. It would not be possible to tamper with a piece of data unless tampering with more than 51% of the data on the chain at the same time. Because it will cost a huge amount of money and be released to every node on the blockchain. Auditors can access any of the blocks on the chain to obtain authentic and up-to-date financial audit data so as to improve financial audit productivity.

CONCLUSION

With the proliferation of the internet over the last few decades, we have experienced great awareness and are moving towards a digital world. Blockchain is set to be the next step on this evolution disrupting the accounting industry by replacing the manipulable double-entry accounting with blockchain powered immutable triple-entry accounting.Blockchain's design seems sound from a security standpoint. The efficiencies that will be gained through audit automation are likely to be balanced by the requirements for new procedures to address the risks associated with the blockchain environment.

These developments will likely shape a blockchain audit where IT controls will gain a more pivotal role in providing a reasonable assurance that the financial statements as a whole are free from material misstatement. The roles and responsibilities of audits are poised to change. While the blockchain technology seems to be a great solution for problems, long-haunting auditing, accounting and governance issues including incorrect of financial statements, high costs of auditing both, lack of owner's control over their company and insufficient security of financial data a company wishing to implement it should proceed carefully. As the first stage of the technologies introduction into the company's practices we would suggest using it for internal bookkeeping and gradually expand it onto external transactions processing. The financial sector as a whole is in a great need for not just another tweak but a truly revolutionary overhaul. Along with the auditing function, small businesses are also poised to benefit greatly from the additional competencies they shall gain because of this technology. Invoice factoring and Credit rating facilities have been designed to provide great convenience and comfort to both the businesses and the related stakeholders.

However, the danger of overlooking troubles and or being overly positive could lead to greater troubles. The emergence of Blockchain Accounting can also be a great job-killer and everyone involved in the accounting and auditing industry can be directly affected by the change. In future, we might have an audit team which comprises of a Blockchain expert along with accounting experts. It is thus of great importance for the next generation of accountants and auditors to be aware of the potential impact of this technology and equip themselves with the required skills.

The Bottom Line- Embrace and Win

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Transition to Ind AS 116: A New Era of Lease Accounting

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> Lessees are permitted to make an accounting policy election, by class of underlying asset, to apply a method such as Ind AS 17's operating lease accounting and not recognize lease assets and lease liabilities for leases with a lease term of 12 months or less

ABSTRACT

India has made a huge journey in transitioning to the International Financial Reporting Standards (IFRS) convergent with Indian Accounting Standards (Ind AS) in a phased manner over 2016 and 2017. This was followed by a new standard on Revenue recognition (Ind AS 115 – Revenue from Contracts with Customers), which became applicable w.e.f. April 1, 2018. The Institute of Chartered Accountants of India (ICAI) issued the exposure draft for Ind AS 116, on 20 July, 2017, which is expected to replace the existing standard (Ind AS 17 – 'Leases') from accounting periods beginning April 1, 2019 and after. However, accounting by lessors under the new standard is substantially unchanged from today's accounting under Ind AS 17.

The new standard proposes a complete overhaul in the accounting for lessees by completely letting off the previous 'dual' finance vs operating lease

model, and will prevent Indian corporates to shy away from finance lease accounting anymore. The guidance in the new standard requires lessees to adopt a single model approach which brings leases on the balance sheet from day one, in the form of a right-of-use asset and a lease liability. Ind AS 116 will affect commonly used financial ratios and performance matrices such as the gearing ratio, current ratio, asset turnover ratio, interest coverage ratio, earnings before interest, tax and depreciation (EBITDA), operating profit, net income, earning per share (EPS), return on capital employed (ROCE), return on equity (ROE), and operating cash flows.

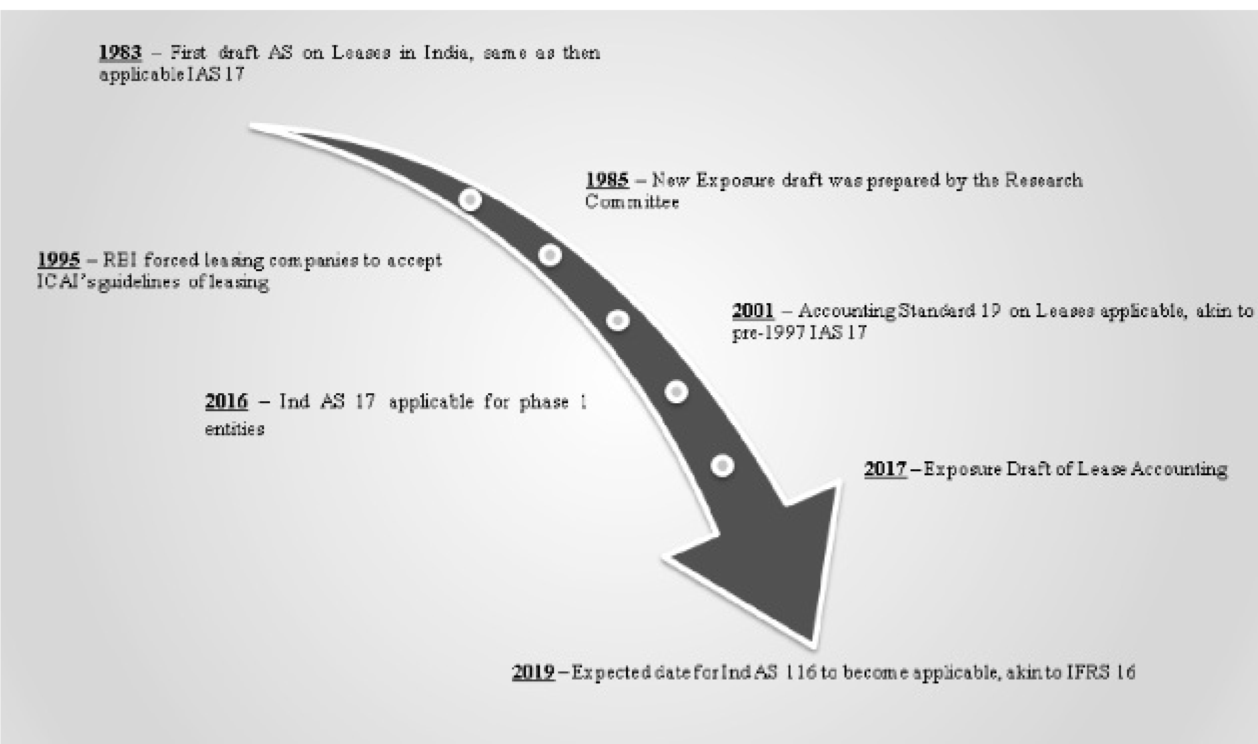
Borrowing costs are based on the credit rating of companies and the general health of the financial statements. Credit rating agencies (CRAs) in India consider the impact of off-balance sheet liabilities when arriving at their ratings. For companies whose credit ratings are available, the cost of borrowings is not expected to change significantly. However, for the small borrowers, application of Ind AS 116 will bring greater transparency in their financial statements, thereby having an impact on their cost of borrowings. The complexity of applying the new right to use model (RTU) along with the potential impact on cost of borrowings may lead companies to re-assess the lease or buy decisions.

KEYWORDS: IND AS 116, EBITDA, ICAI, Lease Accounting

DYNAMICS IN THE DEFINITION OF PROPERTY

Traditionally, accountants recognized only those properties that had physical existence (tangible assets) like plant, buildings and furniture in the financial statements. However, with the advent of time, it was realized that the value of a business also depends on intangible assets like goodwill and software. Further down the line, assets under construction (Capital work-in-progress and Intangible Assets under Development) came to be recognized in the Balance Sheet.

In today's scenario, the definition of 'property' is limitless and also includes ownership rights, right-to use assets, operating rights, and all other assets which give the enterprise an economic benefit over which the enterprise has a right of control.



Roadmap of the Recent Changes in the Leasing Standard

MAJOR CHANHES AS COMPARED TO THE PROVISIONS OF IND AS 17

Lessee Accounting:

Initial recognition and measurement

Lessees are required to initially recognize a lease liability for the obligation to make lease payments and a right-to-use asset for the right to use the underlying asset for the lease term. The lease liability is measured at the present value of the lease payments to be made over the lease term. The right-to use asset is initially measured at the amount of the lease liability and adjusted for lease prepayments, lease incentives received, the lessee's initial direct costs, and an estimate of the restoration, removal and dismantling costs. Lessees are permitted to make an accounting policy election by class of underlying asset, to apply a method such as Ind AS 17's operating lease accounting and not recognize lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e., short-term leases). Lessees also are permitted to make an election, on a lease-by-lease basis, to apply a method similar to current operating lease accounting to leases for which the underlying asset is of low value (i.e., low-value assets).

