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XCS DREAMS.DEVELOPMENT.DESTINY.

YOUTHINK

VOL XI | 2016

RESILIENCE

INTERVIEWS BY:

BRETT LEE | DEEPINDER GOYAL

A XAVIER'S COMMERCE SOCIETY ENDEAVOUR

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XAVIER'S COMMERCE SOCIETY

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Rev. Dr. Dominic Savio, S.J.

Rector and Vice Principal

St. Xavier's College, Kolkata

“In a time when the world is in a state of constant flux, be it in the field of business, sports, politics or society as a whole, it is clear that change is the only constant.”

All Xaverians are characterised by a unique set of traits which drive their desire to ascend above the crowd and make a tangible difference to their surroundings. St. Xavier's College, Kolkata strives to imbibe in its students the power to attain great heights and realize their potential without disregarding the virtues of humility and modesty. The students of this institution have taken it upon themselves to carry the burden of change and development on their shoulders as they serve as the harbinger of the new age to come. An arena for students to hone their skills and to overcome their shortcomings as they prepare for the corporate world, the Xavier's Commerce Society aspires to aid the holistic development of the students of this institution by providing them with an avenue of free expression to question their surroundings. YouThink serves as this platform of expression for students to voice their opinions and shed light upon the shortcomings of the society.

In a time when the world is in a state of constant flux, be it in the field of business, sports, politics or society as a whole, it is clear that change is the only constant. In this atmosphere of myriad changes, it would only be apt for all the inhabitants of the society to be equally dynamic and responsive. It is in this fast paced world that it takes people with great resilience to steer the flow of the society in the correct direction and prevent it from veering off course.

It is a matter of great pride that YouThink has successfully completed an entire decade of quality publishing, as it continues to push into a new decade with its eleventh edition. YouThink XI celebrates all those who have emerged from adversity and have maintained their resilient mindset to rise above the rest. My best wishes to the editorial team. Special commendation is due for the contributors of the articles, students, faculty members and sponsors responsible for giving direction to this edition.

Congratulations to the Xavier's Commerce Society for yet another worthy publication. Looking at the determination and dedication that has been displayed over the course of the evolution of YouThink, I can safely conclude that there is indeed “Nothing Beyond.”

Rev. Dr. Dominic Savio, S.J.

Rev. Dr. Fr. Felix Raj, S.J.

Principal

St. Xavier's College, Kolkata

> It is adversity that brings out the best in people and moulds their growth and development, but without the correct mindset and perseverance the same adversity can lead to failure.

Since its modest beginning in 1860, St. Xavier's College, Kolkata, true to its motto, has grown to become one of the premiere institutions of the country. The story of the college from the times of its humble beginnings has been dictated by the determination and dedication of the countless faculty members, staff, students and patrons who have embraced the spirit of the college and have driven it to new zeniths. Even today, the college focuses on inculcating a sense of determination and responsibility into its students so that they continue to rise above the rest and keep the college colours flying high.

In order to tread down the path of success, one must have the right attitude and knowledge because the path does not end at the top but continues with the struggle to remain there. It is adversity that brings out the best in people and moulds their growth and development, but without the correct mindset and perseverance the same adversity can lead to failure. The word resilience aims to capture and explore this mindset which is shaping our society today. Resilience is the common denominator among those people who are attempting to reform the wrongs of society and are redefining the way of looking at the world as we know it. It is here that YouThink plays an important part by discussing the various instances of the prevalence of resilience but at the same time warning of the consequences of its unhindered enforcement. Today, YouThink continues to serves as a forum for young minds to express, learn and gain insights from the perspective of others.

I would like to express my appreciation for the work of the editorial team of the Xavier's Commerce Society which has continued to surpass all expectations. A special mention should also be made to the authors who have contributed their valuable insights. Congratulations to Xavier's Commerce Society for another impeccable success. You have upheld the ideals of St. Xavier's and proved, yet again, that there is indeed, "Nothing Beyond."

Nihil Ultra. May God bless all of you.

Rev. Dr. Fr Felix Raj, S.J.

Dr. Madhusree Mukherjee

Vice Principal
Dept. of Commerce (Evening), St. Xavier's College

"YouThink is one such endeavour which allows them ample number of opportunities to realise and enhance their potential while moving forward with strong and active faith."

Progress is the art of getting nearer to the place you want to be in, and is about enhancing and redefining the effectiveness of the forces that shape you. Progress forms a part of our daily lives and is an integral part of the human learning process. Every step taken may be fruitful but this will happen only as a direct consequence of persistent hard work, force of character and introspective reflection. At the very foundation of the principles of progress, it is evident that the people who demonstrate the resilience to overcome hardships are the ones to make progress in leaps and bounds, as the rate of progress and advancement has a clear dependence on the will to achieve, conquer and create.

The Xavier's Commerce Society helps cultivate this very attitude among Xaverians, giving them a platform to think beyond the immediate scope of their faculties. Students here at St. Xavier's are encouraged to go beyond what they perceive as the end. YouThink is one such endeavour which allows them ample number of opportunities to realise and enhance their potential while moving forward with strong and active faith. The launch of the XIth edition of YouThink is what truly encapsulates the definition of progress.

YouThink is a manifestation of the culture that Xaverians stand for, and I would to extend my heartiest congratulations to the Xavier's Commerce Society for another worthy publication.

I would also like to convey my best wishes and support to the students who have tirelessly worked for the success of this great initiative.

Dr Madhusree Mukherjee

Dr. Sumona Ghosh

Managing Editor

> Faults and flaws form the very foundation of human nature, but what makes humans rise above the rest is the ability to overcome these shortcomings through struggle and perseverance.

Faults and flaws form the very foundation of human nature, but what makes humans rise above the rest is the ability to overcome these shortcomings through struggle and perseverance. Delving into the depths of history, it is evident that people have been employing this fundamental trait of resilience in the face of adversity since the advent of civilization. To celebrate this basal building block of people, the Xavier's Commerce Society has introduced the eleventh edition of its annual corporate journal, "YouThink" with the theme of 'Resilience'.

Society has been forged by the fires of time, and the fuel for this fire has often been the people who have been resilient enough to defy the odds and break free from the shackles of orthodox thought. To appreciate the sacrifices made by those before us, it is important to understand their psyche and resilient nature. In its attempt to bring to the forefront this very 'resilience' of humankind, the Editorial Board has given its readership an opportunity to rediscover this crucial characteristic, and deserves the utmost appreciation and accolades for creating yet another successful edition of YouThink. I convey my heartiest congratulations to the entire XCS family for starting a new decade of YouThink on such a high note.

I would like to thank all those who have taken the time to add to the depth of the journal by providing their unique perspective and creating a holistic representation of the society around us, as YouThink draws its success from the individuals who take it upon themselves to speak out and share their intellect, opinions and knowledge with the rest. I would also like to express my appreciation for the scholarly guidance and notable contributions of our professors and guests, without whom the journal would lose an entire dimension of understanding and be truly incomplete.

YouThink is the product of the efforts of countless individuals, but I would like to express my gratitude especially to Rev. Fr. Felix Raj, S. J., Principal, for his unfaltering patronage which has made YouThink a reality year after year, Rev. Dr. Dominic Savio, S. J., Rector and Vice Principal, Department of Commerce (Morning), for his absolute and unending support, Dr. Madhushree Mukherjee, Vice Principal, Department of Commerce (Evening), for the motivation and support and to the deans of the Department of Commerce, morning and evening, Prof. Swapan Banerjee and Prof. Amitava Ghosh respectively for their insight and wisdom. Resilience has played a major part in the decade long journey of YouThink and will continue to do so for years to come.

Sumona Ghosh

Dr. Sumona Ghosh

Vallari Agarwal and Yash Vardhan Goenka

Joint Editors

"Symbolizing strength, encapsulating the various pillars that hold us together, and epitomizing the will to reach to the top, it is the hope which will eventually help us comprehend the very essence of Triumph."

"It is the hope of a successful journey forward that forms the base of each and every vision. Symbolizing strength, encapsulating the various pillars that hold us together, and epitomizing the will to reach to the top, it is the hope which will eventually help us comprehend the very essence of Triumph."

The world as we see it today is the manifestation of ground-breaking changes in every field. The initiative to stimulate this change, and to carry it forward with perseverance in the face of various encumbrances, be it societal or economical, is encapsulated in the very essence of 'Resilience'. We are happy to add, with great satisfaction, that as YouThink moves forward with its various editions, it embodies the very spirit of 'Resilience' in its ability to bring forth opinions and various ideals from the young minds which have been instrumental in shaping our society today.

After having completed a decade of success, YouThink strives to transcend to esoteric levels with its eleventh edition promising its readers the chance to engage themselves within a plethora of topics in each section. The students of the college have always proved, through their intricate analysis of recent happenings, their ability to be free-thinkers in the modern world. With articles ranging from 'Lights, Camera, Action and Brands' to 'The Aperture in Fair Play' in the "Features" section to 'Second Generation of Economic Reforms in India: An Insight into Work-in-Progress' in the "Beyond" section, a multitude of areas have been covered for our readers. Moreover, due to the overwhelming response of the students, we are also proud to launch a new section called "Ascent", which by its name highlights the ideals which the authors adhere to. The Guest Articles give us a chance to hear from our pioneers in the corporate field, and this year YouThink covers the viewpoints of Dr. Joysri Acharyya and Mr. Anurag Singhal on two very different matters.

Forming one of the most important constituents of the journal is the "Interviews" section which give us an insight into the minds of some of the most respected and renowned personalities all over the world. It was an honour for us to have had the opportunity to interview Mr. Brett Lee, whose legend in the cricketing fraternity does not merely stop with a few statistics. Being able to interview Mr. Deepinder Goyal was truly an enriching experience as it gave us the knowledge of the various intricacies that go into transforming Zomato into what it is today.

As we look back to reflect on our journey, one that will surely leave an indelible impact on our hearts, we would like to extend our warmest of regards to Rev. Dr. Dominic Savio, S.J. for his constant words of encouragement, Rev. Dr. Felix Raj, S.J. for his valuable guidance and Dr. Madhushree Mukherjee for her unconditional support. We reserve our highest regard for "Ma'am", for acting as the strongest of forces behind every small step that the Journal takes in moving forward year after year.

We are humbled by the adulation we have received in the past and are filled with gratitude to all the contributors who put forth their valuable opinions and helped give shape to the eleventh edition of YouThink. Lastly, it is the readers who make the journal what it is, and we hope that this edition can too stand up to your expectations.

Welcome to YouThink Volume XI.

Vallari Agarwal.   Yash Vardhan Goenka

Vallari Agarwal   Yash Vardhan Goenka

Chandramouli Bhattacharyya
Department of Commerce (Morning), 3rd Year

Negative Reinforcements

THANK YOU FOR YOUR DISSENTS

> “No statutory definition of “rarest of rare”, however, exists, it depends upon the particulars of the case, the viciousness of the crime, and the conduct of the offender.”

Supreme Court’s pronouncement of capital punishment, however rare, evokes sharp opposition across diverse social spectrums. Understandably so, because it entails the legally authorized killing of someone as punishment for crime[1], challenging the most fundamental of human rights – the right to life, enshrined in the *Universal Declaration of Human Rights*. It is primarily on the premise that the country is committing to the same violence for which the convict is condemned, that India is being pressurised to abolish death penalty. Notwithstanding, our country whose DNA is coded in the mantras of peace and non-violence of the Mahatma, has been reticent to eliminate capital punishment altogether, and join the band of 140 evangelist ‘no-death’ countries. In 2007, India voted against a UN General Assembly resolution related to moratorium on the death penalty.[2] In 2012, India corroborated this stand by voting against the UN General Assembly draft resolution banning death penalty.[3]

Yet, a look at the death penalty statistics of India does not exactly trail the blood-thirsty gore of an avenging nation.

Annual Number of Reported Executions in the last decade

Year	Executions	Rate
2007	0	
2008	0	
2009	0	
2010	0	
2011	0	
2012	1	1 execution per 1.17 billion people
2013	1	1 execution per 1.17 billion people
2014	0	
2015	1	1 execution per 1.2 billion people
2016 (upto 31st July)	0	

[Compiled by the author]

Rather, execution cases in India have dropped progressively compared to the previous decades. From approximately 140 executions p.a. between 1954 and 1963, it was nearly 1 execution p.a. during 1996 and 2000, and between 1998 and 2007, there was only 1 execution.[4]

The figures appear statistically insignificant in comparison to the other countries who have retained capital punishment. In 2015, USA (the only G7 nation to have retained capital punishment) executed 28 convicts, while Pakistan, Indonesia and Saudi Arabia executed 326, 14 and 158 convicts[5] respectively. Amnesty International (AI) is of the opinion that thousands have been executed in China in 2015. Death is awarded for many reasons, including homicide, drug trafficking, treason, crimes against the state, rape, economic crimes (China), sodomy, religious offences such as apostasy (many Islamic countries), blasphemy (Saudi Arabia, Iran, Pakistan), practicing witchcraft (Afghanistan) and forms of aggravated robbery (Saudi Arabia, Kenya, Zambia).

> The EU is unlikely to extradite any terror suspect without guarantees from the Government of India that death sentence shall not be imposed on the deportees

As per Article 302 of IPC, murder is an offence punishable by death. Committing of murder during armed robbery, using unlicensed firearms/explosives that cause death, engaging in organized crime involving death, committing/assisting another person in committing Sati, bearing false witness in a capital case against a member of a SC/ST, abetting the suicide of children or the mentally ill – all fall within the purview of death penalty. Section 354(3) of the CPC stipulates a judge to cite "special reasons" for awarding death sentences. Naturally, the gravest of cases where the farthest culpability of the offender has been proved beyond a shadow of doubt, can only evoke the same. Since the Bachan Singh vs. State of Punjab case (1980), it has been held that the death penalty can be imposed only in the *rarest of rare* cases. Hence, life imprisonment is the rule and execution – the odd and infrequent exception.

There is, however, his/her prior crime-record, his/her chances of reform and integration in the mainstream society etc. A rigorous determination of whether the survival of an orderly society demands the extinction of the offender, and whether not imposing death sentence on him/her would make a mockery out of Article 302 is imperative here. Brutal and planned carnage without allowing the victims any opportunity to defend themselves are the factors that generally nails the epithet.

On 31 August 2015, the Law Commission, in its report to the GOI recommended the abolition of capital punishment for all crimes in India, excepting that of waging war against the nation or for terrorism-related offences. With prominent leanings towards abolition of death-penalty in the country, the recommendation took adequate cognizance of the emerging view of the lack of deterrent effect of death-penalty on criminals, its arbitrary and flawed application and so on. However, it was not a unanimous decision, with one full-time member Justice (Retd) Usha Mehra and both the ex-officio members - Law Secretary P K Malhotra and Legislative Secretary Sanjay Singh - noting their dissents. They maintained their reservations that apart from crimes impinging on national security, there were still others that deserved death penalty.

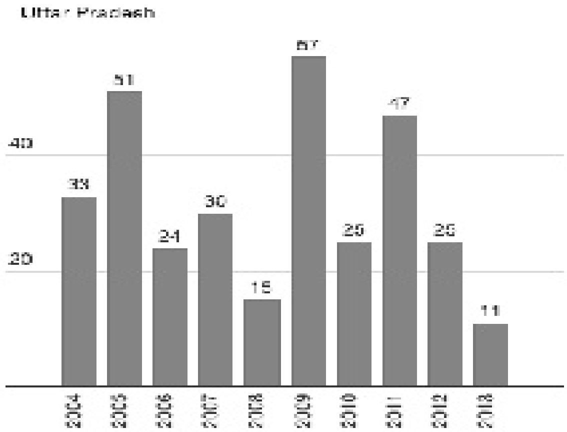
It's true that a person cannot be rehabilitated after his execution. Death penalty is final and may be grotesque and barbaric. There may also be that wee bit chance of mistake seeping in through the iron-clad system of justice [read: Cameron Willingham (2004), Claude Jones(2000)]. AI points out that instead of rising, crime figures in countries that have forbidden death penalty have receded. In Canada, the murder rate in 2008 was less than half of that in 1976 (when death penalty was abolished).[6]

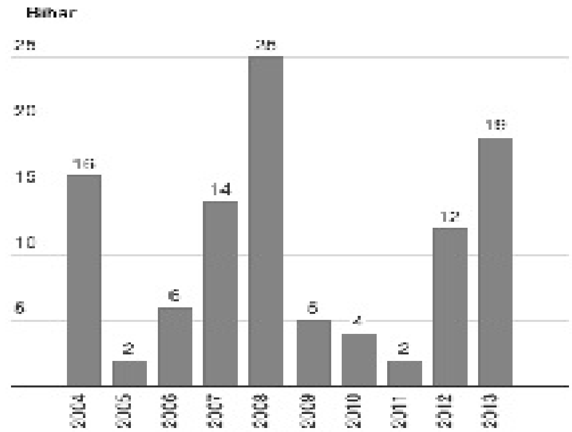
Two-thirds of the global nations have stopped capital punishment and yes, India remains in the minority. We don't have mandatory death penalty, anymore. The Supreme Court in *Mithu vs. State of Punjab* (1983) scrapped Section 303 of the IPC, which stipulated mandatory death sentence for life sentence servers.

The last three executions in India were all terrorism linked. All of them were executed amidst tightest security, exercising utmost discretion, because the opinion as to their diabolical end was divided right down the middle. While an enormous section sympathized with the victims

Top 5 States (Prisoners Awarded Capital Punishment, 2004-2013)

Top 6 States





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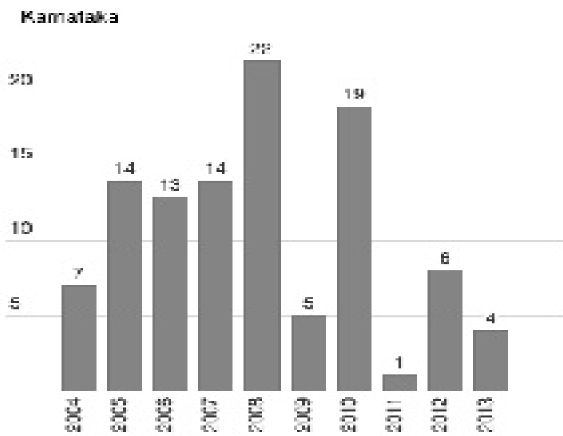

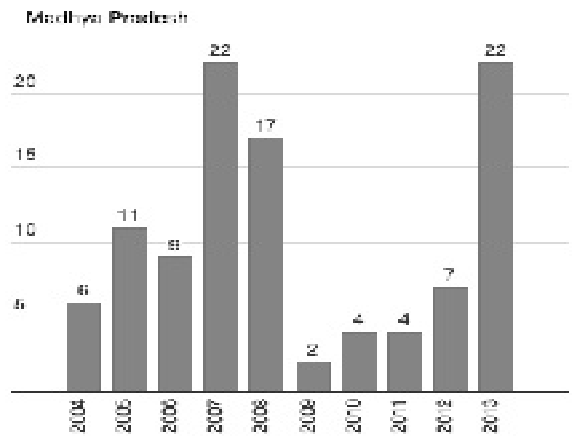

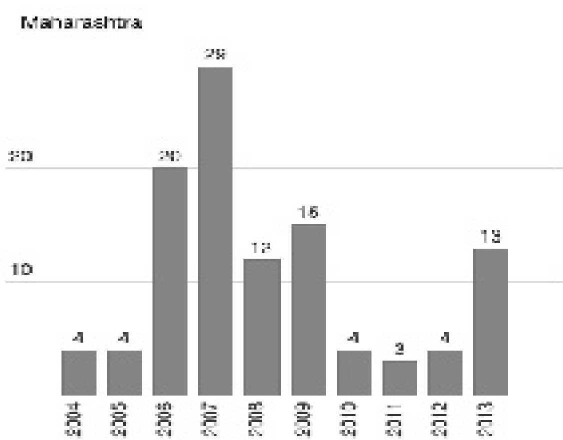

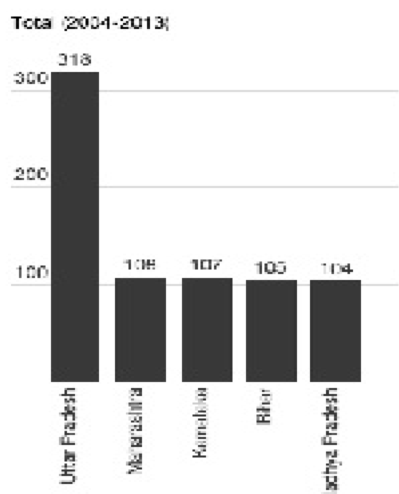

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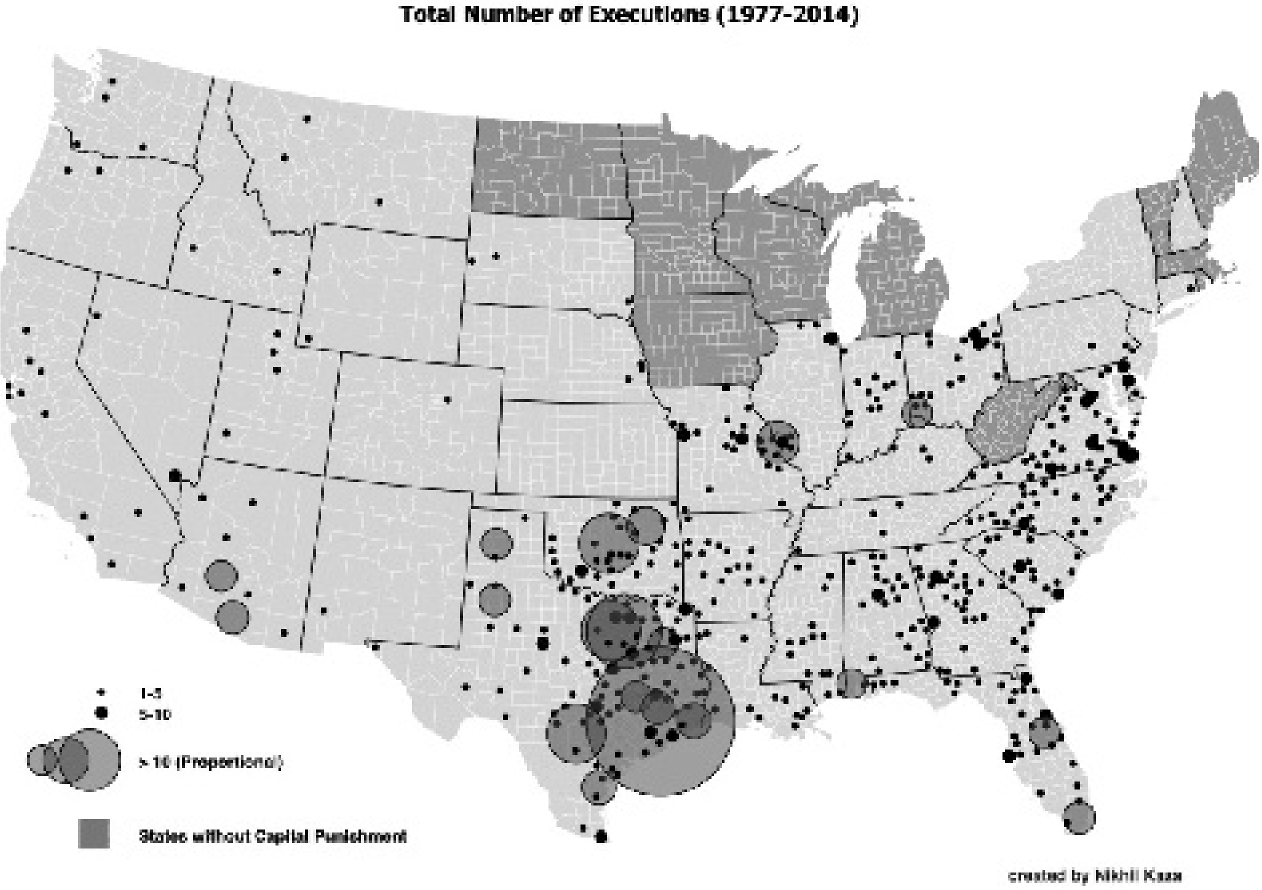


and supported the execution, there were still many who rallied for the criminal to continue living in jail on taxpayers' money. Are we ready for another Kandahar hijack (1999) or worse? The ill-fated Indian Airlines flight IC 814 was hijacked primarily to secure the successful release of convicted terrorists who were at the time lodged in Indian prison, and were finding it a little inconvenient to vent their sinister plans in full throttle. Post-release, a terrorist outfit was formed taking credits for the attacks on Indian Parliament as well as others.

Lately, the Supreme Court has refrained from awarding death in richly deserved cases such as Graham Staines, Jessica Lall and Priyadarshini Mattoo murder cases, on the ground that these were not "rarest of rare". It commuted the death penalty of Rajiv Gandhi's killers to life imprisonment in February 2014 for the inordinate delay in deciding their mercy pleas. The death sentence of the convict of the 1993 terror attack was similarly commuted.

But the award of death penalty to him at the outset had earned India the following note in the Asian Centre for Human Rights "(t)he EU is unlikely to extradite any terror suspect without guarantees from the Government of India that death sentence shall not be imposed on the deportees......"[7]

Again, the prime accused in the two terror attacks in Surat (Gujarat) in 1993 was arrested by the British authorities in 2010, based on an Interpol warrant. The British Court extradited him in 2012, but he cunningly escaped citing "a real risk of torture" in India. Still, the matter is being doggedly pursued as reassured by the Home Ministry. But the execution of the terrorist convicted for the Bombay blasts throws the spanner, here. Again having not ratified UN Convention Against Torture, India has been unable to get its hands on the prime accused in the Purulia arms drop case.

Inspite of such bottlenecks there is an invincible logic in retaining death penalty. Death penalty is irrevocably linked to the paralyzing fear of certain death. Death, the most assured event in a person's life also evokes in him the most primal of fears, and these criminals are no exception. If it was certain that these people will have to die as soon as the long arm of the law caught up with them, they would probably dither before inflicting the most gruesome fate on their victims. But for the fear of death penalty to be most lethal, the case should be on fast-track, and not stew on for years. And there should be absolute certainty of execution with no commutation/clemency at the end of the road. The fear for own life alone may daunt these 'rarest of rare' criminals. Those who argue that militants are in the game of killing (for religion or otherwise) for martyrhood and do not fear death would probably gape at the number of mercy petitions filed by convicted terrorists in their attempts to dodge the noose.

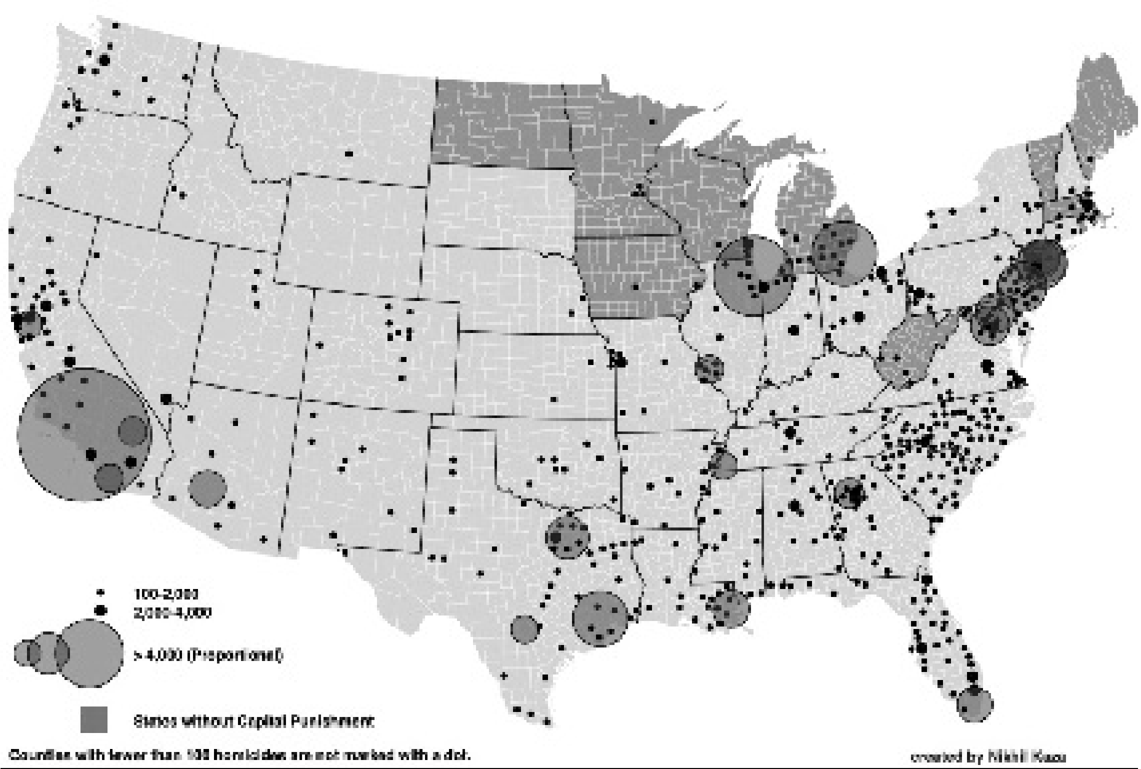
Here, the case of a US convict who killed people for fun and managed to murder at least thirty is noteworthy. Nine years in prison till his execution, he exhausted every single legal point in the book to evade death. He was aiming for a life without parole – which meant confinement for 23 hours per day in a tiny concrete cell, with 1 hour of daily exercise; with no access to other inmates; rare contact with guards, who say almost nothing to him; no view of the outside world except a tiny sliver of sky—til the end. Yet he preferred it to capital punishment.

In India, notorious death-row convicts are kept in solitary confinement cells (*anda cell*) too, under round the clock monitoring. Yet they prefer it to facing the gallows. So it is the certainty of their own death, with no possibility of a slip or reprieve, that may deter these criminals from meting out that final blow.

> The need of the hour is to retain it.... We should have faith in the wisdom of our judges that they will exercise this power only in deserving cases...

We are not throwing them to hungry dogs to feed. We are not stoning or whipping them to death in full public glare. Our nation very discreetly is putting them to the gallows, those rarest of rare associates of devils for successfully shaking up the collective conscience of India. So here I rest my case with the conclusive remarks of Justice Mehra,

Total Number of Homicides by County (1984 - 2012)



"Recommending blanket abolition of death sentence or moratorium on death penalty in heinous crimes is not an appropriate course particularly keeping in view the circumstances prevailing in our country."[8]

Law Secretary Malhotra echoed in his dissent. "The need of the hour is to retain it.... We should have faith in the wisdom of our judges that they will exercise this power only in deserving cases..."[9]

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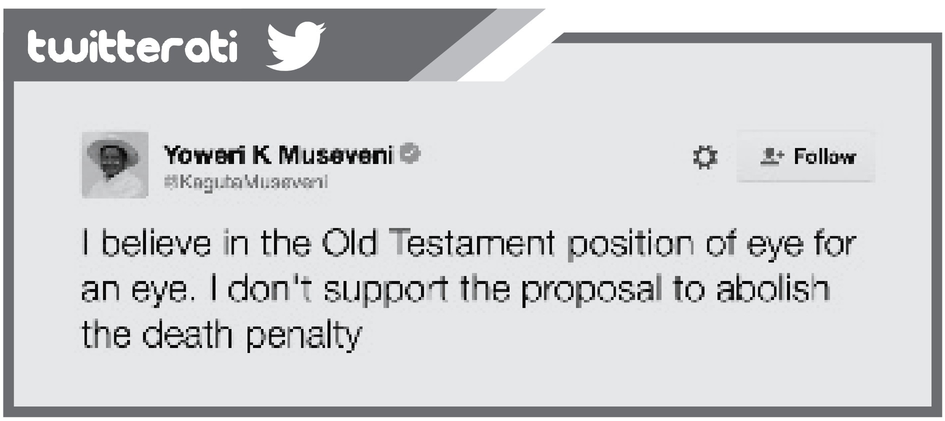
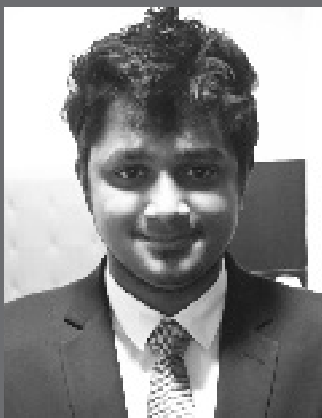




Shubham Agarwal
Department of Commerce (Morning), 3rd Year

And We All Fall Down

EUROPE: THE RISE AND FALL OF A POST-WAR DREAM

FEATURE

> “The survival of the EU with a single border, a common currency, and a stable membership appears less likely than ever before.”

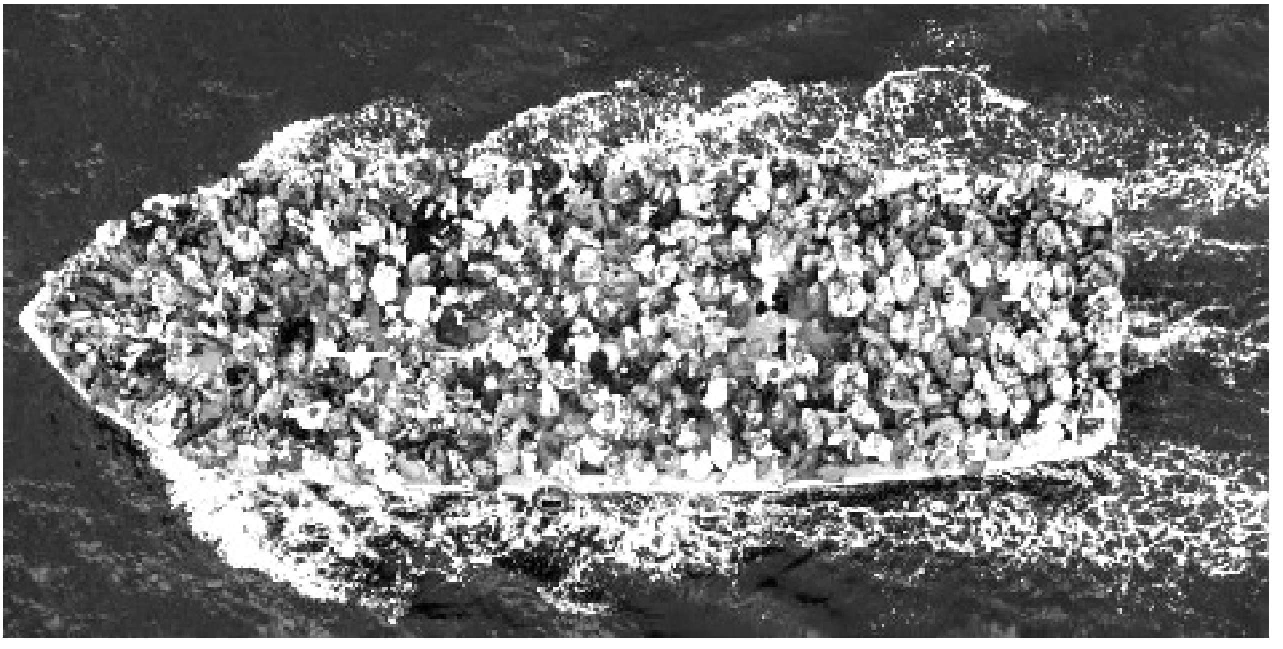
The European Union is under siege. The single-border principle at the core of the union has been tested by the arrival of tens of thousands of refugees from Afghanistan, Iraq and Syria. The financial catastrophe underway in Greece has stunted the European economy. Lately, the United Kingdom has called to exit the European Union. The survival of the EU with a single border, a common currency, and a stable membership appears less likely than ever before.

European federalists discard these complications as growing pains. They note that the EU is an incredibly ambitious work-in-progress, one that finds its roots in the vision of a Europe that challenges the deep-seated notions of sovereignty and statehood. Post World War II, Jean Monnet, considered by most to be the founding father of the EU, wrote, *“There will be no peace in Europe if the states are reconstituted on the basis of national sovereignty. The countries of Europe are too small to guarantee their peoples the necessary prosperity and social development. The European states must constitute themselves into a federation.”* Monnet’s vision of a union was one that would be built through cooperation and common markets. The fundamental question remains whether that vision can hold its ground against the blows that have rained down on the EU since the emergence of the financial crisis in 2008.

> They note that the EU is an incredibly ambitious work-in-progress, one that finds its roots in the vision of a Europe that challenges the deep-seated notions of sovereignty and statehood.

When the euro was adopted in 1999, most states voiced concerns that the monetary union would obstruct them in responding properly to financial crises because it forfeited their ability to devalue their currencies, which most economists advocate as the best response to such situations. But the political rationale of binding the continent together through a single currency trumped the doubts. Proponents of a single currency argued that crisis could be averted by conforming to a set of rules (the Maastricht rules) that restricted countries from accumulating too much debt.

trillion euros to keep the currency afloat and the Eurozone's members financially stable. The EU also established new institutions designed to help the member states respond to a crisis: the European Stability Mechanism, a new fiscal compact, and a European Banking Union, presently under construction. The power of the European Central Bank increased, making it the most effective and active participant in the Eurozone crisis.



The view of the European federalists took a major hit in 2008, when the financial crisis spread from America to Europe. In October 2009, when George Papandreou was elected Greece's Prime Minister, he learned that his country had hugely under reported its debt levels. Greece's creditors, principally French and German banks, lay overexposed. Apprehensive that the crisis would spread, the European Union called in The International Monetary Fund. It did, and soon Italy, Portugal, and Spain were all affected. Negotiations were initiated between each government and the so-called troika— the IMF, the European Central Bank and the European Commission—which resulted in EU-IMF programs in Greece, Portugal, and Spain.

The response by the EU and the showdowns it produced in the subsequent years have been interpreted by intellectuals in two ways. One view holds that the crisis has drawn Europe closer together. Despite an eroding sense of European solidarity, EU member states committed nearly a

A less optimistic interpretation of the crisis is that the EU, far from being brought together, has been split down the middle. Southern European nations, including Greece, Italy, and Spain, blame the EU for vindictive austerity measures that have left millions jobless. Meanwhile, north European states such as Germany, the United Kingdom and the Netherlands criticize the EU for not being strict enough with highly indebted member states. Top officials across countries have openly called on Greece to exit the monetary union or the Eurozone. The migrant crisis has precipitated a similar split, as the bulk of the burden has been shouldered by southern and eastern states, breeding resentment toward their northern and western neighbours.

It requires great optimism to interpret the EU's response to the currency crisis as proof that the union's institutions can steer the continent toward greater integration. More probable is the prospect of a more fractious, divided union, straying from the vision of its founders and champions.

A LESS PERFECT UNION

The results of the 2014 EU parliamentary elections swept an extraordinary number of anti-EU and anti-Eurozone parties into power. In France, it was the right-wing National Front that won the largest share of the vote. In the UK, that distinction went to UK Independence Party, known for its anti-EU stand. In Netherlands, the Party for Freedom, which favours withdrawal from the EU and the Neo-Nazi party Golden Dawn in Greece that has staunchly opposed Greece's participation in the EU and the Eurozone, had the maximum vote share.

In light of stringent government cutbacks across Europe, these results are not surprising. In wake of the 2008 financial crisis, austerity measures meant fewer jobs, less affordable health care, minimum pensions, curtailed school budgets, and cutbacks to government services. People are feeling the pinch, and they are afraid. The support for populist and nationalist parties has risen, while public opinion for the EU has declined.

The Eurozone crisis has only made it evident that EU's rules on debt management weren't being enforced, and that it's policies and regulations were inadequate and ill equipped for cross-border issues. The EU had no fiscal capacity to bail out a member state but the member states still held together, aware that a Grexit would prove to be costlier than the cost of a bailout. This resulted in a treaty creating the European Stability Mechanism that comes with an emergency lending capacity of 500 billion euros. The EU leaders have also committed themselves to a new banking union.

The crises have cracked the very foundations of European integration.

The new institutions may sound promising, but no one's sure if they are sufficient to deal with a parallel scenario in the future. Since Germany remains terrified of anything that involves sharing liabilities, the banking union has no common deposit insurance and no single backstop with which to bail out banks. There is little to suggest that the whole initiative wouldn't fail if Germany does not abide by it.

THE FUTURE OF EUROPE

Europe has survived quite a few crisis situations so far, but it seems unlikely to evolve any further into a cohesive superstate. The EU, far from being drawn together as a result of multiple crises, has been split down the middle. Three possibilities seem likely at the moment - the rise of localism, regionalism, and even separatism. The past year has witnessed the renewed strength of Scottish and Catalan separatists, suggesting that many Europeans yearn for more autonomy. One way the European Union could respond is by accommodating, rather than thwarting, the emergence of small independent states that might see closer ties with EU as a form of freedom.

The growth of the European Union has always gone hand in hand with demands for autonomy within it. Indeed, such demands have been made plausible by the EU itself: for example, Scots, in all probability, would find the idea of secession from the UK unattractive if there were no European Union for an independent Scotland to join. But, problems for the EU will only begin if they were to accept Scotland as a member. The Catalans, the Basques, and others would soon be lining up next, opening the floodgates to secessionism, and none of the major powers in the EU will permit this.

A second probable future would see the bolstering of Germany's de facto hegemony within the EU. France and Italy are on the decline as far as influence and economic power is concerned, and the United Kingdom is not a Eurozone member, thus paving the way for a resilient

FEATURE

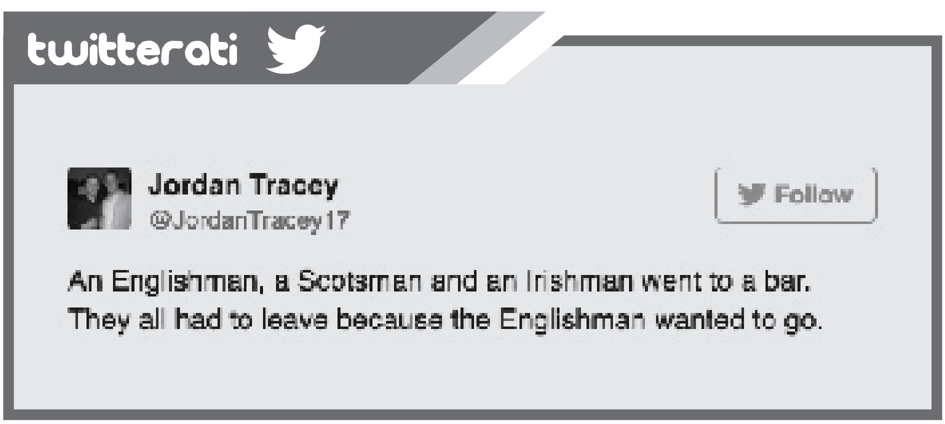
Germany to become even more powerful as the core of the EU. Merkel's leadership is driving European integration forward, providing resources to ensure that the European Union succeeds, even as the resolve of other member states enfeebles.

A third future for Europe hinges on its fast-changing demographics. Crucially, the continent's falling birthrates and aging populations have created a demand for immigrant labor. In 2014, the OECD and the European Commission reported that Europe's working population is projected to decline by 7 million between 2015 and 2020, and in a case of zero net immigration, it could fall by up to 11 million. Just as it needs to compete globally for talent, Europe is suffering from a shortage of skilled labour.

Europe is on its way to becoming one of the most diverse regions of the world. Germany now ranks third in the highest number of immigrants, and the highest in the EU. Great Britain comes a close second. As these European economies continue to grow, so will their demand for immigrant workers. Immigration will be unstoppable geopolitically, and also demographically and economically necessary. This shall only make old European identities porous, thus furthering European integration.

Having said the above, the most likely future of the EU seems to be ongoing cooperation under German leadership. However, German influence in the EU will have to be kept under check by Europe's larger players. They'll also need to keep Germany focused and constrained by the mutual benefits of the union.

The idea of European federation promised prosperity within Europe's borders, in addition to global influence. But Europe is hardly on the path towards such a future. The crises have cracked the very foundations of European integration. The European states have successfully cooperated for over six decades now and are likely to continue to do so, though under an umbrella of German hegemony. This will result in a Europe that continues to use, but does not fully capitalize on its collective political and economic weight in the world.



Akanksha
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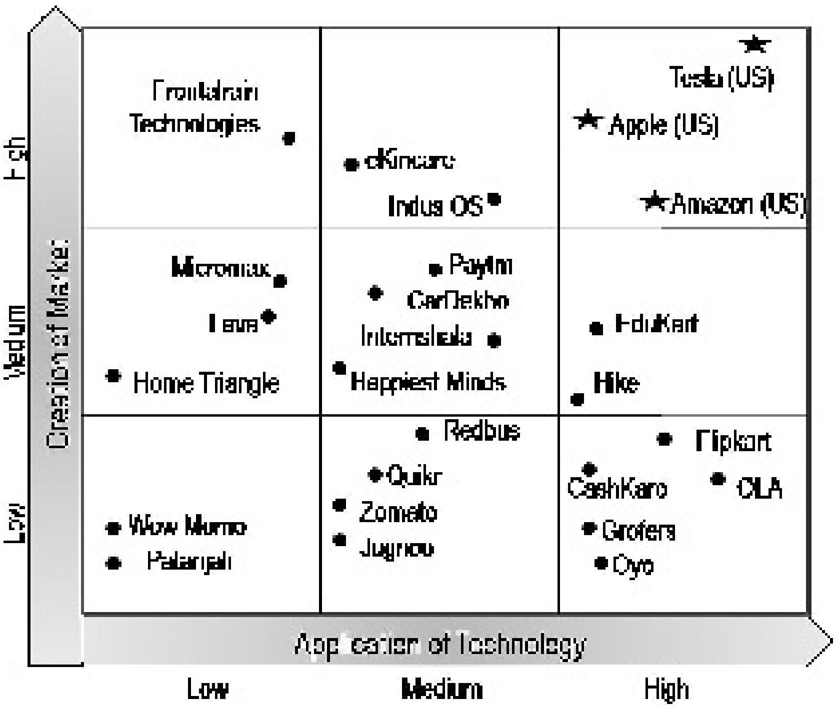
Indian Startup Crossroads

THE BUSINESS BUBBLE

With dreams in her eyes, ideas in her mind, energy in her form and passion in her soul, the young, dynamic and optimistic India jumped onto the startup bandwagon. We saw innovation and a rush of excitement flow through the country's business eco-system. It is indeed great to recognise that young India has finally taken a predilection for start-ups and innovations. While it is true that 'start-ups' is the buzzword at Indian technology and management campuses, on the map of global innovation there is no significant upgrade in Indian Innovative Index. In fact, if one goes by the Forbes global list of '100 Most Innovative Companies', the number of Indian companies have reduced from 5 in 2014 to 3 in 2016. The list has still more surprises in store. None of these companies are less than 35 years young (the youngest being Sun Pharma, which was founded in 1981), which is a little more than the age of start-up stars such as Sachin Bansal, founder of Flipkart. This prestigious list not only neglects the Indian tech-innovations but also lays under-emphasis on e-commerce, with only two e-commerce companies in the Top 20 (Amazon.com, USA on 8th place and Rakuten, Japan on 19th), that appears to be bursting at the seams of India's commerce landscape. This shows that e-commerce innovations including the likes of ShopClues and Housing.com in India, from a global standpoint, are merely bubbles in hot water, simmering in a cauldron, waiting to burst at the meniscus. However, if we move a little away from 'Internet and Catalogue based Retailing', there appears to be a little more sunshine when we apply the innovation matrix (application of technology on x-axis and creation of markets on y-axis) on some of the other Indian start-ups.

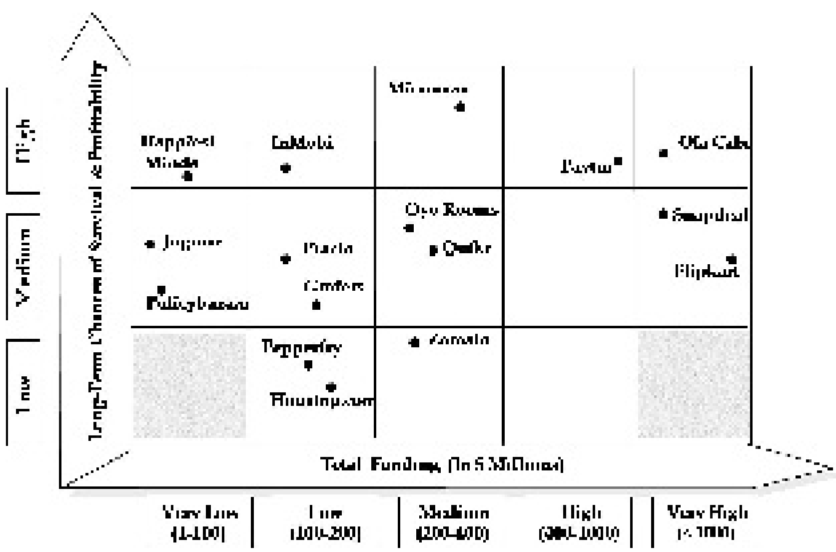
"If one goes by the Forbes global list of '100 Most Innovative Companies', the number of Indian companies have reduced from 5 in 2014 to 3 in 2016."



As shown in the chart above, startups like Happiest Minds (IT solutions and Cloud telephony), Internshala (Placement portal for interns), Indus OS (Multi- lingual made-in-India operating system), Frontalrain Technologies (Food & Agribusiness software), Home Triangle (Integrated home decoration and maintenance services) and eKincare (Healthcare Management) have been applying architectural and disruptive innovations in sectors where the markets were comparatively new and fragmented. However, none of the Indian startups appears comparable to innovation giants like Tesla and Apple that brought in radical innovations.

With high initial valuations, most online startups in India received millions as investments from venture capitalists. On a venture-capital high, e-commerce and food- tech startups like Flipkart, Snapdeal, TinyOwl, ShopClues, etc. began burning vast cash reserves to offer rock-bottom prices and lure new customers with steep discounts and associated deals that sound too good to be true, thereby, incurring operating losses of more than twenty percent of their revenues in order to capture markets.

While most of the start-ups argued that they have efficient tracking systems and discounts are given only to high potential customers, it is clear to the discerning that product / service differentiation is low and brand loyalty scarce, and customers can only be retained through continual lowering of prices. This had already led to fatalities in the food tech segment with the likes of Langhar, Dazo, OrderSnack shutting down operations and Zomato & TinyOwl struggling to survive. They would only survive till their investors value them highly and keep providing them with cash for rampant spending. This goes against the sound logic of business and is a surefire way for the start-ups to join as junior members of now famous 'Indian Kingfisher League'. Kingfisher Airlines, a start-up in 2003, could not survive ten long summers despite the support of strong cash-chest reinforced by long and short-term debt funding of 17 public sector banks. Kingfisher's cash burn rate and cash losses were simply too high compared to the revenues and operating profits it made. Alas! Other start-ups are not as lucky to survive that long. With the direct and subtle entry of e-commerce giants like Amazon and Alibaba, these e-commerce startups would be soon gasping for breath. The pictorial representation that appears below aptly illustrates this phenomenon.

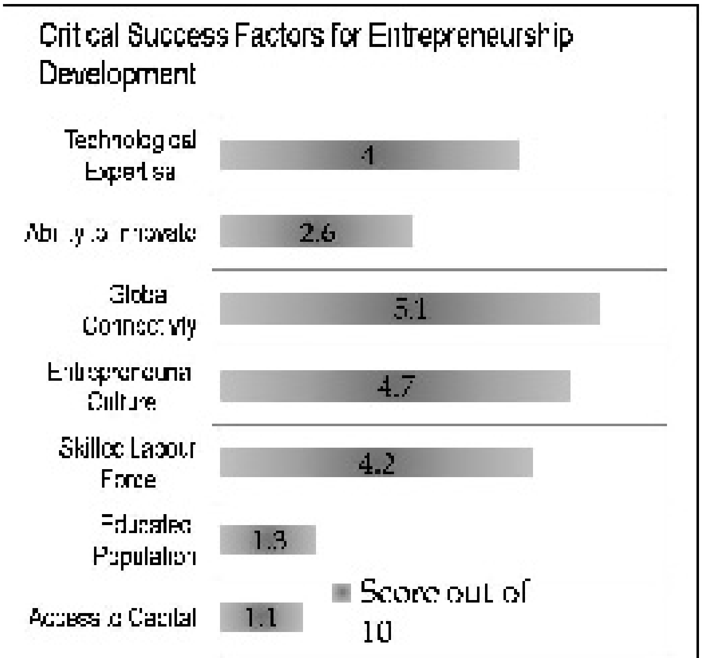


The current market structure tends towards perfect competition scenario, where there are no entry and exit barriers, absolute dissemination of information to customers with very little product and service differentiation. However, as we move in market continuum, with growing degrees of market imperfection, the competition starts dwindling, thereby, increasing the rate of survival of start-ups. To illustrate, in the case of online taxi aggregators, there appears to be constraints including government regulations and road densities of cities at play. With the central government planning to amend Section 93 of the Motor Vehicles Act and bringing taxi aggregators such as Ola, Uber and Meru under the regulation of state governments, they, too, will have to apply for commercial taxi licenses and compete with the 'yellow-black' taxis. Since the number of commercial taxis in a particular city is regulated, Indian start-ups such as Ola, operating in over hundred cities, will have a head-start in comparison to Uber. They will survive even without discounts as they are likely to offer more taxis, more rides to customers thereby creating imperfect competition together with existing cab services of 'kali - peeli' taxis. Similarly in the e-wallet landscape, introduction of the Unified Payments Interface (UPI) to allow payments without carrying cash with a single virtual ID might threaten businesses of mobile and online wallets like MobiKwik. However, with Paytm getting an in-principle approval of the RBI to act as a payments bank, its survival and growth is obvious. Other e-wallets such as Oxigen have received permission to operate under the Bharat Bill Payment System (BBPS) that will allow people to pay utility bills from anywhere at any time. Thus, the requirement of government approvals effectively checkmates the number of operating players in the market space, thus, reducing the intensity of competition. Nonetheless, number of such start-ups would curtail itself, though existing ones would flourish to endure the paradigm shift.

Since the number of commercial taxis in a particular city is regulated, Indian start-ups such as Ola, operating in over hundred cities, will have a head-start in comparison to Uber.

So far, the start-ups we discussed largely had their customers in urban panorama dotting Indian megacities and metro cities, with populations exceeding 2 million. If we look at lower-down pecking order and deeper into the small-town and rural India, we notice too many shiny colourful mobile phones – bulk of them bearing the logos of Indian mobile handset start-ups. Start-ups such as Micromax, Lava, Intex and Karbonn have played the price trump card that always has a lot of pent-up demand in the Indian market and have created a new market segment providing value-for-money feature phones and smart phones to the lower and middle class customers. Even as Samsung reigns supreme in the market, these Indian startups are fiercely competing to protect their market share while devouring that of other foreign ones such as Nokia (Microsoft), Apple, LG, Lenovo, etc. Many of these have resorted to providing unparallel service, unheard of in the past. Practices such as training grocers and beetle-shop keepers on using FEATURE, training customers and repairing minor issues have led to an unprecedented rise in smart phone sales and usage. This is a market segment where the marginal cost of the product has inched closer to the product price itself. Further discounts, if any, would cut through the viability of operating economics and consequences could be devastating. Thus, deeper discounts are an improbable possibility.

Continuing in the same economic demography of middles and lower-middles, we notice the colossal rise of Patanjali Ayurveda, pillion riding on the ayurvedic appeal and economical brands, is challenging the customer base of established FMCG MNCs such as Colgate Palmolive, Hindustan Unilever, Dabur, Britannia and Emami. In this case, allure of ayurveda and perceived associated health benefits overpower attraction of cost-effective products. This phenomenon will sustain and would not require deep discounts in future as already we notice some Patanjali brands command a premium price in the market.



Source: Annual Study Report by BAV Consulting and the Wharton School on Best Countries for Entrepreneurs (2016)

The evolving Indian startup scenario, today, is a mélange of potential successes and failures. The survivors will be the ones who have endeared themselves to the masses with their uniquely customized and differentiated products and services. However, for the entire startup ecosystem in India to emerge as a winner in the global panorama, escalating economic growth, rising consumerism and imitative entrepreneurship would not be enough. India would need to see the rise of start-ups that venture into and create new markets while innovating voraciously. If the report on 'Best Countries for Entrepreneur' compiled by the Wharton School, BAV Consulting, and *U.S. News & World Report*, is considered (refer to the highlights in the chart), that ranked India 22nd among 60 nations, India has a good entrepreneurial culture (4.7 on a scale of 10) but with low innovativenes, that is almost half of the former (2.6 out of 10).

The survivors will be the ones who have endeared themselves to the masses with their uniquely customized and differentiated products and services.

The inadequacy in innovation among Indians can be, perhaps, attributed to over-emphasis on structured, marks-focused learning and psychological conditioning thereupon catalyzing them to follow beaten tracks rather than virgin dreams shaping innovative products and services. The day the majority of young Indians are given the freedom to explore, discover, experiment and learn, India is destined to witness a meteoric rise in radical innovations and path breaking entrepreneurship. We need bright Indians willing to wade through risks without unduly worrying about what will ensue. A true entrepreneur is like a young child pondering at the sight of a rain-fed puddle. He does not think twice before jumping across or jumping into the puddle, but simply acts unmindful of the splash, soiling of his dress, unafraid of the rebukes, getting drenched into the pleasures of doing it. After all, a stupendous success outweighs a thousand failures.

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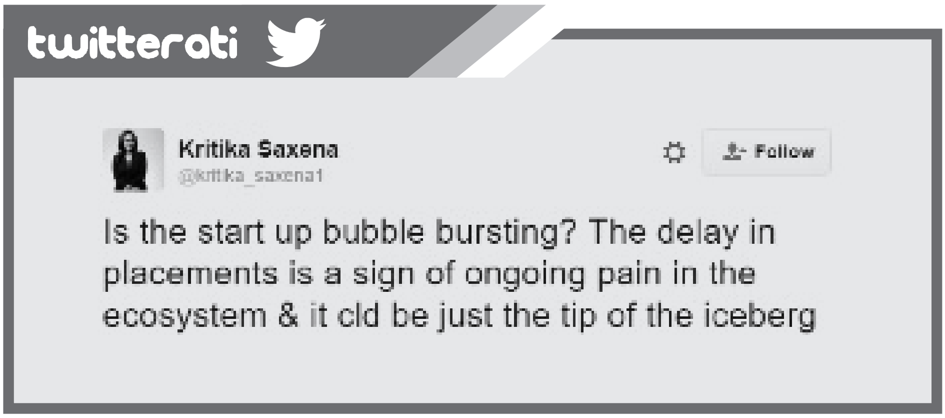

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The Yuan Devaluation Paradox

INDIA'S DOUBLE-EDGED SWORD

> "Instead of accepting the slack, the dragon undertook measures to further push and extend its economic growth."

"A bad year in China is going to be a great year in any other country"
Ray Dalio,
Founder, Bridgewater Associates

INTRODUCTION

The growth of China has been one of the greatest growth stories of mankind. The land of the dragon - credited with the discovery of gunpowder, tea and silk among others - has overcome invasions, colonisation and Western supremacy to hold its own in the world. Established in 1949 as a Soviet styled centrally planned economy, the dragon broke out of its eggshell, pursuing the policies of economic liberalisation and global integration post 1978. Soon thereafter, it embarked on an aggressive growth spree based on huge exports and infrastructural development which also resulted in widespread diminution of poverty and rise in prosperity. The fastest growing economy in the world from 1980 to 2008, Chinese growth began showing signs of deceleration in 2008. China had already topped foreign investments that had reached a zenith of 49% of the GDP, its working age population had peaked in 2012 and it had reduced technological gap with advanced nations by 2015. But instead of accepting the slack, the dragon undertook measures to further push and extend its economic growth. The government undertook various countermeasures to regain the competitiveness of the economy, including the devaluation of its currency, the Yuan Renminbi, which left financial markets jittery around the world.

THE RISE BEFORE THE FALL

In 1950, China was rife with extreme poverty, similar to that of Independent India, but only much more aggravated. Much cannot be said about the growth process during this period but Chinese fortunes improved with the advent of liberalisation in 1978. From then onwards, China went on a rapid industrialization and urbanisation process. They gathered their peasant class together and provided them with capital equipment (Western technology). The cheap labour force with improved productivity started sourcing huge amount of exports. This explains how the Chinese were able to flood markets around the world with their products. Usually, labour intensive countries are known to adopt labour intensive production techniques. China went for the contrary and by coupling cheap labour with capital equipment, generated massive production and flooded the foreign markets, providing stiff competition to the domestic manufacturers there.

Now as part of industrialization and urbanization, China invested heavily in fixed assets; the likes of infrastructure and real estate. Since ports, roads and transport systems were necessary to further productivity, huge investments were undertaken in infrastructure and real estate development; some of them quite often funded by debt. Since China, for years, maintained a 'closed' capital account, money entering the country (FDI, Exports etc) remained trapped in the Chinese banks. By maintaining interest rates on deposits lower than inflation, debt financing was a common option.

These two aspects fuelled China's growth engine for nearly two decades, leading to China becoming the fastest growing economy in the world. But Chinese banks are mostly state owned; giving loans on state instructions rather than providing commercially viable loans. Such deficit financing, besides the mounting pressure of debt on the economy, created the problem of overinvestment in China, which became evident in the middle of the last decade.

The volatility of the fast-growing economy took its toll and the Chinese economy entered into a period of slowdown in the last few years. From 2007-2015, Chinese debt grew from US $7 trillion to US $28 trillion. China is one of the most indebted nations in the world with a debt-to-GDP ratio of over 250%. Further efforts to boost investment failed and China's growth declined. Factors responsible for the Chinese slump are as follows:

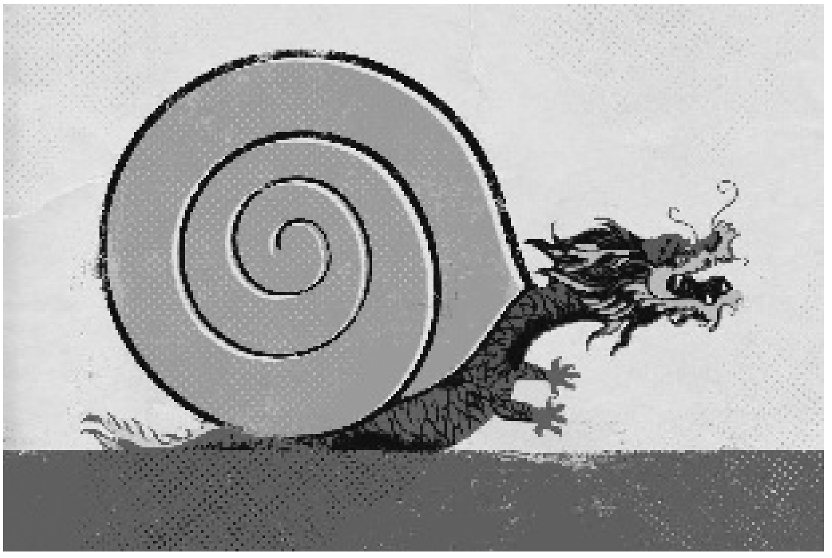
- Growing debt-to-GDP ratio and subsequent burden of repayment;
- Closed financial system leading to longer period for cleaning up of bad debts;
- Global slowdown bringing down export-driven demand of the Chinese manufacturing sector;
- Technological gap with advanced nations.

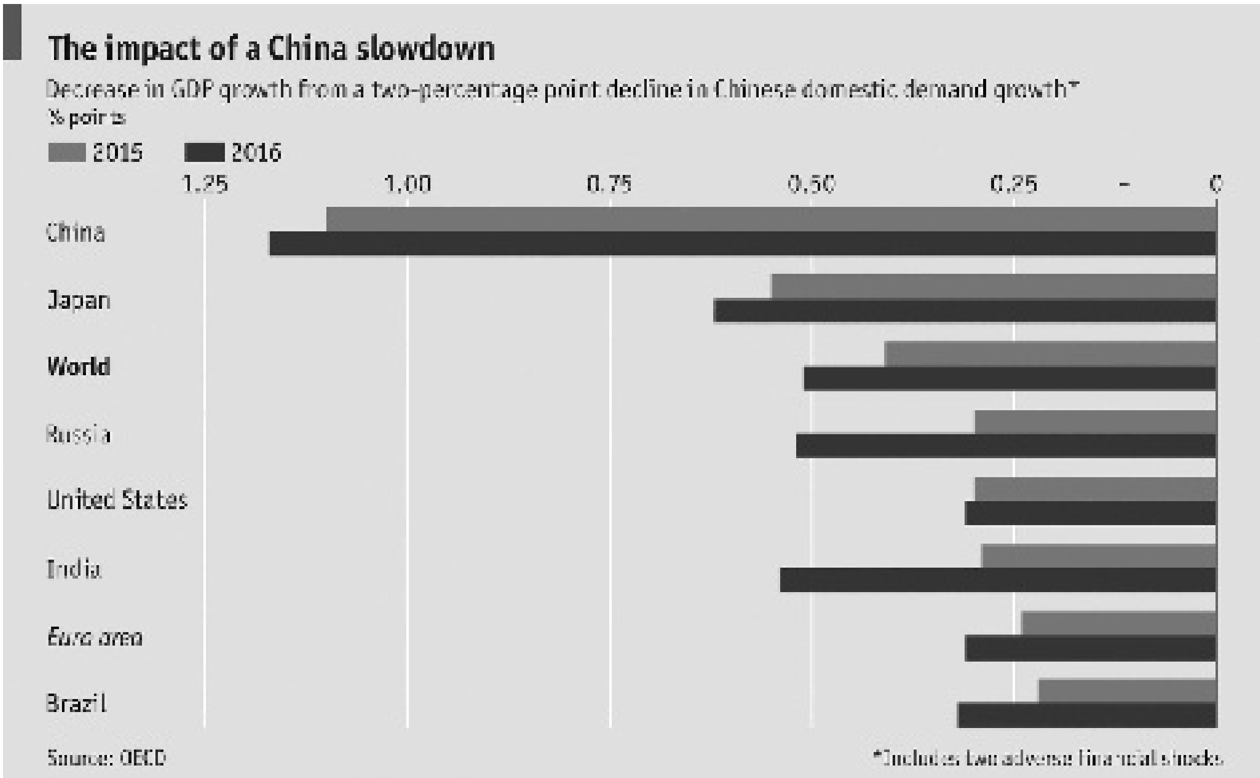
The government has taken the following steps as economic countermeasures:

- Structural adjustments shifting from the manufacturing to the service sector;
- Implementation of proactive fiscal policies to increase domestic demand;
- Moving from export-oriented growth to consumer demand-oriented growth;
- Devaluation of the Yuan Renminbi to boost exports.

Among others, it is the devaluation of the Yuan which has made the world nervous. While some accuse China of entering into a currency war, others feel it might be an attempt to make a stronger case for inclusion in the IMF's SDR basket and thus ensuring its multilateral legitimacy.

This year, China is expected to grow at 6.4%, according to the World Bank and the spill-over effects of the slowdown will be felt in trade, financial and commodity markets while further deterioration of commodity prices could trigger debt crises in commodity-dependent countries.





GLOBAL IMPACT

China being one of the biggest economies of the world, a slowdown in its economy is bound to create global ripples:

i. China is the world's largest energy consumer. The slowing Chinese demand has been the principal factor in the collapsing oil prices.

ii. Global industries in China like steel, metals and mining suffer from the problem of over-investment, which cannot be diffused quickly.

iii. China consumes up to 50% of some raw materials, and the economic slowdown is to severely impact the commodity related sector.

iv. As China's economy falls, so does that of its neighbours, trading partners and suppliers. Latin America is particularly vulnerable with 10% of its exports headed for China as also Europe, which too sends a fraction of its exports to that country.

v. Semiconductor chips, luxury goods, mining, and the automobile industries are also severely affected in China. German companies earn 15-30% of their operating earnings and Volkswagen derives half of their total revenues from China. Such companies are now recording a drastic fall in their sales as the Chinese turn local.

THE INDIAN SCENARIO

Having spent the better part of two decades dismantling the license raj, India seems to be ready for the economic metamorphosis into a superpower. Economic growth in India begun with the savings & investment rates crossing 20% in 1978-79, gained ground with the 1991 reforms and is further strengthened today by rising FDIs, government efforts towards infrastructure investments and investor-friendly policies; notwithstanding the delays in policy reforms and weaknesses of the banking sector.

India is on the way to a strengthening economic recovery led by consumer-oriented demand; the very thing China seeks now. So India has an upper hand over China in economic growth, though only temporarily.

IMPACTS OF THE YUAN DEVALUATION ON INDIA

Though India has not been tethered by Yuan devaluation as some other countries, it will witness profound deep-rooted impacts. 12% of total Indian imports comprising of Chinese goods, amounting to about $52.5 billion, would now be available more economically. Imports involve varieties of electronic gadgets, toys, etc. which are mostly sold on e-commerce sites.

China consumes mind-boggling amounts of raw materials, and that is why slowing growth may be a huge reason for apprehension for commodity producers. With prices of oil, steel and other commodities falling, the Indian consumer is all set to gain. Cheap raw materials can be used by the government for infrastructural development purposes like roads, bridges, highways, ports, stations, etc. A $1 fall in crude prices results in a $1 billion reduction in India's oil import bill. As a result, the trade deficit bill of India is declining. Cheap availability of resources like copper, coal, aluminium, nickel, uranium and oil can be used by the government for developing industries and necessary infrastructure while food grains could also be imported to counter malnutrition and starvation among impoverished masses.

India will also benefit from the influx of investors who otherwise would have invested in China. With the slump in China, the turmoil in European Union and the instability in Latin America, India is gaining in opportunity costs. The Indian government's initiative to attract FDI investments with incentives like duty drawbacks & exemptions on exports, area-based incentives as well as incentives to set up SEZs & NIMZs have borne fruit. Policy reforms have also played its part. India is currently working on improving its "ease of doing business" ratings. With 100% FDI being allowed in defence and aviation sector, foreign investments are sure to flock in.

However, if India does not work diligently to cash on these advantages presented by the Chinese slump, the very boon of the devalued Yuan could be its bane. With reduced commodity prices, Chinese producers can dump Indian markets with their products, thus throwing the domestic manufacturers out of business. This has been the case in the textile, metals and chemical industries where China offers India stiff competition. China is also a major importer of Indian goods. The economic slump will, thus, be a major blow to the Indian trade deficit.

India is on the way to a strengthening economic recovery led by consumer-oriented demand; the very thing China seeks now. So India has an upper hand over China in economic growth, though only temporarily.

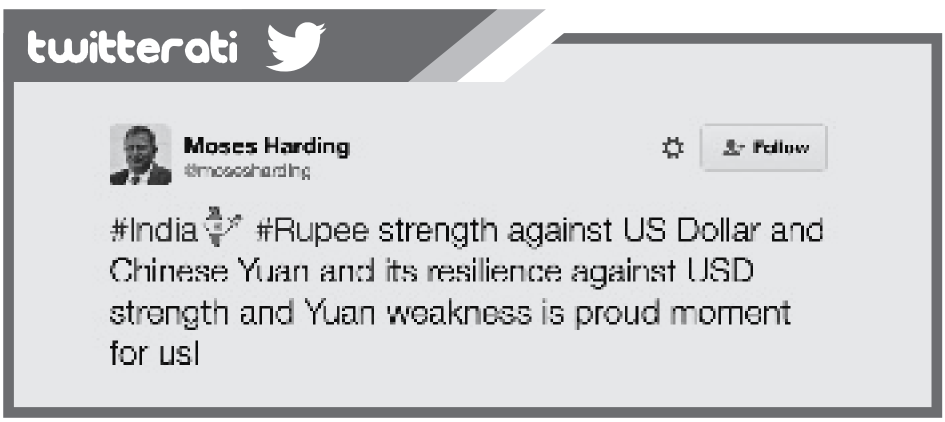
Rupee volatility is the next biggest worry for India. If rupee depreciates incessantly, imports would become costlier leading to inflation. The RBI would, then, hike interest rates that have the potential to suspend economic recovery.

> Even though India will overtake China as the fastest growing economy, it is impractical to expect India to take the place of China as a major contributor to growth.

Further, companies having dollar-dominated loans will be alarmed and the stock market returns would become unattractive to foreign investors.

For India to surface as a winner, it would have to concentrate on balanced development in all sectors and not repeat the mistake made by China of focussing only on export-led manufacturing-based growth. Though India's growth rate is fast, the magnitude of its impact on world GDP is small when compared to China or the USA. A significantly bigger but marginally slower China will continue to contribute more to global output as compared to a much smaller but faster growing India. Even though India will overtake China as the fastest growing economy, it is impractical to expect India to take the place of China as a major contributor to growth.

What India can do best now is utilise the benefits available from the Chinese slump for increasing its growth and development potential, and continue to eradicate absolute poverty. Development of all sectors, reduction of inequalities and improvement in the standard of living of people through decent jobs will help the country grow and prosper in the long run. A medley of opportunities presented before India by the aging Chinese dragon can be realised, if and only if India boosts its industrial entrepreneurial culture and continues reforms in the socio-political sphere, leading to high foreign investor and native business confidence.



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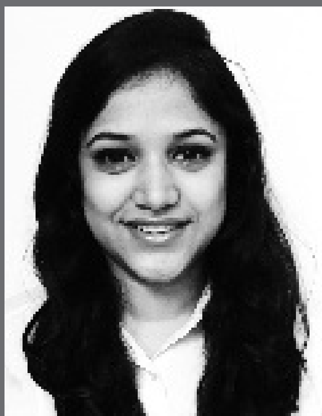

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The Aperture in Fair Play

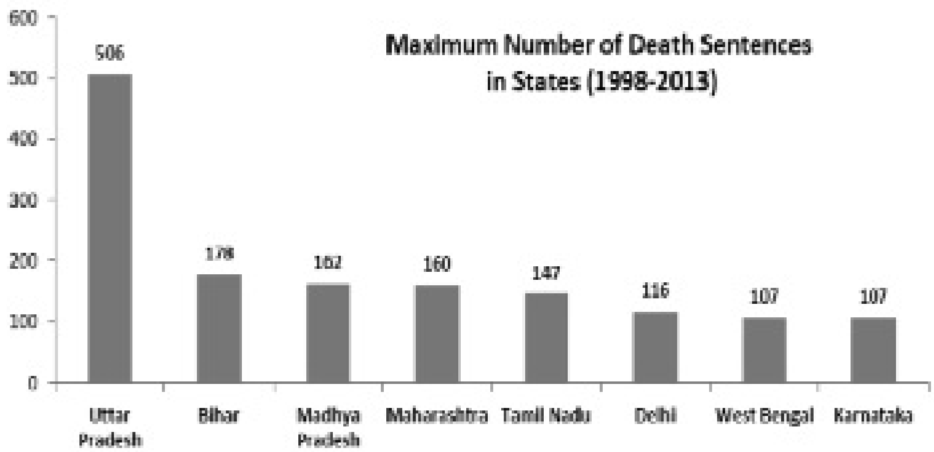
OBSCURE JUSTICE OR SALIENT HYPOCRISY?

"Don't hate the criminal, but hate the crime."

More often than not, these words resonate across our minds every time the controversy encapsulating the imposition of capital punishment resurfaces. On the conceptual front, capital punishment is a legalized practice whereby a person is sentenced to death by the court of law after being convicted of a crime where such a punishment is applicable. The indecisive argument that broaches; shouldn't heinous crime warrant as flagitious a punishment as a death sentence? Flagitious punishment, yes, but capital punishment, pensively not. There is more to capital punishment than meets the eye. It is a comprehensively designed, government-sanctioned provision to hypocritically vest in one human the power of imposing death on another human. The endeavor to impart justice itself gets negated when the law resorts to killing to condemn felony; when it kills to show that killing is wrong. The fault in the system is apparent, the verdict inconsequential.

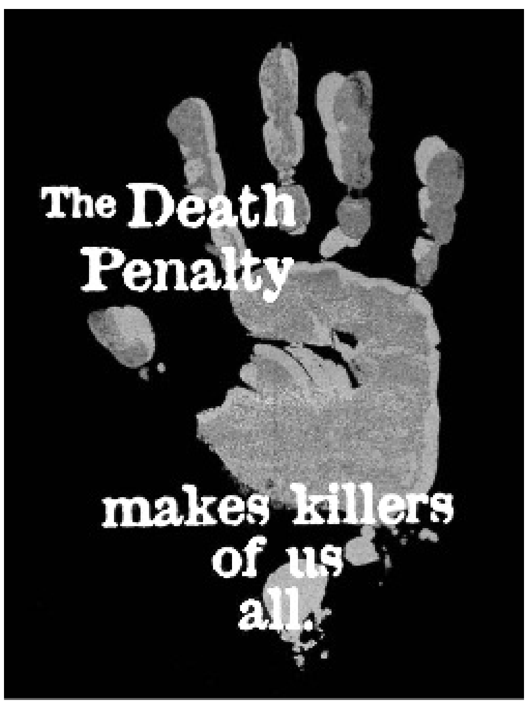
> There is no uniformity in the factors that lead to a sentence being pronounced. Hence, the likelihood of an innocent life being executed cannot be ruled out.

Globally, only 36 countries actively practice capital punishment, 103 have completely abolished it for all crimes, 6 have abolished it for all crimes excepting grave war situation and 50 have abolished it de facto (i.e. have not used it for at least ten years or are under moratorium). According to Amnesty International Report on death penalties in 2013, Iran leads the list with at least 369 executions in the year. It is followed by Iraq (169+), Saudi Arabia (79+), USA (39) and Somalia where at least 34 judicial executions were affected. China's execution figure is however not given away by the list as it classifies death



penalty a state secret. The de facto category entails Brazil, Chile, Kazakhstan and most of the West European and American countries.

Earlier the provisions of section 303 of the Indian Penal code advocated mandatory death sentence for offenders serving a life sentence which was later struck down by the Supreme Court in Mithu v/s State of Punjab. The research conducted by the National Law University, Delhi on death row convicts since 2000 has uncovered that of 1617 prisoners sentenced to death by the trial courts in India, the capital punishment was confirmed in merely 71 cases. In December 2007, India voted against a United Nations general assembly resolution calling for a moratorium on capital punishment. In November 2012, India again validated its stance on death penalty by voting against the UN draft resolution seeking a ban on the same.



There is a wrangle among the various divisions of political ideologies regarding the eradication of capital punishment. However, the rationale behind its obliteration can be furnished beyond the point of refutation. There is no uniformity in the factors that lead to a sentence being pronounced. Hence, the likelihood of an innocent life being executed cannot be ruled out. It has been reported that in the United States since the reinstatement of the death penalty in 1976, 138 innocent men and women have been acquitted of their respective charges and released from death row. There have also been such instances of judicial malfunction in India, leaving the much revered legal mechanism dismantled. In 2009, 13 years after Ravji Rao had been hanged to death for allegedly killing 5 people (including his wife and three major sons) on May 4, 1996, the supreme court declared the Ravji case "per incuriam"- a Latin term used to signify carelessness in judgment.

The case had failed to follow the Bachan Singh judgment (1980) which stated circumstances relating to "the crime as well as the criminal is looked into before pronouncing a death penalty." In 2012, 14 retired judges wrote to the President, claiming that since 1996 the Supreme Court had erroneously given the capital punishment to 15 people in 15 years. Also on the list was Surja Ram, hanged in 1997 for the alleged murder of his brother, sister-in-law, their 2 sons and an elderly neighbour over a land dispute in Rajasthan. The Supreme Court had later admitted that this judgment was another error. "An error of 25% is simply unacceptable," says Yug Mohit Chaudhary, human rights lawyer and senior advocate of the Bombay High Court. Such transgressive killing, if any, is legally scandalous and morally reprehensive, irrevocably shoving the judicial structure to the verge of dilapidation.