A third significant impact on the retail and consumer sector will be the arrangements with non-lease components such as property management, maintenance, security distribution and power services which in some cases may have been clubbed together as "operating lease" expense.

Subsequent measurement

Lessees accrete lease liability to reflect interest and reduce the liability to reflect lease payments made. The related right-to-use asset is depreciated in accordance with Ind AS 16 Property, Plant and Equipment. For lessees that depreciate the right to-use asset on a straight-line basis, the total of interest expense on lease liability and depreciation generally results in higher total periodic expense in the initial periods of a lease. Right-to-use assets are subject to impairment testing under IAS 36 Impairment of Assets.

Presentation

Right-to-use assets are either presented separately from otherintangible assets on the balance sheet or disclosed separately in the notes of intangible assets. Similarly, lease liabilities are either presented separately as othernoncurrent liabilities on the balance sheet or disclosed separately in the notes. Depreciation expense and interest expense cannot be combined in the statement of profit and loss.

Lessor Accounting:

- The accounting by lessors under the new standard is substantially unchanged from today's accounting in Ind AS 17.
- Lessors classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.
- For operating leases, lessors continue to recognize the underlying asset. For finance leases, lessors derecognize the underlying asset and recognize a net investment in the lease similar to today's requirements. Any selling profit or loss is recognized at lease commencement.

ILLUSTRATIVE EXAMPLE – LEASE ACCOUNTING BY LESSEE

Assumptions

Number of Leases - One lease Discount rate – 11 per cent

- Lease Rentals - 10,00,000 p.a.
- Other Considerations - No contingent rentals Term - 15 years

Computations

PV of Lease Rentals = Lease Liability to be recorded = Right to use (RTU) asset to be recorded =

10,00,000/0.11*(1-1/(1.11 ^ 15)) = Rs.71,90,870[(A/r*(1-1/(1+r) ^ n)]

Potential Effect on the Statement of Profit and Loss for the year ended March 31, 2020:

Amortization Charge = Rs.71,90,869/15 = Rs.4,79,391

Finance Costs =Rs.71,90,869*0.11 = Rs.7,90,99

As at Balance Sheet Date, i.e., as at March 31, 2020:-

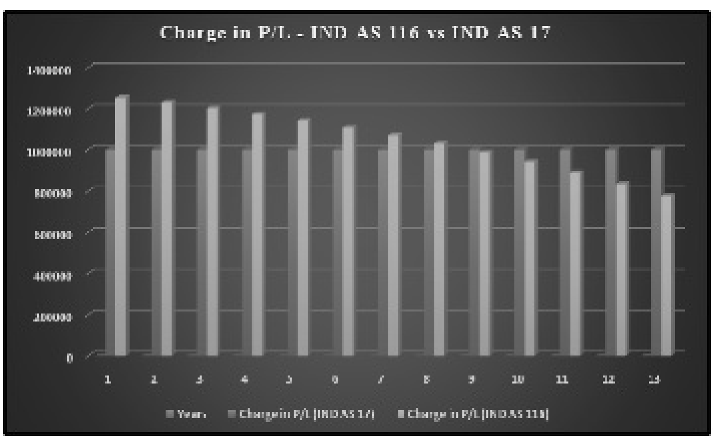
Right to use assets= Rs.71,90,869 - Rs.4,79,391 = Rs.67,11,478

Lease liability = Rs.(71,90,869*1.11) – Rs.10,00,000 = Rs.69,81,865

Statement of Profit and Loss			
Profit	**Ind AS 17**	**Ind AS 116**	**Impact**
Lease Rental Expense	-10,00,000	-	10,00,000
EBDAIT	-10,00,000	-	
Amortisation charges	-	-4,79,391	-4,79,391
EBIT		-4,79,391	
Finance charges	-	-7,90,996	-7,90,996
(Loss) Before Tax	-10,00,000	-12,70,387	-2,70,387

Balance Sheet			
Balance Sheet	Ind AS 17	Ind AS 116	Impact
Assets	-		
INTANGIBLES			
RIGHT TO USE ASSET		67,11,478	67,11,478
OTHER NON CURRENT LIABILITIES	-		
LEASE LIABILITY		69,81,865	69,81,865
Equity	-		-2,70,387

The below chart summarizes the impact on the statement of P/L because of Ind AS 116. Carefully notice, the fall in total charge by adoption of Ind AS 116 gradually.



As far as the impact on Balance Sheet is considered, there would be a huge increase in the Balance Sheet size of companies in the Airlines, Telecom and Retail sector.

A PRACTICAL EXAMPLE

Let us assume a situation

- ? where Mr. A has leased out a 9000 sq. ft. real-estate property to Mr. B, for a monthly rent of V Rs.7 Lacs. In turn,
- ? Mr. B sub-leases out the same property to
- ? Mr. C, for a monthly rent of Rs.10 Lacs. Presentation of the above transaction in the Balance Sheet of these three parties would be as follows:

Mr. A – Since Mr. A has leased out the asset, he does not retain any control over it, even though legal title is with him. Hence, the asset will not appear in the books of Mr. A.

Mr. B – The asset would be disclosed as an Investment Property in the books of Mr. B and not a right-to-use asset, as it is being used for the purpose of earning rental income and not in the operations of the enterprise, under Ind AS 40, 'Investment Property'.

Mr. C – Since the ultimate control over the asset lies in the hands of Mr. C, he will disclose the asset in his Balance Sheet as a right-to-use asset as per Ind AS 116.

SECTOR WISE POTENTIAL IMPACT

Airlines sector

Most airline companies finance aircrafts through off-balance sheet lease models, as a common practice in the aviation industry. In addition, other assets such as check-in kiosks, boarding gates, which are taken on lease from respective airport owners are also classified as operating leases.

Another key change for this sector will be the treatment of sale and leaseback transactions, wherein determining whether a sale has occurred in the context of a sale and leaseback transaction is already a judgmental area under the new revenue recognition standard (Ind AS 115).

The changes under Ind AS 116 will bring all these arrangements on the balance sheet of airline companies, having a significant increase in lease assets and liabilities on Day 1; major companies being Interglobe Aviation, Jet Airways, SpiceJet.

Transport and logistics sector

Arrangements in the transportation and logistics sector usually contain multiple components typically termed as a "wet leases". For example, the lease of a ship would include the lease payments for the ship, the crew and maintenance services which are currently classified as one lease arrangement and charged as "operating lease expense".

Under the new guidance, arrangements are required to be allocated between lease and non-lease components. Segregation of arrangement may have significant impact on accounting under new guidance, depending upon the value of lease and non-lease components.

Key Takeaways - Wet lease arrangements to be allocated in lease and non-lease components; major companies being Container Corp, Allcargo, VRL Logistics, Aegis Logistics.

Retail and consumer sector

Most rental contracts for retail outlets whether for individual outlets or high street stores are likely to qualify as leases, as such contracts will meet the key criteria for lease, which is having the right to control the asset and obtaining the related economic benefits from the use. Under the retail sector, leases with variable payments, for example where lease payments that are dependent on the consumer price index or rate, will need to be assessed as the lease liabilities associated with variable payments are required to be re-measured at each date of change of the future contractual cash flows. This recurring re-measurement will introduce volatility in the balance sheet.

Another impact area will be the treatment of initial direct costs, such as commissions, as some costs might need to be included as part of the right of use asset and amortized over the anticipated lease term.

A third significant impact on the retail and consumer sector will be the arrangements with non-lease components such as property management, maintenance, security distribution and power services which in some cases may have been clubbed together as "operating lease" expense.

Key takeaways - Initial direct costs and arrangements with non-lease components; major companies being RP-SG Retail Limited and D-Mart.

Information technology sector

Leasing has long been an attractive option in IT and IT enabled services sector. Real estate leases are common in IT sector for setting up development and delivery centers, along with leases of IT equipment and services. The arrangements for 'co-location' hosting and even some 'cloud' services usually contain multiple elements of hardware support along with personnel assistance. Under the new standard, these will now need to be evaluated and accordingly allocated.