It has been observed recurrently that inadequate or poor quality defense works against the suspect in death penalty cases. A study at

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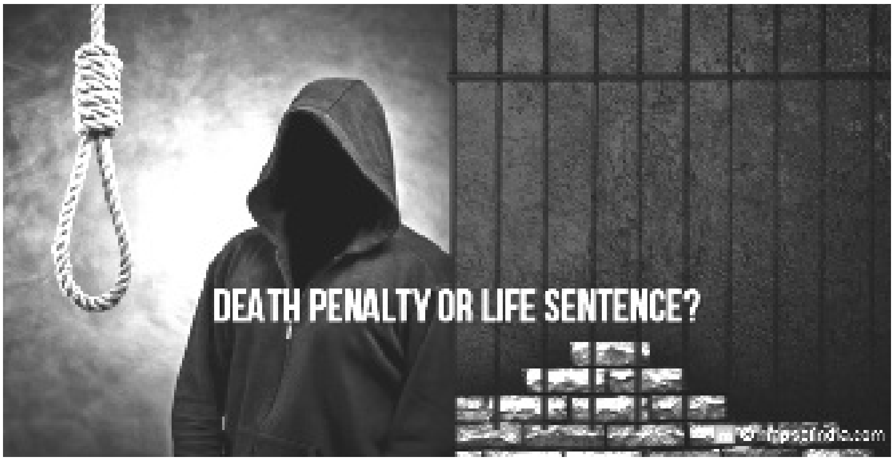

Columbia University established that 68% of the capital punishment cases were retracted on appeal with inadequate defense cited as the major reason. Research has unwaveringly stated that executions have virtually not assisted in mitigating the crime rate. When the 'State' gives an order of execution, the populace is invariably a participant. Surely the large majority of us would not want to snuff the life out of a human. Plausibly, no civilian's job description should include the right to kill another even on the pretext of inflicting legal vengeance.

Capital punishment requires painless and spontaneous killing. However, cases of excruciating deaths have been reported. An execution in Arizona raised an upheaval when Joseph Wood, a convicted murderer, took close to 2 hours to die after he was injected with an experimental chemical formula that was devised to kill him without any pain. Many a time, as in the aforesaid case, the states use experimental injection formula because pharmaceutical companies increasingly refuse to supply injections with a lethiferous content of chemicals that would kill instantaneously.

Currently in India, capital punishment is inflicted as per the Supreme Court in the "rarest of the rare cases." However this doctrine continues to spin around an abstruse orbit. In most of the stark cases of rape (leading to the death of the victims), terrorism and murder, capital punishment is induced. Ostensibly, it sounds just but delving deep into pragmatism we realize the flaw. The terrorist tribe is impervious to the fear of death. They are trained to generate massive destruction across vast expanses of land even if it costs their lives. On many occasions, the terrorists have consumed cyanide on the disrupted locations to evade police interrogation and extinguish the possibility of tracking down the masterminds. This testifies their indifference to death. Capital punishment is therefore more of an abortive solution here.

In the obnoxious case of Nirbhaya gang rape (December 16, 2012), death sentence was induced on the 5 held guilty of rape, murder, kidnapping, robbery and assault. Despite this, the rape rate in India has elevated scornfully from 24,923 women in 2012 to 27.5 million in 2015. Such unabashedly advancing crime rate prompts us to flip our eyes open to the futility of death penalty.

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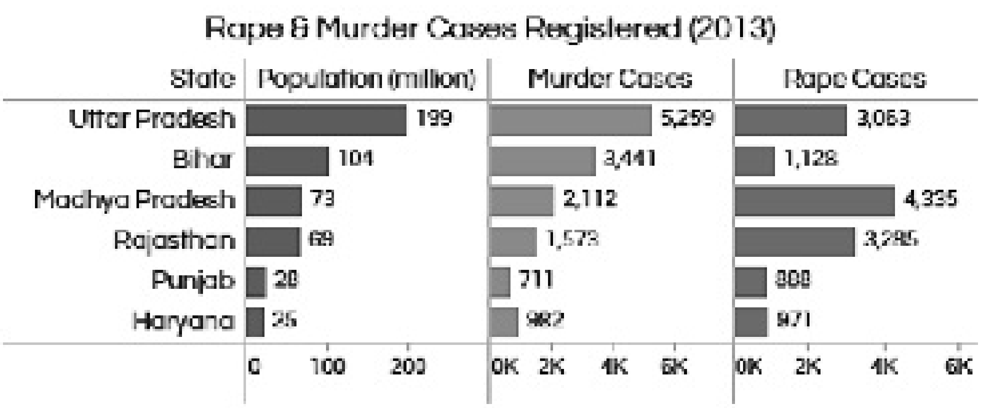
Despite the capital punishment in these states, the crime



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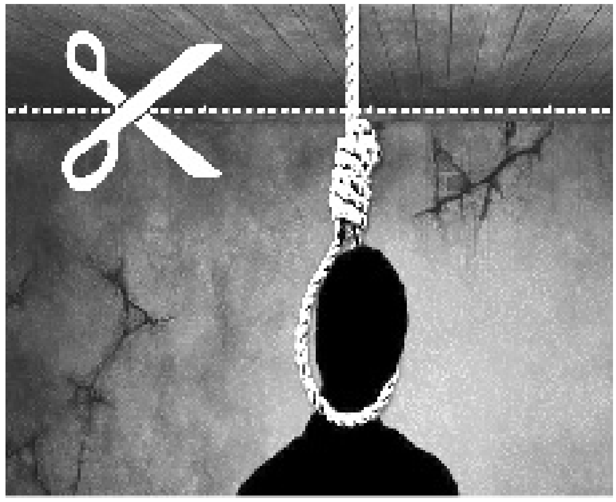
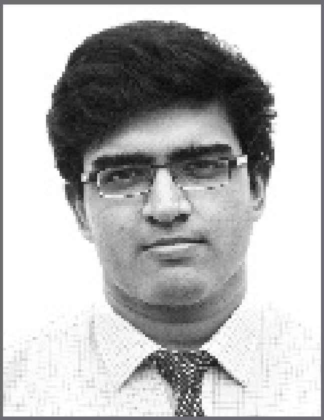
rate has not subsided significantly as is depicted by the graph.

The penalty in such cases should definitely be punitive to the highest degree in order to deter the repetition of such forbidding crime scenes and offer compensation of the best type to the victims or their families. Therefore, whether it is murder, rape or terrorism, a better solution that our country should adopt is lifetime imprisonment without parole. The solitary confinement then inflicts torment that stretches over their life span, actuating agony to engrave repentance on their hearts. They may be subject to grueling errands and made an exhaustive use of. Penal labor, quintessentially the coerced physical one, can play an instrumental role in putting them to work at labor camps, prison farms, penal colonies, penal military units and penal transportation. Steadfastly entwining them in the snare of incessant drudgery, angst and despondency is likely to be a more daunting aftermath.

Therefore, whether it is murder, rape or terrorism, a better solution that our country should adopt is lifetime imprisonment without parole.





Aman Kedia
Department of Commerce (Morning), 2nd Year

"The civil war, the barbaric ISIS, the indiscriminate air strikes and the foreign powers with questionable agendas, all seem to have a single victim: the Syrian people."

Humanity Knocking

"LET THEM IN OR SHUT THEM OUT"

They have survived tyrannical regimes, lived through bloody wars and escaped the ISIS, but today these symbols of human resilience find themselves stranded at the gates of Europe. It is perhaps one of the greatest dichotomies of our time that the West wholeheartedly condemns the brutal acts of dictators and terrorists, but when the victims of these atrocities look to it for succor, it shuts the door.

The Arab world and Europe are separated only by a sea and some fences. One side of this border boasts of rich cultural diversity, scientific and socio-economic advancements and the highest HDI figures anywhere in the world. The other side has unending civil wars, megalomaniacal dictators, crimes against humanity, growing extremist ideology and oil, which only seems to fuel more wars. The 'Arab Spring', which took place at the beginning of this decade, seemed like a blessing, as long standing dictators were ousted and the angry young masses agitated for democratic reforms. However, it left a power vacuum in its wake and this region, having little experience of freedom and democracy, was soon overrun by armed organizations, sectarian conflicts and more civil unrest.

Libya has been in a continual state of civil war since the removal of Muammar

FEATURE

> Now, travelling to Europe means risking death on a small boat on the high seas, crossing entire countries on foot and infiltrating through borders like smugglers. Still, Europe is the obvious choice.

Gaddafi. Egypt has already had a second wave of anti-government protests followed by a military coup. The worst of all is Syria, where Bashar Al Assad has refused to relinquish power, which has been led into a murky conflict where America and its Gulf allies armed the rebels while Russia and Iran helped Al Assad brutally respond to them. This mix of a strong anti-government sentiment and western armed rebels added to the already present extremist hardliners has led to the formation and spread of the ISIS and its medieval ideology which persecutes liberals, minorities and all who do not support it.

The civil war, the barbaric ISIS, the indiscriminate air strikes and the foreign powers with questionable agendas, all seem to have a single victim: the Syrian people. According to Amnesty International, 250,000 people have lost their lives, more than half of Syria's population has been displaced, within Syria 13.5 million people remain in dire need of humanitarian aid and another 4.5 million have fled the country, only to live in overcrowded, underfunded refugee camps along its borders. This one crisis alone has managed to push the world refugee numbers to their highest level ever. The UNHCR reports 65.3 million people as either refugees, asylum seekers or internally displaced at the end of 2015, and now Europe is seeing its highest influx of refugees and migrants since the Second World War.

Each of these refugees has a decision to make; stay at the camp with poor sanitation, no education or healthcare and barely enough supplies for sustenance, wait for the fighting to end and then return to a war ravaged country, or seek a new life in Europe - liberal, developed and a promise of prosperity for their families and its future generations. This is where a new complication arises. The rich countries of continental Europe, that had earlier shown sympathy for the refugees' situation and had even helped in funding their camps, instead of welcoming them with open arms, ignored their asylum requests and fortified their borders against them. Now, travelling to Europe means risking death on a small boat on the high seas, crossing entire countries on foot and infiltrating through borders like smugglers. Still, Europe is the obvious choice.

European leaders had for a long time contemplated Syria, on numerous occasions over the past decades, they backed their American allies when they intervened to 'fix' the problems in the Middle East; they were even happy to help refugees' financially but now they are faced with mass immigration. Given relative demographics, Europe would be able to accommodate the entire mass of refugees at its borders without causing substantial change to its socio-cultural makeup. Leaving out anomalies like Greece, Europe's economies are strong and robust, more than capable of incorporating typically industrious refugees.

Twenty years ago, this would have been a straight forward decision, but times have changed. After 9/11, the United States of America - a country built by immigrants - started becoming xenophobic. Over the years, this mistrust of foreigners has only grown culminating in the obnoxious pre-election rhetoric of walls and bans. Across the Atlantic, the liberal Europeans have followed suit. The United Kingdom, which gave recent proof of the same in the form of Brexit, had gone as far as lobbying to junk 'Mare Nostrum', a rescue operation for refugee boats drowning in

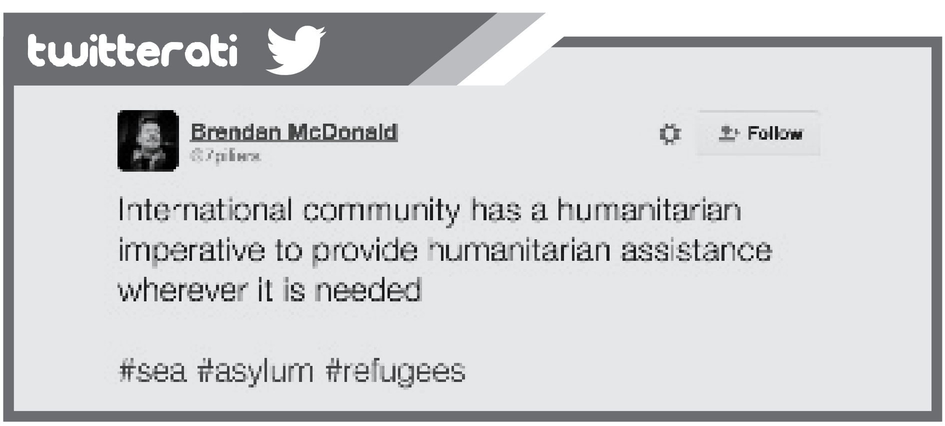
the Mediterranean. France, currently dealing with the worst sequence of terror attacks in its history, fears accepting refugees may give easy entry to jihadists. Spain, along with other smaller nations, has outright refused to grant asylum to a large number of refugees.

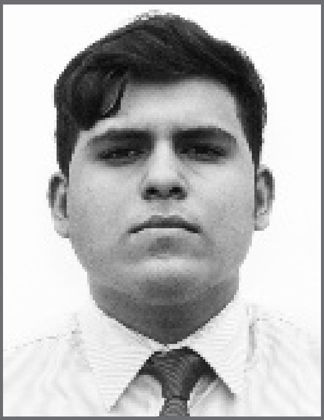
While bureaucrats in Brussels were slowly trying to build a European consensus, early in September 2015, a single image of a human tragedy hit the world. A young boy lying face down on the beach- at first glance he is peaceful, on second glance he's dead. The image was of Alan Kurdi, a young Syrian boy, who was washed up on a Turkish beach after his family drowned when an inflated rubber boat overloaded with refugees capsized in the Mediterranean. The haunting image flashed across every screen in the world bringing the refugee crisis in full public view, forcing governments to act. It seemed the refugees' resilience had paid off and humanity had won when the German Chancellor announced her nation's willingness to accept as many asylum requests as demanded. The other EU nations were expected to fall in line, to open their borders and let in the refugees, but in spite of international pressure, most nations stuck to their stance. Germany alone could not handle the numbers; a logistical nightmare and civil backlash meant the policy was suspended.

Germany's failure only reestablished the fact that the whole of Europe would have to act together. Some countries refusing to take refugees meant disproportionate pressure on others. Border States like Greece and Italy were swarmed by refugees, with more approaching on treacherous boats every day, only because further passage was blocked. This problem is caused by those who do not want to take any responsibility for the refugees; they see them as someone else's problems, foreign people with foreign problems which they do not want in their countries, and do not distinguish between terrorists and refugees, not realizing that this distrust is what organizations like the IS feed on. The tyrants win while our humanity loses.

It is eventually a question of resilience. The refugees wanting to enter Europe are not there out of choice; Europe is their only way out. Syria is like hell on earth. This has been the situation in Syria for years now. These refugees have shown extraordinary resilience in surviving and making it so far. And if they remain so for long enough, they will break through these xenophobic mindsets, their nightmare will be over and humanity will win.

The refugees wanting to enter Europe are not there out of choice; Europe is their only way out.





Soumya Ghosh
Department of Commerce (Morning), 1st Year

FEATURE

> The core ideology of Populism transcends conventional political ideologies as it does not pertain to a set of coherent ideas found in the latter.

The Irresistible Rise of Populism

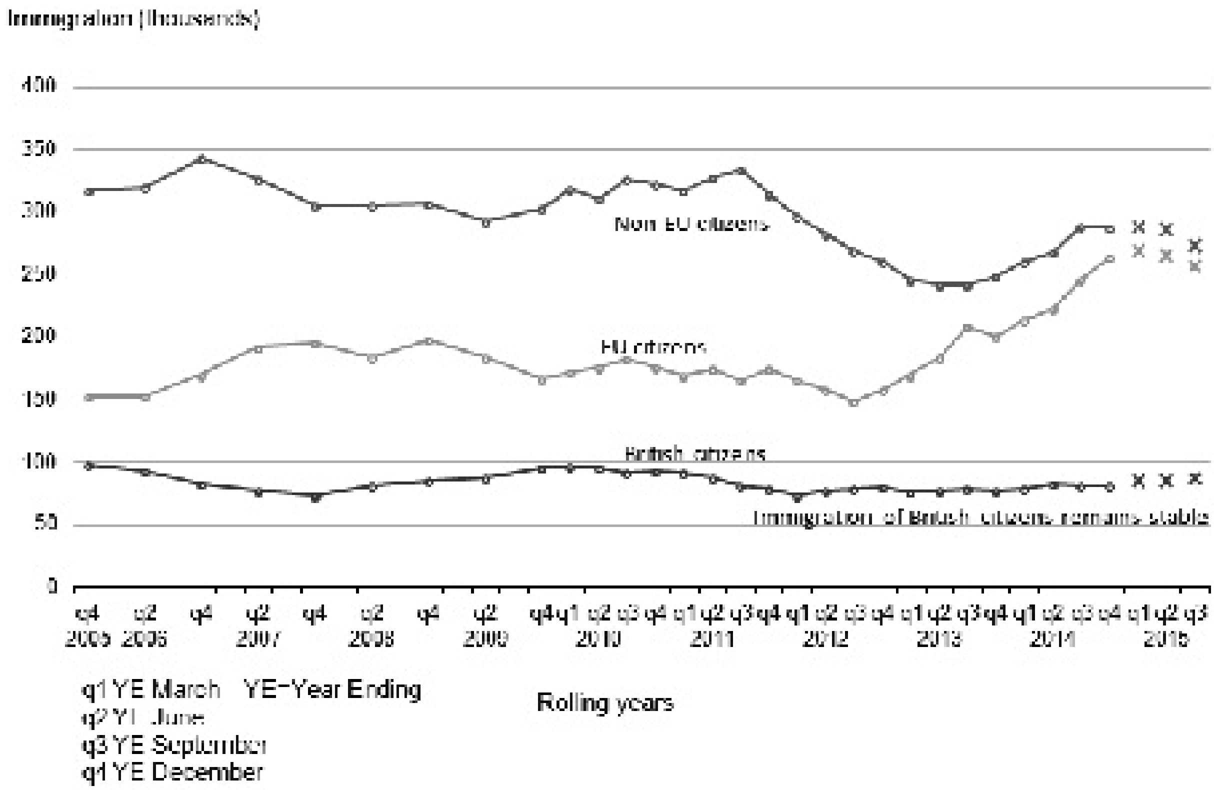
THE POWER OF PEOPLE

THE PRELUDE

"There comes a time when one must take a position that is neither safe, nor politic, nor popular, but he must take it because conscience tells him it is right."
– Martin Luther King, Jr.

The *irresistible* rise of Populism across much of the Western world, from London to Paris, Amsterdam to Athens & from Rome to Reykjavik, has shocked and awed much of the bystanders, political analysts and "the Establishment" alike, who did not foresee such a tumultuous tide of public antagonism directed towards them.

The world Populism is derived from the Latin word 'populus' which means 'the People'. As witnessed hitherto in Ancient Rome, the friction caused due to the extreme imbalance of power and wealth between the patricians (elites) and the plebes (commoners) led to the election of Tiberius Gracchus (later assassinated) and his brother Gaius Gracchus, both Roman popularis (populist) politicians. The Gracchus Brothers proposed radical reforms in the Roman Senate to bring about equal distribution of wealth among the plebes and the patricians. In retrospect, the same tumultuous tide of change as witnessed in Ancient Rome is sweeping across much of the Western world, as modern day plebes seek to regain lost power from the patricians.



The core ideology of Populism transcends conventional political ideologies as it does not pertain to a set of coherent ideas found in the latter like Communism or Conservatism. As critics allege, this anti-intellectual set of incoherent ideas has today morphed into a rising phenomenon bolstered by instability which shrouds much of the world, standing valiantly unperturbed by the attacks of elitist politicians.

Often, populist politicians use a dystopian worldview to describe their respective country's current situation, painting a rather morbid image of their country, effectively seizing attention and galvanizing his or her potential supporters. This dystopian worldview painted by populist politicians is in stark contrast to the utopian worldview painted by elitist politicians, who via the help of the state media portray an extremely picturesque description of their country. Sometimes, this picturesque description of his or her respective country borders on grandiloquence, often at odds with the actual situation of the country. This is the breaking point, and the populist politicians capitalize on this very disillusion that the respective country is working just fine.

Henceforth, the populists specially choreograph their messaging to paint the elected politicians as being disconnected from the masses and gain votes from the apprehensions of the same. This very message of disconnection resonates among the masses who feel they have been "left out" by their elected representatives.

THE BONE OF CONTENTION

For long, the ruling elite had distanced themselves from the legitimate grievances of the voters, the most contentious issue being immigration. This buzzword is a uniting factor of all the populists and pseudo-populists alike. Immigration to the Western world has steadily increased over the past decades, some coming to the West as humanitarian refugees, others as economic migrants. This phenomenon of mass immigration has been resisted by many, but the elected-politicians citing economic benefits of the immigration have stalled any tangible efforts to bring down the same.

Thus, populists effectively portray elites as favoring the "other" over the "us". The recent spate of terrorist attacks in France, Germany, Belgium and the United States have further promoted the "clash of civilizations" narrative. This narrative that the developed world is at war with the "uncivilized and barbaric others" has slowly been instilled in the thought process of the public. This hellish

hypothesis, as a sane individual may describe, is a reality to many people who go to the voting booth.

At the nucleus of this "clash" is a clash of cultures. The post-industrial world, emboldened by the Renaissance, is somehow, in the view of this public, "culturally" superior when compared to the culture of the alleged "others". Preying on the anxiety of these ultra-cautious voters, populists seek to provide simplistic solutions to the rather convoluted problems their country face. The very simplistic nature of the arguments differentiates the populists from the elite who use their "intellectualism" to counter the same. Often the policies proposed by the populists range from limiting immigration to banning immigration altogether. Whether they actually mean the things they enunciate is a matter of debate, but their objective of galvanizing their potential voters have effectively been accomplished.

To further reaffirm the reasons for rising populism, one must not look any further than witness the surge in support for isolationism. Isolationism converged with right-wing populism has surged in gaining followers in the past decade. The establishment which vigorously espoused globalist policies is now at crossroads with the very same voters who elected them. At the center of this debate is the success of globalism.

Globalism, in the perception of many voters, hasn't significantly ushered in economic prosperity or better living standards. On the contrary, it has made no tangible difference in their living standards. With stagnated wages and high unemployment, the internationalist policies which were so vigorously espoused by the elites have now been put under severe scrutiny by the voters, some of whom now feel ripped due to the policies implemented by the establishment. In their insular worldview, the establishment has prioritized the lives of "others" instead of its "own", hence a backlash has arisen due to this.

To further bolster the narrative that the elected politicians are somehow isolated from public opinion, economic inequality has been steadily rising. The gap between the top 1% and the bottom 99% has increased exponentially. And now, the accusations of the establishment being in cahoots with the financial elite has slowly gained traction.

In the aftermath of the 2008 global recession, the US Senate and House of Representatives authorized the "Emergency Economic Stabilization Act of 2008", also known as the $700 billion bailout of the big banks. This tremendous bailout of the big financial corporations not only in the United States but also in European countries, where the European Central Bank (ECB) bailed out debtor nations like Spain, Portugal and most importantly Greece, further bolstered the notion that somehow the political elites backed by the financial heavyweights are pitted against the commoner. Thus, this bailout in Europe set-up a chain of events which ultimately led to the Greek Debt crisis and almost emanated in a "Grexit" (Greek withdrawal from the Eurozone).

BREXIT

The British Referendum to leave the European Union had long been deliberated in the House of Commons. Euroscepticism had perennially divided the Conservative Party into two factions: pro-EU and anti-EU. The former British Prime Minister David Cameron had made an election pledge to hold a referendum to settle this contentious issue once and for all. In his contemplation, he couldn't conceivably imagine why the British voters, aside from the intellectual prisms of sovereignty and self-control, decide to leave the single market of the European Union. The decision to leave the single market could leave a devastating mark on the economy, he boldly declared.

What the former Prime Minister and other mainstream politicians failed to envisage was the volatile antagonism directed towards the establishment that augmented much of the Brexit movement. Embedded in this antagonism was a deep distrust of the Government institutions and the feeling that somehow the "system was rigged" and the "cards were stacked against" the plebes. County after county after county, some by lopsided margins, voted to leave the European Union. The Brexit vote sent shockwaves around the world. The pound plummeted to its lowest value vs the US Dollar since 1985. Other European Union member nations started calling for their own referendums to leave the Union. The Machiavellian politician and leading proponent of Brexit, Nigel Farage spuriously backtracked on his claim that the 350 Million Pounds which were sent per week to the EU would be spent on the National Health Service, claiming in front of the journalists that it was "merely a suggestion."

The ripple effects of the Brexit could be felt in Scotland and Northern Ireland where voters overwhelmingly voted to stay in the European Union. Thus, in the aftermath of the Brexit vote, the Scottish National Party (SNP) is now advocating for a second independence referendum along with Sinn Fein (The Irish Republican Party) which is now calling for a united Ireland, effectively putting the Union at risk of splitting up into independent nations.

As the British valiantly or otherwise voted to leave, the tumultuous tide of change was not confined to the boundaries of the United Kingdom. In France, for example, Marine le Pen's party Front National (FN) wants to have a referendum on French membership of the European Union. The same case can be found in Netherlands where Geert Wilders, leader of the Party for Freedom (PVV), is pushing for a "Nexit."

The ancient Roman philosopher Seneca once said, "Timendi causa est nescire"- Ignorance is the cause of fear. This quote reflects well in the perilous planet we inhabit today. In this Manichaean worldview of much of the irate public that supports the populists, the principle of moral dualism as espoused in Manicheanism could be used to categorize the friction between the competing forces of the plebs and patricians: good and evil.

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This Manichaean worldview of the irate public views the elites as corrupt and morally iniquitous. Their frustrations, one might add, arises due to legitimate grievances stemming from stagnating wages, rising prices of basic commodities, and the embedded trepidation that the "other" is prioritized over them. It is true, as critics have repeatedly alleged, that mainstream politicians have this insatiable craving of maintaining the "moral supremacy" of their respective countries when it comes to tackling

THE EPILOGUE

FEATURE

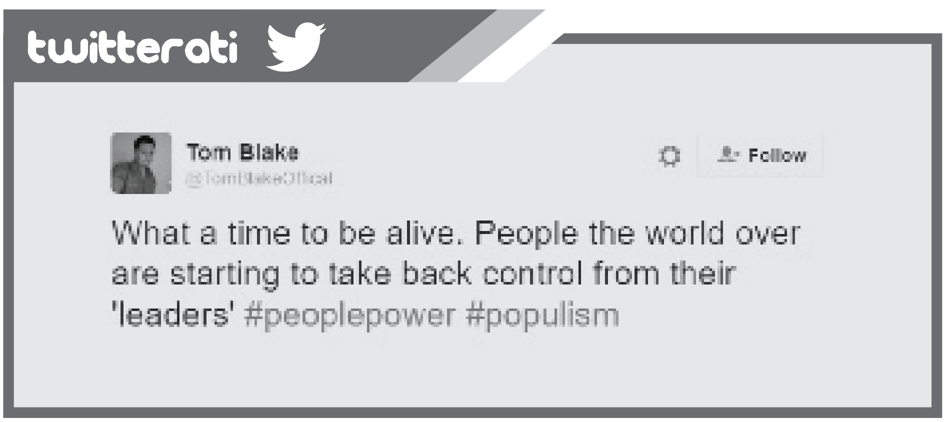
humanitarian crises, in many cases prioritizing the concerns of the asylum seekers/refugees over the public who had elected them. And furthermore, in the corollary, homogenizing these aforementioned voters as "subtle racists" without confronting the underlying challenges they face effectively adds fuel to the fire.

> As our shared liberal values today come under siege due to the ascent of populists, we must resist the urge of bowing to them

This Populist tide, which now engulfs much of the western world, threatens to diminish the spirit of cosmopolitanism which defined the West, post-World War II. The daunting challenges which the elected politicians now face must be tackled cohesively and astutely – bearing in mind the legitimate grievances as mentioned above. Understandably, this parochial worldview feeding much of the angst will not change immediately. But our civilization, which can aptly be described as materialistic, can be closely knit together due to our underlying and rational self-interests. As our shared liberal values today come under siege due to the ascent of populists, we must resist the urge of bowing to them not because of the alleged superior intellectualism of liberalism, but because of our self-consciousness reinforced by economic rationalism.

The nativism, xenophobia and subtle racism, sometimes used not so subtly feeding much of the populism, can be handed a steady defeat if our shared values of democracy, tolerance and love for one another extinguishes the flame arisen due to populism. I, for one, believe we can extinguish this flame and flourish forever after.

The conservative intellectual William F. Buckley Jr. once said, "The best defense against a usurping government is an assertive citizenry." This quote effectively encapsulates the content of this article.



Tashi Goenka
Department of Commerce (Evening), 2nd Year

“Is it not odd that a decade old American start-up is stifling established competitors, as old as 100 years, in the premium automobile segment?”

Highway to the Future

THE ELECTRIC EXPRESSWAY

As I was browsing through my newsfeed, I came across an article narrating how a clique of employees of an American company, elated by a large financial appraisal, gifted their boss his dream car. An obvious guess for a dream car would be a Porsche 911 or a Mercedes Benz S 63 AMG, but surprisingly, or maybe not so much, it was an electric vehicle, a Tesla Model S. Is it not odd that a decade old American start-up is stifling established competitors, as old as 100 years, in the premium automobile segment? One might wonder what is so remarkable about Tesla cars, so here’s a brief to help: Tesla Motors manufactures premium electric vehicles which not only have futuristic designs but also provide exceptional performances. It is also a pioneer in developing energy storage products. A Tesla Model S can go from 0-60 mph in 2.8 seconds flat! The car runs on thousands of powerful lithium-ion cells which can cover at least 300 miles (around 480 kms) when fully charged (which takes less than an hour at a Tesla Supercharger Station). Thus, running out of battery mid-way is out of question. Also, Model S offers us striking safety features such as autopilot, real-time traffic updates and 360 degrees sonar sensors. You need

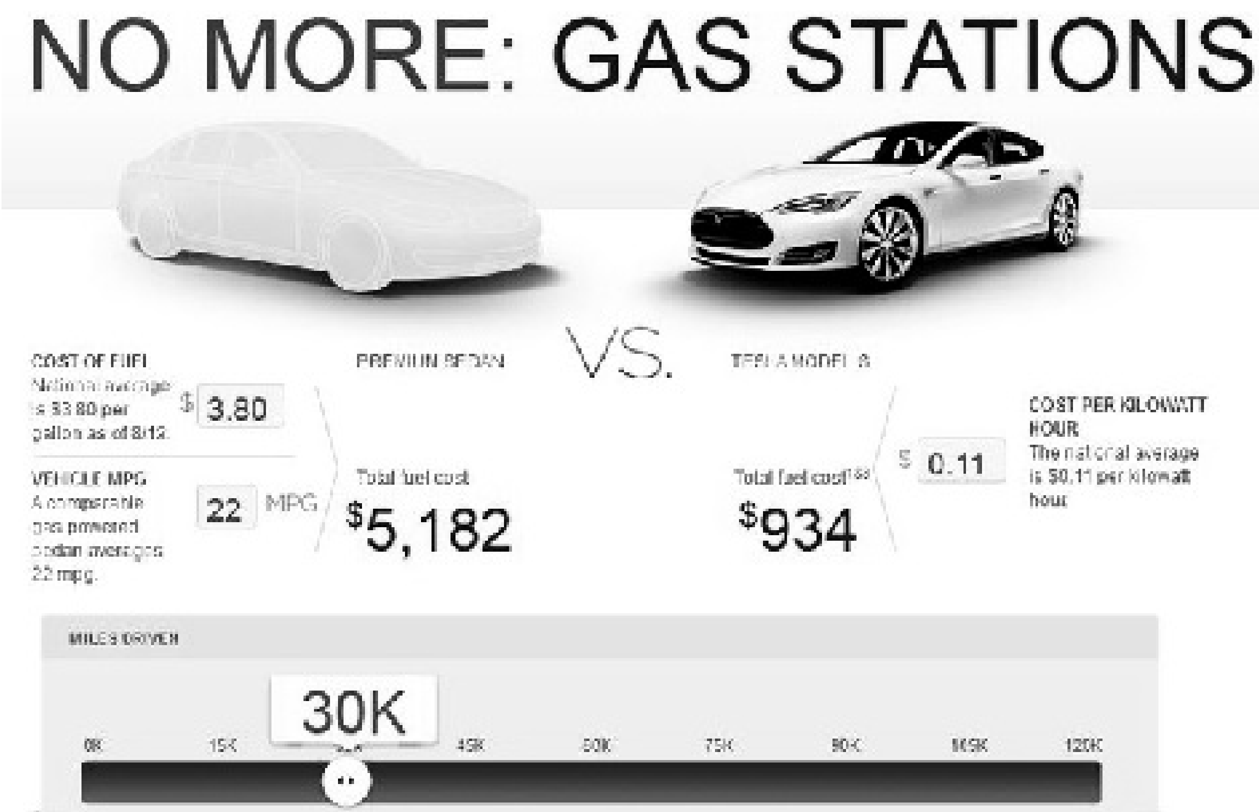
> Ford sold more than 15 million model Ts between 1913 and 1927, and this car still stands as the eighth most sold car of all time.

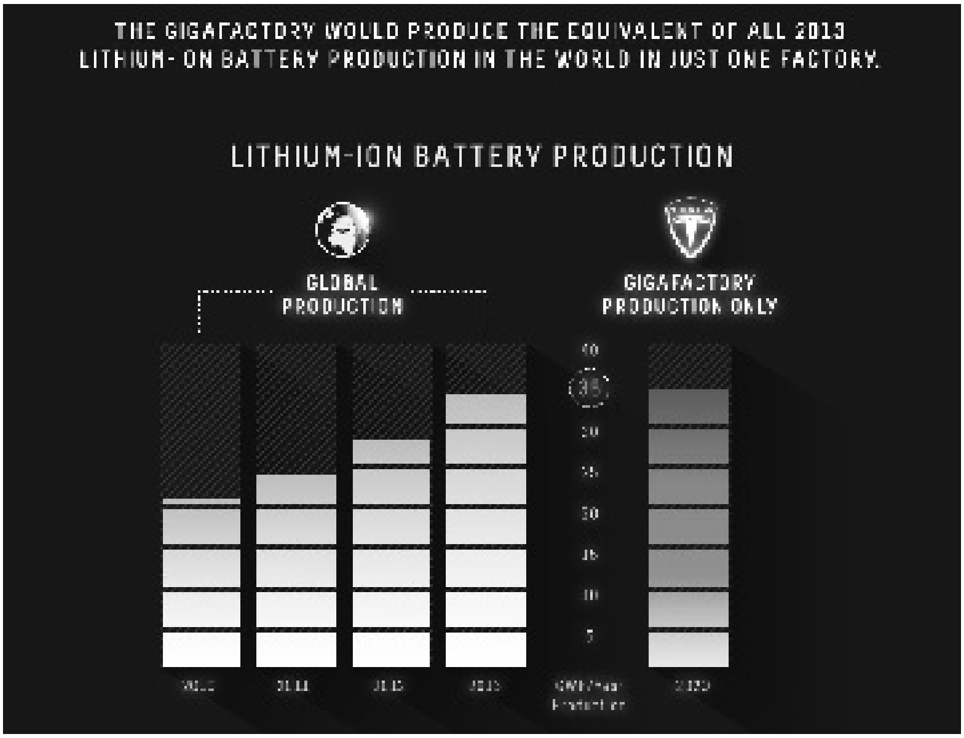
not even worry about the ever-filled parking lots as the car can self-detect a parking spot and park. But before Tesla's meteoric rise, we had already heard of electric cars. We do know about Reva, the boxy car manufactured by Mahindra & Mahindra that never tasted success, but we clearly failed to ask why. It's plain and simple. It didn't offer the basics a car should: comfort, design, speed and performance. Moreover, people were not ready to shell out a large sum for a mini hatchback irrespective of the environmental advantages. And in the current scenario, one simply does not accept something that he/she thinks is not worth it. Agreed it is more than bizarre to compare a Tesla with a Reva, but at the end, it boils down to electric cars being the next revolution in the automobile industry.

As we drive down the history of automobiles, we find that they were prevalent since the early 19th century. People moved on from animal-driven carriages to self-propelled steam locomotives. By the end of the 19th century, vehicles installed with a gasoline-powered internal combustion engine were already running on the roads, more commonly being referred as 'the modern automobile'. Ford's Model T was the first affordable car and people prized it for being durable, versatile and low-cost.

Ford sold more than 15 million model Ts between 1913 and 1927 and this car still stands as the eighth most sold car of all time. It disrupted the entire automobile industry and it has been the face of its revolution shaping how present day cars are seen.

Surprisingly, researchers have been working on the development of electricity-powered cars since the 20th century itself. However, less skeptical and more pragmatic models have been evident only in the past few years. Developments of alternative fuel options as well as engines have been the need of the hour as oil issues are racking nerves globally. The erratic supply and unstable prices of oil, compounded by the fear of barrels drying up before the end of this century, is hitting markets hard.





Environmental issues are stacking by the day and the world is haunted by the fact that over one-fourth of the global warming is caused by combustion of fossil fuels in vehicles alone. CO_2 emissions by cars are increasing by the second, thereby reaching a record high and choking people to death. Electric vehicles might not be the epitome of automobile evolution but they can definitely be taken as one of the most desirable and sustainable option for a pathway to a cleaner planet.

However, natural gas is acting as a serious prospective contender in replacing fuel-run cars, the reasons for them being pocket-friendly and wide availability. Dual fuel systems are also being considered for they have less carbon dioxide emissions and are cheap as well, proving to be a fair choice for developing countries.

Whereas, on the other hand, there are technological giants such as Siemens and Scania working on the development of electric highways in Europe as 'an innovative freight traffic solution' which would supply power to trucks from a detachable overhead electric contact line, much like in the case of trains, for providing reduced greenhouse gas emissions. Despite these developments, EVs are here to stay.

Tesla's competitors such as General Motors (GM), Nissan, Audi and BMW have also been on the run, bringing in more innovative designs ever since Tesla unveiled its first car, but the company remains the best in this class for obvious reasons. Its debut model, Roadster, a premium sports convertible, was the first ever electric car which provided all things five star, from speed to performance and efficiency to style. It was the car that actually broke the stereotype of electric cars being boring and slow. What makes this company so unique is its unmatchable technology. Peter Thiel, one of the co-founders of Tesla, was quoted saying, 'Tesla's technology is so good that other car companies rely on it: Daimler uses Tesla's battery packs; Mercedes-Benz uses a Tesla power train; Toyota uses a Tesla motor. General Motors has even created a task force to track Tesla's next moves.' The company is an American darling and its Model S had been voted as the 'best car ever' by Consumer Reports for two years in a row.

Coming back to reality at home, it is obviously impossible for an average Indian to think about buying a Tesla Model S, costing \$75,000 (approximate 50 lakhs at an exchange rate of 67 rupees a dollar), and paying an additional 100% tax on the foreign-manufactured luxury vehicle. However, it would still be too soon to get disappointed. Tesla's CEO, Elon Musk has said that it is their company's mission to accelerate the world's transition to sustainable energy and they have an impeccable plan to execute the same. The company's strategy, or the now known 'Secret Master Plan', revealed that the earlier 3 models namely Roadster, Model S and Model X were designed as high-end premium cars to solicit funds for producing a low-cost mass market version of Model S; the Model 3, priced at \$35,000 (approx 23 lakhs). With deliveries beginning in 2017, this car had bookings worth more than \$7 billion in the first 24 hours itself. The car has best-in-category safety features and comes with default autopilot as well. Model 3's run per charge is estimated to be 215 miles and it is surely the 'best buy' in its range.

Manufacturers like GM are also toiling hard in designing cheaper cars like the Chevrolet Bolt EV, due to be launched in 2017, at an estimate of $37,500 (approx 25 lacs). However, these cars are still fairly expensive for people. Nonetheless, multifarious innovations in this sector will hit us very soon. Thus, it is advisable for our domestic players, Maruti and Tata Motors, to gear up swiftly for this incoming storm.

Recently, the Modi government invited Tesla to set its first manufacturing unit in India, proposing them land near major Indian ports for ease of exports to South Asian countries.

Recently, the Modi government invited Tesla to set its first manufacturing unit in India, proposing them land near major Indian ports for ease of exports to South Asian countries. Union Road and Transport Minister, Nitin Gadkari even offered to promote joint ventures with Indian companies to bring high technology sustainable transport in our country realizing the dire need to curb vehicular pollution in our country as many Indian cities are amongst the most air polluted cities in the world.

At the end, it is our paramount duty to leave a better planet for the forthcoming generations. Hence, we might just start by adopting eco-friendly initiatives and driving novel electric cars which have zero fossil fuel requirements as well as zero tailpipe emissions. After all, are we confident about the resilience of fossil fuels in this time of ecological catastrophe?

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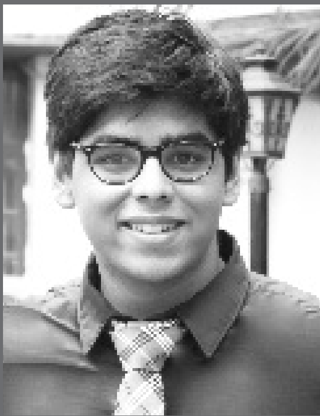

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Ideally, attempts of product placement must not distort the viewer's viewing experience, and yet make a mark on their mind.

Lights, Camera, Action and Brands

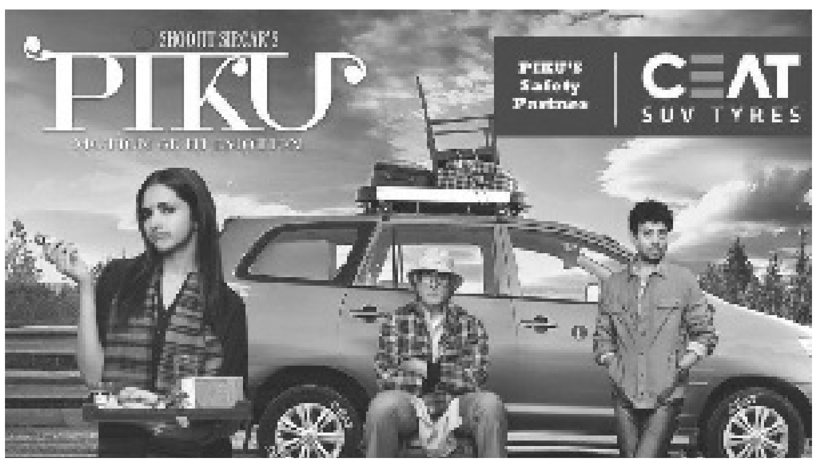
PROMOTING PRODUCT PLACEMENTS

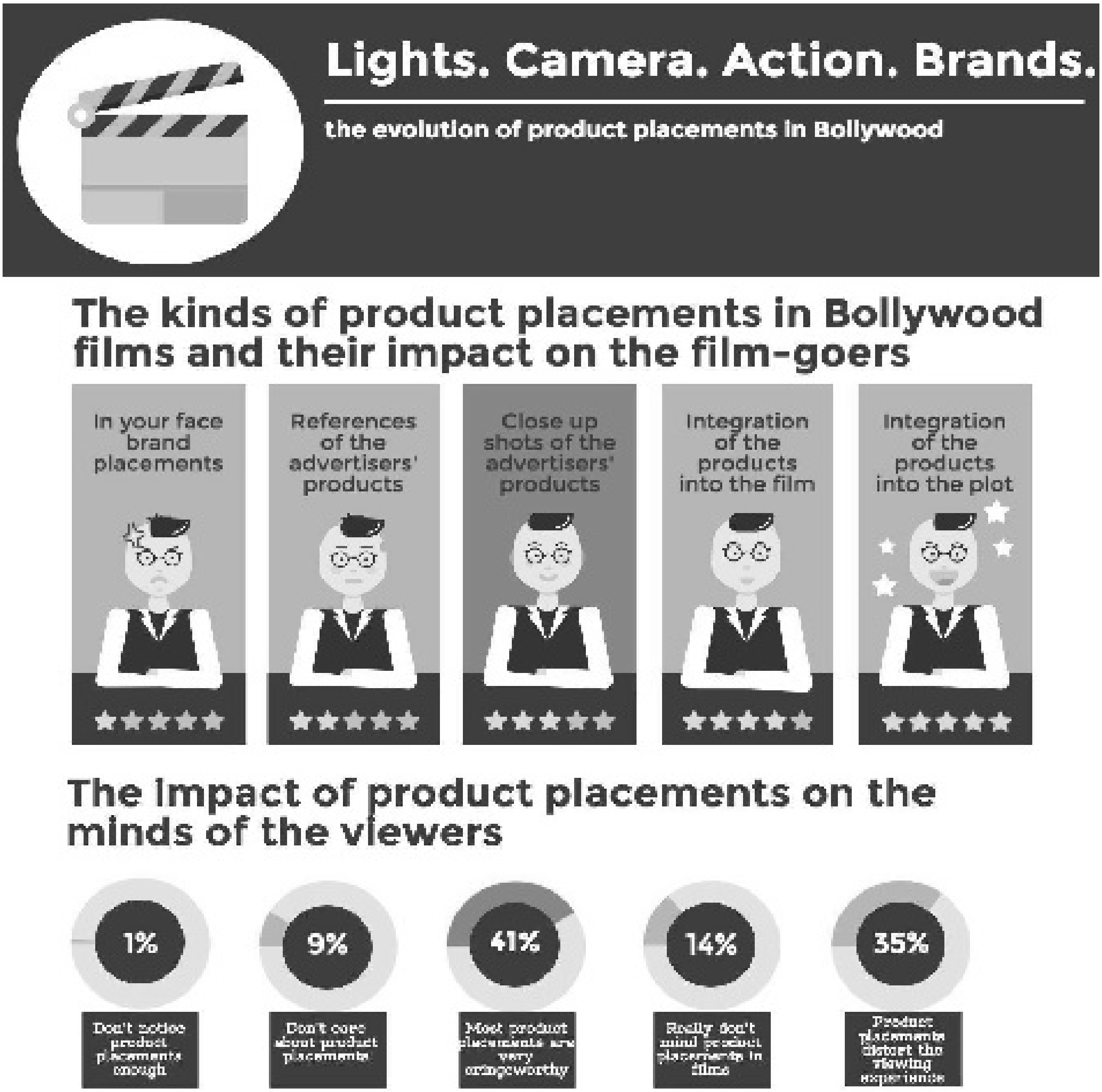
Product Placement: A way of including the name of a product, brand or service in a motion picture, television show or other media vehicles to increase the prominence of the company/brand at the point of purchase.

While the definition also provides that such advertisements must be visible to customers without causing any distractions, product placement demonstrated to be the most effective technique for marketers and producers in India. It all began in 1967 when a coy Sharmila Tagore struggled to make sure the Coke logo was visible in 'An Evening in Paris'. Even so, the 1973 classic Bobby has often been credited with having pioneered the advent of product placement in India, with the use of Rajdoot motorcycles.

Ideally, attempts of product placement must not distort the viewer's viewing experience, and yet make a mark on their mind. For example, the mention of Sunsilk as Alia Bhatt's employer in 2 States, where she experiences a plethora of emotions as Arjun Kapoor proposes to her in the middle of her Sunsilk placement interview, and as he leaves, she continues from where she left:

"Sunsilk and confident women..."





That is to say, an ideal form of product placement is brand integration where the very product or service thus advertised becomes an essential part of the development of the character or the progress of the story. The product placement in '2 States' does not essentially fall under the category of a well-integrated branding, but it does serve the purpose of not distracting the viewer from the film.

It is very essential to understand the means of placing a product in a film. If a product is placed passively i.e. there is a mere visual mention (e.g. Lawman Pg 3 in Kya Kool Hai Hum 2), chances that the product might go unnoticed are high. What works well, however, is the use of products by the characters of a film (e.g. Reebok shoes in My Name is Khan). Historically, it has been observed that automobiles (Volvo in 3 Idiots, Range Rover in Zindagi Na Milegi Dobara), mobile phones (Blackberry in Bodyguard), airlines (Kingfisher in Paa, Jet Airways in Baby), laptops (Sony Vaio in Body Guard) and TV Channels (Aaj Tak in Krrish 3) are the most frequently promoted product categories in Bollywood films.

While placing products in films, it is essential to understand a few things:

1. The kind of placement done.
2. The character (in the film) who uses the product.
3. The importance of the brand to the story line.

"Take out your Nokia Lumia phones and vote for your favourite team."

- Happy New Year (2014)

Hyperactive product placements such as these are purely a hit or miss – they elicit strong reactions from movie goers. They tend to be cringe worthy and often lead to demarketing.

"Nokia Lumia 920. Advanced Floating Lens technology... Rs. 34,249..."

- Chennai Express (2013)

Nokia, for example, has consistently tied up with all of Shahrukh Khan's recent productions, and has almost always gotten a substantial screen time. Almost every review of Chennai Express criticized the blatant and in-your-face Nokia 'commercial' in the film. Producers are willing to sell their souls and film economics have begun to overpower the art of film making, since producers are ready to forego their production values in lieu of product placements.

Subtlety is what subtlety does and there is novelty in subtlety when these advertisements are less of 'advertisements' and more of advertorial. It is only a happy coincidence that the placement of 'Bournvita' and 'Avon Cycles' in Koi Mil Gaya gained a cult status, given the sole motive behind these tie ups was the recovery of investment. Krrish, the sequel to Koi Mil Gaya, was shot in Singapore. Films shot extensively in foreign countries often get subsidies from the countries, in lieu of the tasteful portrayal of the countries. (e.g. UK in Namaste London, Ireland in Ek Tha Tiger and Spain in Zindagi Na Milegi Dobara).

Often, producers recover about 35% of the budget through in-film deals, which often extend to a wide range of products in retail stores, food stores, theatres and malls, as was the case with Ra.One. The fact that product placements help producers recover their money is both a bane and a boon, given producers are willing to go to any extent to make the films commercially viable, without realizing 'How Many is Too Many'. A slice of life film like Piku did not deserve to have close up shots of Jaypee Greens on the Noida Expressway, Amul Ice Cream, Snapdeal, and SenCo Gold and Jewelry.

Bollywood has still not mastered the art of product placement, while its western counterpart(s) (films and television) have been playing around with the idea in the most creative ways possible. The Mehra family sits in a Tata Manza, and stops next to a Tata car dealership in Krrish 3 as opposed to Man of Steel, in which Superman saves a Seven Eleven store, and lands right in front of a construction worker having a Burger King. Some product placements in Man of Steel, which holds the record for the maximum number of product placements in a film (bringing north of $160 Million to the coffers of the producers), were undoubtedly shoddy. But product placements in the West, in general, are rather carefully integrated into the plot – Penny working at The Cheesecake Factory in The Big Bang Theory, Chuck Noland finding a companion in his Wilson volleyball in Castaway and Ryan Gingham flying American Airlines and staying at Hilton in 'Up in the Air' to name a few.

> Almost every review of Chennai Express criticized the blatant and in-your-face Nokia 'commercial' in the film.

The imperative reality of operating in such a dynamic space entails that marketers offer value rich offers by tapping the most innovative means of entering any market. The average price of a movie ticket in India ranges between Rs. 56 and Rs. 239, which allows millions of individuals to watch films in the theatres. Additionally, piracy may affect the producers of the films, but marketers only stand to gain. The formula of providing wholesome entertainment (the most misconstrued interpretation of the term 'entertainment') stands cracked and marketers find it rather lucrative to 'invest' in every potential Rs. 100 crore film.

Product placements have become more popular and relevant in recent times, notwithstanding the high cost of such promotions (anywhere between Rs. 50 Lac and Rs. 5 Crore per film). Several companies issue TV advertisements cross promoting the film – for example, Johnson Tiles in association with Bang Bang; PNB Metlife with Happy New year. Volkswagen Beetle suddenly zoomed into the India market, but it is important to attribute it's success to being

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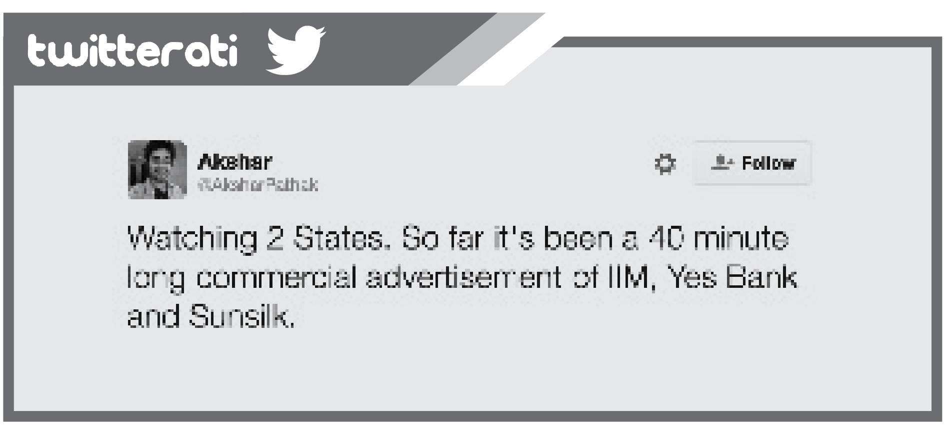
hailed as 'that yellow car that Deepika drove in Break Ke Baad'. While there was no formal agreement in place initially, Zandu Balm's sales rose by over 35% in the last quarter of 2010, after the name of the brand was used in the item song Munni Badnaam Hui. More importantly, after the release of Dhoom (2005), the sales of premium high-speed bikes revved up, which only goes onto show that product placements do not just increase the sales of the product, they are also capable of introducing new cultures in society.

The term 'Bollywood' encompasses every region in India and does not stop at the borders of India alone. Pakistan, Bangladesh, Afghanistan, the Middle East, the South East Asian countries, Indonesia and China – the most recent addition to the list – are major consumers of Bollywood films. Hence, Bollywood films ensure a mass market for products and services. Despite its inherent evils, product placements are necessary not just for improving the economics of the film alone, but also for lending a great deal of authenticity to the film, for it would be hard to imagine a Smallville without its Sears and iHops. More importantly, product placements provide a mass market for products. Filmmakers often go overboard with product placements that are too flashy and in-your-face. Although it would be hard to imagine Anushka Sharma filming the valley without her Canon, as part of her National Geographic assignment in Jab Tak Hai Jaan, James Bond without his Aston Martin and Omega, and for that matter, E.T. without the trail of Reese's candies.

While producers are expected to treat brand integration and product placement as synonyms, an easier way out would be to compensate the buyers for the discomfort they face due to the placements. TVFPlay, for example, provides Uber vouchers and cashbacks for its paying customers. This creates a great opportunity for the advertiser to interact with its customers, in addition to enabling producers to recouple their investment.

Product placements are a vehicle to reach out to the masses. In a country like India, where actors are demi-Gods, recall value of products integrated into the films and used by these actors or into scripts stand to provide very high returns. That being said, chances of a conflict of interest (eg. Amitabh Bachchan, an endorser of Pepsi, could not be anywhere near ThumbsUp in the film Kaante, often cited as a pioneer in product placement in Bollywood) are high. Product placement is still a novel concept and is in its nascent stages with the creativity of the medium still unexplored. But with over 300 films a year, Bollywood presents marketers with the opportunity of a lifetime to turn their products into cash cows.



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Apartheid of Money

GOVERNMENT'S BANE IS A START-UP'S BOON

The global financial crisis of the year 2008 had a major impact on the entire world. While there has been decelerating growth in the developed economies of the world post-2008, India, against all odds, has been able to outreach its capacity in terms of industries and capital assets to attain a very impressive 7.9% growth rate in the first quarter of 2016. The decline in the unemployment rate from 9.4% in 2010 to 4.9% at the end of 2015 has made India witness the sharpest decline in the unemployment rate over a 5-year period. According to the World Report, 2015 published by the United Nations Conference on Trade and Development (UNCTAD), India recorded 9th in terms of the highest inflows of Foreign Direct Investment (FDI). As we go through such optimistic reports on India, we are forced to ask one pertinent question, "Where is all the money disappearing?", which leads us to one of the most financially contentious topics in the last two decades - Black Money.

Black money is the money which is earned through any unlawful activity. It is typically received in cash from underground economic activity and thereby is not taxed. Recipients of black money must bury it, spend it only in the underground economy, or give it the appearance of legitimacy through money laundering. However, in the context of Indian economy, black money is the money which is unreported to the tax authorities. Thus, the income on which tax is not paid as per the statute is black money.

Recipients of black money must bury it, spend it only in the underground economy, or give it the appearance of legitimacy through money laundering.

Conversely, white money is the legal income on which tax has been honestly and diligently paid. For most Indians, the concept of black money and white money is not very difficult to understand.

IN THE RED

FY15	Net Profit (₹cr)	Revenue (₹cr)
Flipkart*	-2,000	10,390
Amazon	-1,724	1,022
Snapdeal	-1,328	NA
Paytm	-372	337

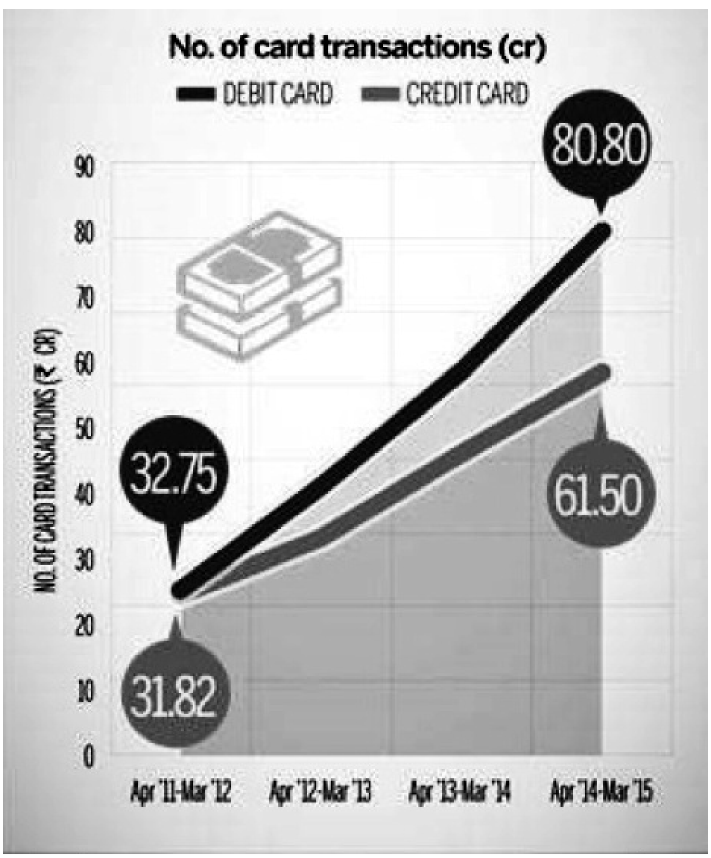
*Flipkart Internet and Flipkart India combined, the two main entities controlled by it in India

NA: Not Available

Source: RoC, Ministry of Corporate Affairs

It is synonymous to the words "Kaccha" and "Pakka" in Indian households.

Our objective, however, is not to condemn the non-taxpayers or hail the taxpayers, but to get a clear insight into two of the most relevant topics of the present generation, "Black Money" and "Emergence of Start-ups." Through a blend of research, surveys and selected case studies, an attempt has been made to look into how silently yet effectively these start-ups have acted as a godsend to our "Black Money" problem.



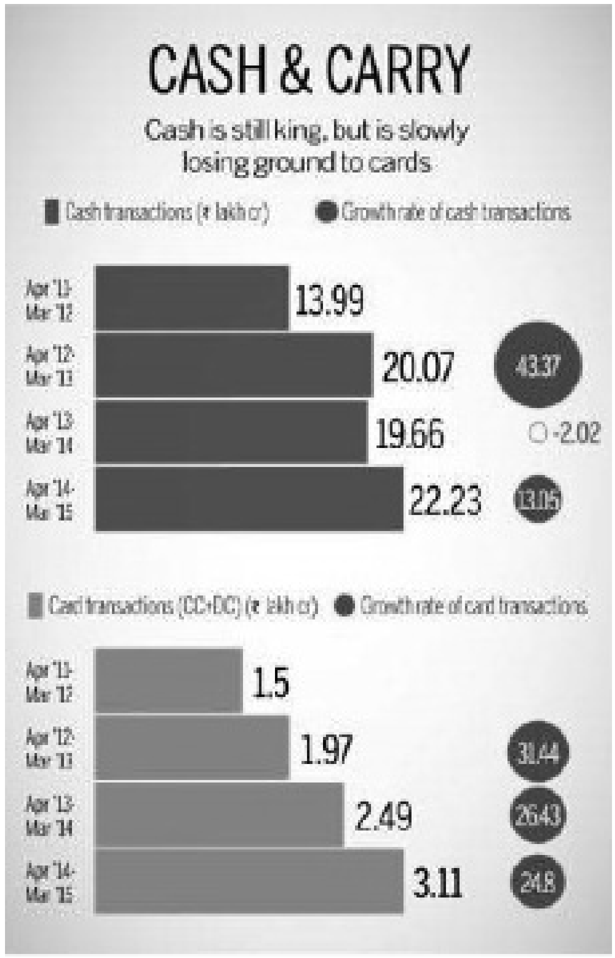
Indian start-ups have set an example for the foreign economies and have boosted the image of India Inc. in the developed countries of the world. Conventionally, when we talk about start-ups in India, a few companies that never fail to top our list are Flipkart, Paytm, Oyo Rooms, Snapdeal, Ola and Swiggy. We are all aware of what these start-ups provide us with – goods, services and exemplary offers. But, what we fail to comprehend and what we are trying to accentuate by making a point is how these start-ups have helped the Indian economy. Let alone the foreign funding which you might contend, have you ever imagined how these start-ups have promoted the use of Debit and Credit Cards (earlier derogated as "Plastic Wastes")?

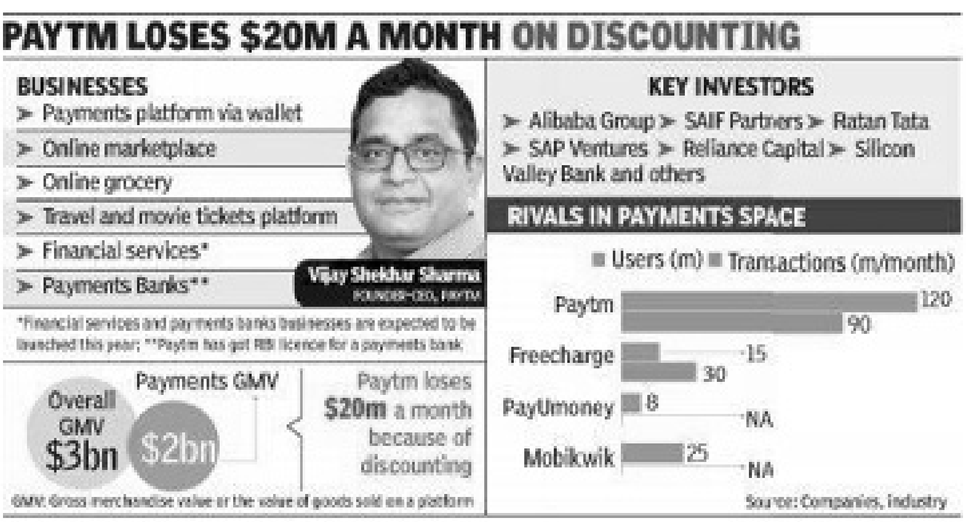
One97 Communications is founded by Vijay Shekhar Sharma who launched "Pay Through Mobile" (or Paytm, as we know it), a wallet-to-e-commerce firm. This venture is backed by the personal investment of business magnate Ratan Tata and Jack Ma of Alibaba Group. Digital wallet was not a completely revolutionising concept to the world at large, but for India, it was a game changing step. As all start-ups fail to get initial recognition and appreciation, Paytm was no exception. But, as a spark catches fires, so did Paytm. Its growth has been fuelled by first mover’s advantage and smart alliance with Uber which accounts for a significant portion of its user base. With over 122 million users and around 2.5 million transactions on a daily basis, it is now the largest mobile payment service platform in India.

The mechanism of conversion of black to white money is more of imputation than realisation in the case of Paytm. Over INR 337 crore of revenue was generated in the FY 14-15, a majority (roughly 80%) of which was generated from Mobile/ DTH recharge. This revenue reflects a growth of about 60% from revenue of INR 210 crores in the previous financial year. So, let us take mobile recharge to understand how Paytm transformed the way India transacts. In a non-Paytm India, one would go to a nearby kiosk to get his recharge done. Some mighty educated lot may even consider recharging through the operator's website. However, what would a conventional recharge be like? The answer is as simple as payment to the local kiosk owner in cash. But jumping ahead in time to a Paytm-captivated India, you now load your Paytm wallet with electronic cash using your debit/ credit card and pay your mobile bills through it. This is a micro way of looking at things. Looking beneath the tip of the iceberg, assuming 25% of the recharges went unreported earlier, Paytm has converted roughly INR 65 crores (that is, a quarter of 80% of INR 337 crores) from black to white in the FY 14-15.

It has over 1,50,000 merchants on its platform which is growing aggressively. Paytm's utility bill payments' vertical is showing a 200% month on month escalation, and the company is now eyeing for $2 billion in GMV. As Paytm's centre of attention lies in the digital payments ecosystem, it is preparing to expand its user base to 500 million by 2020. Also, by the end of 2016, it will reach 300 million transactions a month.

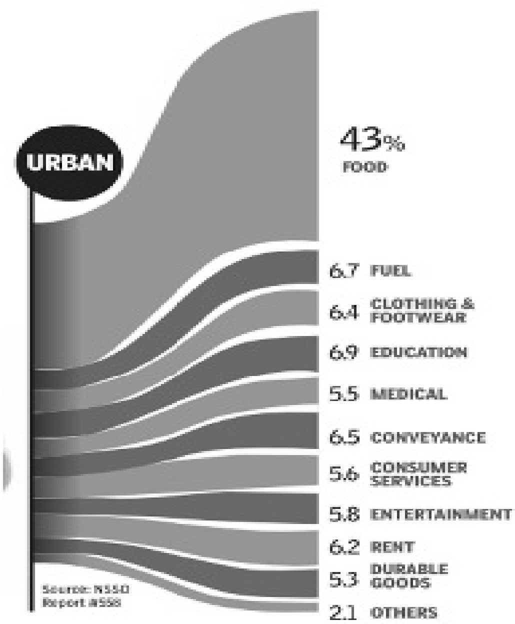
Our next consideration is Sachin and Binny Bansal's Flipkart, the so-called "Amazon-twins". Readers may think that the basic question of "How does Flipkart convert black money to white money?" stands invalid because most of us use the "Cash on Delivery"(CoD) mode of payment. But that is again a nugatory way of looking at the real world. What we fail to do is to look at the big picture. How does Flipkart pay to its sellers? Let us closely analyse an example. Let us consider that you buy a pair of shoes on Flipkart. Indifferent to the incentives available for "Payment through Card" mode, you choose "Cash on Delivery" mode. Flipkart is not a manufacturer of goods and is merely an aggregator. It will locate a Flipkart-approved seller closest to your shipping address and notify him of the pair of

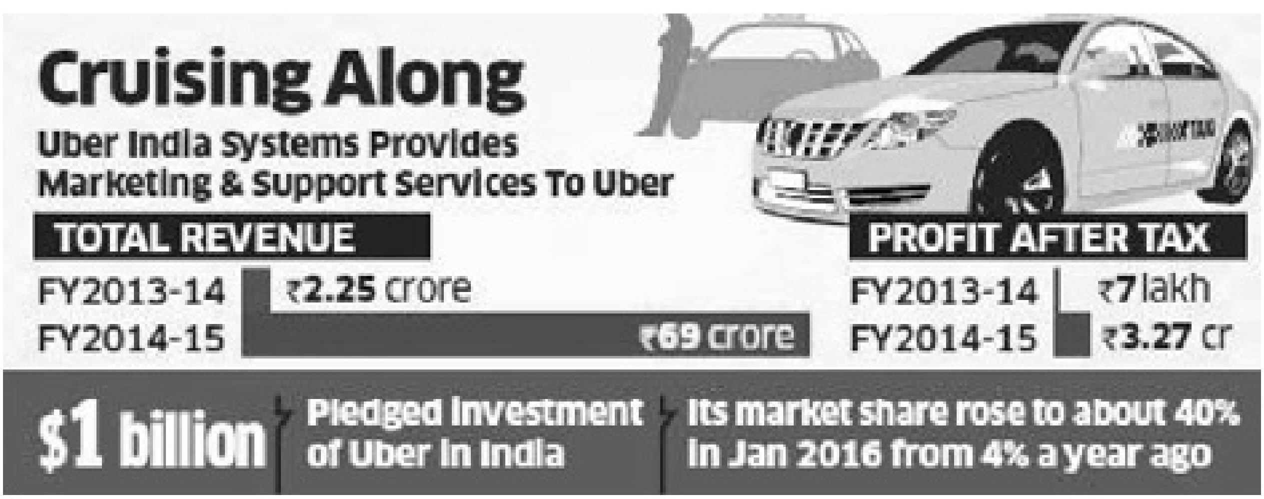




shoes to be dispatched. On receipt of the pair of shoes, you pay the delivery-boy the amount in cash. This cash goes to Flipkart, which in turn pays the seller through a direct mode of payment to his bank account after a deduction of a well-deserved commission by Flipkart, in 5-7 business days of dispatch of the shoes. Now, in a nation devoid of platforms like Flipkart, a typical consumer would pay the price of the pair of shoes in cash. The amount would have been received in cash by the seller. Now, there is a bright chance that almost all shoe-sellers (let alone the big players like Puma, Adidas, etc.) have two sets of books - "Kaccha" and "Pakka". This shoe bill might have landed in the "Kaccha" book if the buyer is particularly discouraged to pay an extra amount of VAT. This is exactly the problem addressed here. With the system of payment to the bank accounts of the sellers by Flipkart, there is cent-percent transparency in the system. There is no cash involved. VAT is duly paid and Income Tax returns reflect a "true and fair" view.

"There is a 50-50 distribution of mode of payment between Card Payment and Cash on Delivery Mode", said Sachin Bansal in an interview hosted by a reputed weekly magazine. According to Mukesh Bansal, Head of Commerce, Flipkart, the e-commerce giant is expected to increase its sales six-fold to INR 65,000 crores in the FY 16-17. Even if we do not aggressively assume a strict 50-50



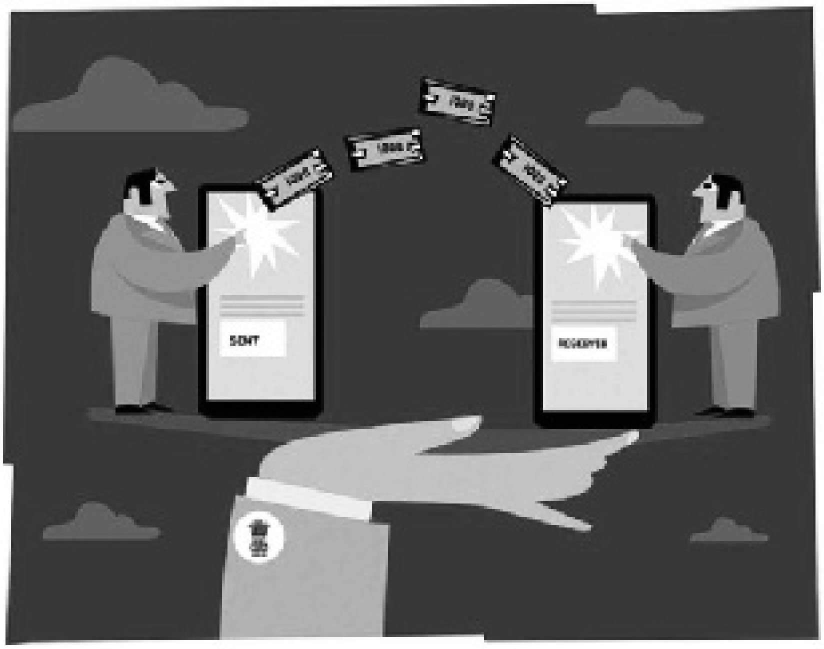


distribution, it is safe to forecast that roughly INR 25,000 (that comes to a 40-60 distribution) crores worth of sales will be made in Online Payment mode. That is how much Flipkart is helping the Indian economy in the FY 16-17.

Even if we look at the sales which are made through CoD mode of payment, Flipkart is obliged to report such sales in its books. This is because of a nasty, Shark-Tank term called "valuation". The valuation models of start-ups are primarily based on sales. It works to a staggering 1x to up to 10x of sales. So, in order to claim a higher valuation, Flipkart will have to show sales, which it is more than happy to flaunt, be it cash sales or sales through Online Payment.

It is evident that India is shifting from a "Cash-is-King" economy to a cashless economy. By the year 2020, nearly $500 billion worth of dealings in India will take place digitally which is 10 times the level at present, according to the reports of Google India. "Last year, 78%

Now, in a nation devoid of platforms like Flipkart, a typical consumer would pay the price of the pair of shoes in cash.



of all consumer spending in India were made by hard cash while in developed countries like the U.S.A. and U.K., only 20% to 25% of such payments was made that way. Cash-based consumer payments in India are expected to fall by 40% to 45% by 2025." The most significant aspect of digital wallets or e-commerce websites is that they are incentivising people of India to open bank accounts, mobilise savings and boost the Government's "Jan Dhan Yojna". In India, taxi-drivers, auto-drivers, chemist shop owners and surprisingly paanwaalas also have started accepting Paytm cash, which they later encash by way of direct deposit into their bank accounts. In an aggressive approach, the Government of India should further incentivise using such digital wallets and e-commerce websites as it is not only mobilising savings but also solving the age-old problem of "conversion of black money to white money."

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A Time Traveler in US Stock Exchange- An Unsolved Mystery

According to many religious philosophies, the concept of time is relative. This philosophy, later on, came to be supported by many eminent scientists, educationists and thinkers. In a wide spectrum, time cannot be calculated as past, present or future – it can only be realized from one dimension to another. Hindu philosophy was familiar with the concept of time travel based on the relativity concept, and many passages on the Vedic scriptures[1] point out that the cosmic time of the Gods is different from the time on the earth. In one of the stories written in Mahabharata[2], *Revati* was the only daughter of King *Kakudmi*, a powerful monarch who ruled *Kusasthali*, a prosperous and advanced kingdom under the sea. In search of a suitable bridegroom for *Revati*, both of them visited Lord *Brahma* in *Brahmaloka* for advice. As Lord *Brahma* was listening to music, they waited till the music got over. Upon meeting *Brahma*, the king requested him to find a suitable match for his daughter. *Brahma* laughed and said that the princes, the prospective bridegrooms that the king is looking for, have all died. Lord *Brahma* explained that time runs differently on different planes

In a wide spectrum, time cannot be calculated as past, present or future – it can only be realized from one dimension to another.

of existence. During the time Revati and Kakudmi had waited in *Brahmaloka* to see Brahma, 27 *Chatur-yugas*[3] had passed away on earth. According to Hindu Mathematics, one *chaturyuga* is equivalent to 43,20,000 human years. Everything that Kakudmi had owned, his friends and families, had vanished with time. Anyway, *Brahama* recommended a worthy husband currently on earth – *Balrama*, the elder brother of Krishna.

Bhagwad Gita, in one of its Slokas (8 : 17), interpreted that one day of Brahma is equivalent to one thousand cycles of the four *yugas*. People who perceive this are, in fact, aware of the basic nature of time. The same ideas have been conveyed through Bible, though not directly. The Bible indicates that God is independent of time. While this might not be a literal type of 'time travel', it would be fair to say that God does not experience time in the same narrow way that human beings do (2 Timothy 1:9, Genesis 1:1, Psalm 42:13). There are also instances in the Bible where men are granted visions of the future (Revelation 1:9-11, Daniel 7:3-14).

It is interesting to note that science has not contradicted the philosophic contents of relativity of time as expressed by ancient religions. Instead, it has supported the concept in principle through experimentations and research. Albert Einstein, one of the greatest physicists of all times, argued[4] that man can travel through time. Theory of relativity is based on recognition of relativity of time. A similar idea is conveyed by Stephen Hawking in his book 'A Brief History of Time'[5] where, in Chapter 10, he talks about worm holes and time travel. In present times, advanced scientific research associations in the world are engaged in serious research in this domain. The European Nuclear Physics Organization is conducting an experiment[6] to create mini black holes, which can be applied to travel across time. John Titor[7], mysteriously claiming to be from the year 2036, said that he has come from the future by crossing too many black holes. Ronald Mallet, a Professor of Physics at the University of Connecticut, in his research paper titled "The Gravitational Field of a Circulating Light Beam", claims that it is possible to create a time machine by applying Einstein's equations and laser beams[8]. He even predicts that by July 2025, there will be a machine to travel across time.

During interrogation, he confessed that he had known about the stock market behavior in advance and claimed to be a time traveler arriving from the year 2256!

In this backdrop, the story of Andrew Carlssin created a sensation. In December 2002, the New York stock market faced a major crash which continued till January 2003. Amidst that downfall, a man was found making abnormal profit by investing only $800[9] and building a fortune worth over $350 million in just two weeks! In the time of such nose-diving stock prices, he made a flurry of 126[10] high risk trades and came out the winner every time. This feat created a sensation amongst the stakeholders and media, and also aroused the suspicions of the FBI and the SEC (Securities Exchange Commission of the United States). FBI detained him as a suspect accused of insider trading, as they firmly believed that the only way he could pull it off is with illegal insider information.

During the interrogation, he confessed that he had known about the stock market behavior in advance and claimed to be a time traveler arriving from the year 2256! This man, calling himself Andrew Carlssin, submitted that the events occurring in the year 2003 were found to be historical in the year 2256, and so the stock market crash and share prices were known to everyone then. The authorities reacted in the same way that we would react listening to this – describing his explanation as bizarre, or completely bogus. Things did not end here. "It was just too tempting to resist", Carlssin confesses in a videotaped confession. He says, "I had planned to make it look natural, you know- lose a little here and there so it doesn't look too perfect. But I just got caught in the moment." People and the authorities started digging further into the story of this man. But the results of such digging were equally surprising – there was no record of Andrew Carlssin existing anywhere before December 2002. He was kept in jail though. Carlssin's lawyer claimed that they were about to meet on 2nd April 2003 but Carlssin never showed up. Surprisingly, while he was detained for questioning, he even predicted the global crisis which was to take place in 2008 and a cure for AIDS being discovered.

In their 29th April 2003 issue, the Weekly World News widely circulated that Carlssin has been bailed out by an unidentified benefactor who paid $1 million, and then jumped bail before an April 3 court hearing and disappeared without a trace. However, the story of Carlssin was not referred to again. The SEC and the FBI started denying the fact that they ever detained Carlssin. In the same 29th April issue, the Weekly World News claimed that they were able to interview Carlssin via telephone, and he said that he was in Toronto and was setting up a company that would go public in 2007. Carlssin admitted that he was released by the FBI on March 29th, 2003, on the kindness of a stranger who guaranteed bail of $1 million. Some suspicions started arising that this story is completely engineered by Weekly World News. The FBI and SEC have denied the news and said that the story was a pure joke. But things did not end there.

On March 31st 2006, Carlssin reappeared in an exclusive interview with Weekly World News magazine and spoke about his current engagement. His only condition was that his existing location should not be revealed. He admitted that the authorities had reached a mutual understanding with him and he had been released to leave the country. He said that at present, he was working in the oil industry and was developing equipment to extract oil from the oil fields in Alberta.

This was the last news about him.

The incidence of Andrew Carlssin in the US stock exchange seems to be an

TIME TRAVELER SKIPS TOWN!

FUTURE FUGITIVE: Mug shot of Andrew Carlssin, who claims to be from the year 2256.

NEW YORK — Self-proclaimed time traveler Andrew Carlssin — the enigmatic Wall Street whiz jailed on insider-trading charges — has vanished without a trace!