Key Takeaways – Arrangements for colocation hosting and cloud services need to be evaluated; major companies being TCS, Infosys and Tech Mahindra.

Power and Utilities

In the power sector, 'pole attach' agreements whereby a utility provider allows a third party to attach equipment, such as a telephone or cable, to its utility pole for a monthly fee, are a common occurrence. Such agreements will have to be assessed for "substitution fee". In case they can be substituted and the supplier would economically benefit from such substitution, the right to use the underlying asset may have to be considered non-substantive.

In addition, power purchase agreements (PPA) will also need to be evaluated for substitution rights and lease and non-lease components, if they are not classified as 'service concession agreements' under Ind AS 115, 'Revenue from contracts with customers'. The new lease standard requires the assessment of whether a contract gives the customer the right to control the use of a specified asset. If not, the PPA would have to be segregated into lease and non-lease components and accounted for accordingly.

Key Takeaways - Re-assess agreements for substitution rights and lease-non-lease components; major companies being Tata Power, CESC, Adani Power.

Telecom

Contracts involving direct cable that is a part of a larger infrastructure (such as unbundled network element arrangements for the 'last mile' to a customer location, 'special access' arrangements for a dedicated connection between two locations) may fall in the definition of an identified asset and will therefore be required to be accounted for on-balance sheet.

Another key feature of the telecom sector are the mobile tower-sharing arrangements. Such arrangements between operators will need to be assessed for lease and non-lease components and accordingly be accounted for on-balance sheet.

Key Takeaways - Consider impact on unbundled network arrangements; major Companies – Reliance Jio, Bharti Airtel, Vodafone

Healthcare and Pharmaceutical Sector

Hospitals enter into arrangements for leasing medical device equipment, many of which are currently accounted for as operating leases. These assets, if falling under the definition of an identified asset, will have to be accounted for on-balance sheet. The major companies being Sun Pharmaceuticals, Aurobindo Pharma, Dr. Reddy's Laboratories.

CONCLUSION

The new standard, once notified, may pose significant implementation challenges. Based on experiences of some of the large global organizations reporting under ASC 842 or IFRS 16 – it is certain that Indian companies would need to be well prepared and start early for this transition.

For certain sectors – the business impact could be significant on "buy" or "lease" decisions. Additional focus may be required for outsourcing contracts, third-party manufacturing contracts, power purchase agreements and other service arrangements. Lease accounting change is more than accounting and more than change. It can mean opportunity.

Companies that will handle the transitions smartly may find themselves equipped with an array of improvements — state-of-the-art IT, upgraded systems, processes and controls and perhaps even a transformed operating model. If the companies frame their accounting change efforts right, compliance may become the catalyst for added value, positioning them to take advantage of new capabilities and insights into their business.

Impact on Financial Ratios

Potential Impact on financials as on March 31, 2019 - Sector Perspective							
Change in (increase or decrease)							
Sectors	No. of co.(s)	Interest Coverage Ratio		Debt Equity Ratio		EBITDA to sales ratio	
		Ind AS 116	Ind AS 17	Ind AS 116	Ind AS 17	Ind AS 116	Ind AS 17
Airlines	2	1.87	5.17	-0.30	-0.41	21.57%	10.00%
Retail	3	6.00	7.96	2.86	2.03	9.73%	5.95%
Telecom	2	7.79	39.12	1.40	1.18	62.05%	55.23%
Technology	6	64.12	144.50	0.39	0.37	29.20%	28.39%
Oil and gas	7	11.28	14.39	1.53	1.44	13.04%	12.24%
Media and entertainment	2	146.38	804.24	0.31	0.30	57.49%	56.38%
Transportation and Logistics	4	53.35	71.44	0.61	0.54	17.98%	16.81%
Automobiles and transportation	10	556.14	607.88	1.21	1.20	19.07%	18.98%
Mining and metals	8	31.80	31.83	1.95	1.94	29.83%	29.73%
Healthcare, pharmaceutical and chemicals	10	97.94	105.78	0.89	0.88	25.43%	25.18%
Consumer/ Industrial products	18	61.98	65.41	0.92	0.91	20.44%	20.26%
Real estate, infrastructure, power and utilities	5	4.55	4.64	1.92	1.91	76.18%	76.00%
Total	**77**	**116.11**	**148.71**	**1.16**	**1.10**	**27.04%**	**26.08%**

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Effects on Environment due to Nuclear Production:
International Perspective

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"The impact of Nuclear Emissions is massive, as contamination occurs generally in nuclear reactors due to overheating and as a result of that fuel melts and releases a large amount of uranium, carbon dioxide and other toxic gases in the air that can travel for miles affecting the environment."

ABSTRACT

Nuclear power creates an inescapable risk for all states, environment, and people. One of the greatest examples was the Chernobyl incident in 1986. The accident not only affected the environment vividly but at the same times the cause of long-time health hazard due to radiation. This damage is actually termed as trans-boundary damage. The international law tries to moderate such damage by providing effective regulation and stronger compensation for loss caused. But such regulations restraints the states from conducting any experiments within their own territory. Nuclear power is also a huge source of energy that can be an alternative to fossil fuels that generates electricity. For example, the nuclear industries of France and Japan generate less CO2 per capita than other nations. But such industries can be susceptible if nations do not have modern technologies to regulate such energy with proper supervision. For such situations, international regulations take a great step for the use of such nuclear energy.

KEYWORDS: Environment, Nuclear, Chernobyl, IAEA

THE INTERNATIONAL ATOMIC ENERGY AGENCY (IAEA)

The IAEA created in 1956 has the object of encouraging and facilitating the spread of nuclear power. It was approved by United Nations General Assembly in 1977.The concern for environment protection was due to ocean dumping of nuclear wastes, which was banned by the London Dumping Convention and was directed to reprocess the viable option, the Chernobyl incident in the Soviet Union and nuclear reactor accident of US in 3miles Island showed great risk not only for health but also for agriculture, environment, and wildlife.

The preliminary task of IAEA was to 'encourage and facilitate the development and dissemination of nuclear power' and 'ensuring through non-proliferation safeguards that it was used for peaceful purposes only.' But, after the Chernobyl incident, it concentrated regarding safety matters and exchanging information between states as to how to control such disasters. The IAEA covers 'subjects related to radiation protection, transport, and handling of radioactive waste disposal and safety of nuclear installations'. The above functions were added from the 1989 Basel Convention on Transboundary Movements of Hazardous Wastes Article 1(3). Basically,the IAEA statute doesnot confer any binding effect regarding health and safety that every member will comply with them. This statute only gives the power that if agency supplies materials or services between project agreements, they must adapt and accept health, safety. Only in these cases, the IAEA statute has 'right to examine regarding equipment and facilities and right to send inspectors to verify compliance.'If these measure s are not made as submitted in the reports by the Inspector, then 'further assistance by the Agency will be terminated and report to be sent to the Security Council and General Assembly.' The IAEA powers related to safety is only regarding the afore-mentioned facilities. Individual states cannot place their facilities if the transport is done through IAEA. Regarding bilateral agreement between states without IAEA involvement, then only the supplier states will consult with IAEA and no further assistance will be provided by IAEA.

INTERNATIONAL AGREEMENTS TO COMBAT NUCLEAR DISASTER

The IAEA member states decided that it is the individual responsibility of every state to ensure safety,security and environment compatibility. In 1991 the General Conference of IAEA initiated to develop Nuclear Safety Convention so that, on the basis of this Convention there should be common safety measures that will be maintained by member states. Therefore in the year 1993 and 1994 the General Conference of IAEA prepared Nuclear safety Convention and Joint Convention on theSafety of Spent Fuel and radioactive waste management. The Preamble of Joint Convention on the Safety of Spent Fuel and radioactive waste management Convention provides the objectives as 'to achieve and maintain a high level of nuclear safety worldwide through the enhancement of national measures and international co-operation including, where appropriate, safety-related technical co-operation; (ii) to establish and maintain effective defenses in nuclear installations against potential radiological hazards in order to protect individuals, society and the environment from harmful effects of ionizing radiation from such installations; (iii) to prevent accidents with radiological consequences and to mitigate such consequences should they occur.' Article 19 ofthe Joint Convention on the Safety of Spent Fuel and radioactive waste management Convention provides that 'Each Contracting Party shall establish and maintain a legislative and regulatory framework to govern the safety of nuclear installations. 2. The legislative and regulatory framework shall provide for: (i) the establishment of applicable national safety requirements and regulations; (ii) a system of licensing with regard to nuclear installations and the prohibition of the operation of a nuclear installation without a license. a system of regulatory inspection and assessment of nuclear installations to ascertain compliance with applicable regulations and the terms of licenses; (iv) the enforcement of applicable regulations and of the terms of licenses, including suspension, modification or revocation. Article 21 of Joint Convention on the Safety of Spent Fuel and radioactive waste management provides the responsibility of a license holder that specifies Each Contracting Party shall ensure that prime responsibility for the safety of a nuclear installation rests with the holder of the relevant license and shall take the appropriate steps to ensure that each such license holder meets its responsibility' . Articles 17 to 19 provide for proper steps in regard to sitting,design construction and operation of a nuclear installation.

All the above provisions enabled the states to take preventive actions and liability in case of failure to comply with the provisions. The states take strict or absolute liability. The international convention emphasizes that the national laws of the states to take absolute liability and the source state's operator is liable and the respective state act as the guarantor of that operator which caused the damage. For example, the United States in 1955 was liable to give compensation to Japan because one of the Japanese fishermen got injured by the nuclear test done by the USA. Another example was the Chernobyl disaster where the impact was so severe and evidence showed that the effect was not confined only to air it spread to rivers, land and agricultural products also affecting wildlife. The Soviet government was liable to give compensation to their own citizens. The above sections of IAEA Convention also state about using nuclear reactors by the states to take effective measures while installing those, especially safety measures so that higher quantity of emissions should not get mixed with pure air. The persons authorized in this behalf must inspect all installations personally to prohibit accidents. If it is necessary the inspectors take punitive measures and make states or individual liable jointly and severally. The states also initiate proper protocols before any testing, in case of violations the states impose penalty jointly and severally. For example, India joined the Convention on Supplementary Compensation for Nuclear Damage which is a multilateral treaty under IAEA relating to damage caused and its liability due to nuclear accidents, where the state will bear compensation in case of any nuclear damage.

CONTROL OF TRANSBOUNDARY RISKS

The risks can be controlled by the followings:

INTERNATIONAL OBLIGATIONS: Nuclear powered merchant ships must comply with standards of safety and radiation protection and also for transboundary transport of radioactive substances but military uses are exempted from the rules. The obligation involved the prohibition of dumping of radioactive wastes at sea or discharge in the marine environment by land-based or airborne sources now, the dumping in high seas and in the Antarctic is also banned. The nuclear test ban treaty prohibits weapons test explosion in the atmosphere, outer space, sea, and Antarctica or any other places where radioactive debris may spread beyond the territory of the testing state. So, the effect must be conducted underground and cause no escape from pollution.

NUCLEAR INSTALLATIONS AND NOTIFICATIONS:

Many bilateral agreements, Nuclear Safety Convention and Joint Convention on the Safety of Spent Fuel and radioactive waste management are based on the principles of consultation to reduce transboundary environment risks. Many states decided to install 30kms away from international borders. For example agreement between Spain and Portugal. Every state must exchange full information regarding any nuclear installationso that if any other states want to install any device, such state must look in those data before making any such decisions. Sometimes permanent commissions are established to consider matters of joint interest affecting public health and the environment. For example, the agreement between Belgium and France named as Belgium France Convention on Radiological Protection. The Convention meets the standards of physical protection for shipping nuclear materials like plutonium, uranium and the convention do not undertake any transit through any territory unless they receive any permission of transport of these materials. The Convention also initiates cooperation between the states to cooperate and exchange information if any related to stolen nuclear materials and prosecute and penalize the guilty if proven. Also, India became the party to the Convention on Supplementary Compensation for Nuclear Damage, which focuses on increasing the amount of compensation available during any nuclear incident.

COOPERATION AND ASSISTANCE DURING NUCLEAR EMERGENCY

The general obligation of states, in this case, is to notify the other states in a nuclear emergency or in cases of accidents. Most of the European states try to alert governments in situations of danger. For example, those types of agreements are presently in between Spain and Portugal, Belgium and France, France and Switzerland. This idea to notify was evolved preliminary after the Chernobyl incident when USSR could not warn timely and produce information to other states that they may get affected.

The State's Responsibility also holds great importance. Many authors believe that as nuclear accidents are hazardous the states' responsibility in such cases can be strict or absolute. At the same time, these writers are also concerned that whether such accidents will cover all sorts of nuclear accidents or not, because effects of all accidents may not be calamitous immediately. The views about the Nuclear Convention are weak in cases of providing states' strict or absolute liability. Regarding states own laws is depending on many contingencies and deciding as to what will be the loss in cases of accidents, becomes limited, and for states, it gives rise to problems regarding the distribution of high loss. To decide whether the responsibility of states will be strict or absolute depends mainly on two situations. One, even after diligent control the accident occurred, second, due to reckless behaviour, the accident happened and violated international law. In the second case, we can say that the state will be absolutely liable. Article III of IAEA Convention states preventive initiatives by facilitating the needs of research and development of production of electric power from nuclear energy taking into consideration the underdeveloped areas. The Article also tries to exchange scientific and technical information before using any nuclear material and administers safeguards before use of any type of equipment in atomic energy procedure. India even with reference to above-mentioned convention tried to implement under state laws regarding preventive measures in Environment (Protection) Act 1986 where 'Section 3' provides power on Central Government to take measures and improve the environment, 'Section 8' requires persons handling hazardous substances to comply with procedural safeguards'. 'Section 25' provides different rules authorized by the Central Government to carry out procedures mentioned under the Act. The rules include managing disposal facility, recycling, hazardous waste site, reuse of materials and the effects on transboundary movements

CONCLUSION

The impact of Nuclear Emissions is massive, as contamination occurs generally in nuclear reactors due to overheating and as a result of that fuel melts and releases a large amount of uranium, carbon dioxide and other toxic gases in the air that can travel for miles affecting the environment. It can cause incurable blisters in body, asthma, skin cancer and other skin diseases. The cleaning process also cannot totally evade the catastrophic effect and continues reaction for ages. The ideology of these conventions is to give solution regarding legal damages of states along with taking precaution under individual state laws. At the same time, it tries to protect the states from catastrophic effects by providing safety measures and assistance. This convention is just we can say as a very initial law to prevent transboundary risks in nuclear damage because the modernization triggers new technologies which might ask the societies to initiate more international laws to minimize the risks.

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With enormous growth in wireless technology and the penetration of smart devices in the market, more and more individuals and business organizations have shifted from traditional commerce to e-commerce, and finally upgraded to m-commerce.

Impact of M-Governance Amongst Citizens

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ABSTRACT

With the massive proliferation of digital platforms, users on a large scale have shifted from traditional processes to the adoption of digital services through digital devices. The motivating reasons behind such change include convenience, ease of operation, interoperable systems, reliability, and non-dependence on a third entity. Furthermore, with the advancement of the internet and wireless technology, citizens have adapted to the use of hand held devices and smart phones to a great extent. M-Governance refers to the delivery of community services and information to the common people and business organizations by ubiquitous mode. It enhances E-Governance by bringing in the best of government services to citizens as well as officials by

creating a personalized and environment-friendly service domain. M-Governance also confirms that all the government electronic services are delivered to citizens via mobile phones and that they do not have to solely depend on the physical infrastructure for communication or any type of joint association. Due to the price reduction of mobile devices, services and subscriptions, the government is also endorsing the information and service delivery of M-Governance schemes. Thus, these hand-held devices have strengthened the power of the common man to interact efficiently with the government covering innumerable domains in a secured manner. This paper studies the various areas where M-Governance has left a deep footprint among the citizens.

KEYWORDS: Digital devices, M-governance, Ubiquitous, government services, citizen

INTRODUCTION

With enormous growth in wireless technology and the penetration of smart devices in the market, more and more individuals and business organizations have shifted from traditional commerce to e-commerce, and finally upgraded to m-commerce. Many services are now being delivered through mobile phones and citizens are highly benefitting due to its accessibility, availability and ease of operation. The services have become more citizen-centric and have become popularised for its "anywhere - anytime" service. Thus, this availability of electronic services and information to the common people and business organizations for easy accessibility through mobile phones is known as M-Governance. M-Governance refers to Mobile Governance. It ensures that services can reach and be easily available to individuals and business houses through hand-held devices. It can develop the whole country and reach the citizens through the critical advantages it offers like data accessibility, minimal cost and transparency.