The mystery man, who claimed to be a visitor from the year 2256, jumped bail before a scheduled court hearing on April 3 and hasn't been seen since, officials say, despite an intense manhunt by federal lawmen.

"It's like he disappeared off the face of the Earth," declares a law-enforcement source. "No one can find him. Some people are speculating that he might really have hopped in his time machine and escaped 'back to the future.'"

Weekly World News first broke the mind-bending tale of Andrew Carlssin in our February 25 edition, and it has since garnered international attention. Scores of reporters tried to interview the 44-year-old financier during his stint on Rikers Island, but all requests were rebuffed by his attorney.

TIME TRAVELER BUSTED FOR INSIDER TRADING

He made $350 million off the stock market — in just 2 weeks!

Weekly World News broke this amazing story on February 25.

Carlssin had offered a bizarre explanation for his uncanny success in the stock market after a Securities and Exchange Commission investigation led to his arrest on January 28. He claimed that he'd arrived in our era in a "time craft," armed with a detailed knowledge of the price history of stocks. Thus, in just two weeks' time, he parlayed $800 into a portfolio valued at over $350 million.

But investigators aren't buying his story and are branding Carlssin a "pathological liar."

"The only way he could pull it off is with illegal inside information," says an SEC insider close to the investigation. "This time travel stuff is a bunch of nonsense."

His assets frozen, Carlssin languished in jail for over a month as investigators repeatedly grilled him, hoping he'd eventually break and turn in his accomplices.

Then on March 29, an unidentified benefactor paid $1 million to bail Carlssin out.

"On April 2, Andrew was supposed to meet me to prepare for a hearing but he never showed up," says Carlssin's puzzled lawyer.

Authorities can't talk on the record about the case due to a judicial gag order and details about the ongoing, hush-hush criminal investigation are hard to come by.

But a few intriguing facts actually give credence to the time-travel explanation:

- While in custody, Carlssin tried to prove his story by predicting upcoming events such as the exact date the U.S.-led invasion of Iraq would take place. "It may have been a lucky guess but he got it right," an FBI source admits.
- Investigators have been unable to find any record of an Andrew Carlssin existing anywhere before December 2002 — nor evidence that he faked his identity.

— By MIKE FOSTER

ASCENT

unsolved mystery to the public. What do we make of it? Could it be true? Is time travel, as claimed by this man, possible? Or is it a case of classic insider trading? Well, it simply comes back to what you think, but one must not forget to question everything.

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ASCENT

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Krishi Kalyan Cess

INTRODUCTION

The Krishi Kalyan Cess (KKC) was introduced and announced during the Union Budget 2016-17 by the Hon'ble Finance Minister, Mr. Arun Jaitley, with an aim to improve and enhance agriculture in India and for the welfare of the farmers. The motive behind it was to promote various initiatives in the domain of agriculture, and also provide better finance to them. This will help the farmers to have access to a greater amount of money to invest in machinery, seeds, fertilizers, etc. and they will also be in a position to get better prices for their produce. This is a major development and an appreciable initiative taken by the Indian Government towards the welfare of the primary sector (agriculture) in the economy.

LEVY OF THE KKC ON SERVICE TAX

The provisions related to the levy, imposition and collection of the Krishi Kalyan Cess are contained in Chapter VI (Section 161) of the Finance Act, 2016. The KKC shall be levied on all taxable services, at a rate not exceeding 0.5% of the value of taxable services.

The Hon'ble Finance Minister, Mr. Arun Jaitley, while informing the House of Parliament on the matter, stated as under:

"152. - I propose to impose a Cess, called the Krishi Kalyan Cess, @ 0.5% on all taxable services, proceeds of which would be exclusively used for financing initiatives relating to improvement of agriculture and welfare of farmers. The Cess will come into force with effect from 1st June 2016. Input Tax credit of this cess will be available for payment of this cess."

Thus, the said provisions shall come into force w.e.f. 1st day of June, 2016, as declared by the Government of India vide Notification No. 28/2016, and the KKC shall be imposed from the said date at the rate of 0.5% on all the taxable services.

> The provisions related to the levy, imposition and collection of the Krishi Kalyan Cess are contained in Chapter VI (Section 161) of the Finance Act, 2016.

ASCENT

The proceeds of the Krishi Kalyan Cess shall first be credited to the Consolidated Fund of India, and the Central Government may, after due appropriation made by the Parliament by law in this behalf, utilise such sums of money of the Krishi Kalyan Cess for such purposes specified in sub-section (2), as it may consider necessary. Hence, the funds raised through the imposition of KKC shall be utilized wholly and exclusively for financing and promoting initiatives to improve agriculture or for any purpose incidental thereto or connected therewith.

DETERMINATION OF POINT OF TAXATION

The Point of Taxation of KKC shall be determined in accordance with Rule 5 of the Point of Taxation Rules, 2011.

As per Rule 5 of the POT Rules, 2011, KKC shall not be levied in the following cases if service is performed before 1st June, 2016:

- Where the invoice is issued as well as the consideration is received before the date when KKC became effective, i.e. before 1st June, 2016; and,
- Where the consideration is received before the date when KKC became effective, i.e. before 1st June, 2016, and the invoice is issued on or before 15th June, 2016 (i.e. within 14 days of the date when KKC became effective).

> The exempt services fall outside the periphery of the imposition of KKC.

However, if the invoice is issued before the date when KKC became effective, i.e. before 1st June, 2016 but the payment is received after 1st June, 2016, KKC would be applicable and hence, the effective rate of Service Tax would be 15 per cent.

RATE OF LEVY, VALUE AND CLASS OF SERVICES ON WHICH SBC IS TO BE LEVIED

KKC is to be levied at a rate of 0.5% on the value of taxable services. It is also to be noted that unlike the Education Cess (EC) and the Secondary and Higher Education Cess (SHEC), KKC is not to be imposed on the amount of tax liability. Rather, it is to be imposed on the value of taxable services.

KKC has to be levied on all or any of the taxable services as notified by the Government of India. The Central Government vide Notification No. 28/2016 has imposed KKC on all taxable services.

SERVICE TAX LIABILITY

As discussed earlier, the KKC is to be levied on all taxable services. Thus, the exempt services fall outside the periphery of the imposition of KKC. Thus, any service which is covered in the Mega Exemption Notification or falls under any category of the Negative List shall not be subject to KKC as these services are not taxable.

Further, any person liable to pay the service tax under sub-rule (7), (7A), (7B) or (7C) of rule 6, shall have the option to pay such amount as determined by multiplying total service tax liability calculated under sub-rule (7), (7A), (7B) or (7C) of rule 6 by effective rate of Krishi Kalyan Cess and dividing the product by rate of service tax specified in section 66B of the Finance Act, 1994, during any calendar month or quarter, as the case may be, towards the discharge of his liability for Krishi Kalyan Cess. He/She may not be required to pay Krishi Kalyan Cess at the rate specified in sub-section (2) of section 161 of the Finance Act, 2016. However, the option under this sub-rule, once exercised, shall apply uniformly in respect of such services, and shall not be changed during a financial year under any circumstance.

It has been further provided vide notification no. 30/2016 that the SEZ (Special Economic Zone) Unit or the SEZ Developer shall be entitled to refund of the service tax paid on the specified services on which ab-initio exemption is admissible but not claimed, and also of the amount distributed to it in terms of clause (a) of the notification no. 12/2013-Service Tax, dated 1st July, 2013 of the Govt. of India in the Ministry of Finance (Department of Revenue).

INPUT TAX CREDIT

Input Tax Credit (ITC) of Krishi Kalyan Cess paid on input services shall be allowed to be used for payment of the proposed Cess on the services provided by a service provider.

However, it is to be noted that Input Tax Credit of Swachh Bharat Cess has not been allowed to be claimed by the service providers.

INDICATION IN INVOICE

KKC needs to be mentioned separately in the invoice as a different line item after Service Tax. It is to be noted that KKC shall be levied, imposed and collected independent of the Service Tax and Swachh Bharat Cess. Thus, it has to be levied, treated and accounted for separately. Accordingly, separate accounting codes have also been allotted by the Office of the Controller General of Accounts for the new Minor Head "507-Krishi Kalyan Cess" and new sub-heads as under:

S. No.	Krishi Kalyan Cess (Minor Head)	Tax Collection	Other Receipts (Interest)	Deduct Refunds	Penalties
1.	0044-00-507	00441509	00441510	00441511	00441512

CENVAT CREDIT RULES ON ACCOUNT OF KKC

It is noteworthy to mention that KKC has been included in the chain of CENVAT Credit.

A provider of output service shall be allowed to claim CENVAT credit of the Krishi Kalyan Cess on taxable services leviable under Section 161 of the Finance Act, 2016. However, it has also been provided that the CENVAT credit of any duty specified in sub-rule (1) shall not be utilised for payment of Krishi Kalyan Cess leviable under Section 161 of the Finance Act, 2016.

Further, CENVAT credit in respect of Krishi Kalyan Cess on taxable services leviable under Section 161 of the Finance Act, 2016, shall be utilised only towards payment of Krishi Kalyan Cess on taxable services leviable under Section 161 of the Finance Act, 2016.

CONCLUSION

It can be concluded that the Krishi Kalyan Cess would raise a substantial amount of funds for the Government of India to meet the huge financial requirements for the welfare of the farmers and overall agricultural sector of the Indian economy. At the same time, it would also decrease the tax burden as CENVAT Credit has been allowed, unlike in the case of Swachh Bharat Cess (SBC). Hence, it will help in eliminating the cascading effect of the cess. An enhancement in the effective rate of Service Tax would also result in a hike in prices of all the taxable goods and services. Eating out, mobile phone usage and air and rail travel have become expensive with the new Krishi Kalyan Cess (KKC) of 0.5 per cent on all taxable services. With the imposition of Krishi Kalyan Cess, the total and effective incidence of Service Tax has gone up to 15 per cent of the taxable value of services. The levy of KKC has added an extra burden on the pockets of service recipient. The levy has raised the effective rate from 12.36 per cent to 15 per cent within a span of one year only and hence, contributed to inflationary pressure.

> The levy of KKC has added an extra burden on the pockets of the service recipient.

Futher, the need for a separate accounting treatment might cause inconvenience and complexity.

The amendment to the Point of Taxation Rules, 2011 might prove to be regressive for service providers as it may not be possible to convince all the debtors particularly for the dues outstanding for relatively longer periods, and they may have to bear the cost for this extra levy.

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The views expressed and the conclusions drawn above are based on the notifications made and circulars issued by the CBEC, Ministry of Finance as well as the highlights of Union Budget 2016-17.

Brand Preference of Smart Phones

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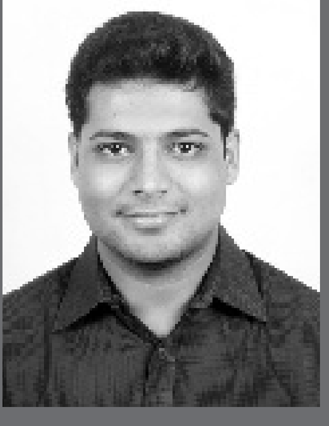

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INTRODUCTION

A smart phone is a cellular telephone with an integrated computer and other features not originally associated with telephones, such as an operating system, web browsing and the ability to run software applications.

Cell phones are the perfect way to stay connected with others and provide the user with a sense of security. In the event of an emergency, having a cell phone can allow help to reach you quickly and could possibly save lives.

Mobile phones play an important role in today's technologically-advanced community in such a way that they allow users to communicate with others from anywhere in the world. Modern mobile phones appear in a variety of forms, which include camera phones and smart phones among others. Speaking of smart phones, these devices are the most popular type of mobile phones.

LITERATURE REVIEW

Consumer decision making has long been of great interest to researchers. Early decision making studies concentrated on the purchase action (Loudon and Bitta, 1993). It was only after the 1950s that modern concepts of marketing were incorporated into studies of consumer decision making, including a wider range of activities (Engel, Blackwell and Miniard, 1995).

Usually a buyer passes through five stages to reach his buying decision. These stages help the buyer to evaluate his needs, choose the best smart phone according to his need and budget and purchase it.

> Cell phones are the perfect way to stay connected with others and provide the user with a sense of security.

RESEARCH OBJECTIVE

- To identify the extent to which

evaluation of outcomes and beliefs affect consumers' attitudes and intention to purchase in the smart phone market in India.

- To develop a framework on the effects of external and internal influence which affect self-concept and lifestyle of the consumer that result in purchase decision making process.
- To analyze what are the factors which influence and eventually motivate the customer to buy smart phones in the Indian market.
- To analyze the theoretical implication of the brands of smart phones in the Indian market and the effects on the decision making process.

RESEARCH METHODOLOGY

This includes a general overview of the overall research philosophy employed in carrying out the research, justification of the chosen approach, provision of operational construct definitions and specification of their indicators, and a discussion of the data collection and analysis methods. A research is designed in line with the nature of the problem identified and the questions to be addressed. The stated objectives of this research are confirmatory and explanatory in nature, as they sought to describe and confirm the consumer behavior towards smart phones in the Indian market; and to establish, as well as explain, the nature of the effect of regulatory focus in consumer's smart phone buying behavior.

RESEARCH PROBLEMS

1. How does attitude and subjective norms affect consumer behavior toward smart phones in the Indian market?

   According to the survey, it was found that the sales of the company was majorly dependent on their sales staff, as for every range, there are a number of smart phones and it is only the sales personnel who can read the mind of the potential buyers and boost up his/her sales.

2. What are the effects of culture, social status and marketing activities in the form of external influence on the consumer for purchasing smart phones in the Indian market?

   Social status and culture matters a lot in the Indian society, hence according to a general trend, as seen in the survey, people tend to stick to their particular brand or they move to a brand better than the former so as to belong to a particular social class.

3. What are the effects of perception, motivation and emotion in the form of internal influence on the consumer for purchasing smart phones in the Indian market?

   The Indian market is a brand conscious market, wherein people perceive quality of the product to its brand value, irrespective of the fact that the product is overpriced. Some are also attached to a brand emotionally while some are motivated to go for a new brand by the sales personnel.

The second step in this research is the Research approach. There are two types of research approach that can be employed, which are inductive and deductive approaches.

The first approach is the deductive approach, which is also known as the testing theory, in which the researcher develops a theory or a hypothesis and designs a research strategy to test the formulated theory. The second is the inductive approach, which is also known as building a theory, in which the researcher starts with collecting data in an attempt to develop a theory. A researcher should explain clearly which approach is being followed in his or her research project.

For this research on consumer behavior toward smart phones in India, both deductive and inductive approach were used as these approaches help in understanding the consumer behavior as it provides a basis for scientific-style model specification and testing with accurate results. Deduction possesses several important characteristics.

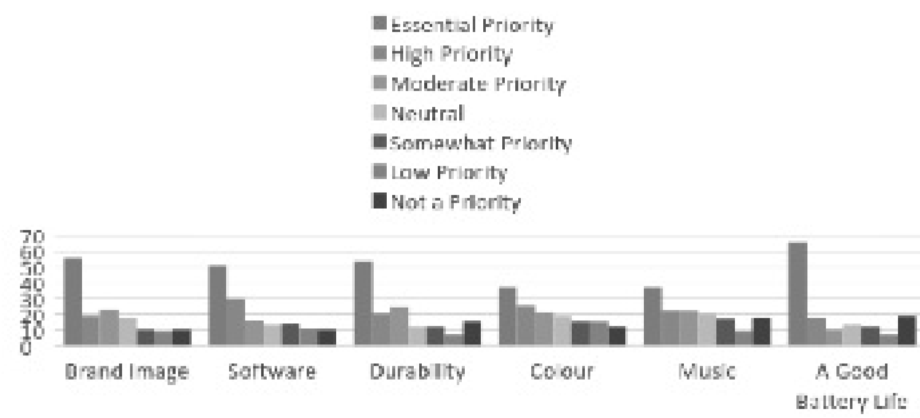
First, there is the search to explain causal relationships between variables and it is operationalized in a way that enables facts to be measured quantitatively. This holds that problems as a whole are better understood if they are reduced to the simplest possible elements. The final characteristic of deduction is generalization. In order to be able to generalize statistically about regularities in human social behavior, it is necessary to select samples of sufficient numerical size.

DATA COLLECTION

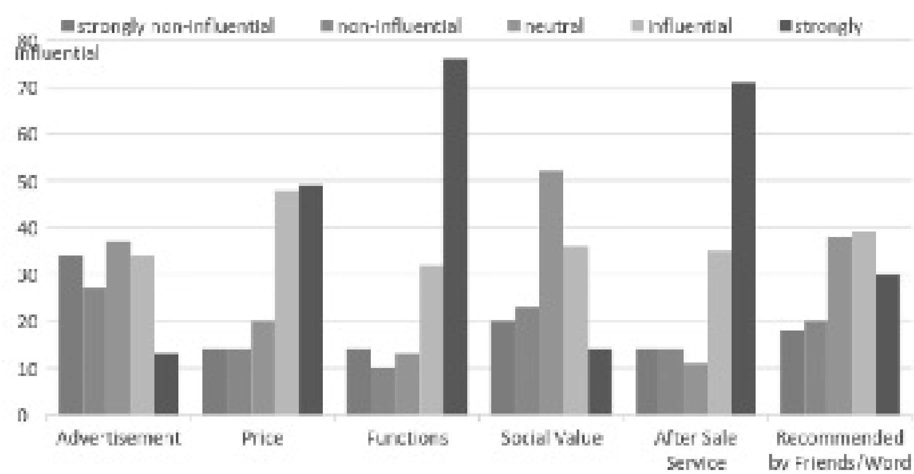
With the purpose of answering the research questions in this project, primary data collection is used. Using primary data collection had allowed addressing specific issues to consumers about the use of their smart phones and factors that influenced them in the purchase decision making process for a smart phone. Data collection was a critical part of the research as this was the core of the findings. Additionally, using primary data allowed greater control over the collection of information.

This research is based on multi-methods, using both quantitative and qualitative techniques, in data collection with more emphasis on quantitative methods. It must be noted that the questionnaire survey was used as main data collection instrument of this study because it enables researchers to examine and explain relationships between constructs in particular cause-and-effect relationships.

WHAT PEOPLE LOOK FOR IN SMART PHONES?



FACTORS THAT INFLUENCE THE PURCHASE OF SMART PHONES



CONCLUSION

According to consumer behavior models, whether the product is able to satisfy people's needs is one of the arguments that influence people's buying decision. In the case of smart phones, the product performance, including integration of hardware and software, file transfer and display, and camera performance are considered as influences that define whether one's major needs could be satisfied; as what literature implies that brand name has the effect on certain levels to the cognition of product quality. In this study, brand image of a smart phone vendor affects people's purchase decision.

As smart phones become more commonly used, and their capabilities expand, they may increasingly be the means consumers use to access financial services and manage their finances. Their constant presence also makes them a potentially useful tool for the delivery of just-in-time financial information or as an aid in decision making. Given the prevalence of mobile phones-particularly smart phones- among minorities, low-income individuals and younger generations, mobile technology has the potential to empower consumers and expand access to financial services for underserved populations.

RECOMMENDATION TO INDUSTRY

Smart phone companies in India should focus on their product quality and brand image as consumers are mostly influenced by these factors while purchasing a smart phone. Companies should spend more on advertisement and promotion which should be interactive and should connect with the consumers on an emotional level that will help them reach a wider audience and will also help as an external factor to consumers in decision making process. Companies should also launch more smart phones with standard quality for lower classes as this will help the company to reach more consumers as lower class population in our country are high. This will be beneficial for the companies and for the people. Companies should also focus on tie-ups with mobile network companies for mid-range smart phones.

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The Fall and Rise of 'Meri Maggi'

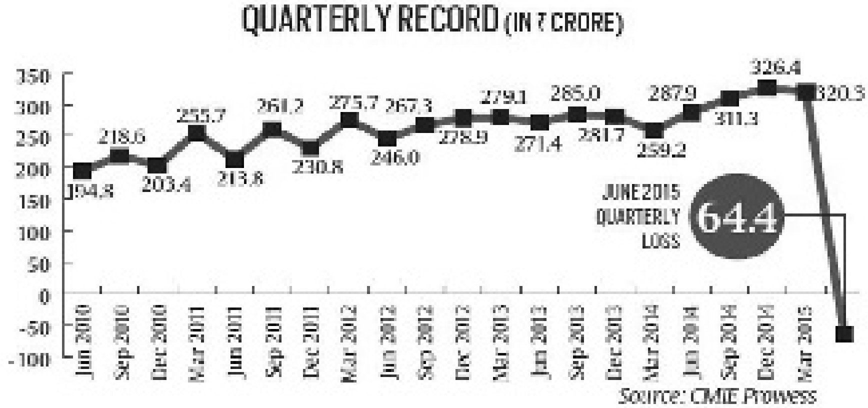
BAN ON MAGGI: THE DRAMATIC FALL

From the time Nestlé's Maggi arrived in the Indian markets in 1983, it has been everyone's favourite "2-minute Noodles" and popular among children, youngsters and adults alike. It has been the major contributor towards Nestle India's revenue consistently.

However, the brand ran into trouble with the Food Safety and Standards Authority of India in the early 2015. The renowned Swiss based 2-Minute Noodles had defaulted on the FSSA (Food Safety and Standards Act) regulations due to the presence of lead detected in the product in excess of the maximum permissible level of 2.50 parts per million (ppm), misleading labelling information on the package that read 'No added MSG', and thirdly, due to the release of a non-standardized food product 'Maggi Oats Masala Noodles with Taste maker' in the market, without risk assessment and grant of product approval. It had led to the imposition of a ban on nine variants of the Maggi line of products and uproar in the whole food industry and the Indian economy. Many states across India banned Maggi products. Protests were held against Maggi and people took to social media to express their anger, disappointment, loyalty and faith in the brand. The FIR against Amitabh Bachchan,

Preity Zinta and Madhuri Dixit generated a lot of buzz as well.

The incident tarnished the brand image of Maggi and stripped it of its title of 'The Most Powerful Brand' and 'The Most Valuable Brand'. Struck by an exceptional item charge of Rs 451.6 crore on account of withdrawal of stocks of Maggi noodles, Nestle India reported a net loss of Rs 64.40 crore for the second quarter ended June 30, 2015 — its first quarterly loss in at least 17 years. This came on the back of a net profit of Rs 287.8 crore in the corresponding quarter last year and a profit of Rs 320 crore in the previous quarter ended March 2015.



Also, Nestle India's brand value was said to be eroded by 60-70% during the ban. The market-share of Maggi noodles also went down from a formidable 70% to almost 42% due to the ban. The stock prices of Nestle India went down drastically during the ban. Production had to be stopped at various plants, resulting in many workers losing their jobs and the suppliers also faced the heat from the ban.

NESTLE'S RESPONSE: BETTER LATE THAN NEVER

Nestle India responded to the ban slower than what was expected from them. Once the ban was announced, Nestle India decided to take its popular brand of noodles temporarily off the shelves. Many people criticise the way Nestle handled the crisis. It initially maintained a two-week long silence; perhaps thinking it was a minor blip and would die down soon. The awkward silence was interpreted by many consumers as an expression of guilt. However, the company later understood the magnitude of the crisis and took all the right steps to communicate with the consumers by going for extensive communication using digital media. It regularly kept posting updates on Facebook and Twitter, replied to customer queries personally, and even had a dedicated section in their website to keep consumers updated and for them to address their complaints. This played a major role in limiting the damage that the ban otherwise could have further done to the company.

THE GLORIOUS RETURN

The Bombay High Court set aside the countrywide ban on nine variants of Nestle's Maggi instant noodles in early August, 2015. It said that Nestle India could relaunch Maggi after conducting fresh tests of samples of Maggi, a decision welcomed by Maggi and its loyalists.

Relaunching the brand was a

mammoth task for Nestle. It had to reposition the brand, make changes to the packaging and launch a series of ad campaigns like '#WeMissYouToo' and 'Welcome back, Maggi' to win back the trust of its consumers. Maggi had tied up with Snapdeal to relaunch Maggi and give

"Welcome back, Maggi" kits. The flash sale saw 60,000 kits being sold out in just 5 minutes.

OBJECTIVES OF THE STUDY

The study aimed to accomplish the following objectives:

1. To study, analyse and understand the behaviour of consumers in Kolkata towards the ban on Maggi Noodles and its return in the market.
2. To understand, in a detailed manner, how the controversy surrounding Nestle India's Maggi unfolded and provide knowledge about the series of events which followed the ban.
3. To understand how retailers reacted to the ban on Maggi and its return.

RESEARCH METHODOLOGY

For the purpose of the study, both primary and secondary data was collected. Primary data was collected through a questionnaire survey on 100 respondents and interview with 5 retailers; secondary data was collected through online journals, newspaper articles and websites. The data collected is analysed and presented in the form of bar graphs and pie charts.

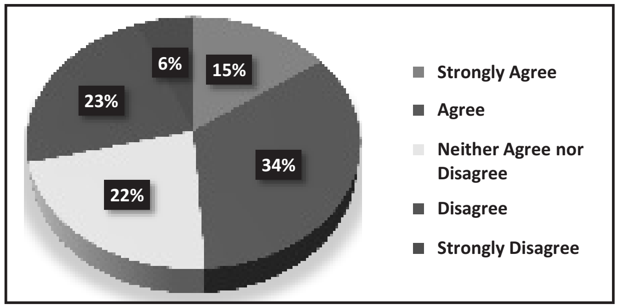
ANALYSIS OF DATA

1. Survey on Consumers:

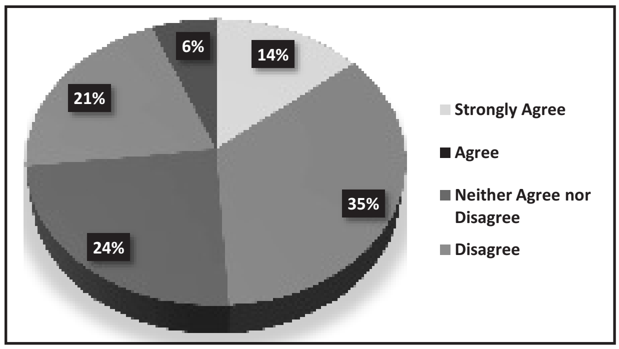
The survey was conducted on 100 consumers in Kolkata in the month of March, 2015.

Some of the questions asked to the consumers and their responses are as follows:

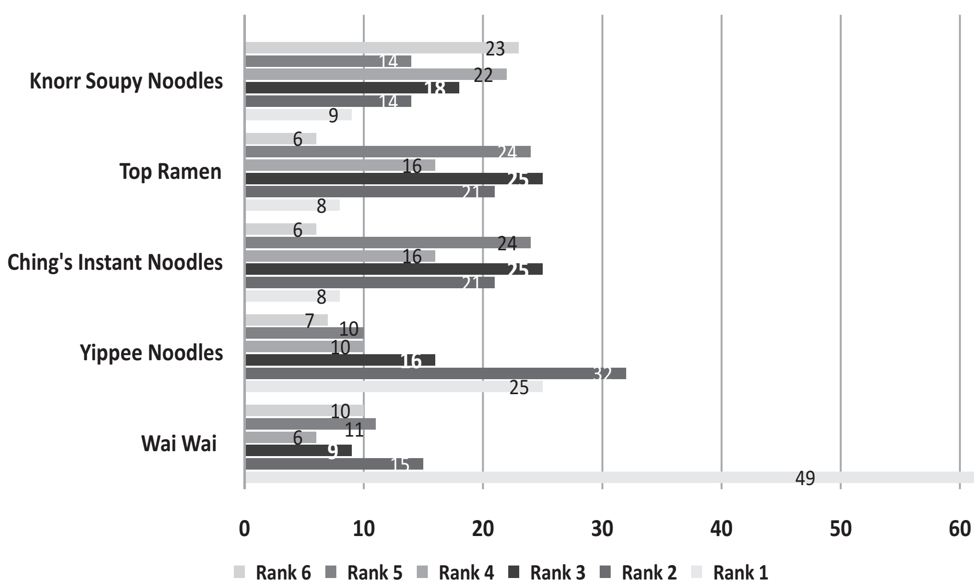
i. You supported the Maggi Ban fully. To what extent do you agree or disagree with this statement?



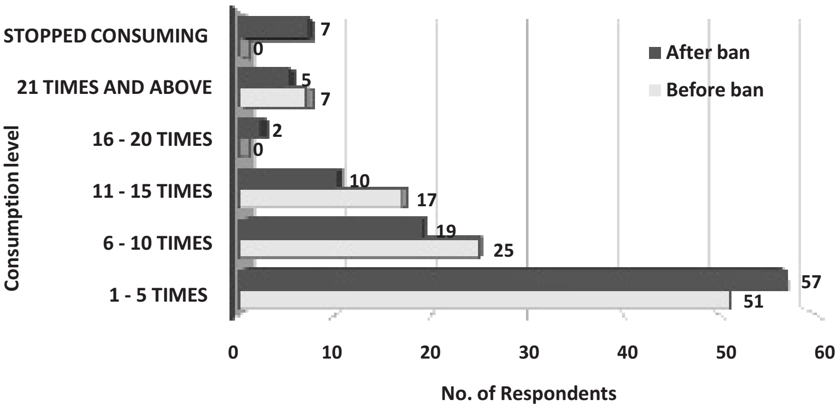
ii. Maggi ban controversy made you unsure about the safety in consuming other Instant Noodle brands as well. How strongly do you agree or disagree with this statement?



iii. While Maggi remained banned, which other instant noodles did you prefer to consume? (Please rank your preference from 1-6 by going to the respective column beside the options and selecting it. 1 represents the most preferred and 6 represents the least preferred brand)



Comparison between consumption level of Maggi before and after the ban:



There was clearly a drop in the consumption level of Maggi after the ban, primarily because people were still skeptical about the safety in consuming the noodles and partly because of increased awareness about the hazards of consuming instant noodles in general.

2. Interview With Retailers

5 retailers were interviewed to understand their reaction towards the ban on Maggi and its return. The retailers showed similar responses. All the retailers said that Maggi was the highest selling noodles both before and after the ban. None of the retailers were skeptical in giving shelf space to Maggi after its return as they were confident that it would do good business. Most of the retailers said that regular customers kept enquiring about the return of Maggi whereas some customers stopped buying Maggi completely after the ban. A retailer also revealed an interesting fact that due to the tarnished image of Maggi, customers were hesitant in buying other Nestle brands especially its baby food brand, Cerelac.

FINDINGS

1. There is a strong awareness about the popular brand, Maggi among children and adults alike and people tend to follow news related to it very carefully.
2. There is a very loyal group of Maggi consumers that did not doubt the brand even when it was surrounded by a controversy such as this and supported the brand fully.
3. The study also indicated that in the opinion of the consumers, Nestle India reacted effectively to the controversy.
4. There was a fairly high demand for Maggi even during the ban and both consumers and retailers were eagerly waiting for its relaunch.
5. The controversy surrounding Maggi had created doubts about the safety of other instant noodles brands as well.
6. ITC's Yippee noodles and WaiWai emerged as the top selling brands during the Maggi ban.

CONCLUSION

The ban on Maggi noodles in 2015 had put Nestle into a major crisis situation. The ethos and values of the company as well as its crisis management skills were put to its ultimate test. The ban caused a lot of damage to the company and the brand. But Maggi made a winning comeback by using the right marketing strategies.

It became the market leader again after its comeback. However, the effects of the damage are still not gone. Putting the brand back to where it was would require sincere efforts. Maggi has risen after its dramatic fall. But it has been an uphill task and it still has a long way to go before it is restored to its former glory.

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The Demand for "Common" Civil Code

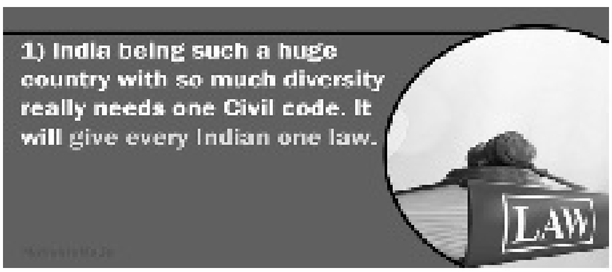
The Uniform Civil Code may be described as controversy's favorite child.

Article 44 of Directive Principles of State Policy says "The State shall endeavour to secure for the citizens a Uniform Civil Code throughout the territory of India." But it is a matter of regret that article 44 of the Constitution has remained a dead letter for the Indian judicial system. Article 44 is based on the concept that there is no necessary connection between religion and personal laws in a civilized society. In one case, Article 25 of the Indian Constitution allows everyone the right to follow, profess and propagate his or her religion with utmost dignity whereas Article 44 seeks to divest religion from social relations and personal law.

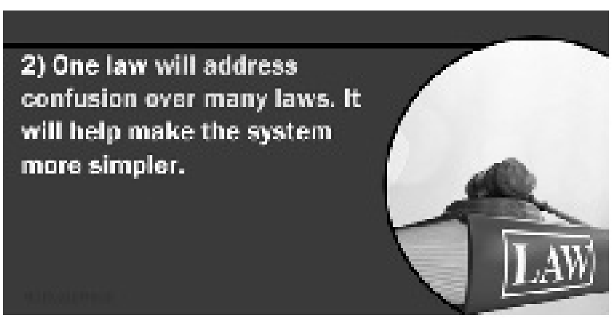
> In civil matters such as marriage, adoption, succession, divorce and inheritance, the allowance of patriarchy is on a high.

The discussion for having a proper Civil Code for all did take place during Constituent Assembly proceedings, where the then Law Minister of India, Mr. B. R. Ambedkar stood for reforms in the society by having a proper Civil Code, but due to stiff resistance this proposal was not allowed to be passed in the Assembly and hence was pushed to the category of "non actions" called the Directive principles of State policy. Therefore, the meaning of Uniform Civil Code was articulated as a proposal to replace the personal laws based on the scriptures and customs of each major community in India with its own sets of laws governing every citizen.

When we talk about equal justice to all in society, we cite the criminal laws of the country. But in civil matters such as marriage, adoption, succession, divorce and inheritance, the allowance of patriarchy is on a high. The dilution of general justice done through ages has not awakened the minds of a common Indian. Therefore, the idea of a "Common Civil Code" needs to be well conceptualized so that it can be understood by all. Religion cannot be used as a tool to justify acts of public immorality, public disorder or discrimination. The rightful interpretation of religious texts is essential to counter these draconian laws to the extent possible.



By setting aside the discriminatory aspects of existing personal laws and incorporating modern and progressive aspects, we can move towards a common civil code. The applicability of so many personal laws for different communities has created a deep-seated problem in the Indian judicial system. This fact has been acknowledged by the Honorable Supreme Court of India which has time and again stated that there is "total confusion" when it comes to personal laws governing religious practices.



The Supreme Court of India has been very active on the issue of same Civil Code for all. It has given landmark judgments to support the cause of non-biased civil laws in India whether it is in the famous cases of:

(I) Shah Bano (1985), which talks about maintenance of Muslim women after divorce.

(II) Smt. Sarla Mudgal vs. Union of India and Others (1995), which raised three pertinent questions for Courts; first, whether a Hindu husband married under Hindu law by embracing Islam, can solemnize a second marriage? Second, whether such a marriage, without having the first marriage dissolved, would be a valid marriage for the first wife who continues to be a Hindu? And last, whether the apostate husband would be guilty of the offence under section 494 of the Indian Penal Code?

(III) Daniel Latifi vs. Union of India (2001), where the court stated that reasonable and fair provisions include provision for the future of the divorced wife with no confinement along the divorce period as stated in Muslim personal laws. This remains the final case law in this regard.

(IV) Shamim Ara vs. State of Uttar Pradesh (2002) ruling which supported the claim that arbitrary triple talaq is invalid.

These decisions support the view of Shri K. Kannan, a former judge of the Court of Punjab and Haryana, that by borrowing from laws of various communities and making judicial pronouncements that assure gender equality, the nation can move towards a uniform set of civil laws in due course.

Assessing the present scenario, the government has asked the Law Commission of India headed by retired Justice Balbir Singh Chauhan to formulate a report on the formulation of Common Civil Code. The Law Commission chief has said that people must be educated on this issue. People should know and understand this civil law reform from a humanitarian viewpoint to guarantee the equal rights of citizens, rather than from a non-moderate religious attitude.

Till the time this matter is seen from a religious perspective, from a perspective of curtailing minority rights, then this issue will face the same resistance as all other major reforms in India.

Assessing the present scenario, the government has asked the Law Commission of India headed by retired Justice Balbir Singh Chauhan to formulate a report on the formulation of Common Civil Code.

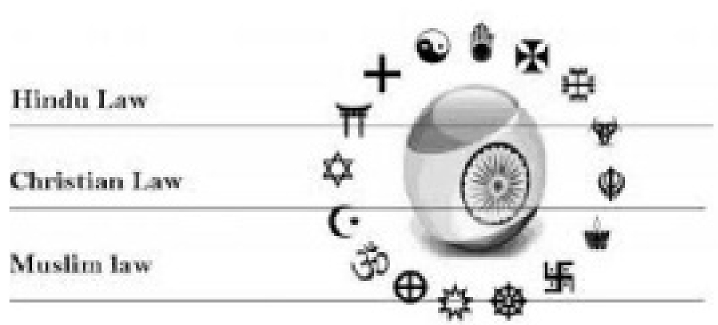
This is high time for citizens of India to introspect whether they would like to continue to enforce principles of the 18th century that destroy the 21st century of India. Rigidity is inheritably imbibed in many of the personal laws of India. It is a fact that there remains greater rigidity in the personal laws of some communities whereas, in others, serious reforms have been introduced, that has contributed to the progress of those communities. But there is lack of comprehensive reforms even in those outdated laws.

Viewing this demand from a macro level perspective, the implementation of this matter will give a global outlook to India in terms of equal gender rights, equal minority rights and of course equal human rights. Moreover, it should not be seen as a concept presented by the Western world. Rather, it is the periphery adopted by the leftist governments in the East, where state and religion are seen differently and where state is above the question of religion.

There is hope that a call for a Common Civil Code will purge the nation of inequality by removing the evils of polygamy, child marriage, arbitrary divorce, rigid grounds for a divorce, unjustified property rights and disparity in adoption laws. It is significant to note that the personal laws of the Hindus, such as those relating to marriage, succession and other issues, all have a sacramental origin in the same manner as in case of Muslims or Christians. For the cause of national unity and integration, the Constitution enjoins the establishment of a "common civil code" for the whole of India.

Thus, in order to generate wide consensus, any discussion on the issue of Uniform Civil Code in India must be cognizant of the undue stress given on the word “Uniform”. Uniformity in civil laws is often linked with majoritarianism causing sections of society to resist this revolutionary reform. The very concept of complete uniformity in society is a farce and it is therefore essential that the codification of civil laws should encompass every person under its purview. It has rightly been observed by the Hon'ble Supreme Court that,

“Justice to all is a far more satisfactory way of dispensing justice than justice from case to case.”



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Public Private Partnership: Partnership for Prosperity

ABSTRACT

Rapid urbanisation and infrastructure bottleneck have been serious concerns for India in the way of vigorous pace of economic development. Increasing demand for quality infrastructure can only be met with robust investment, technological advancement and proficient project management. Public Private Partnership, also known in India as "3P's INDIA", has emerged as a boon for India's growth and development by bridging the gap between India's now and its future.

Use of plastic bags waste in road construction is a potential field for the use and scientific disposal of industrial waste polymers into roads, instead of banning their use or resorting to non-environment friendly methods like burning or using landfills. The main focus of this article is to review and discuss ways in which plastic waste can be used for road construction and the cost benefit of incorporating this idea by the Government in the different states.

The issues of access, efficiency and quality are essential to meet the dual objectives of fast and inclusive growth.

INTRODUCTION

Public Private Partnership (PPP) is an agreement between the government and the private sector for the purpose of provisioning of public services or infrastructure with a common vision, where both sectors are blended in a platform for accomplishment of mutual benefits. Constraints like inadequate infrastructure, governance and slow pace of economic reforms are the critical bottlenecks. The issues of access, efficiency and quality are essential to meet the dual objectives of fast and inclusive growth. Private sector participation provides private sector investment, risk sharing, performance linked returns, asset transfer back to government, public nature of service, partnership tenure and outcome specifications, which ensures appropriate and mutually agreed allocation of resources, risks, and returns. Projects in physical infrastructure sectors covered under this model include: airports, education, healthcare, ports, power, railways, road, tourism, urban development, culvert and bridges and telecommunication.

The Government of India defines a PPP as:

"Public Private Partnership (PPP) Project means a project based on a contract or concession agreement, between a Government or statutory entity on the one side and a private sector company on the other side, for delivering an infrastructure service on payment of user charges."

This definition provides the broad framework under which different kinds of PPP models can be chosen from.

REVIEW OF LITERATURE

In this article, an attempt has been made to review a few sources of PPP and to give them in the chronological manner:

Perrot and Chatelus (2000) have stated that the PPP approach is expected to eliminate the decision making and managerial bureaucracy associated with the public sector. The authors also observe that the good credit rating and general goodwill of the public sector will help to consolidate market based procurement of project finances while ensuring less resistance from the general public.

Bovaird (2004) said that the public sector through PPPs establishes long-term partnerships which are essentially working arrangements based on a mutual commitment between a public sector organisation and an organisation outside of public sector. Relationships between public enterprises and private service providers should be based on trust to make the system sustainable and effective in delivering quality services to recipients.

The Department of Economic Affairs, Government of India and Asian Development Bank Report (2006) discuss the status of PPPs in India and their relevance in economic development. They also discuss key government initiatives and private sector perspective on PPPs in India. They also throw light on the role of multilateral agencies in PPP. They further discuss the role of government in capacity building at the state and central level.

Asian Development Bank (ADB) Report (2009) discusses the challenges faced by PPPs in India and the initiatives taken by the Asian Development Bank to provide technical assistance in the development of PPPs at the Central and State level. It also discusses the difficulty in developing self-sustaining, bankable PPP projects in India at the state level.

OBJECTIVES OF STUDY

The present study is undertaken to attain the following objectives:

To study few sectors, namely roads and highways sector and ports, where PPP plays a significant role in India through the cases of Tuni Anakapalli Annuity Road Project and Nhava Sheva International Container Terminal.

To study the case about how construction of plastic roads can be a profitable enterprise for India through PPP arrangement.

RESEARCH METHODOLOGY

The present study is empirical in nature. The study is based on secondary data collected from journal, websites, articles, research papers and so on. The period of the study undertaken is from 1990-2016 regarding various sectors involving PPP funding. The data has been presented through bar charts and the case study of plastic road is taken to evaluate the effectiveness of the PPP arrangement.

The year 1990 shows the first infrastructural plan on road taken up by a PPP arrangement. However, from the year

A BRIEF OVERVIEW OF THE SECTORS IN INDIA HAVING PPP PARTICIPATION

Table A. 1
No of PPP projects from year 1990-2006:

Financial closure year	Energy	Telecom	Transport	Water and sewage	Total
1990	0	0	1	0	1
1991	1	0	0	0	1
1992	2	0	0	0	2
1993	3	0	0	0	3
1994	1	4	1	0	6
1995	6	10	0	0	16
1996	6	6	4	0	16
1997	2	4	6	0	12
1998	7	2	8	0	17
1999	8	0	13	1	21
2000	9	0	1	1	11
2001	1	8	4	0	14
2002	4	0	8	0	12
2003	6	0	17	1	23
2004	9	0	6	1	16
2005	3	0	14	0	18
2006	8	0	52	0	60

Source: Compiled from private participation in Infrastructure (PPI) database, World Bank

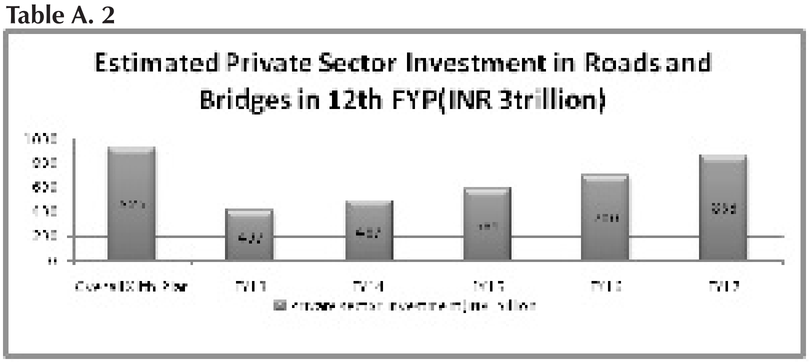
1994, the participation in the telecom sector took its first leap and in the year 1999, the first project on water and sewage was taken up. There has been an increasing trend in participation in roads and highways and energy.

Roads and Highways

India has the second-largest road network worldwide. India's road network consists of National Highways (NHs), State Highways (SHs), Major District Roads (MDRs), and Rural Roads (RRs), which includes other district roads and village roads. Also, highways account for just 2.0 per cent of the country's total road infrastructure. This reflects significant scope for growth. To encourage PPP in road infrastructure, the central government is expected to undertake sub-projects in National Highways Development Programme (NHDP) Phase-III to Phase-VII (i.e. in total of 33512 km), mainly on the PPP route. Furthermore, various initiatives such as 100 per cent FDI, 100 per cent exemption from income tax for 10 years, loans at lower interest rates and no-toll charges for rural roads have been undertaken for raising the share of private investments. In the Twelfth Five Year Plan (FYP), the planned investment for development of roads and bridges has increased by more than 50% from the Eleventh FYP. The Government has approved a Road Requirement Plan (RRP) for improvement of road connectivity in Left Wing Extremism (LWE) affected areas of 34 districts in 8 States covering 5,477 km, of which 3,471 km of roads has been constructed as on February 2015. India has completed 100 PPP projects and 165 are ongoing as on March, 2014. The common type of PPP models used in road projects are Build Operate Transfer (BOT) toll and BOT annuity. As of March 2015, projects worth Rs. 1,97,045 crores have been awarded through the PPP mode. During the next five years, investment through PPPs are expected to be in the region of USD 31 billion for NHs. Cumulatively, the private sector is expected to contribute 33% of the sector's planned investment, up from 20% in the previous plan.

Tuni Anakapalli Annuity Road Project4

Table A. 2



Source: Draft Twelfth FYP (2012-17), Planning Commission, GOI

The Tuni Anakapalli Project is a road expansion project undertaken by the National Highways Authority of India (NHAI) as one of the several projects under the Golden Quadrilateral programme. The project's scope was to strengthen the existing two lanes and widen them to a four lane dual carriageway, for an aggregate stretch of 59 kilometres between Tuni and Anakapalli on National Highway (NH) number 5 (Chennai to Kolkata) in Andhra Pradesh, on PPP basis. Keeping in mind the lack of attractiveness in tolling the road, NHAI decided to take up the project on the Build Own Transfer (BOT) Annuity model.

The GMR Group, in consortium with United Engineers Malaysia (UEM) Berhad Group, was awarded the project contract. A Special Purpose Vehicle (SPV) with the name GMR Tuni Anakapalli Expressways Private Limited (GTAEPL) was formed to execute the project. The construction (expansion) of the road started in May 2002 and ended in December 2004, after a month's time overrun due to delays in handing over of land by the NHAI. The total project cost was INR 295 crores.

The NHAI is to pay the concessionaire a fixed annuity semi-annually of INR 29.48 crores, from May 9 2005 to November 9 2019.

PPP Structure

The Project has been awarded by NHAI on a BOT (Annuity) basis. The annuity model involves the payment of a fixed semi-annual sum by the NHAI to the concessionaire during the concession period, to compensate for the capital cost and operational and maintenance expenses of the project, along with a certain percentage of returns thereon.

If due to the concessionaire's failure, the actual availability of carriageway in any annuity payment period is less than the assured availability, then the annuity is proportionately reduced. NHAI secures the annuity payment by providing a revolving letter of credit from a scheduled bank in India throughout the operations period.

Financing Information

The estimated project cost of the project was INR 315 crore. The project achieved financial closure on June 26, 2002.

The project was funded on a debt-equity ratio of 3:1. The term loan component was INR 154 crores, the non-convertible debentures component was INR 82 crores and the equity component was INR 78.69 crores.

ICICI Bank was the lead banker and the lending consortium included several public sector banks such as State Bank of India, Union Bank of India, Indian Overseas Bank, Jammu & Kashmir Bank, Bank of India, Punjab National Bank, Industrial Investment Bank of India and State Bank of Mysore.

The average spread of the loan ranged from 12.5 per cent to 12.75 per cent. The loan tenure was 13.5 years, including a construction period of 2.5 years.

CASE STUDY ON PLASTIC ROAD

Bengaluru city generates nearly 15 tonnes of waste plastic bags every day. The mix up of these waste plastic bags with other degradable organic waste materials in the garbage of the urban areas has been the main cause of the problem in handling wastes that are collected in the city. Hence, the Bangalore Municipal Corporation has experimented using a compound made of waste plastic bags in the construction of roads in 2002. So far, 35kms stretch of road has been laid using this compound. The cost difference for the roads laid with the compound as against without it is Rs. 500 per Cubic Meter i.e., the capital cost will increase by 7 % compared to the original cost of laying for every cubic meter of road length. For a stretch of 35 kms, nearly 3-4 tones of compound were used. After 2 years, the roads have not developed cracks and provide smooth riding surface, displaying much better durability (now extended to 800 Kms in Bengaluru city).

About 40 tonnes of compound can be generated from 100-120 tonnes of waste plastic bag. If the entire length of roads in Bangalore city is overlaid with the poly-blend compound, it will require about 9022 tonnes of compound. The maintenance cost of the road will come down, as the road life is increased by 2 to 3 times.

The economy of the project is presented below.

Material needed	Plain bitumen process	Plastics coated aggregate (PCA)
80/100 Bitumen	11250Kg/km	10125Kg/km
Plastic waste(10% of 80/100 Bitumen)	-------	1125Kg/km
Cost	Rs.393750	(BIT)Rs.354375+(plastic) Rs.13500 = Rs. 367875
Cost Reduced	NIL	Rs. 25875.00
Carbon Credit Achieved On Avoiding Burning of Plastics	NIL	3.5tonnes/km

However, from the year 2006, there has been a considerable decrease in the cost of construction of roads with the use of plastic. Since 10%– 15% of Bitumen is replaced by plastic, the cost benefit is sizeable. According to Dr. Vasudevan's report, the construction of ten metre square of road costs nearly Rs. 4 lakhs. The integration of plastic reduces the cost by Rs. 25,000. This translates to over 6% savings on the construction of the road. Every year, the world produces 275 million tonnes of non-recycled non-biodegradable plastic waste. It is produced on a massive scale worldwide and its production crosses the 150 million tonnes per year globally. In India, approximately, 8 Million tonnes plastic products are consumed every year (2008).However, considering 70% of total plastic consumption is discarded as waste, approximately 5.6 million tons per annum (TPA) of plastic waste is generated in country, which is about 15,342 tonnes per day (TPD).

There is no resultant pollution, as plastics are not burnt but only melt. Road strength is twice as strong as normal roads. It has resistance towards water stagnation. No potholes are formed. No extra machinery is required. In Delhi, in 2007-08, processed Plastic (shredded or powder form) cost Rs. 28 a kg while bitumen costs Rs. 34 a kg for laying 3.5 km six lanes road stretch.

Each 5-member family uses about 5 gm plastic bags a week, an all India usage would be roughly 52,000 tonnes a year. Assuming 50% of this is available for roads, 1.5 tonnes plastic goes into average 1 km road. So resurfacing just 35,000 km of roads a year will absorb all this littered waste. This is just 3.5% of India's 1 million km surfaced roads (1.1 million km more roads are not surfaced).

Cost Analysis of Laying a Plastic Coated Bitumen Road taking into consideration two states i.e, the state of West Bengal:

COST INVOLVED IN MAKING NEW ROADS:

Cost of Road (New)/Km including BBM, Carpet and Seal Coat: Rs. 18,95,000/-

- Bitumen required for work (approx.): 21,300 Kg per Km
- Cost of bitumen in new work per Km: Rs. 8,95,000/-
- Waste plastic, co processed with bitumen for PMB (8% by wt.): 1,704 Kg
- Cost of waste plastic used: Rs. 20,450/-
- Cost of Bitumen saved (1,704Kg. equivalent to plastic used): Rs. 71,550/-
- Total savings per Km.: Rs. 51,108

Table A.5

Information	Cost of Constructing a Plastic Bituminous Road	Cost of Constructing a Plain Bitumen Road
Total Amount of Bitumen required	Bitumen used=21,300Kg/km -Plastic used (8% of 21,300) =1,704Kg/km Total amount of bitumen required = 19,596 kg/km	Bitumen used =21,300Kg/km
Cost of Bitumen Per Kg	Rs. 42	Rs. 42
Total Cost of Waste Plastics per kg 11	Rs. 12	
Cost of Construction of New Road per km	19,596kg* Rs.42 + 1,704kg*Rs.12 =8,43,480 Rs. /km	21,300kg*Rs.42] =8,94,600 Rs./km
Total saving in cost	Rs 51,120	

Table A.6

States	Cost of Constructing a Plastic Bituminous Road	Cost of Constructing a Plain Bitumen Road
West Bengal (92,023km including 2578km National Highway and 2393 Km State Highway)	Total amount spent on construction of plastic bituminous road =92,023km* Rs. 8,43,480 = Rs. 77,61,95,60,040	Total amount spent on construction of plain bituminous road =92023km * Rs. 8,94,600 = Rs. 82,32,37,75,800
	Total savings = Rs. 4,70,42,15,760	
	Reduction of plastic waste = 0.1705 tonne plastic/km =0.1704tonne*92023km =15680.72 tonnes	

ASCENT

> With the increasing involvement of PPP modules in development across various sectors, the share of PPPs and the private sector in total infrastructure investments is expected to rise.

The cost of upgrading an existing road has been analysed as under:

Cost of Road (Up gradation)/km including Carpet and Seal Coat: Rs. 10, 80,000/-

Bitumen Required for work (approx.): 11,925 Kg per Km

Cost of bitumen in repairs (Up gradation) per Km.: Rs. 5,01,000/-

Waste plastic, co-processed with bitumen for PMB (8% by wt.): 954 Kg.

Cost of waste plastic used: Rs. 11,450/-

Cost of Bitumen saved (954 kg equivalent to plastic used): Rs.40,050/-

Total savings per Km.: Rs.28,600

India has the second-largest road network worldwide. Hence, there is a need for a large network of roads and highways, interconnecting a swathe of urban and rural areas. Also, highways account for just 2.0 per cent of the country's total road infrastructure. This reflects significant scope for growth. Due to its high-growth potential and government support, road infrastructure is expected to be strengthened. The durability of the roads laid out with shredded plastic waste is much more compared with roads with asphalt with the ordinary mix. While a normal 'highway quality' road lasts four to five years, it is claimed that plastic-bitumen roads can last up to 10 years. Rural roads account for approx 24.5 lakhs km. If these roads are constructed as plastic tar roads – we need 24.5 lakhs tonnes of waste plastics preventing nearly 75 lakhs tonnes of Carbon Dioxide entering our atmosphere by burning waste plastics. We also save nearly Rs 12,250 crores worth of bitumen in the process.

Rainwater will not seep through because of the plastic in the tar. Each kilometre of a road with an average width, requires over two tonnes of poly blend and hence, using plastic will help to reduce non-biodegradable waste. Plastic roads would be a

Table A.7

Information	Cost of Constructing a Plastic Bituminous Road	Cost of Constructing a Plain Bitumen Road
Total Amount of Bitumen required	Bitumen used=11,925 kg/km Plastic used(8% of 11,925) =954kg Total amount of bitumen required = 10971 kg /km	Bitumen used =11,925 kg/km
Cost of Bitumen Per Kg	Rs. 42/-	Rs. 42/-
Total cost of waste plastics per kg 10	Rs. 12/-	
Cost of Construction of New Road per km	10971 kg * Rs. 42 + 954 kg * Rs. 12 =Rs. 4,72,230 /km	11,975 kg * Rs. 42 =Rs. 5,02,950/km

Table A.8

States	Cost of Constructing a Plastic Bituminous Road	Cost of Constructing a Plain Bitumen Road
West Bengal (92,023km including 2578km National Highway and 2393 Km State Highway)	Total amount spent on construction of plastic bituminous road = 92,023km*Rs. 4,72,230 = Rs 43,45,60,21,290	Total amount spent on construction of plain bituminous road =92,023km* Rs. 5,02,950 = Rs 46,28,29,67,850
	Total savings = Rs. 2,82,69,46,560	
	Reduction of plastic waste = 0.0954 tonne plastic/km =0.0954tonne*92,023km =8742.19 tonnes	

boon for India's hot and extremely humid climate, where temperatures frequently cross 50°C and torrential rains create havoc, leaving most of the roads with big potholes. This technique adds a cumulative benefit to National Economy also gives contribution to environmental benefits, employment generation and agricultural efficiency. This road is a viable alternative for places with bad road access e.g. hills. It can help to improve national infrastructure and enable supply to and from those areas to be more efficient, thereby resulting in an improved quality of life for those people who live in the hills and benefits the economy in general. And such roads are prone to withstand rainwater, heavy duty vehicle load, and even the earthquake up to 2.0 magnitude which bring us to the conclusion that such plastic coated bituminous roads are not only favourable for and natural damage caused but also can be a help in north-eastern and western regions which are prone to earthquakes. In a nut shell, the Government provides not only good roads but also uses all the waste plastics and reduces carbon dioxide – bitumen usage.

CONCLUSION

The future of PPP in India looks bright as the country aims for a higher growth path through strong infrastructure investments. But political pressure and strict regulations have created an obstacle towards growth of these PPP's. With the increasing involvement of PPP modules in development across various sectors, the share of PPPs and the private sector in total infrastructure investments is expected to rise. The case study taken up has helped to provide conclusion about the economic value of plastic roads for development of India and with the help of Public Private Partnership's, these projects can be facilitated easily leading to a better road, an eco-friendly environment.

India, to expand its wings further towards development, has to take in the help of the private players thus transferring its benefits by means of assets, resources and a helping hand in order to achieve the targets of the Five-Year plan.

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Forensic Accounting and Reporting in India

ABSTRACT

Forensic accounting is a rapidly growing area of accounting, concerned with the detection and prevention of financial fraud and white-collar criminal activities. Forensic accounting is the specialty area of the accountancy profession which describes engagements that result from actual or anticipated disputes or litigation. Forensic accounting requires the most important quality a person can possess: the ability to think. Forensic Accountants can be engaged in public practice or employed by insurance companies, banks, police forces, government agencies and other organizations. In this study, professionals like the Chartered Accountants (CAs) and Company Secretaries (CSs) and the students pursuing finance undergraduate courses in Kolkata were interviewed to analyze their opinion with regard to the forensic accounting and reporting in India.

INTRODUCTION

The integration of accounting, auditing, and investigative skills yields the specialty known as Forensic Accounting which focuses very closely on detecting or preventing accounting fraud. The term 'forensic accounting' refers to financial fraud investigation which includes the analysis of accounting records to prove or

> Forensic accounting is a very important tool to detect, investigate and prevent frauds.

disprove financial fraud and serving as an expert witness in Court to prove or disprove the same. Thus, basically, forensic accounting is the use of accounting for legal purposes. Forensic accounting is a very important tool to detect, investigate and prevent frauds. Be it a stock market fraud or a bank fraud or a cyber-fraud, forensic accounting has become an indispensable tool for investigation. With India being ranked as the 88th most corrupt nation, the need for forensic accountants has become all the more profound.

OBJECTIVE OF THE STUDY

The objective of the study is as follows:

- To speculate whether the *qualification* and the *occupation* of the respondents cast a significant impact on the opinion with respect to the meaning and definition of forensic accounting, the most vulnerable area prone to fraud in India.
- The usefulness of forensic accounting.
- The reason for the ineffectiveness of forensic accountants.

RESEARCH METHODOLOGY

The present study is empirical in nature. Both primary and secondary data have been used. Secondary data has been collected from books, journals, websites, etc. Primary data has been collected by administering a questionnaire over respondent groups. The respondent groups are the members of the Institute of Chartered Accountants of India (ICAI), the members of the Institute of Company Secretaries (ICSI) and the students studying undergraduate course in commerce with finance specialization. Both practicing and non-practicing members have been considered for the study. The sample size is 50 respondents. The sample was selected using convenient sampling method. The questionnaire consisted of 5 sections:

- Section 1 dealt with personal details of the Respondents.
- Section 2, 3 and 4 dealt with issues relating to the topic.
- Section 5 dealt with an open ended question to know the views of the respondents regarding the role of a forensic accountant.

The data collected were analysed using Cross Tabulations and Chi-Square Analysis.

DATA EVALUATION, ANALYSIS AND FINDINGS

An overview of Section 1:

There were 50 respondents out of which:

- 38% were below 30 years, 26% were between 31- 40 years, 14% were between 41-50 years, 12% were between 51- 60 years, and 10% were above 60 years.
- 74% of the respondents were male and 26% were female.
- 58% of the respondents were CA, 10% were CS, 6% were both CA and CS, and 26% were students pursuing B.Com (Honours) course with specialization in Finance.
- 42% of the sample respondents were practicing, 32% were non-practicing and 26% were doing either Articleship or Internship.

An overview of Section 2:

- The 1st question of this section was to identify the respondents' opinion with respect to the definition of forensic accounting in order to check whether they are at all aware about forensic accounting or not. 92% of the respondents answered it correctly whereas the remaining 8% could not answer it correctly which shows that they were actually not aware about forensic accounting.
- The 2nd question dealt with the most vulnerable area prone to fraud in India. 36% of the respondents chose money laundering as the most vulnerable area prone to fraud in India, 28% chose occupational frauds, 12% chose bank frauds, 12% chose cyber frauds, 8% chose stock market frauds and lastly 4% chose BPO frauds. This may indicate the need for more forensic accountants in the area of money laundering.
- The 3rd question was regarding their usage or involvement of forensic accounting services. 4% of the respondents use the services of forensic accountants,

34% of them consider themselves to be forensic accountants, 2% of them employ forensic accountants in their firm and 60% had no involvement.

- The 4th question was related to the usefulness of a forensic accounting assessment tool. 44% of the respondents selected identifying requisite characteristics and skills, 36% selected identifying specialization areas for employee or professional development, 16% selected hiring decisions and the rest 4% chose retention or promotion decisions.

But the traits and characteristics which were selected by a majority of the respondents were intuitive skill, analytical ability, skepticism, evaluative approach and detail-oriented approach.

- The 5th question was regarding identifying the most frequent reason for the ineffectiveness of forensic accountants. 28% of the respondents opined inability to identify the key issues as the most frequent reason, 26% opined inability to simplify the information, 18% felt lack of investigative intuitiveness, 14% chose inability to understand the goals of a case, 6% chose inability to synthesize and the rest 6% felt inflexibility/close-mindedness of the forensic accountants.

An overview of Section 3:

This section consisted of questions where the respondents were to choose multiple options as per the requirement of the question.

- The 1st question was to identify the 5 essential traits and characteristics that a forensic accountant should possess. There were various combinations of answers. But the traits and characteristics which were selected by a majority of the respondents were intuitive skill, analytical ability, skepticism, evaluative approach and detail-oriented approach. 76% of the respondents chose intuitive skill, 72% chose analytical ability, 64% chose skepticism, 48% chose evaluative approach and 46% chose detail-oriented approach.
- The 2nd question was to identify the 5 core skills that should be possessed by a forensic accountant. There were various combinations of answers. 86% of the respondents chose investigative ability, 74% chose critical/strategic thinker, 68% chose the ability to identify the key issues, 58% chose investigative intuitiveness and 46% chose the ability to see the big or holistic picture.
- The 3rd question was to identify all the areas of specialty that are appropriate for a forensic accountant. The area which was chosen by 94% of the respondents was fraud prevention and detection, 86% of the respondents selected bankruptcy, insolvency and reorganization, 84% of the respondents felt computer forensic analysis, 78% opined financial statement misrepresentation, 28% of the respondents chose economic damage calculations, 22% selected valuation and 2% thought of family law.

An overview of Section 4:

This section was to give ranks to the options as per preference.

- The 1st question was whether intuition could be taught or learned from experience. 18% of the respondents felt that intuition could be taught to be their 1st preference and remaining 82% of them selected felt intuition could be learned from experience to be their 1st preference.
- The 2nd question was to rank the 3 procedural protocols of financial accounting in order of importance to the success of the engagement. The option 'discovery' was given rank 1 by 50% of the respondents, rank 2 by 42% of the respondents and rank 3 by 8% of the respondents. The option 'analysis' was ranked first by 44% of the respondents, ranked second by 50% of the respondents and ranked third by 6% of the respondents. The option 'communication' was ranked first by 6% of the respondents, ranked second by 8% of the respondents and ranked third by 86% of the respondents.

An overview of Section 5:

This section consisted of an open-ended question regarding the role of forensic accountants.

According to the respondents, the roles of a forensic accountant are-

- To go into the depth of any economic fraud or crime and play a role more than an accountant to unearth and solve the case through their investigative and other skills.
- To detect hidden frauds, take corrective measures and improve the overall process of audit.
- To deal with the reality of the business situation.
- To have the ability to respond immediately and communicate financial information clearly and concisely.
- To prevent as well as to detect other financial anomalies with the skills of audit, accounts and investigation.
- To ensure smooth functioning of the economy.
- To give a correct shape to accounting by identifying the critical areas needed to be addressed.

DATA EVALUATION AND ANALYSIS USING CHI-SQUARE AT 5% LEVEL OF SIGNIFICANCE

A. To test whether qualification influences respondent's decision or not.

This test was conducted on Questions 1, 2, 4 and 5 of Section 2.

In every test, the null hypothesis was assumed to be that there would be no influence of respondent's qualification on their decision. And alternative hypothesis as there would be influence of respondent's qualification on their decision.

In Questions 1, 4 and 5, the value of chi-square at 5% level of significance was greater than 0.05. Thus, Null Hypothesis was accepted.

But in Question 2, the value of chi-square at 5% level of significance was less than 0.05. Thus, Null Hypothesis was rejected which implied that there was influence of respondent's qualification on their decision.

Thus, Null Hypothesis was rejected which implied that there was influence of respondent's qualification on their decision.

(a) Testing it on Q1 of Section 2

TABLE 1

	Accounting skills	Auditing skills	Investigation skills	Combination of all three	TOTAL
CA	1	0	2	26	29
CS	0	1	0	4	5
CA and CS	0	0	0	3	3
Students pursuing B.Com (Finance)	0	0	0	13	13
TOTAL	**1**	**1**	**2**	**46**	**50**

Since the actual significance value is 0.250602241 which is greater than 0.05, the Null hypothesis is accepted and hence, there is no influence of respondent's qualification on their decision.

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(b) Testing it on Q2 of Section 2

TABLE 2

	Occupational frauds	Bank frauds	BPO frauds	Cyber frauds	Stock market frauds	Money laundering	TOTAL
CA	7	2	0	3	3	14	29
CS	1	0	1	1	0	2	5
CA and CS	0	0	1	0	1	1	3
Students pursuing B.Com (Finance)	6	4	0	2	0	1	13
TOTAL	**14**	**6**	**2**	**6**	**4**	**18**	**50**

Since the actual significance value is 0.019326 which is less than 0.05, the Null hypothesis is rejected and alternative hypothesis is accepted and hence, there is influence of respondent's qualification on their decision.

(c) Testing it on Q4 of Section 2

TABLE 3

	Identifying requisite characteristics and skills	Hiring decisions	Retention or promotion decisions	Identifying specialization areas for employee or professional development	TOTAL
CA	14	5	1	9	29
CS	4	1	0	0	5
CA and CS	0	0	0	3	3
Students pursuing B.Com (Finance)	4	2	1	6	13
TOTAL	**22**	**8**	**2**	**18**	**50**

Since the actual significance value is 0.307015 which is greater than 0.05, the Null hypothesis is accepted and hence, there is no influence of respondent's qualification on their decision.

(d) Testing it on Q5 of Section 2

TABLE 4

	Lack of investigative intuitiveness	Inability to synthesize	Inability to simplify the information	Inability to identify key issues	Inability to understand the goals of a case	Inflexible/ close-minded	Others	TOTAL
CA	6	2	7	6	5	2	1	29
CS	1	0	2	2	0	0	0	5
CA and CS	1	0	0	1	0	1	0	3
Students pursuing B.Com (Finance)	1	1	4	5	2	0	0	13
TOTAL	**9**	**3**	**13**	**14**	**7**	**3**	**1**	**50**

Since the actual significance value is 0.873812 which is greater than 0.05, the Null hypothesis is accepted and hence, there is no influence of respondent's qualification on their decision.

B. To test whether occupation influences respondent's decision or not.

This test was conducted on Questions 1, 2, 4 and 5 of Section 2.

In every test the null hypothesis was assumed to be that there would be no influence of respondent's occupation on their decision. And alternative hypothesis as there would be influence of respondent's occupation on their decision.

In all the questions, the value of chi-square at 5% level of significance was greater than 0.05. Hence, the Null Hypothesis was accepted.

(a) Testing it on Q1 of Section 2

TABLE 5

	Accounting skills	Auditing skills	Investigation skills	Combination of all three	TOTAL
Practicing	0	1	1	19	21
Non-practicing	1	0	1	14	16
Articleship/ Internship	0	0	0	13	13
TOTAL	**1**	**1**	**2**	**46**	50

Since the actual significance value is 0.624070752 which is greater than 0.05, the Null hypothesis is accepted and hence, there is no influence of respondent's occupation on their decision.

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(b) Testing it on Q2 of Section 2

TABLE 6

	Occupational frauds	Bank frauds	BPO frauds	Cyber frauds	Stock market frauds	Money laundering	TOTAL
Practicing	5	1	1	3	2	9	21
Non-practicing	3	1	1	1	2	8	16
Articleship/ Internship	6	4	0	2	0	1	13
TOTAL	**14**	**6**	**2**	**6**	**4**	**18**	**50**

Since the actual significance value is 0.160634257 which is greater than 0.05, the Null hypothesis is accepted and hence, there is no influence of respondent's occupation on their decision.

(c) Testing it on Q4 of Section 2

TABLE 7

	Identifying requisite characteristics and skills	Hiring decisions	Retention or promotion decisions	Identifying specialization areas for employee or professional development	TOTAL
Practicing	10	4	0	7	21
Non-practicing	8	2	1	5	16
Articleship/ Internship	4	2	1	6	13
TOTAL	**22**	**8**	**2**	**18**	**50**

Since the actual significance value is 0.814130903 which is greater than 0.05,the Null hypothesis is accepted and hence, there is no influence of respondent's occupation on their decision.

(d) Testing it on Q5 of Section 2

TABLE 8

	Lack of investigative intuitiveness	Inability to synthesize	Inability to simplify the information	Inability to identify key issues	Inability to understand the goals of a case	Inflexible/ close-minded	Others	TOTAL
Practicing	5	1	6	3	3	2	1	21
Non-practicing	3	1	3	6	2	1	0	16
Articleship/ Internship	1	1	4	5	2	0	0	13
TOTAL	**9**	**3**	**13**	**14**	**7**	**3**	**1**	**50**

Since the actual significance value is 0.86733331 which is greater than 0.05, the Null hypothesis is accepted and hence, there is no influence of respondent's occupation on their decision.

Thus, in general it was found that the different qualifications and occupations do not influence the respondents' opinion. It is not necessary that only a CA can become a forensic accountant by acquiring the required skills and training. A CS can also become a forensic accountant by acquiring the required skills, knowledge, degree and training. Similarly, it is not necessary that only a practicing CA can become a forensic accountant. A non-practicing CA can also become a forensic accountant. This is because their views or opinions or decisions are quite similar.

A large global accounting firm believes the market is sufficiently large to support an independent unit devoted strictly to 'forensic accounting'. All of the larger accounting firms, as well as, many medium-sized and boutique firms have recently created forensic accounting departments. This is because forensic accounting is relatively a new area of study, a series of working definitions and sharing of corporate experiences should be undertaken and encouraged to ensure a common understanding. Indeed, there is great future in forensic accounting. While the forensic accounting and auditing practice had commenced in the US as early as 1995, the seed of this specialization has yet to take off in India. On account of global competition, the accounting profession must convince the market place that it has the best-equipped professionals to perform such services. While majority of CAs have excellent analytical skills, they need to acknowledge that forensic services require 'specialized' training as well as 'real life practical' corporate experience.

CONCLUSION

Forensic accounting developed as early as 1995 in USA but it has put its first step in India just few years back. In India, forensic accounting has risen to prominence because of increased financial frauds- popularly known as white collar crimes. The shortage of respect and perception in India's law enforcement agencies plus the price at which white collar crimes have enhanced, have prompted the improvement of forensic accounting in India. Forensic accounting, though a new field in Indian accounting world, has tremendous potential as a new practice area for Indian CAs. Indian CAs with their extensive theoretical education and practical experience can create forensic accounting and auditing as their prime specialization.

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ANNEXURE: QUESTIONNAIRE ON FORENSIC ACCOUNTING
Section 1:- Personal Details of the Respondents

Name

Age below 30 years 31-40 years 41-50 years

51-60 years above 60 years

Gender Male Female

Qualification (tick whichever are applicable) CA CS

Students pursuing B.Com Honours (Finance)

Occupation Practicing Non-practicing

Articleship/Internship

Income below 2,50,000 2,50,001-5,00,000

5,00,001-10,00,000 above 10,00,000

Does not want to disclose

Section 2:- Choose any one option

Q1. According to you, what does forensic accounting mean?
(a) Forensic accounting is applying accounting skills.
(b) Forensic accounting is applying auditing skills.
(c) Forensic accounting is applying investigation skills.
(d) It is the combination of all the above three.

Q2. According to you, which is the most vulnerable area prone to fraud in Indian context?
(a) Occupational frauds. (b) Bank Frauds.
(c) BPO frauds. (d) Cyber frauds.
(e) Stock market frauds. (f) Money laundering.

Q3. What is your involvement with forensic accounting services?
(a) I use services of forensic accountants.
(b) I consider myself a forensic accountant.
(c) I employ forensic accountants in my firm.
(d) I have no involvement.

Q4. A forensic accounting assessment tool would be useful for:
(a) Identifying requisite characteristics and skills.
(b) Hiring decisions.
(c) Retention or promotion decisions.
(d) Identifying specialization areas for employee or professional development.

Q5. Identify the most frequent reason why forensic accountants are ineffective.
(a) Lack of investigative intuitiveness.
(b) Inability to synthesize.
(c) Inability to simplify the information.
(d) Inability to identify key issues.
(e) Inability to understand the goals of a case.
(f) Inflexible/close-minded.
(g) Others.

Section 3:- Choose multiple options as per question

Q1. Identify the 5 essential traits and characteristics of a forensic accountant.
(a) Adaptive (b) Analytical (c) Confident (d) Detail-oriented (e) Ethical
(f) Evaluative (g) Inquisitive (h) Insightful (i) Intuitive (j) Persistent
(k) Responsive (l) Skepticism (m) Team player (n) Generate new ideas and scenarios
(o) Function well at pressure (p) Make people feel at ease

Q2. Identify the 5 core skills that a forensic accountant needs to possess?
(a) Auditing skills (b) Critical/strategic thinker (c) Identify key issues (d) Investigative ability
(e) Investigative intuitiveness (f) Effective written communicator (g) Effective oral communicator
(h) Research skills (i) See the big picture (j) Simplify the information
(k) Solve structured problems (l) Solve unstructured problems (m) Understand the goals of a case
(n) Others

Q3. Please check all areas of specialty that you believe are appropriate for a forensic accountant.
(a) Bankruptcy, insolvency and reorganization. (b) Computer forensic analysis.
(c) Economic damage calculations. (d) Family law.
(e) Financial statement misrepresentation. (f) Fraud prevention, detection and response.
(g) Valuation. (h) Others.

Section 4:- Give ranking 1, 2, 3 as per your preference of options

Q1. From your observation of forensic accountants, intuition can be:

☐ Taught ☐ Learned from experience

Q2. Assuming the following are the 3 procedural protocols of financial accounting, please provide your ranking of the 3 in order of importance to the success of the engagement.

☐ Discovery ☐ Analysis ☐ Communication

Section 5:- Open ended question

Q. According to you, what is the role of Forensic Accountants?

....

....

ASCENT

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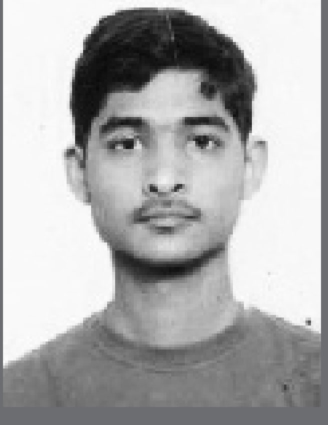

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Effectiveness of Microfinance in India

ABSTRACT

One of the major impediments to poverty alleviation and rapid economic growth in developing countries is the lack of capital resources, especially in rural areas. A vicious cycle of low capital, low productivity, low income, low savings and consequently weak capital base is clearly operating. This results in a permanent poverty syndrome. Microfinance is defined as any activity that includes the provision of financial services such as credit, savings, and insurance to low-income individuals that fall just above the nationally defined poverty line, and poor individuals that fall below that poverty line, with the goal of creating social value. The creation of social value includes poverty alleviation and the broader impact of improving livelihood opportunities through the provision of capital for micro enterprise, and insurance and savings for risk mitigation and consumption smoothing.

> Therefore, microcredit is a component of microfinance that involves providing credit to the poor, but microfinance also involves additional non-credit financial services such as savings, insurance, pensions and payment services.

INTRODUCTION

The major finding in the last twenty years was, to everyone's surprise, not from the rich or the relatively well off, but from the poor, and the discovery was that they can save, borrow and also have the capability to repay the loan. This summarises the world of microfinance.

Microfinance can be said to be the provision of financial services to low-income poor and very poor self-employed people. These financial services generally include savings and credit but can also include other financial services such as insurance and payment services. Microfinance can be explained as an attempt to improve access to small deposits and small loans for poor households neglected by banks. Therefore, microfinance involves the provision of financial services such as savings, loans and insurance to poor people living in both urban and rural settings, who are unable to obtain such services from the formal financial sector.

Though the terms microcredit and microfinance are often used interchangeably, it is important to highlight the difference between them, because both terms are often confused. At the very outset, let us clear the doubt; microcredit comprises only providing small loans, whereas the term microfinance is used where providers such as NGOs and MFIs, apart from just loans, also provide other financial services like savings, insurance, etc. Therefore, microcredit is a component of microfinance that involves providing credit to the poor, but microfinance also involves additional non-credit financial services such as savings, insurance, pensions and payment services.

A generous and appropriate explanation of microfinance, as provided by Robinson, is as follows: 'Microfinance refers to small-scale financial services for both credits and deposits, that are provided to people who farm or fish or herd; operate small or microenterprises where goods are produced, recycled, repaired, or traded; provide services; work for wages or commissions; gain income from renting out small amounts of land, vehicles, draft animals, or machinery and tools; and to other individuals and local groups in developing countries, in both rural and urban areas.'

For several decades, India has experimented with subsidised credit for the poor. But the result of such experiments was not favourable, and resulted in the creation of Non-Performing Assets (NPA). The realisation dawned upon the experts, after various attempts, that the issue was not the cost of credit, but the access to credit for the poor. This is said to be the major contribution of microfinance. Microfinance has proved time and again that it is the access, and not the interest rates, that act as a hindrance for the poor. The discovery lead to subsequent discoveries that the poor can, and will, save, and can indeed use a wide range of financial services such as remittance facilities and insurance products. The best example of a microcredit institution is the Grameen Bank in Bangladesh.