NEED OF M-GOVERNANCE

In February 2012, the Ministry of Electronics and Information Technology developed and reported the framework for Mobile Governance. The Government of India identified that the deep penetration of mobile phones among citizens can be utilized for communicating public services in the most convenient and cost-effective manner. Such an initiative can solve the problem of non-reachability to remote areas as well. In 2017, the mobile phone services subscriber base was 935 million which is expected to reach 1161.61 million by the year 2020. Thus, the Government of India is tapping this as an opportunity to offer community services for the poor and marginalized sections of our society. M-Governance improves communication and interaction between the government and citizen and citizen and government. In the same tune, it also strengthens its association among government agencies and between government and employees. Moreover, it has helped the government to deliver its services to the citizens at a minimal cost with a wide variety of options. Citizens found it to be easily accessible and found its utility in several domains like, health care, communication, agriculture, employment, finance, transportation, etc. It has strengthened the real-time, bidirectional communication between the citizens and the government and has even reached the rural areas. Businesses too have utilised the sharp rise of mobile usage by implementing their services, especially in the banking domain. Mobile banking is the future because of its cost effectiveness and ability to reach out to customers in rural areas.

PARTICIPANTS OF M-GOVERNANCE AND ITS SERVICES

There are four participants involved in the M-Governance delivery model.

MGovernment-to-Citizens: The services that are delivered to the citizens like health information, weather forecast, tourism information, general information to the public, emergency alerts etc.

MGovernment-to-Business: The services which are delivered to business organisations fall under this category. They include information regarding rules and regulations, application forms, trade licences, payment of taxes, stock market updates and many others.

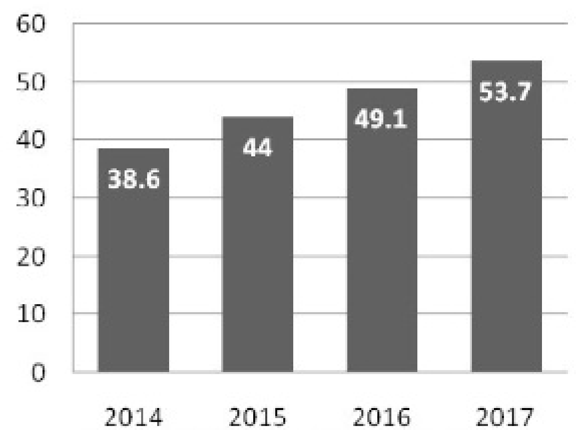
MGovernment-to-Government: The government activities like inspections, disaster management, any type of government resolutions, and tenders are included in this category.

MGovernment-to-Employees: These services include training and data accessibility in the day to day operations, especially for those who work in remote areas, and how to utilise limited capital in times of adversity.

IMPACT OF M-GOVERNANCE ON CITIZENS IN INDIA

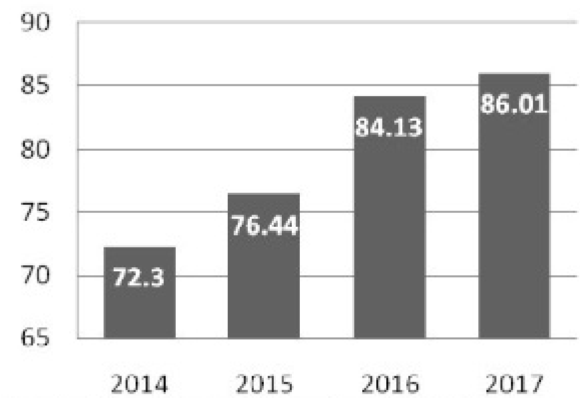
The Government of India introduced the m-Governance framework to utilize the mass reach of mobile phones across the country and to cater the public utility services to urban as well as rural areas. Through the usage of existing wireless networks, mobile phone devices and mobile technology, information and services related to the public can be disseminated easily at a faster pace. It helps to reduce the cost of information communication with the winning advantage of timely delivery of information to the target group. It also facilitates the modernization of public sector organizations which are functioning with the objective of providing public utility services at large. The ultimate goal is to make government services widely available to the citizens of India. The Mobile connectivity index (GSMA Mobile Connectivity Index, 2018) in India has increased significantly in the last few years from 38.6 per cent in 2014 to 53.7 per cent in 2017 (Figure 1). Mobile penetration has increased from 72.3 per cent in 2014 to 86.01 per cent in 2017 (Figure 2). E-Government Score has boosted from 54.33 per

Figure 1: Mobile Connectivity Index



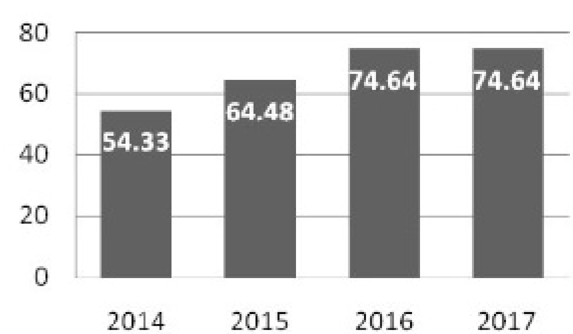
Source: https://www.mobileconnectivityindex.com/#year=2017

Figure 2: Mobile Connections (% Penetration)



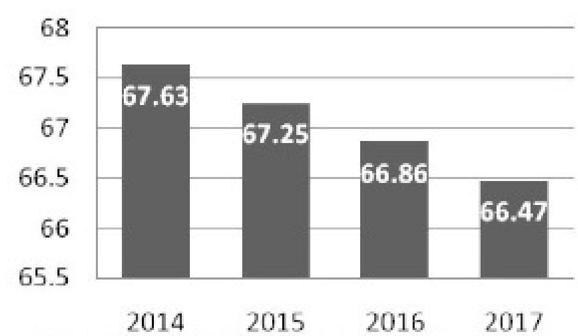
Source: https://www.mobileconnectivityindex.com/#year=2017&dataSet=indicator

Figure 3: E-Government Score



Source: https://www.mobileconnectivityindex.com/#year=2017&dataSet=indicator

Figure 4: Rural Population (% of total)



Source: https://www.mobileconnectivityindex.com/#year=2017&dataSet=indicator

cent in 2014 to 74.64 per cent in 2017 (Figure 3). However, the coverage and usage in rural areas has been apparently static in these years between 66 per cent and 67 per cent (Figure 4).

Thus, with the expansion of mobile penetration and services in India, the Government of India is promoting the access to public services through mobile devices and focusing on m-governance.

M-governance ensures the proper and timely delivery of information and services to citizens. By making use of mobile based applications, it ensures transparency in government services. Also, it becomes possible to track the status of various steps involved in completion of a process, which otherwise was not possible as such. Now, as citizens themselves can place their requisition for services and can track it, the sense of independence in operating the system has developed. It empowers citizens more and helps to build the confidence and trust in government led activities.(Sapkale & Bhende, 2015).

The major facilities required and /or provided through m-Governance in India for citizens are discussed below:

i. Passport – mPassportSeva facilitates passport related activities through mobile devices. It enables the end user to apply for new passport services, related online payments, details about fee payments, application tracking, contact details, booking appointments, passport office locations etc. Due to the flexibility in availing the information, end-users can avail any type of information as well as service they are seeking for.(Ministry of External Affairs, Government of India, 2019).

ii. Insurance – The Finance Ministry has launched mobile apps for the convenience of end-users to look after their insurance schemes and its management. For example, Pradhan Mantri Jeevan Jyoti BimaYogna (PMJJBY), Pradhan Mantri Suraksha BimaYogna (PMSBY) and Atal Pension Yogna (APY) uses the SMS feature to send relevant information to end users to create their account, subscribe for the scheme as well as to make online payments. They also receive relevant notifications from time to time.(Ministry of Finance, Government of India, 2019). The schemes are monitored by the Life Insurance Corporation of India (LIC) and the mobile app will permit the handling of such schemes efficiently.

iii. Municipal Corporation – Municipal Corporation usually works for infrastructure development related to the public, along with issues connected with safety, health and welfare of public at large. This covers sanitation, water supply, sewerage, education, encroachment of public property, property tax, birth registration, death registration, lighting in public places, park maintenance, road condition, epidemic control, nutrition etc. to name a few.(Sapkale& Bhende, 2015). Local governments are working in this direction to bridge the communication and service gap between citizens and government through m-governance. By making use of mobile based application technology, push notifications, SMS, GPD, location services, and mobile apps for transport, tax, government service app for lodging complaints, etc., local governments are playing a pivotal role in reaping the benefit of mobile penetration in the country to a great extent.