As soon as it was realised that the poor are bankable, a wide variety of players entered to provide microfinance, the reasons being different and unique. There have been NGOs that gradually metamorphosed into lending institutions, developmental professionals who have set up microfinance companies and banks that have experimented with working exclusively with groups and therefore have microfinance branches. To outline it broadly, providers who are not-for-profit see microfinance as a stepping stone for development, whereas the commercial banks sees it as a viable opportunity because catering to the poor means raising deposits with low risk. In fact, the success of groups in microfinance has attracted the attention of wide-ranging players for using these groups for a range of purposes. Several governmental schemes are being conquered through microfinance, including a very large project funded by the World Bank and being implemented in the state of Andhra Pradesh. Similarly, there is 'Project Shakti' by Hindustan Unilever Ltd., which aims at tapping the smaller villages through the microcredit channel.

RELEVANCE OF THE STUDY

Experience shows that microfinance can help the poor increase income, build viable businesses, and reduce their vulnerability to economic shocks. It also can be a powerful instrument for self-empowerment by enabling the poor, especially women, to become economic agents of change. The Indian MFI sector has witnessed rapid growth in recent years, leading to a sharp change in the competitive landscape. The essence of my own opinion to the relevancy is that the poor are many but the donors are few, and that society cares and will care about the poor both now and in the future. But the problem is whether these private institutions emphasize on reaching and enriching the poor. Access to financial services permits individuals and households to better manage the risks and uncertainties they face by enabling them to save in secure ways, to invest in home or a business, or to cope with or insure against unexpected shocks. This study is done to understand the basic concept of microfinancing and identifying the need to assess the PACS and rural developmental banks and MFIs in rural lending and working of commercial banks.

EVOLUTION OF MICROFINANCE IN INDIA

Microfinance in India emerged as an effort to reach out to the un-banked, lower income segments of the population.

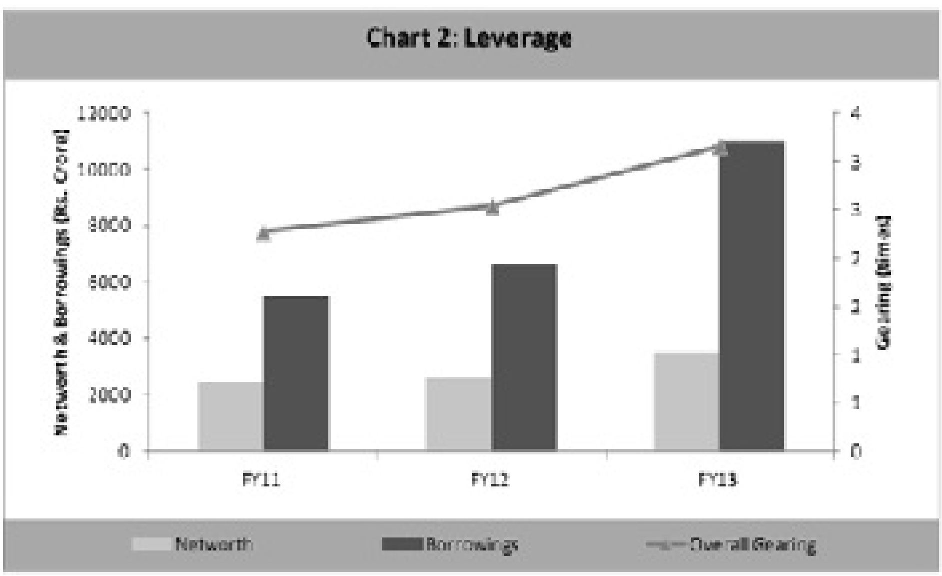
1960 to 1980	1990	2000
Phase 1: Social Banking	**Phase 2: Financial Systems Approach**	**Phase 3: Financial Inclusion**
1. Nationalization of private commercial banks.	1. Peer-pressure.	1. NGO-MFIs and SHGs gaining more legitimacy.
2. Expansion of rural branch network.	2. Establishment of MFIs, typically of non-profit origins.	2. MFIs emerging as strategic partners to diverse entities interested in the low-income segments.
3. Extension of subsidized credit.		3. Consumer finance emerged as a high growth area.
4. Establishment of Regional Rural Banks.		4. Increased policy regulation.
5. Establishment of apex institutions such as National Bank for Agriculture and Rural Development and Small-Industries Development Bank of India		

RECENT DEVELOPMENTS IN MICROFINANCE

Dates	Key Developments
October 2010	Formation of Malegam Committee by RBI to study the issues and concerns in microfinance sector
January, 2011	RBI released Malegam Committee recommendations for the Microfinance sector
May, 2011	Acceptance of broad framework of Malegam Committee recommendations in Monetary Policy Statement 2011-12 including: Retention of priority sector lending status for bank loans to MFIs, margin cap at 12% and interest rate cap at 26%.
December, 2011	RBI introduced new category of NBFC and termed as 'Non-Banking Financial Company-Micro Finance Institutions' (NBFC-MFIs). Some of the key points include • Minimum Net Owned Fund of Rs.5 crore for new NBFC MFIs and for existing NBFC MFIs w.e.f. April 1, 2012 • Capital Adequacy Ratio of 15% (relaxation for AP based MFIs for FY12 and for NBFC MFIs with loan portfolio less than Rs.100 crore) • Margin cap at 12%. Interest rate cap at 26% and processing charges at 1%
August, 2012	Amendment to NBFC MFI guidelines by RBI which included • Registration compulsory for NBFCs intending to operate as NBFC MFIs by October 2012
	• Relaxation in meeting norm of Minimum Net Owned Fund of Rs.5crore for existingNBFC MFIs. It has to be met in tranches with Rs.3 crore NOF by March 2013 and Rs.5 crore by March 2014 • Removal of interest rate cap and linked to borrowing rate plus fixed margin.
July, 2013	Amendment to NBFC MFI guidelines by RBI which included • Relaxation in margin cap for all NBFC MFIs irrespective of size at 12% till March, 2014. However from April, 2014,margins are capped at 10% for large MFIs and 12% for others
Nov, 2013	RBI has allowed recognition of industry association of NBFC MFIs as Self-Regulatory Organisation (SRO).
Feb, 2014	Amendment to NBFC MFI guidelines by RBI with respect to pricing of credit: It would be lower of two • The cost of funds plus margin • The average base rate of the five largest commercial banks by assets multiplied by 2.75

FINDINGS

- Microfinance organizations (MFOs) can provide financially self-sustaining services to the poor and otherwise 'unbanked' clients.
- Microfinancial institutions play a very important role today to provide microfinance to women entrepreneur. Mostly, MFIs provide assistance to women entrepreneur through the MFI- Bank linkage programme.
- SKS is the largest microfinancial institute and provides microfinance through different ways. It is also coming up with its IPO to get more capital to increase their functioning.
- From the current situation, we can understand that today, the main focus of the microfinance industry is to empower women. That's why, more loans are provided to women on easy terms.
- From the total SHG, more SHGs are coming, in which only women are members because women can better run a business and her family.
- NREGA and SGSY (Swaranjyanti Gram Swarojgar Yojna) are two of the schemes, that have been introduced by the government to help the poor. The government provides schemes to poor but there are few people who avail the benefit from these schemes.
- The loan distribution data shows an increase in the percentage of loan amounted to women as compared to last year. This shows the economic development of women entrepreneurs.
- Various research papers portray that micro credit has helped clients get an easy access to loans that range between Rs.3000-4000 from some of the MFIs extending to Rs.8000 from most of the MFIs. These loan sizes increase gradually as cycles are completed.
- It is observed that the amount of loan being disbursed by MFIs has increased significantly over the past five years and is increasing its arms to expand the outreach. During FY13, total outstanding loan portfolio of the MFIs covered in this study (including managed portfolio) increased to Rs.12,289 crores in FY13, from Rs. 8,384 crores in FY12. In fact, total loans outstanding grew over 40% in FY14.
- Major sources of external funding have been term loans from banks and FIs. Some of the MFIs also accessed funds from diversified sources including capital market instruments (non-convertible debentures (NCDs) and commercial paper) and assigned securitization route. Chart 6.2 shows that the total debt of the MFIs has increased to Rs.11,001



Source : CARE estimates

crores in FY13, from Rs.6,661 crores in FY12. Bank borrowings form a major source of funding for the MFIs, forming around 86% of the total debt in FY13.

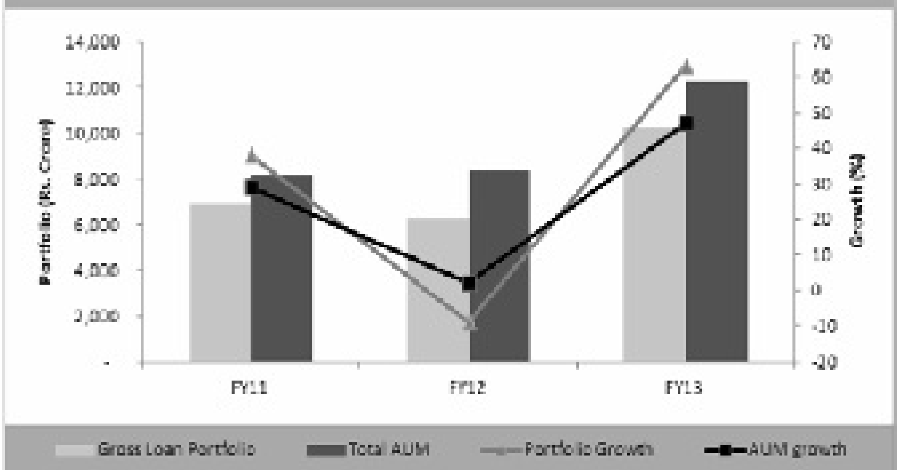


Chart 1: Growth Trend in Loan Portfolio

Source : CARE estimates

- Profitability indicators of the MFIs in FY12 were under pressure with the introduction of interest rate cap, margin cap and higher borrowing costs. Net interest margins (NIM) reduced sharply in FY12 due to an interest rate cap for MFIs and higher borrowing costs due to increasing interest rate scenario. Return on total assets (ROTA) also declined during the period due to high operating costs.
- As per the Baseline survey conducted by SIDBI to study the Impact Evaluation of Micro-Credit in Rural India, it was found that:

  Majority of the loans were used for production purpose: 36%

  For construction purpose: 20%

  For consumption purpose: 14%

  For animal husbandry and transportation: 20%
- The on-time recovery in case of most of the MFIs is above 90%.
- The MFIs are proving to be effective in outreaching the clients and expanding their groups geographically, slowly and steadily.
- It was observed that only 20% of the SHG-Banks are formed and financed by banks while most of them are formed by NGOs and other formal agencies. So more of the banks must enter in this sector in linking SHG-Bank. However, the linkage is found to be inadequate.
- While some organizations perform well on both counts, there is often a trade-off between financial performance (profit) and social performance (impact).
- Government also tends to increase its support in this sector by mobilizing funds through different channels i.e. from formal financial institutions.
- Government must put in more efforts towards transforming NGOs into formal financial institutions.
- The outreach of commercial banks has also expanded in microfinance in past ten years, and they have started providing services directly through:
  - Internal microfinance units;
  - Specialized financial institutions;
  - Microfinance service companies.

KEY FINDINGS OF 2015 MICROFINANCE MARKET OUTLOOK REPORT

Released in late 2014, the Microfinance Market Outlook 2015 report by Responsibility provides an in-depth assessment of the environment and challenges that face 10,000+ microfinance companies around the world. Its key findings are:

- The investable microfinance sector is set to grow by 15-20% in 2014, in line with the previous forecasts. There is much to suggest that the sector will maintain this growth rate in 2015.
- Responsibility uses a portfolio of 100 microfinance institutions (MFIs) to track the investable microfinance sector from a quantitative perspective. In addition, we completed interviews with 30 regional experts to evaluate the market in qualitative terms. Based on these two approaches, we forecast growth of 15% to 20% in 2015.
- In terms of macroeconomic growth, all regions are expected to perform better in 2015 than in 2014. According to the International Monetary Fund (IMF), average real GDP growth in the 15 most important microfinance markets worldwide will increase from 5.3% in 2014, to 5.6% in 2015.
- Experts believe that gradual improvements in market infrastructure are helping in driving the expansion of the microfinance sector. These improvements include the emergence of credit bureaus that provide transparency about the credit worthiness of borrowers.
- Due to their visible success and vast client base, local microfinance sectors continue to attract the attention of politicians whose short-term agendas are rarely aligned with the interests of end-clients, companies and investors. Strong diversification and risk monitoring therefore remain priority.

CONCLUSIONS

- An integrated approach to servicing clients can enhance microfinance's effectiveness as a poverty alleviation tool. The benefits of this approach are twofold. First, by acting as a platform to deliver important social services along with credit and financial services, MFIs can contribute to greater sustainability at the client level. Integrating microfinance with social services such as health, education and natural disaster relief or prevention, addresses the other contributing factors to poverty beyond the economic factor. In doing so, we are providing clients with a comprehensive solution to minimize the risks they face. They should focus on client sustainability instead of institutional sustainability.

> Microfinance organizations (MFOs) can provide financially self-sustaining services to the poor and otherwise 'unbanked' clients.

- Second, using Microfinance as a platform to offer integrated services increases economies of scope for all the organizations involved in trying to service the same base of clienteles. With leveraged resources – assets, infrastructure, knowledge, distribution channels, etc. – we can increase the capacity of the service offerings to reach more clients, and reach them more effectively. By partnering with other critical social providers and businesses and serving as a platform, microfinance can offer other organizations a distribution channel to reach individuals in need.
- Microfinance activities can give women a means to climb out of poverty. It could be a solution to help them extend their horizon and offer them social recognition and empowerment. Viability of microfinance needs to be understood from a dimension that is far broader, by looking at its long-term aspects too.
- Today, the World Bank estimates that more than 16 million people are served by some 7000 microfinance institutions all over the world. CGAP experts claim that about 500 million families benefits from these small loans, making new businesses possible. In a gathering at a Microcredit Summit in Washington DC, the goal was reaching 100 million of the world´s poorest

ASCENT

The investable microfinance sector is set to grow by 15-20% in 2014, in line with the previous forecasts.

people by credit from world leaders and major financial institutions. The year 2005 was proclaimed as the International year of Microcredit by The Economic and Social Council of the United Nations, in a call for the financial and building sector to "fuel" the strong entrepreneurial spirit of the poor people around the world.

The purpose of this article has been to introduce the finance academic community to the discipline of microfinance and microfinance institutions. We have discussed the issues of MFI sustainability, products and services, management practices, client targeting, regulation and policy, and impact assessment in a summary literature review. Our hope is that this article will help turn the attention of finance researchers to the important issues in microfinance. Many of the tools, models, and frameworks in the existing finance literature can be brought to bear on the problem of world poverty, and have the potential to significantly move both the theory and practice of microfinance forward. Microfinance offers the finance discipline a possible avenue to make a significant difference in the lives of millions of poor people.

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Brett Lee

Australian Cricketer, Musician, Actor and Philanthropist

2 Time ICC Cricket World Cup Winner in 2003 & 2007

Interviewed by:
Vallari Agarwal, Sneha Agarwal, Md. Safdar & Pushkar Shandilya

YT : From a five-wicket haul on your debut to the last ball hat-trick attempt in your final match where you almost saw the Sydney Sixers through in the BBL 2015 Final, how would you describe your journey?

BL : It's been an unbelievable journey. Funnily enough it's exactly how I imagined my sporting life would turn out to be like.

YT : How did you adjust to the transition from leading the Australian bowling attack alongside the likes of Glenn McGrath and Shane Warne to mentoring the young quicks entering the fray?

BL : I guess when you have the pleasure to play alongside the greats such as McGrath and Co, it makes my job a lot easier. I always tried to pass on what I have been taught by the guys above me.

YT : In matches as gripping as the legendary Edgbaston Test of Ashes 2005, how difficult is keeping calm and staying resilient in the face of challenges that lie ahead of you?

BL : You have to ignore and block out the pressure when you are in these situations. That's the reason why the thousands of hours training and preparing for these types of moments are crucial to make you the player you are.

YT : With all the batsmen today showing great innovation, and thereby scoring more freely, how has the art of bowling changed as compared to the previous decade?

BL : You have to be continuously reinventing yourself as a bowler. Batsman are getting better and reading what the bowlers are doing so you have to always be one step ahead of them. The slower ball bouncer and wide line Yorker are two examples of what bowlers are doing these days to counter that.

YT : As a bowler, which on-field rivalry did you most look forward to, having bowled to some of the best batsmen who have ever taken guard?

BL : 100% the little master, Sachin Tendulkar. He was the batsman I wanted to dismiss.

YT : India has produced many promising fast bowlers, but in the long run, they tend to sacrifice their pace for accuracy. How do you think can this issue be tackled?

BL : I have made it my mission to find India's fastest bowler. I think with the right coaching, diet and gym preparation, I can assist with this.

YT : You've been both a sportsman and a musician. How different is walking out on a pitch in comparison to walking up to a stage to perform?

BL : Both really excite me! It's a lot of fun playing in front of 100,000 people at Eden Gardens and also rocking 1000 people in a small club with the bass guitar. Both challenging and nerve wracking at the same time.

YT : 718 international wickets in spite of the numerous injuries throughout your career. Most players would have given up, but it takes a resilient personality like you to make so many comebacks. How difficult do you think is it for a sportsperson to maintain consistency in today's era?

BL : You have to always believe in yourself and your ability. I have always said that fast bowling is the toughest job in the game. Mental toughness and being able to push yourself through pain is the only way to achieve this.

YT : You've maintained that "when there's a challenge, it brings out your best". What is it that challenges Binga, now that he has hung up his boots?

BL : I have some amazing things in my life to look forward to. I want to be the best husband and best father! I'm really enjoying working with Star and presenting and commentating in India.

YT : A lot has been said and written about your love for India and your special connection with Kolkata. Any specific memory that you still recall fondly?

BL : Just the people in general. It's the most amazing place I have ever been to and I am so grateful that India has accepted me as its "Adopted Son".

YT : The students of St. Xavier's College, Kolkata are big fans of Brett Lee. What is your message to them?

BL : Enjoy life. Always give it your best shot. Cricket is just a game that has come to an end for me but the friendships that I have made along the way will last for a lifetime. Best of luck in what ever you all choose to do in your life.

Deepinder Goyal

Founder and CEO of Zomato, India's only profitable Unicorn Startup

Interviewed by:
Yash Vardhan Goenka, Adit Patel, Srinkhala Maheshwari & Sumit Goenka

INTERVIEWS

YT: Where would Deepinder Goyal be had the idea of Zomato never crossed his mind?

DG: Don't know, but it would definitely have something to do with food!

YT: What is the best piece of advice anyone's ever given you and how has that helped you in your journey?

DG: This quote attributed to Mahatma Gandhi - "First they ignore you, then they laugh at you, then they fight you, then you win."

YT: What inspired you to set up an online venture eight years back, having known that it was not one of the traditional routes to success back then?

DG: While I was working at Bain & Company, a leading management consulting firm, I noticed that a lot of my colleagues were queuing up in the office cafeteria to have a look through the stack of menu cards to order food. Most of these people were young, affluent bachelors who did not have access to home-cooked food. I just asked myself "What if these menus were available online?" That was how Zomato, then Foodiebay, was born. Pankaj and I then went on to build this database and soon we had gone live with menus for 1,200 restaurants in Delhi NCR in July 2008, which expanded to 2,000 restaurants by the end of the year. The product started seeing great traction while we were still at Bain, which gave us the confidence to expand to further cities in India and focus on it as a full time venture.

YT: Founded in 2008, Zomato raised its first round of funding only in 2010. Seeing more and more companies being setup daily, how difficult is it, in your perspective, to raise funds for a startup in today's competitive market?

DG: Do not think about money and raising funds upfront, but create a valuable product, which people would like to use and which solves a real problem. If, as a startup, your focus is getting that right first and you are able to find the right people to work with, everything else will follow.

YT: Zomato has changed its logo quite a few times in the last year. Knowing the fickle-minded nature of consumers today, how difficult is it in keeping yourself established as the sole entity in their minds?

DG: Our earlier logo change to the spoon (which was Urbanspoon's logo) was to ensure that we smoothly transitioned Urbanspoon users in US, Canada and Australia over to Zomato. It was a hard decision but a one we had to take two months after we had changed to our new heart logo. It was to ensure two-thirds of our traffic, which was going to come in from the Urbanspoon acquisition, would be able to connect better to our brand and product. There is a short term hit which you can mitigate, but communicating well during such transitions ensures it doesn't really have a negative impact in the long run. A year later since, we've now moved back to our original Zomato word mark logo.

YT: A lot of praise has been heaped on Zomato for its quirky marketing techniques. For all the marketers in college, how does your team go about their ideation?

DG: It is very easy to decide to spend ad dollars to get user growth but that isn't the best approach. We work on very low marketing budgets, which helps us focus on all possible ways of organic growth. Having this framework has helped us try out new ways of reaching out or engaging with users. We have fun connecting anything and everything to food or restaurants. Our users see the connect and love it too.

YT: Recently, Zomato have made quite a few strategic acquisitions, with the major one being Urbanspoon in early 2015 followed by Mekanist and NexTable, Inc. Can you throw some light on Zomato's expansion strategy?

DG: We looked at several factors before deciding the markets we're now present in. Few of them being: a) product market fit b) potential user and merchant adoption c) ease of execution d) local product landscape and most importantly e) resources available with us. If a market fit in perfectly across all of the above factors, we went for it. If there were great local products whose vision matched with ours and we saw value in combining our products, we explored the option of acquisitions.

YT: Startups are so much about first mover advantage. However, as you have ventured into food delivery now, how do you plan to beat the already established players in the market?

DG: We weren't the first ones to start a restaurant search platform in India as well, but we started at the right time and focused on building a world-class product. Our logical next step after becoming the largest player in restaurant search across markets was to move into transactions, but we didn't want to rush into it at a time when it was still easier to place a phone call and order food. A year ago, we felt it was the right time to make the move and while we weren't the first to do so, we have been able to quickly establish ourselves as the largest player in the market by GMV, and are soon aiming to be the largest player by volume as well. Again, it all boils down to having a product which provides great customer experience, and scaling it at the right pace.

YT: Will the overvalued startups of India create a downswing similar to what we've seen in China or is our startup ecosystem resilient enough to persevere?

DG: Startups built on strong business fundamentals that are able to scale at a pace they can sustain will survive and do well irrespective of the environment.

YT: You are from IIT Delhi and most of the startups today are all technology driven. How necessary is it for an entrepreneur to understand the technical aspects of a business in order to build a successful startup?

DG: There are several successful tech products/startups with non-technical founders around the world. It is not a make or break aspect, but it is important to have some level of understanding of how things work in the context of your product.

YT: Zomato crossed the 1-million order mark in July this year. What is the next major milestone that you wish to achieve?

DG: We are close to operationally breaking even. That would be the next major milestone overall for our business.

YT: Starting off right from college, Zomato's success story is an inspiration for all aspiring entrepreneurs. What is your message to the budding entrepreneurs at St. Xavier's College, Kolkata?

DG: It's not about the idea, it is all about the execution. Focus on one thing at a time, give it your best shot and don't lose sight of the collective goal. Once you are committed to doing something, it is very critical to find the right people to work with.

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In a more and more globalised world, introduction of a Goods and Service Tax (GST) to replace the existing multiple tax structures of centre and state taxes is not only desirable but imperative in the emerging economic environment.

Goods and Service Tax in India

A REVIEW[1]

ABSTRACT

Over the last two decades, India has gone through a substantial reform in its indirect taxes. Among this reform the Goods and Service Tax in India captures the most important place. The main idea behind this new form of taxation is to establish a tax system that is economically efficient and neutral in its application, distributionally attractive and simple to implement. This tax is expected to replace a number of existing taxes by levying a comprehensive tax on the manufacture, sale and consumption of goods and service in the country. Goods and service tax is a new story of VAT which gives a widespread setup for input tax credit. The Goods and Service tax implementation is not yet declared by the government and the drafting of GST law is still under process.

At this juncture, this paper attempts to present an overall survey of this tax in the present scenario.

Key Words : *GST, CGST, SGST, VAT, CENVAT*

INTRODUCTION

Tax system of a country plays the role of backbone of the economy through its impact on both efficiency and equity. A good tax should not only keep in view the issues of income distribution and aim to generate tax revenue to support the government in its various expenditure on public services and infrastructural development but also be economically efficient and neutral in

1. The usual disclaimer applies.

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its application, distributionally attractive and simple to implement.

In a more and more globalised world, introduction of a Goods and Service Tax (GST) to replace the existing multiple tax structures of centre and state taxes is not only desirable but imperative in the emerging economic environment. Thus the GST is being introduced to get rid of the current patchwork of indirect taxes that are partial and suffer from infirmities and also to improve tax compliances.

The spread of GST in different countries has been one of the most important developments in taxation over the last six decades. Owing to its capacity to raise revenue in a transparent and neutral manner, more than 150 countries have adopted the GST. All OECD countries, except the US, follow this taxation structure.

In such a context, the objective of this paper is not only to study the background of the introduction of a new tax, but also to understand the concept and functioning of GST in India. Thus, the primary objective of this paper, is to survey the pros and cons of GST in India.

The rest of the paper is organized as follows - In section 2 literature survey is provided. Section 3 presents the background of the GST Bill to be implemented in India from April 2016. In section 4 this paper aims to discuss the concept of GST in India. Section 5 deals with the salient features of GST. In section 6 we examine the positive and negative aspects of GST. Finally, section 7 concludes the paper.

LITERATURE SURVEY

Though not much extensive work has been done in this area, few important studies have been carried out. Few among the existing literature needs special mention. McGowan and Billings (1997) advocate in favour of GST by saying that this tax can achieve the objective of cutting down federal government deficit, thus helping the government to serve the people better by upgrading public services and to boost economic stability. Tom Bolton and Brian Dollery (2004), studied a comparative macroeconomic effect of the GST in Australia, Canada, and New Zealand and found that not only was GST highly successful in raising tax revenue but it was also significant in terms of growth effects, price effects, current account effects and the effect on the budget balance. The report compiled by NCAER (2008-09) studied the impact of implementation of GST on economic growth and international trade and found that the tax reform would lead to an efficient allocation of factors of production thus leading to gains in GDP and exports, which would translate to enhanced economic welfare and returns to factors of production. Ahmad and Stern (1991) analyzed the optimal pattern of tax rates implied by a concern for the poor. Being concerned for the poor, one would reduce the tax on cereals (but not dairy products) and increase the taxes on non- food items (durables). Vasanthagopal (2011) found that the positive impacts are dependent on a neutral and rational design of the GST, balancing the conflicting interests of various stakeholders, full political commitment for a fundamental tax reform with a constitutional amendment. The paper also noted that GST in some form or other is fast becoming the preferred form of indirect tax in the Asia Pacific region. Girish Garg (2014) found that GST is the most logical step towards the comprehensive indirect tax reform in our country since independence. GST will create a single, unified Indian market to make the economy stronger. On a different note Venkadasalam (2014) analysed the post effects of GST on national growth with secondary data of selected ASEAN countries and the findings revealed that not all countries in ASEAN are experiencing a national growth after implementation of GST.

BACKGROUND OF THE GST BILL

The replacement of the state sales taxes by the Value Added Tax in 2005 marked a significant step forward in the reform of domestic trade taxes in India. The state VAT design is based largely on the blueprint recommended in a 1994 report of the National Institute of Public Finance and Policy, prepared by a team led by Amaresh Bagchi. In recommending a state VAT, though the report clearly recognized that it would not be the perfect or first best solution to the problems of the domestic trade tax regime in a multi-government framework, yet felt that this was the only feasible option within the existing framework of the Constitution and would lay the foundation for an even more rational regime in the future. Buoyed by the success of the State VAT, the Centre and the States now embarked on the design and implementation of the perfect solution alluded to in the Bagchi Report. As announced by the Empowered Committee of State Finance Ministers in November 2007, the solution is to take the form of a 'Dual' GST, to be levied concurrently by both levels of government.

The Constitution (122nd) Amendment Bill, 2014 was introduced in the Lok Sabha by Finance Minister, Arun Jaitley on 19 December, 2014. The Bill was passed by the House on 6 May, 2015. A draft of the Bill has been prepared and has been sent to the Empowered Committee of State Finance Ministers for obtaining views of the States. The GST Bill would be a VAT which is expected to be implemented in India, from April 2016. India is a centralized democracy and therefore the GST will be implemented parallely by the central and state governments as CGST and SGST respectively.

THE SALIENT FEATURES OF THE BILL

- The Bill seeks to amend the Constitution to introduce a GST which will subsume various Central Indirect taxes.
- The Bill seeks to shift the restriction on States for taxing the sale or purchase of goods to the supply of goods or services.
- The Bill seeks to establish a GST Council tasked with optimizing tax collection for goods and services by the State and Centre. The Council will consist of the Union Finance Minister (as Chairman), the Union Minister of State in charge of Revenue or Finance, and the Minister in charge of Finance or Taxation or any other, nominated by each State government. This body will decide which tax levied by the Centre, States and local bodies will go into the GST, which goods and services will be subjected to GST, and the basis and the rates at which GST will be applied.
- The Centre will levy an additional 1% tax on the supply of goods in the course of inter-state trade, which will go to the States for two years or till when the GST Council decides.
- Parliament can decide on compensating States for up to a five-year period if States incur losses by implementation of GST.

CONCEPT OF GST

GST is a comprehensive tax levy on manufacture, sale and consumption of goods and service at a national level. GST is a tax on goods and services with value addition at each stage where only the final consumer should bear the tax. GST is essentially the same as VAT but with a wider base. VAT, which replaced Sales Tax was imposed only on goods while, GST will be a VAT on Goods as well as Services. Let us illustrate the case of GST with the help of an example (Ghosh and Ghosh, 2014). Suppose that a farmer in West Bengal produced wheat worth of Rs. 100, sold it to a flour miller, who in turn produces flour worth Rs. 300 using this wheat and sold it to a baker who produces bread worth of Rs 400 with this flour and sold it to consumers. Thus the farmer added value worth Rs 100. Under the tax recommended, both the central government and the Govt of West Bengal will tax each of these value additions, at the rates of 16% and 4% respectively. The flour miller will assess her tax liability as RS 60 (Rs. 48 as the central tax liability and Rs. 12 as the tax liability of the state) and claim the tax of Rs 20 (Rs 16 to the central government and Rs 4 to the state government) as tax credit. Therefore, she will pay Rs. 40 as tax, (Rs. 32 to the centre and Rs 8 to the state). Besides the rate 20%, two other rates have been proposed, a floor rate of 6% of which 4% will be imposed by the states and a middle rate of 12% of which 8% will be imposed by the states.

Buoyed by the success of the State VAT, the Centre and the States now embarked on the design and implementation of the perfect solution alluded to in the Bagchi Report.

Separate taxation of goods and services often requires splitting of transaction values of goods and services, which leads to greater complexities. Thus, integration of various taxes into a GST system would make it possible to give full credit for input taxes collected. GST, would also greatly help in removing economic distortions and in developing a common national market.

GUEST ARTICLES

SALIENT FEATURES OF GST

Firstly, this tax will be a substitute for all indirect tax levied by state and central government. Exports and direct taxes like income tax, corporate tax and capital gain tax will not be affected by GST. GST would apply to all goods other than crude petroleum, motor spirit, diesel, aviation turbine fuel, natural gas and alcoholic liquor for human consumption. It would apply to all services barring a few to be specified. 'Dual GST' is concurrently levied by central and state government. This will comprise of:

> On the negative count, though, GST is referred to as a single taxation system, but in reality, it is a dual tax in which state and centre both collect separate tax on a single transaction of sale and service.

- Central GST (CGST) which will be levied by Centre.
- State GST (SGST), which will be levied by State.
- Integrated GST (IGST), which will be levied by Central Government on inter-state supply of goods and services.

Central Indirect taxes and levies which are subsumed under CGST are :

- Central Excise Duty.
- Additional Excise Duties.
- Excise Duty levied under the Medicinal Preparations (Excise Duties) Act, 1955.
- Service Tax.
- Additional Customs Duty (CVD).
- Special Additional Duty of Customs.
- Central Surcharge and Cess.

State Indirect Taxes and levies which are subsumed under SGST are :

- VAT / Sales Tax.
- Entertainment Tax (other than the tax levied by local bodies).
- Central Sales Tax.
- Octroi and Entry tax.
- Purchase Tax.
- Luxury Tax.
- Taxes on Lottery.
- Betting and Gambling.
- State Cesses and Surcharges.

Secondly, in case of Intra-state transactions, seller collects both CGST and SGST from the buyer and CGST needs to be deposited with Central Govt. and SGST with State Government.

Integrated Goods and Service Tax (IGST) shall be levied on inter-state transactions of goods and services which are based on destination of people. Tax gets transferred to importing state. Moreover, it is proposed to levy an additional tax on supply of goods, not exceeding 1%, in the course of inter-state trade or commerce, to be collected by the Central govt. for a period of two years, and assigned to the states where the supply originates. Exports and supplies to SEZ units will be zero rated.

Regarding the rate of taxation,13th Finance Commission recommended a rate of 12%. State says they will not settle for anything below 15%. According to the government, there would be two slabs: one, a lower rate slab for essential items and two another effective rate for most items. Some goods will be exempted and a lower rate by 1% for precious metals such as gold, platinum, silver.

BRIGHT AND DARK SIDES OF GST

Like, every coin has two sides, even this concept of GST has its own positive and negative aspects. On the positive count firstly, the main reason to implement GST is to abolish the cascading effect of tax. A product on which excise duty is paid can also be liable for VAT. Suppose a product A is manufactured in a factory. As soon it releases from factory, excise duty has to be paid to central government. When that product A is sold in same state then VAT has to be paid to state government. Also, no credit on excise duty paid can be taken against output VAT. This is termed as 'cascading effect', since double tax is levied on same product. Secondly, GST creates a common market across states, to avoid enfeebled effect of indirect tax and also improves tax compliance. Thirdly, it will lead to a more transparent and neutral manner to raise revenue. Fourthly, GST is a simplified and cost saving system as procedural cost reduces due to uniform accounting for all types of taxes. Fifth, it is a long term strategy leading to a higher output, more employment opportunities and economic boom. And finally, GST is beneficial for both economy and corporations. The reduced tax burden on companies will reduce production cost, making exporters more competitive.

On the negative count, though, GST is referred to as a single taxation system, but in reality, it is a dual tax in which state and centre both collect separate tax on a single transaction of sale and service.

Secondly, all the goods are not covered by the central excise which at present is the main indirect tax and further there is an exemption limit of Rs 1.50 crores in the central excise. Further traders are not liable to pay central excise, and is payable up to the stage of manufacturing but GST is payable up to the stage of sale.

And finally, as per the News reports, the proposed rate for SGST is 12% and CGST is 14%, plus 1% at the initial stage of GST on the interstate sale of goods and services. So, the normal rate of overall tax will be 26%. This rate is very high comparing the fact that small and medium industries are at present not covered by the central excise.

CONCLUSION

The discussion of selected issues in this paper suggests that there are many challenges that lie ahead in such a design. The issues require not only much research and analysis, but also balancing of conflicting interests of various stakeholders. Oppositions from different stake holders make the situation even more difficult.

- Service sector may oppose, because they have to register in every state with central and state government. So every business at all India level will have around 60 registrations instead of just one today. Moreover, their rates will also go up.
- Retail business may oppose because their taxes will go up and they will also have to deal with Central Government now in addition to States.
- Few Indian states like Maharashtra, Haryana and Punjab are not very happy with the implementation of GST, as the replacement of the existing taxes with the GST will lead not only to a revenue loss specially for the manufacturing states, but they may lose autonomy to change their tax rates. Also there is a fierce opposition in the Parliament, as there will still be tax in the name of Additional Tax @ 1% for inter-state movement of goods, which is against the spirit of GST.

However, since the choices made today would be irreversible in the near future, one needs a longer-term perspective. Achieving the correct choice is a balancing act that takes into account the technical options and the differing needs and constraints of the main partners. Fortunately, there is a very substantial consensus among all stakeholders in the country for a genuine reform. However, the ultimate benefits are critically dependent on a neutral and rational design of the GST.

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In the End, We only Regret the Chances We Didn't Take

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GUEST ARTICLES

> "He impulsively flew to Las Vegas and played blackjack with the last of the company money."

Take a peep around and you would be amazed by the history of risk taking in the world around us.

- Fred Smith graduated in economics from Yale University in the year 1962. While the norms of the times were that shippers transported large packages by truck or passenger airplanes, he thought it would be more efficient to carry small, essential items by plane.

In 1971, Smith founded FedEx on this idea with $4 million of inheritance and $80 million in loans and equity investments. FedEx started out with eight planes, covering 35 cities, and had ambitious plans.

But in the first two years, primarily due to rising fuel costs, the company found itself millions of dollars in debt and on the brink of bankruptcy. Even worse, Smith's vital pitch for funding to the General Dynamics board was rejected.

When FedEx's funds dwindled to just $5,000, Smith realized he didn't have enough to fuel the planes. The company had already gone to many extremes, from pilots using their personal credit cards to fuel planes to uncashed pay checks.

So what did the desperate founder do?

He impulsively flew to Las Vegas and played blackjack with the last of the company money.

Amazingly, when he came back the next week, he had turned the remaining $5,000 into $27,000 - just enough for the company to stay in operation for another week. This inspired him to raise another round of funding and eventually move on to create a $ 42.91 billion company.

- Larry Page and Sergey Brin had almost sold off Google to Excite CEO George Bell in 1999. Brin and Page nearly gave up their would-be fortune because the search engine they built was taking up too much of their time and distracting them from their graduate studies. The risky transaction did not happen because Bell rejected their offer and negotiated them down to $750,000. Google is now worth $ 487 billion as on date.
- In the late '90s, Apple was struggling to meet sales goals amidst organisational power struggles. It was almost close to bankruptcy before Steve Jobs took over as CEO and created an iconic company worth $ 521 billion
- Mark Zuckerberg's Facebook was two years old when Yahoo offered $1 billion to buy the dorm-room start-up. Zuckerberg was seriously tempted by the offer, but ultimately chose to preserve his independence. "There is so much more to do here," he told the Wall Street Journal. One year later, in 2007, Microsoft made an offer of $15 billion. Zuckerberg declined again. Now, the social network is valued at around $100 billion.
- In 2011, after winning the World Cup Final against Sri Lanka, captain Dhoni admitted that he took precarious chances.

"Why I brought in S. Sreesanth instead of Ravichandran Ashwin and why I promoted myself in the batting order ahead of Yuvraj, who has been in great form. It could have been that the decisions cost the match"

Salman Khan was originally offered the role of Ajay Sharma in 'Baazigar', but the actor turned it down. Similarly, both Sunny Deol and Ajay Devgan turned down the role of Rahul Mehra in 'Darr'. Shah Rukh Khan not only played these two negative characters, but also played Vijay in 'Anjaam'- another role with a deep shade of grey. Had this been at a later stage in his career, it may not have been such a risky move. But to play them so early in his career was a far cry from conventional wisdom, which said:

"Playing an anti-hero in the early stages of your career will send you downwards."

SRK turned that wisdom on its head and used the negative roles as his launch pad to go on to become King Khan, the Baadshah of Bollywood.

What would you have done had you been in the shoes of Fred, Larry Page and Sergey Brin, Steve Jobs, Mark Zuckerberg, Dhoni or Shahrukh Khan?

I am sure a lot of us would have found the idea of playing blackjack to be outrageous, would have sold off early and probably would have chosen to play safe in our careers.

It is absolutely fascinating how our mind tricks us into believing that we may fail, and we hold ourselves back.

- Who would have thought that a petrol attendant at Aden would create one of India's most valuable enterprises?
- Who would have thought that a Yogi teaching pranayama would create a behemoth that would unsettle the who's who of the Indian FMCG? There was an MNC that scoffed at the idea of Indian using salt and charcoal based toothpaste when it entered India. But unnerved by his sales numbers for Danta Kanti, the same has gone the Ayurveda way.
- A rupee invested in the IPOs of Wipro (Year 1980) and

Infosys (Year 1993) would have translated into INR 5, 24,160 and 3100 as on date respectively. But I am sure there would have been so many who would have scoffed at the idea of investing in these companies.