For example, Mobile Seva App has been developed to facilitate an integrated platform for all the departments and agencies under the Government of India to provide public services to citizens through mobile phones(Ministry of Electronics and Information Technology, Governemnt of India, 2019). It uses SMS (Short Messaging Service), USSD (Unstructured Supplementary Service Data), IVRS (Interactive Voice Response System), CBS (Cell Broadcasting Service), and other internet apps that are installed on mobile devices by default. Hence, end-user does not need to even install anything separately for general applications.

iv. Tax –The Income Tax Department has launched AaykarSetu with features thatsuggest how to pay tax, tax calculation, payment of tax and other related tools that caters to tax payment related requirements of the end-user (Income Tax

Department, Government of India, 2019).

v. Voting – Electronic voting platform has been designed with an objective to maintain transparency in the voting system. To ensure that the corporate governance standards have been followed properly and faster declaration of undisputed results is ensured, e-voting plays a pivotal role. Shareholders can cast their vote through m-voting app and hence can contribute in final decision irrespective of their physical location at the time of voting (CDSL, 2019).

vi. Banking Sector– For making India acashless economy, National Payments Corporation of India (NPCI) has made a remarkable contribution. The RuPay card for making online payments has been an innovation in this field. Now the Unified Payment Interface (UPI) and Bharat Interface for Money (BHIM) have made a noticeable presence in the online payment system (National Payments Corporation of India, 2019). BHIM app also helps make the online payment procedure through mobile phones very simple, so that novice users can also do the transactions.

vii. Health Sector –The Ministry of Health and Family Welfare, Government of India has facilitated an app called MeraAspatal to receive the opinion of the patients about medical services provided in government hospitals. It is based on user friendly techniques such as SMS or Outbound Dialling (OBD) for registering the inputs from patients. Such insights can be used to make the health services in rural and urban sectors more efficient.(Ministry of Health and Family Welfare, Government of India, 2019).

viii. Education Sector – Services related to academic regulations, examinations, schedules and change in schedules, examination forms, admit card in downloadable form, results etc. are being facilitated through mobile devices. It brings more flexibility for the academic world. Students, academicians, researchers, policy makers, decision makers can gaineasier access to updated information making the system efficient.

CHALLENGES

Although there are immense benefits to the society at large, there are certain constraints which still prevail. The citizens are unaware of the fact that there are several advantages of m-governance as well as about the procedures applied in implementing successful Government to Citizen, Government to Government and Government to Business projects. The organizational structure is still not equipped to maintain, store, and retrieve the governance information through mobile technology.

- As there still exists some literacy gap between the financially stronger and the weaker sections of the society, especially in the rural areas, citizens often face technical difficulty which gives rise to technological and communication barriers. Moreover, as the mobile services and information are delivered in English, accessibility by the non-English speaking people is bit cumbersome.
- Infrastructural deficiencies in electric flow, internet technology, and methods of communication often create untimely delivery of services to the citizens which also delays the implementation.
- Operational hindranceis another challenge among the government officials. This is because the mind-set that prevails among the government servants is dissimilar from that of the individuals working in private sectors. The former group is always reluctant to implement any changes in the working pattern and technology conditions and always resistany shift in the system. Presently, the officials and users in government departments do not put in any effort to create the solution framework. Hence, the solution developed and implemented does not meet the requirements of an m-governance venture and hence, does not get implemented.
- Moreover, there is a clear differentiation between the educated and the uneducated, the rural and urban people, in gaining data access to public sector services. Some citizens visualize the usage of mobile phones as a toolfor fun, entertainment and communication with their family and friends only. They are not fully aware of the governmental

benefits. Bridging the gap between the techn-savvy and non-technical people is another difficulty. Specifically, the senior people and weaker sections in the community tend to be barred from this technological advancement. The biggest challenge to m-government is to ensure that all sections of the society are technologically and digitally benefitted in the same way.

- If m-payment systems for mobile users are implemented, then m-governance must have a robust security technique which can be trusted upon. Citizens are still not assured that their data would be safe in any m-transactional services. This creates an additional channel for e-government which would enable a cost-addition rather than cost-reduction.

RECOMMENDATIONS

- Awareness programs must be created to spread the word of m-governance benefits.
- The system must be made simpler so as to deliver the services effectively to the rich and the poor, educated and the illiterate, and also to the rural and urban population.
- Language barriers need to be reduced so as to have a wider reach among all sections of the society.
- Digital literacy programs should be initiated to eradicate user dependence on third parties. This will help the common people to be self-reliant and can bridge the gap between the citizens and the government.

CONCLUSION

The impact of mobile governance has been immense because of its easy access to consolidated data, location-based services, and timely and accurate delivery of the existing services. Citizens are highly benefitted and their active involvement has established a strong relationship between them and the government. The government has meticulously taken the responsibility to extend the services to the citizens. This will enable the government to increase the transparency in their operations, progress in education and employment sectors, and bring in creative healthcare techniques. Thus, m-governance has carved a smooth way in bringing citizens closer to the government services effectively.

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> Seeing people help others even when their own work wasn't completed; seeing one take the fall for someone else's mistakes; seeing that even if one person gave up, the others took it upon themselves to hold everything together, no matter the doubts they had in their minds; we knew that we weren't just working together, we were building something together.

Inked in Black
An Eternal Saga of Firsts and Lasts

Arav Sangai & Vartika Sadani
Joint Secretaries
Xavier's Commerce Society

Life is about stories. Stories that define you; stories that build you; stories that act as wise companions who humble you by making you realize that there is much left to experience; stories that act as constant reminders of how nothing is beyond your reach and motivate you. The good thing about stories is that you don't need to live it to learn from it. The better thing about stories, is that if one ends, a new one begins. The best thing about stories is that they never actually end. XCS is a never-ending story about hundreds of individuals, out of which ours is just an excerpt.

There are two kinds of people - one who embraces change and takes it head on and the other who fears it, being under the delusion that life is better without it. A change as drastic as becoming a cautious fresher in a college from a carefree school going child is something that fills doubts in the minds of even those who embrace change. Walking through the gates of St. Xavier's for the first time, we were no different. We had ambitions as well as doubts. With each step, as we were getting lost in the crowd of familiar and unfamiliar faces, doubts were becoming stronger. Amidst this, there was a set of people who were able to distinguish themselves from the crowd. At that moment we couldn't understand what made them distinctive, was it the confidence with which they carried themselves, was it the expression on their faces which conveyed that doubts had no place in their mind or was it their black coloured t-shirt with Xavier's Commerce Society imprinted boldly on it. We continued walking and soon our college lives started defining itself in terms of classes, seminars and a will to stand out from the rest, just like these individuals.

Our XCS story began on the 10th of July,2017, when we first interacted with this distinct set of individuals whom we saw on the first day, asking them for directions towards the auditorium, where the first seminar of Innovision2017 was going to be held. Little did we know back then,

that it was not the only direction that XCS would be providing us. As we came out from the seminar, being awestruck by the conduct of these individuals, we developed a sense of respect for them, which kept growing with every event that we participated in. No matter when we came to college, whether at 6 in the morning or 6 in the evening, we saw these individuals working. Looking back, we can't help but marvel at the fact that how challenging and satisfying our journey from attending the first Innovision to organising our last was.

Gradually, with every event of XCS that we participated in, the sense of respect started growing into something bigger, something more. The gruelling rounds of Inception taught us how much one can learn from their contemporaries. The challenging and everlasting simulations of X-Calibre taught us to thrive under pressure. X-Pedition gave us a view of what the corporate world holds. Intelligentsia compelled us to question in order to find answers. Youthink showed us that if anything can even come close to being perfect, it was its Legacy. These individuals reflected ambition, the same kind that we had in our minds when we entered. We no longer wanted to just stand on the sidelines and admire them but wanted to be a part of them. The crave to possess the black t-shirt grew with every passing day and soon we climbed the first rung of the ladder by becoming an Insignia 2018 Working Committee member.

"You never forget your first insignia", said one of our seniors. We didn't really know what it meant then, but the words itself were enough to assure us that an exciting and exhilarating journey lied ahead of us. Soon professionalism became the very essence of our habits, crave for perfection became the driving force behind all our actions, the concept of day and night started having a different meaning for us. We were getting the opportunity to explore ourselves, the perfect platform to find our strengths and weaknesses, the liberty to commit mistakes and learn from it. We were working with 80 different individuals, who came from diverse fields and had a different story to tell. There was much to learn from this healthy exchange of cultures and ideas, be it interacting with companies or the endless nights spent researching and brainstorming, every passing moment was making us more responsible, informed and determined. It was after our first Insignia, that we were beginning to understand what true satisfaction was, and perhaps that was the reason why we never forgot our first Insignia.

As the days went by, we were eagerly waiting to know whether we were successful in climbing the last rung of that ladder. And soon the moment came, where we were handed our black T-shirts. That was the moment when we became an XCSer. Theodre Roosevelt once said that, he would choose to wear out than rust out. Every XCSer reading this knows that the second year XCS journey is a true embodiment of that statement to say the least. We were starting to understand that teamwork can accomplish great things. Ideas, no matter how unbelievable, can be implemented if we were ready to go the extra mile, situations no matter how difficult can be conquered with the hope and help of a fellow member. It wasn't just about pulling off successful events one after the other or impressing everyone around the country, it was about seeking criticism and feedback, because at the back of our minds we knew there was always room for improvement. Perhaps this was the reason, that one little flaw in any of our endeavours gave us sleepless nights. The lasting impact it left on us was the belief that we could learn whatever we wished to and do whatever we wanted to. We always knew XCS was something magical, something that brought out the best in people, but it wasn't till our second year that we were able to explain it. Seeing people help others even when their own work wasn't completed; seeing one take the fall for someone else's mistakes; seeing that even if one person gave up, the others took it upon themselves to hold everything together, no matter the doubts they had in their minds; we knew that we weren't just working together, we were building something together.

The third year of the XCS journey brought with itself a new set of lessons. It wasn't only the 40 individuals that one was accountable to, but the 4000 students of the commerce department who were watching each and every move. The most challenging part of leadership was keeping the purpose ahead of feelings, and perhaps, knowing that it wasn't just your own fault for which you were responsible, but each and every ones'. It was about guiding the new set of XCSers, knowing that they were passionate like us, accepting that they will commit mistakes like us, ensuring that they get a perfect platform to write their own story, just like us. It was about knowing that character and integrity are two of the most important traits one should develop if one wants to leave an impression. Every step undertaken, every event organized, every second spent was done with the motive of changing something for the better.

This legacy started thirteen years ago, as an initiative to develop the corporate acumen and to ensure the holistic development of every Xaverian. The expedition of a small group of different individuals, with diverse backgrounds, to work towards the common goal of publishing the annual journal of the Department of Commerce- 'Youthink', marked the inception of this society. Over the years, it's carved the way for innovation and development of eight stimulating and enthralling events that test the calibre of every individual. This tale of transcendence is the result of the efforts made by each batch of around forty individuals who have time and again proven to be resilient against all odds. Every batch creates a legacy that inspires the following batch to dream more, develop more and aim to redeem themselves of the unparalleled learning and inspiration received from their seniors by giving back to the society and leaving their distinct insignia behind.

We feel humbled to have been given the responsibility to lead a society that demands great respect and dedication. To our seniors, who inspired hope, ignited our imagination, instilled a love for XCS and who have made us realize that there are no shortcuts to cross a mountain, we will forever be grateful. To our juniors, who are going to lead soon, we urge you to go after every opportunity fearlessly as we shall be there to guide you. To our batch, we've seen each other at our best and our worst, we've grown together and we're lucky to have made bonds that'll last a lifetime. We know we shall travel far and wide, but in hindsight, the connections built, will help us in the future. To freshers, if you want to break the monotony of college life, if you want to prepare yourself for the corporate world, if you want to develop yourself and chase your dreams, take this opportunity to reach one step closer to your destiny.

The success story of this organization cannot be complete without the mention of the President of the Xavier's Commerce Society, Rev. Dr. Dominic Savio, S.J., whom we thank for his constant support and guidance. We are grateful to Rev. Dr. Xavier Savarimuthu, S.J., and Rev. Peter Arockiam, S.J., for believing in us and encouraging us in all our endeavours. None of our activities would have been successful without the support of Prof. Swapan Banerjee and Prof. Amitava Roy who have guided us and motivated us to perform better. We shall remain forever indebted to our professor-in-charge, Prof. Shaunak Roy and our mentor, Dr. Sumona Ghosh for guiding us through each and every event and being the backbone of the society. We are also grateful for the support that XCS continues to draw from its alumni members. None of the events would have been conducted smoothly without the non-teaching staff and other office bearers of the college who help us day in and day out. Lastly and most importantly, we would like to thank the entire student body of St.Xavier's College, Kolkata for enthusiastically participating in all our events and providing their valuable feedback such that it ensures we deliver our best every time. The Xavier's Commerce Society promises to rise above all expectations and to reach new frontiers embracing the motto of 'Nihil Ultra'.

We are fortunate to have made not one, but innumerable memories that make it so hard to say goodbye. There were bad experiences, but only good memories. No longer will there be days beginning and ending at the Green Benches ideating, conducting XCS meetings and discussing rounds. No longer will there be hours spent in college preparing for events. No longer will we find ourselves in the logistics room arranging all the requirements for the day. No longer will there be breaks where we will huddle up on the ground, wearing black t-shirts.No longer will there be errands made to odd places around the city during odd hours of the day. No longer will there be an XCS flex for us to put up, an XCS stage for us to set, an XCS deadline to be met and an XCS flag to hoist. What remains now is that, days would remind us of times spent with fellow XCSers, months would remind us of various XCS events and years would remind us of the zenith point of our life. The immaterial takeaways from this society are too many to fit in these pages. For an outsider it may just be about conducting events or an addition to the CV but for us insiders, it as an emotion that has redefined us. The thrill of conducting rounds, the excitement during brainstorming sessions, the responsibility of associating with big corporates and celebrities, the sense of accomplishment after implementing an idea, the nervousness before stepping on the stage, the anxiousness before an event day, the learning from every mistake, the pride after pulling off a successful event and the happiness of having twenty XCSers stand by you through it all.

Years later, when we scroll down the Facebook page, we'll find those old posts that will remind us of our tenure. Years later, when we climb the corporate ladder we'll find fellow XCSers with us. Years later, when we think of college, XCS would be the highlight. Years later, when we would've lost sight of the shore, we'll thank XCS for directing us through the perils of the ocean.

It's difficult to bid farewell to a journey that introduces you to individuals that inspire you, to experiences that teach you and to friends who make you. It disheartens us that the XCS story of our lives is about to come to an end, in terms of the number of years spent in college. However, the essence of this journey will forever be engraved on the new stories that are in store for us, the rest of the journey that awaits us.

XCS is a journey that will forever remain etched in our minds, heart and soul. They say, we are all storytellers and we are the stories we tell. For us, we are XCSers and Xavier's Commerce Society is the story we shall forever tell.

To be continued...

Arav Sangai

Arav Sangai

Vartika Sadani

Vartika Sadani

INDIVIDUAL ACHIEVEMENTS

NAME	ACHIEVEMENT
Pratick Mazumder	Awarded 'Ankan Bivakar' for Painting
Vedant Kabra	Runners-up at Case 180 hosted by 180 Degrees Consulting SRCC
Radhika Didwania	AIR 38 in CA Foundation, November 2018.
Marissa Anne Sum	AIR 9 in CS Foundation, June 2019.
Garima Khanna	AIR 21 in CA Foundation, November 2018.
Ruchika Chandak	AIR 14 in CA Foundation, June 2019.
Umang Saraogi	AIR 39 in CA Foundation, June 2019.
Aditya Mohan Patwari	AIR 20 in CA Foundation, June 2019.

PARTICIPATION IN OTHER FESTS

NAME OF THE FEST	NAME OF PARTICIPANTS	POSITION	EVENT NAME	OVERALL RESULT
Commercio Conclave 2018 organized by JDBI Dept. of Commerce	Dev Daga	1st	Arjuna(Best CEO)	Winner
	Harshit Kheruka & Muskaan Bhalotia	1st	Genesis(B-Plan)	
	Arav Sangai & Rohan Ghosh	Runners-up	Analyst(Case Study)	
	Aastha Talwar & Yogesh Choudhury	1st	Wrangle Over(Debate)	
	Jayant Kakrania and Vivek Bhagat	1st	Quizzenius(Quiz)	
Damayanti Shield Debate organized by Loreto College	Aastha Talwar and Priyam Marik	1st	Debate	Best Team
Confluence XIII organised by Dept. of Economics: SXC	Arav Sangai, Dev Daga, Nitish Agarwal and Rohan Ghosh	1st	Domino Effect (Flagship Event)	Winner
X-Innovae 2018 organised by SXUK	Nitish Agarwal, Rohan Ghosh and Jatin Agarwal	Runners-up	Genesis(B-Plan)	
Comquest '18, Lady Shri Ram College of Commerce	Vedant Damani and Rahul Somani	Second Runners-up	Contrivance (Marketing)	
	Nikunj Sonthalia and Kanisk Saraogi	First		
Enthusia 2019 organised by Enactus, SXC	Tanay Agarwal and Soham Chakraborty	Runners-up	Marketing	
SRCC Business Conclave	Akhilesh Kumar Bhatter and Yash Khandelwal	Runners-up	The Big Short(Finance)	

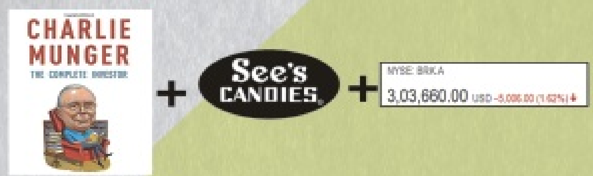
A CHRONICLE IN CONTINUITY

THE HISTORY OF COMIC BOOKS (1938-2019)

INTEGRATING IDEAS

CONNECT THE THREE IMAGES IN EACH SET TO DECIPHER A COMMON COMPANY

= ________



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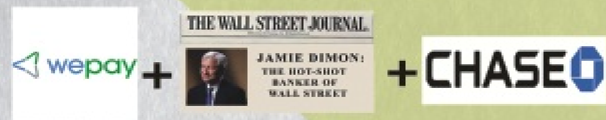


= ________

CONNECT YOUR ANSWERS OF EACH SET TO A COMMON VENTURE

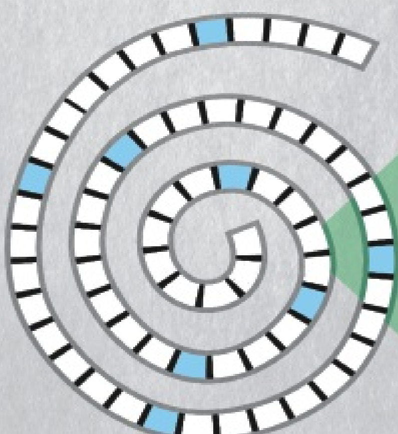
____

CORPORATE ENIGMA

FILL IN THE BLANKS WITH THE HELP OF THE HINTS AND FIND YOUR WAY OUT OF THE MAZE.

Rules and Regulations :

i. The blue box will have a common letter which will be the last letter of the previous word and the first letter of the next word.
ii. The letters present in the blue box after the completion of the maze, will form a new word.
iii. The maze begins from the inside and finishes on the outside.

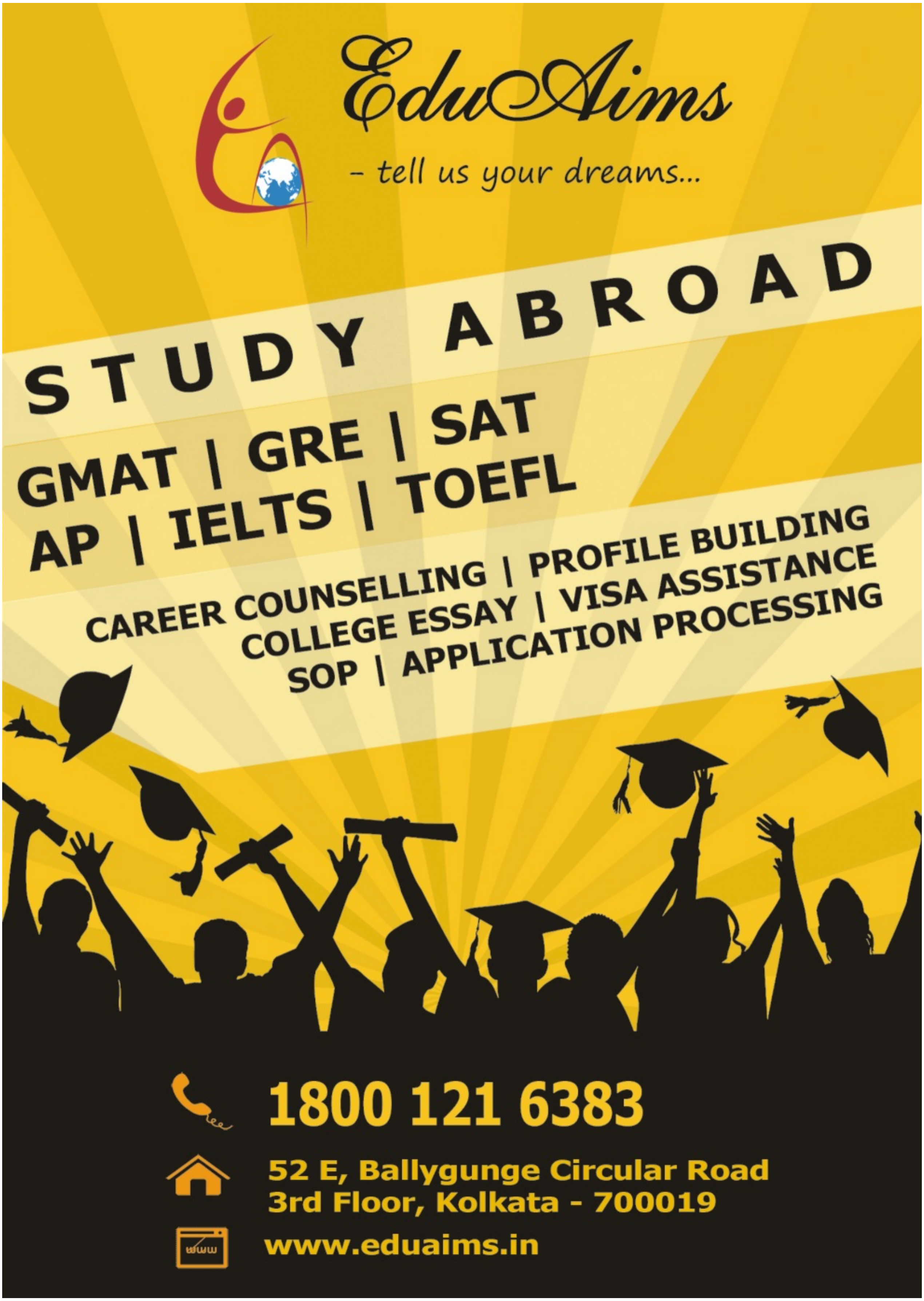


1. Simultaneously buying and selling securities in two financial markets to profit from price difference.(9 letters)
2. Ownership is an investment.(6 letters)
3. Annual rate of return for an investment shown as a percentage.(5 letters)
4. An economy marked by faling prices and slowing GDP growth.(9 letters)
5. The collection and study of coins.(11 letters)
6. Power of a country whose notes and coins are held by anoher country as reserve currency.(10 letters)
7. To set money aside for a specific purpose.(10 letters)
8. Value of intangible facts of a business.(8 letters)
9. Right to use an asset for a definite period as per contractual agreement.(5 letters)

Answer Key:

CORPORATE ENIGMA : 1. Arbitrage 2. Equity 3. Yield 4. Deflation 5. Numismatics 6. Seignorage 7. Earmarking 8. Goodwill 9. Lease

INTEGRATING IDEAS : 1. Amazon 2. Berkshire Hathaway 3. J.P. Morgan Final Answer :Haven Healthcare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