- A couple of years ago, a batch mate of mine from college, a rank holder in all levels of CA & CS and a University Topper quit a plum job in the M&A Advisory of a Big 4 firm. He wanted to take tuitions in the super competitive CA coaching market of Kolkata. Doomsayers wondered at the sanity of this decision. This season, he has finally made it big. We gather that he could secure 600 students for CA Cost & FM classes. With each paying Rs 12,000 each, he raked in Rs 72 lacs for a 6 month session.
- Another close friend from school, Class KG -12 in Don Bosco and graduation in Xavier's, decided to opt for UPSC exams as a path. So while we chose paths that were safe, paths that could allow us to earn that coveted salary quickly, he was patiently pursuing his dream. Honestly speaking, we often doubted whether he would be able to make it all the way.

He recently graduated as an IAS officer. He will join as the Assistant Magistrate & Assistant Collector of Hooghly, the district where he was born and brought up. Imagine the pride when your self-belief stands vindicated!

Many of us have felt the desire to venture past the limits of safety in pursuit of a rewarding experience, but have held ourselves back. All our life, we have been so careful to protect ourselves against failure, never minding the opportunities that were missed.

"Every time she entered the classroom, my heart skipped a beat."

Who would have thought that a petrol attendant at Aden would create one of India's most valuable enterprise?

We all have had that one silent crush in school/college life. It's just so natural. But sadly, we never could communicate our feelings.

"What if she didn't reciprocate?'

"What if she mocked me and told me to get lost?'

We all have had fights with close friends, often leading to stalemates in the relationship. How often have we felt like going across and saying,

'Chal yaar, lets start afresh'

But we are afraid and hold ourselves back.

How many times did you want to apply to a course, job or internship, but your mind went ballistic and actually made you believe that you are not the right match? So you closed the tab, tucked away your CV and simply took your mind

> All our life, we have been so careful to protect ourselves against failure, never mind the opportunities that were missed

off it. Similarly, you said no to offers of international stints in your company, offers to move into challenging roles beyond your comfort zones

So many of us have missed an opportunity to take part in an elocution contest in school, participate in a debate or try a new sport, simply because we were afraid.

'What if they laugh at me?'

What if I fall down and get hurt?'

Do you remember wanting to buy that T-shirt for yourself but decided to wait and it was gone?

Or maybe that time when you were unsure whether to go on vacation, and the promotion expired?

Wish we all suffered from the classical 'Optimism Bias'- a cognitive bias that causes a person to believe that they are less at risk of experiencing a negative event compared to others.

Wish there would have been a 'Decision Failure' Insurance!!

We would have happily paid an annual premium to get compensated by the insurance company whenever we failed in love or life.

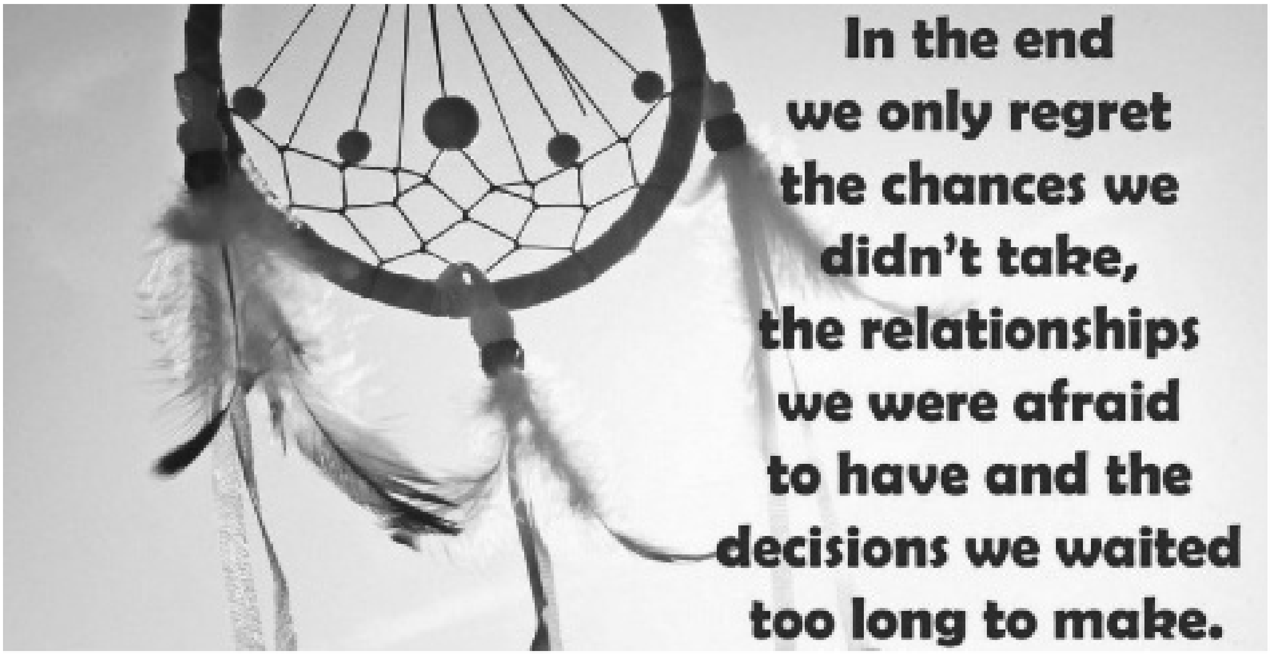
But sadly it does not exist, and thus this perennial rift between faith and self-doubt, and all those 'what-ifs' clouding your mind.

Why not let's take those risks?

Risk taking the road less travelled, getting turned down, not getting the job, failing, putting it all on the line, missing out in order to achieve something greater, making a mistake, that person not saying "I love you too", losing friendships, not being good enough, opening up and being vulnerable and admitting that you don't know.

Because as they say?

"In the end we only regret the chances we did not take"



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Second Generation Economic Reforms in India: An Insight into "Work-in-Progress"

ABSTRACT

On 16th April, 2016, the Governor of the Reserve Bank of India commented that India was like the "one-eyed king in the land of the blind". However, not even a week had passed when he clarified that he had made an "offhand" remark which was misinterpreted beyond context. He further added that his intent was to signal that "India's out performance was accentuated because world growth was weak. But we in India were still hungry for more growth." Now, the question is, if India's high rate of growth is to be interpreted only relative to the other world economies, who are already facing slowdown in economic growth, then do we really have enough reason to rejoice? Would it not be pragmatic if we keep the euphoria aside so that we can concentrate more on consolidating and

> In recent years, after overcoming the impact of the global recession of 2008, India is slowly gearing up to emerge as the fastest growing emerging economy.

even enhancing the high growth trajectory by initiating systemic reforms so that we lead the world growth not only in relative but also in absolute terms? In the following analysis, we try to suggest certain economic reform measures that may be adopted in order to achieve this objective of sustainable high growth in India.

INTRODUCTION

To start with, let us first try to define what we actually mean by the term "economic reforms". "Economic reforms" usually refers to deregulation, or at times to reduction in the size of government, to remove distortions caused by regulations or the presence of government, rather than new or increased regulations or government programs to reduce distortions caused by market failure. To quote eminent economists Suresh D. Tendulkar and T. A. Bhawani, "Market-oriented economic reforms, by definition, seek to bring about a major change in the prevailing rules of the game and embedded incentive structure with a view to accelerating the pace of economic development."

The first generation of economic reforms were carried out in India 25 years ago, from July, 1991 onwards with a view to integrate the country further with the world economy and liberalization of restrictions on market transactions and private economic activities, after remaining a closed and heavily regulated market economy for more than three decades. Thus the age of cynicism as regards the economic role of the private sector gave way to a whole new dynamic age of openness and cooperation.

However, it would be unwise to believe that the reforms were carried out smoothly and without any obstacles on the way. To quote Tendulkar and Bhawani (2007):

"*The Indian case presents many prima facie paradoxical features that make it an unlikely candidate for systemic reforms. To start with, the reforms have been initiated and sustained in a low- income developing country democracy with mind-boggling social diversity where consensus-building for systemic change poses a formidable challenge. Second, they have been taking place in an antithetical institutional environment where economic nationalism and socialism continue to have a stronghold, and a volatile political environment of coalition politics that is inimical to any kind of reforms. On top of this, reforms have been spearheaded by political leaders with the most unlikely characteristics, namely they constitute a minority with their respective political parties, they do not command a numerically strong political support base, nor do they possess charismatic personalities!*" [1]

It must be mentioned in this context that much of the concern expressed by the authors above has been addressed in the upcoming times to such an extent that today, India is characterized by political stability at the Centre and a bureaucracy which has seemingly accepted the invincibility of reforms for faster growth of the economy and in the achievement of economic goals stated in the Government plans.

In recent years, after having overcome the impact of the global recession of 2008, India is slowly gearing up to emerge as the fastest growing emerging economy. To keep up the momentum, it is incumbent on the Government to unleash Second Generation Economic Reforms in order to sustain the fast growth witnessed in the last two years or so. Some proximate areas of reforms are stated herein as follows:–

DEVELOPMENTS IN THE AGRICULTURAL SECTOR

To quote noted economist S. Mahendra Dev, "The reforms in the industrial sector that started in 1991 benefited agriculture by shifting the terms of trade in favour of agriculture. However, the full benefits for agriculture can be expected to materialize when reforms directly affecting agriculture, such as removal of restrictions on domestic trade and processing, stepping up public investment in agriculture, and reforms in the management of infrastructure, are put in place.

The terms of trade for agriculture have improved and private investment has increased. Export of commodities, particularly cereals, has risen and there has been some progress on market reforms in terms of removing domestic and external controls. However, there were also concerns about agriculture and food security in the 1990s. There has been emphasis on price factors at the cost of non-price factors such as research and extension, irrigation, and credit. Economic reforms have largely neglected the agricultural sector and only in the last few years have domestic and external trade reforms in the sector started." [2]

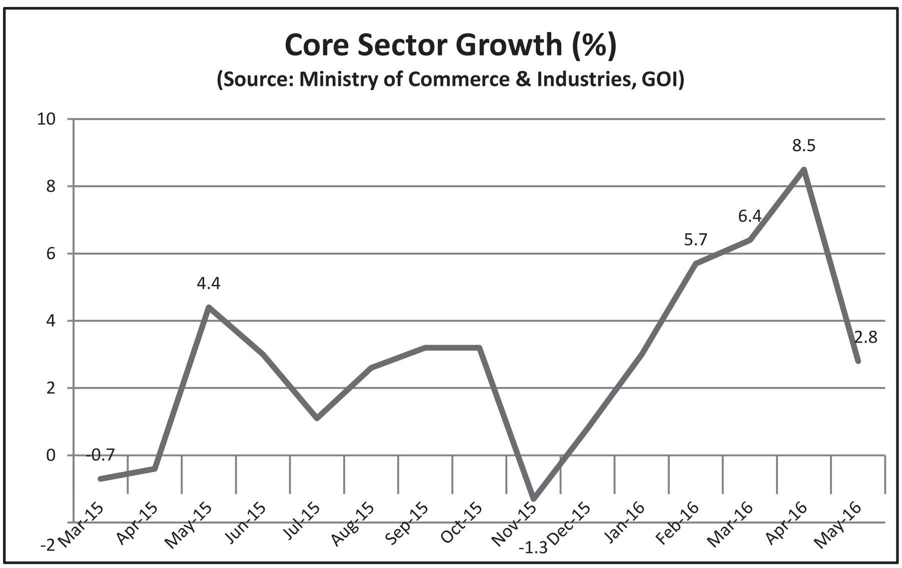
LABOUR REFORMS

The officially released figures of the Labour Bureau (April 2016), though derived from surveys confined to 8 labour intensive sectors only - textiles, garments, leather, jewellery, BPOs, handlooms, metals and automobiles - and with a small sample size - ranging between 1800-2200 business units, are indeed quite alarming. Employment generation in these sectors was a mere 1.35 lakh in 2015, compared to 4.9 lakh the previous year and a much larger 12.5 lakh in 2009 (largely attributable to the launch of welfare schemes like MGNREGA). As if this was not enough, employment in these sectors actually declined in the last quarter of 2015.

- Though the government is committed to the growth of manufacturing (the "Make in India" programme being a testimony of its noble intentions), a major hurdle in its path are the archaic labour laws prevalent in India. The labour laws at present are governed by a number of complex Acts and statutes, including the Industrial Disputes Act, Workmen's Compensation Act, Employees' State Insurance Act, Employees' Provident Fund and Miscellaneous Provisions Act, Payment of Bonus Act, Apprenticeship Act, etc. In order to address these complexities in the labour laws, it may be prudent to simplify them by abolishing all such outdated laws and replacing them with a comprehensive Labour Act, dealing with the rights, liabilities, duties and grievance redressal systems for all classes of labourers. The recent labour law reforms carried out in the state of Rajasthan may serve as a model for such labour reforms on a pan-India scale.
- Improvement and reform of labour laws may prove to be a useful step for promotion of industries and for providing a boost to abundance of cheap labour. To enable Indian products to successfully compete with low-cost Chinese goods, low interest rates, low rates of taxes on production, state-of-the-art infrastructure, cheap electricity, easy clearance and independence of employer in employee recruitment must be ensured.
- In order to empower the youth by generating large-scale employment and exploit India's "demographic dividend", the government should, besides promoting skills among the youth through the "Skill India" programme launched by the Labour Ministry, give more attention to promotion of export-oriented industries, small and medium enterprises and agro-processing industries, owing to their higher employment intensities and robust growth prospects. Rapid generation of jobs will definitely spur rapid economic growth.

INFRASTRUCTURE AND TRANSPORT SECTOR REFORMS

Infrastructure output growth rate was at its slowest pace in the last 5 years in the fiscal year 2015-16, showing signs of stress in the economy. For the full fiscal, the eight core sectors (oil, crude oil, natural gas, refinery products, fertilizers, steel, cement and electricity) grew by around 2.7% in 2015-16, down from 4.5% in 2014-15. This was despite a sharp rise in the growth rate to 6.4% in March 2016 for the eight sectors.[3] Apart from the core sectors, immediate attention should be given to the following prospective reforms in the transportation sector, which is intrinsically related to the growth of infrastructure:



- In accordance with the recommendations of the Bibek Debroy Committee on Railways (2015), it should be the responsibility of the Central Government to take steps towards privatization of the Indian Railways so that improvement in the quality of services and modernization of Railways can be achieved at a faster rate. The Government monopoly in railways has only caused a pile up of losses for the mass transporter over the years and imposition of massive financial burden on the already cash-strapped government exchequer. As an initial step towards full privatization, the Central Government may consider adopting Public-Private Partnership (PPP) Model in the various projects undertaken by the Ministry of Railways.

- The decision of the Government to channelize the excess revenue earned as cess on account of the reduction in the price of crude oil in the international market and a more or less stable domestic crude oil price into the construction of highways has had the effect of a remarkable bounce-back in the sector, so much so that as on 24th April 2016, the Government was able to add an average of 18 kilometres of national highways per day and has set an ambitious target of constructing 30 kilometres of highways per day, which it hopes to achieve by end 2016. Such channelization of funds into the infrastructure sector is undoubtedly a laudable reform in itself.

TAX REFORMS

- Recently released data from the Income Tax Department shows that merely 1% of the Indian population pays income tax. Hence, there is an urgent need to bring more and more affluent Indians into the income tax net by plugging the various loopholes in the income tax laws which allow large scale tax avoidance. This is imperative for ensuring social equity and justice.
- The Direct Taxation regime in India is at present characterized by complexities arising out of myriad number of exemptions, concessions, rebates, reliefs, deductions, available to various classes of tax-payers on fulfillment of respective criteria. More often than not, this leads to tax disputes that continue for years, the cases languishing in courts and burdening a judicial system already reeling under the huge backlog of pending cases. It is, therefore, imperative to reform the direct tax laws to simplify the system through the elimination of complexities by reducing such concessions, reliefs, exemptions and rebates to reasonable levels so as to maintain revenue neutrality in the Government finances.
- The decision of the Central Government to reduce the corporate tax rate to 25% from the erstwhile 30% in a phased manner by 2019 is a welcome step which shall provide further impetus to the growth of the corporate sector. In my opinion, instead of increasing the maximum exemption limit for individual income under the Income Tax Act, it may be prudent to decrease the rates of taxes prevailing at each income tax slab. For instance, reducing tax rate for income from Rs.2,50,001 upto Rs.5,00,000 to 5% from the prevailing rate of 10%, that for income between Rs.5,00,001 and Rs.10,00,000 to 15% from the present 20% and for income beyond Rs.10,00,000 to 25% from the prevailing rate of 30%, may actually lower tax evasion and ensure more compliance. Alternatively, the Central Government may consider fixing the personal income tax rate at a flat 15% for assessees across the board, and eliminate the maximum exemption limit and the income tax slabs altogether. Such simplification will imply a shift from the current progressive taxation system to a more pragmatic proportional taxation system.
- The Central Government should seriously consider a complete withdrawal of retrospective taxation imposed by the Union Budget 2012, which had the disastrous consequence of scaring away prospective foreign investors and dealing a debilitating blow to domestic business sentiments.
- The decision of the Government to abolish wealth tax and replace it with a surcharge of 10% on high net worth individuals seems to be a step in the right direction.
- On the indirect taxation front, the Central Government must ensure speedy implementation of the comprehensive and broad-based Goods and Services Tax (GST) which shall subsume all other indirect taxes, including Service Tax, VAT, Central Sales Tax (CST), Customs Duty, etc. to give a boost to investor confidence through simplification of the tax regime.

FINANCIAL, INSURANCE AND HEALTHCARE SECTOR REFORMS

- The government can think of integrating the insurance and fiscal systems. How can it be done? If the government ordains that not less than one-third of the absolute amount of tax collected from an individual (belonging to any tax slab) shall be automatically spent by the government itself for insuring the life or health of the same individual (through an insurance company chosen by the individual himself/ herself), it shall act as a huge incentive for proper payment of taxes and a deterrent for tax-evasion. At the same time, the insurance companies (including LICI) will have stability of business, with the result that its ground-level employees and agents will get stable employment. This will also reduce the tax-payer's labour of arranging for insurance-cover separately. Agreed, the potential tax revenue earnings of the government will decrease. But given the huge amount of loss it is already incurring due to widespread tax-evasion and money laundering, the measure may act as a buffer.

- The Economic Survey 2015-16 states, "*Eliminating or phasing down subsidies is neither feasible nor desirable unless accompanied by other forms of support to cushion the poor and vulnerable and enable them to achieve their economic aspirations. The JAM Number Trinity– Jan Dhan Yojana, Aadhaar and Mobile numbers – allows the state to offer this support to poor households in a targeted and less distortive way. Linking the Aadhaar number to an active bank account is key to implementing income transfers.*" [4] The utilization of the JAM Trinity to streamline cash directly benefits the citizens, thereby circum-navigating all the inherent loopholes and leakages of the Public Distribution Systems (PDS). The Government has two distinct and feasible financial delivery mechanisms to transfer the benefits to the intended beneficiaries - (a) Mobile money, and (b) Post offices, because of their high penetration rates across the country.

- For too long, the terms "divestment" and "privatization" have been viewed with cynicism in India, with the losses of inefficient PSUs adding to the fiscal deficit every year. It is high time to take bold steps towards complete divestment in and privatization of loss-making PSUs in order to infuse new life and efficiency into them, by exploiting the advantages of private sector control and management.

- To reboot industrialization, the government may introduce a single-window clearance system whereby the industrialists will not have to lobby from one government department to the other and fill up a thousand and one forms before obtaining a 'half-hearted' clearance. This 'disguised license raj' (as I prefer to call it) is a major hurdle for industrial development and expansion.

- The Government of India has placed before itself the ambitious target of achieving universal health insurance coverage by the year 2020. This is particularly significant, given the importance of public health for the prosperity of any nation. However, the government spending on health in India is abysmally low. Bill Gates, in an article published in The Times of India on 15 August, 2014, comments, "Healthcare is key to growth - but despite turning the tide on polio and HIV, public spending on healthcare in India is extremely low - 1.1% of GDP. That compares to 2.4% in China and 4.9% in Brazil, two countries wisely betting in health."

FOREIGN INVESTMENT

- The Government's recent decision to allow 100% FDI in e-commerce is a welcome step in the right direction. An even more ambitious and desirable change was set in motion with the Government announcing, on June 20 2016, the following permissible FDI limits for the respective sectors, which according to some, "radically liberalized the FDI regime, with the objective of providing major impetus to employment and job creation in India" [5].

Sector	Change in Maximum Allowable FDI Limit	Details / Implications of the Reform
1. Airlines	Up from 49% to 100%	No change for foreign airlines, which can own up to 49%, or NRIs (100%). But now, foreign entities can buy 51% stake in addition to 49% owned by overseas carriers.
2. Food Retail	From 0% to 100%	A Wal-mart or Carrefour can enter food retail, including e-commerce, but can only sell food produced, processed or manufactured locally.
3. Manufacture of small arms and ammunition	Up to 100%	FDI up to 49% allowed under automatic route, defence sector rules to be abided by.
4. Private Security Agencies	From 49% to 74%	Paves way for overseas players to own majority stake in security agencies.

(Source: The Times of India, June 20, 2016, statistics printed on cover page)

- The Government also simplified FDI procedures by removing the need for approval, in most cases, for foreign investment in existing pharmaceutical companies, brown-field airports, DTH services, cable networks, mobile TV, HITS and teleports without significantly altering the FDI limits in these areas.

- In April, 2016, the Union Food Processing Minister suggested that around 20% of the FDI in domestically produced and manufactured food should go towards creating back-end infrastructure, which could extend from setting up of warehouses to sorting centres or even getting know-how for new varieties that are more suitable for processing. However, the Department of Industrial Policy and Promotion is of the opinion that FDI should be allowed without riders, fearing that conditions may deter investors. Thus, such inter-ministerial or inter-departmental conflicts within the Government have to be quickly resolved in order to bring about a sense of unity and consensus on the issue.[6]

CONCLUSION

For too long in history, we Indians have been unable to utilize our full potential due to various submissive reservations plaguing our decision-making, thus dealing a heavy blow to our levels of confidence. It is therefore imperative on our part to come out of the cocoon, face the challenges that stare at us, grab the opportunities that Providence thrusts towards us and also neutralize the threats to our progress by utilizing our internal strength. Let us rewrite history, this time not harping repeatedly on our inherent weaknesses and failures, but instead focussing on our strengths and ways to achieve the world's respect. It is to be remembered that if the first generation economic reforms focussed on "Liberalization", the focus of the second generation of economic reforms must be "Simplification". To reiterate what the then Finance Minister of India said on the floor of the Indian Parliament while presenting the historic Union Budget 1991, "Economic Reforms are no longer an option, it is a compulsion."

Finally, I would like to quote a very optimistic forecast about the Indian economy made very recently by Dr. Arvind Panagariya, noted economist and Vice Chairman of the NITI Aayog:

"*If certain sectors of the economy exhibit weaknesses, it is because they had been in crisis at inheritance and sector-specific adjustments typically take longer than those related to the overall economy. It may be recalled that the early reforms under the Rao Government had stabilised the exchange rate, inflation and current account within two years and returned the aggregate growth rate to its pre-crisis levels. But a sharper break in the growth rate came only in 2003-04, after the economy had time to adjust more fully to the Rao-Vajpayee reforms. Indeed, a common refrain of many reform critics in the early 2000s was that the reforms had not led to a significant shift in the growth rate.*

"*Keeping this experience in mind, make no mistake about what is to come. Much change in policy has taken place since may 2014 and the miracle-level annual growth of 8.3% that India saw from 2003-04 to 2011-12 is poised to return.*"[7]

> Let us rewrite history, this time not harping repeatedly on our inherent weaknesses and failures but by focussing on our strengths and ways to achieve the world's respect.

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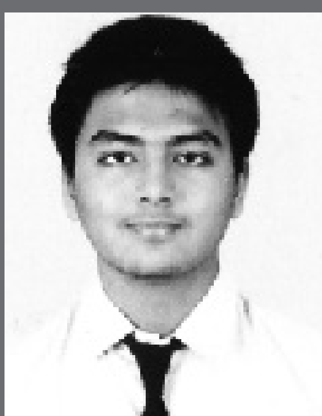

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Trend Analysis of Fiscal Deficit of India in the Post Liberalization Period

THE BACKGROUND

India's fiscal health in the post liberalization period has seen a set of interesting patterns which warrants keen introspection into historical trends, the development of fiscal discipline frameworks, the recent experience of fiscal response to the global financial crisis and subsequent return to a fiscal consolidation path. The initial years of India's planned development strategy were characterized by a conservative fiscal policy whereby deficits were kept under control. The tax system was geared to transfer resources from the private sector to fund the public sector driven industrialization process and also cover social welfare schemes. Indirect taxes were a larger source of revenue than direct taxes. However, growth was anemic and the system was prone to inefficiencies. In the 1980s, some attempts were made to reform particular sectors and make some changes in the tax system. But the public debt increased, as did the fiscal deficit.

> With lower tax rates revenue buoyancy from these taxes can be achieved through better compliance and minimal exemptions.

India started having balance of payments problems since 1985, and by the end of 1990, due to high oil prices, political uncertainties and many other factors, the state of India was in a serious economic crisis. The government was close to default, its Central Bank had refused new credit and foreign exchange reserves had reduced to the point that India could barely finance three weeks' worth of imports. It had to pledge 20 tons of gold to Union Bank of Switzerland and 47 tons to Bank of England as part of a bailout deal with the International Monetary Fund (IMF). Most of the economic reforms were forced upon India as a part of the IMF bailout.

FISCAL REFORMS OF INDIA SINCE 1991

Fiscal policy is a critical component of the policy framework pursued since the initiation of economic reforms in India in 1991 to achieve the objectives of economic growth, price stability and equity. To achieve these objectives, it was necessary to raise more resources through taxation and restrain the growth of unproductive and non-plan expenditure.

DIRECT TAX REFORMS

It is important to note that over the last two decades, there has been a significant reform in the tax system so that it can make larger contribution to resource mobilization for economic growth and at the same time serve the objective of achieving equity as well. First, in the sphere of direct taxation, rate of income and corporation taxes have been lowered to moderate levels.

With lower tax rates revenue buoyancy from these taxes can be achieved through better compliance and minimal exemptions. Until the early eighties, direct tax rates were exorbitant, evasion of these taxes was rampant which gave birth to the enormous circle of black money in the Indian economy. It was realized that moderate rates of these taxes would yield more revenue by increasing tax compliance. Lower rates of direct taxes also provide incentives to work more, save more and invest more as lower rates increase after-tax returns on work, saving and investment. Long-term fiscal policy announced in 1985 rightly emphasized that a broader base of taxation combined with moderate rates of taxes and strict enforcement, can yield better revenue results.

Acting on the long-term fiscal policy, V.P. Singh in his 1985-86 budget, cut the maximum marginal rate of income tax to 50 per cent and reduced personal income tax slabs from eight to four. Seven years later Dr. Manmohan Singh reduced the maximum marginal income tax rate to 40 per cent in his budget for 1992-93 and reduced the personal income tax slabs to only three. Mr. Chidambaram in his dream budget 1997-98 further reduced top marginal rate of income tax to 30 per cent. Moreover, education cess of 3 per cent has been levied on both income tax and corporation tax.

With regards to corporation tax, acting on the Chilliah Committee recommendations Dr. Manmohan Singh attempted rationalization of corporate taxation and cut the corporation tax rate to 40 per cent and reduce exemptions in 1994-95 budgets to broaden the base of tax. Three years later Mr. Chidambaram further reduced corporation tax to 35 percent in his budget for 1997-98 and again as Finance Minister in UPA Government, he further reduced the corporation tax rate to 33 per cent in 2004-05 budget.

However, to broaden the base of corporation tax so as to increase tax revenue, he lowered the depreciation allowance from 25 per cent to 15 per cent in 2007-08. Besides, to raise revenue from corporate taxation, fringe benefit tax (FBT) was levied payable by corporate employees. Minimum Alternate Tax (MAT) which was fixed at 7.5% to 10% of book profits of the corporate companies was raised to 18.5% in 2011-12 budget and long-term capital gains were included in the book-profits. Further, Securities Transaction Tax (STT) was levied on the sale and purchase of shares/securities.

EXPENDITURE REFORMS

Changes in pattern of expenditure are also worth mentioning. Prior to 2007-08 through the adoption of prudent fiscal policy the Government had been able to reduce total expenditure, which as percentage of GDP fell from 17.3% in 2001-02 to 15.4% in 2004-05 and further fell to 13.6% in 2006-07, and rose marginally to 14.1% in 2007-08.

As compared to plan-expenditure which as a percent of GDP rose from 3.8% in 2005-06 to 4.9% in 2008-09 and 5.3% in 2009-10, non-plan expenditure fell sharply from 12.3% of GDP in 2002-03 to 9.7% in 2006-07 and to 10.3% in 2007-08. It was only in 2008-09 and 2009-10 that due to need of increasing public expenditure to overcome recession or slowdown of the Indian economy and to keep the growth momentum that non-plan expenditure slightly increased to 10.9% and 11.3% in 2008-09 and 2009-10 respectively.

The government succeeded in restraining the growth of non-development expenditure incurred on interest payments, major subsidies and defense till 2007-08. It was only in 2008-09 and 2009-10 under well-designed contra-cyclical policy that Government increased its expenditure and borrowed heavily for this purpose to fight slowdown of the Indian economy and to keep the growth momentum. This resulted in increase in expenditure on interest and subsidies.

THE ENACTMENT OF FISCAL RESPONSIBILITY AND BUDGET MANAGEMENT (FRBM) ACT IN 2003-04

The FRBM Bill 2000 was introduced by the previous NDA government in the parliament to institutionalize the fiscal discipline at both the centre and state level. However, the bill took three years to become an act and during this process, it lost most of its teeth. Under the Fiscal Responsibility and Budget Management Act (FRBMA) 2003, both the Centre and States were supposed to wipe out revenue deficit and cut fiscal deficit to 3% of GDP by 2008-09, thus bringing much needed fiscal discipline.

The key points of this Act are:-

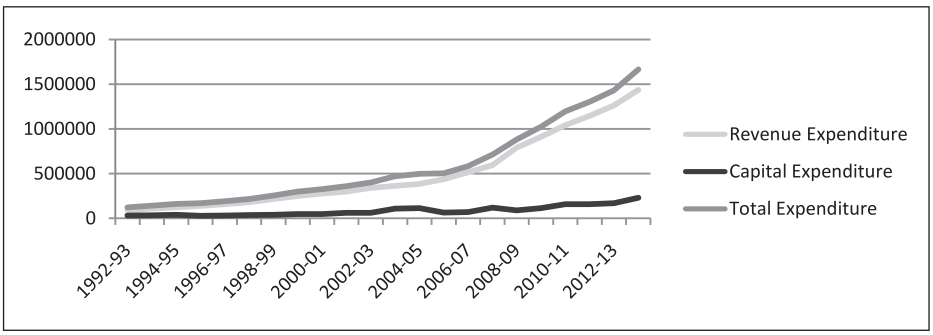
- Every year the government will bring down revenue deficit by 0.5% and eliminate it by 2007-08.
- Every year, the government will bring down fiscal deficit by 0.3% and bring it down to 3% by 2007-08.
- Total liabilities of the Union Government should not rise by more than 9% a year.
- Union Government would not give guarantee to loans raised by PSUs and State governments for more than 0.5% of the GDP in aggregate.
- Union Government would place three more documents along with the budget documents, i.e. Macroeconomic Framework Statement, Medium Term Fiscal Policy Statement and the Fiscal Policy Strategy Statement.
- At the end of second quarter, the Finance Minister would make a statement on the trend of fiscal indicators and corrective measures taken thereof.

However, due to the 2007 international financial crisis, the deadlines for the implementation of the targets in the act was initially postponed and subsequently suspended in 2009.

ANALYSIS OF VARIOUS DETERMINANTS OF FISCAL DEFICIT

Public Expenditure

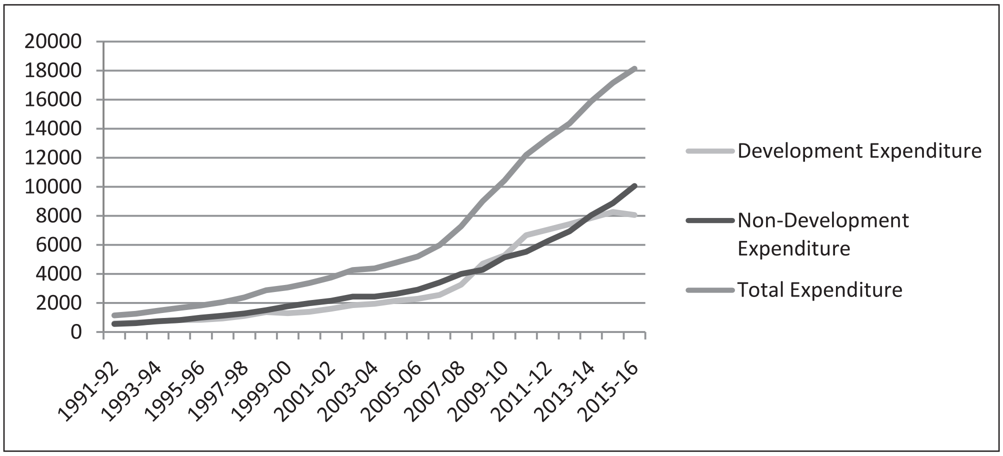
The trend of rising public expenditure and its components has been shown as below.



The above line diagram reveals that the total expenditure of the Central government rose from a mere Rs.1,22,618 crores in 1992-93 to Rs.1,90,336 crores in 1996-97 and then to a sky rocketing figure of Rs.16,65,227 crores in 2013-14.

Here we can see that the revenue expenditure of the government is increasing at a faster rate as it rose from a mere Rs.350 crores in 1950-51 to Rs.12,63,072 crores in 2012-13. This is mainly due to increase in the volume of expenditure under the heads like defense, general administration, maintenance of democratic institutions and social services. Again the capital expenditure did not rise at such a high rate as compared to revenue expenditure. Hence it is evident that the total expenditure of the government has increased at an increasing rate in the post liberalization period mainly due to the increasing trend of revenue expenditure.

Due to the increasing trend of total expenditure of the government, the gross fiscal deficit has also steadily risen at an increasing rate in the post liberalization period. It is also observed that the rate of increase of total expenditure is much more than the rate of increase in the fiscal deficit of the government. This difference is primarily due to the capital expenditure of the government which leads to capital formation in the country and hence, promotes investment. This checks the increasing trend of fiscal deficit.



Due to the increasing trend of total expenditure of the government, the gross fiscal deficit has also steadily risen at an increasing rate in the post liberalization period.

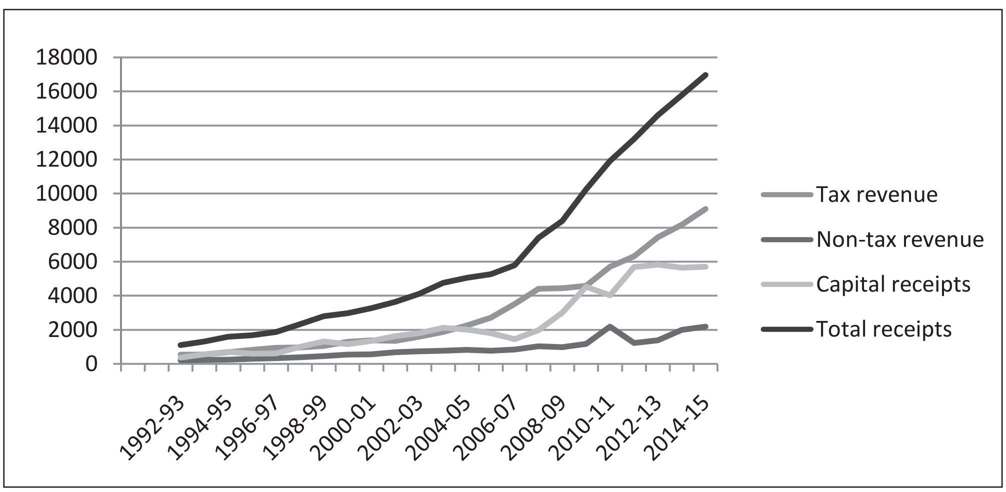
It is evident from the above line diagram that the public expenditure has shown an increasing trend mainly due to the increasing rate of non-development expenditure.

In the 1990s and 2000s, the share of development expenditures in GDP fell sharply. Thus, while there was a rise in the share of public expenditures and development expenditures in the GDP until the mid-eighties, the trend had reversed significantly in the nineties and continued in 2000s. An important factor that has been constraining the growth of development expenditures is the rising share of non development expenditures. Non-development expenditure continues to be a large proportion of the total expenditure. Defense, debt services and administrative expenses are so large that they are responsible for keeping non-development expenditure at a high level. The share of non-development expenditures in total expenditure of the Centre grew from 42.54% in 1980-81 to 45.70% in 1990-91 and 58.62% in 2000-01.Then in 2000s, post FRBMA the trend reversed and it fell to 47.21% in 2011-12.

Tax And Non-tax Revenue

The trend analysis of revenue (tax and non-tax) of the government has been shown as below.

From the line diagram given below, it can be seen that the main source of revenue of the government is tax and it has increased at a growing rate in the post liberalization period. Also, non-tax revenue like interest receipts has increased more or less at a steady rate with a spike from 2008-09 to 2010-11. Overall, the total receipts of the government have increased at a fast rate till 2006-07 and thereafter, the



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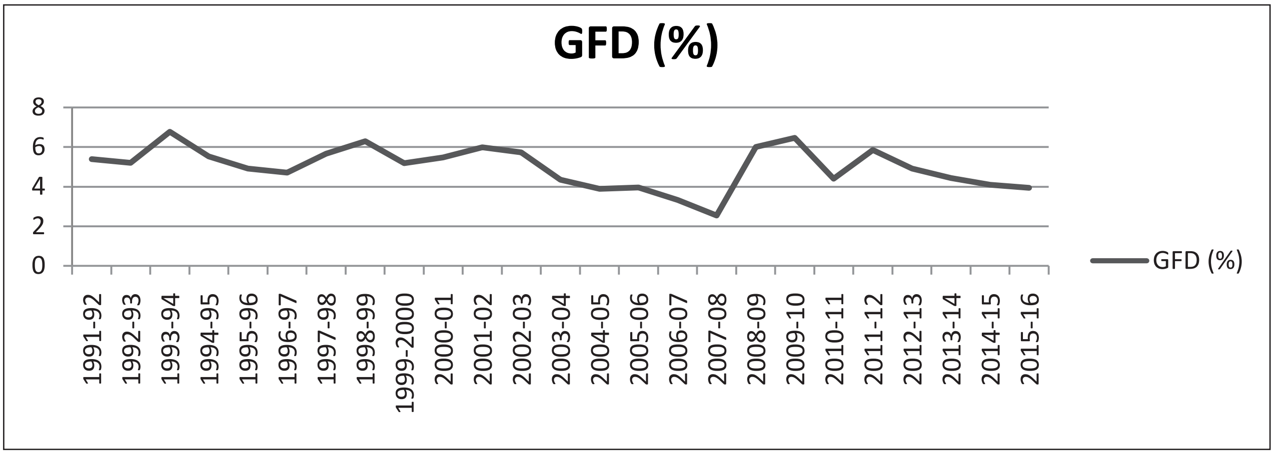
rate of increase has again risen considerably, primarily due to the increasing trend of tax revenue.

Gross Fiscal Deficit As Percentage Of Gdp

The FD/GDP ratio is a very important macro-economic indicator of the country's economic health.

India was under mounting pressure throughout the decade long period from 1980-81 to 1990-91 due to imbalance in the fiscal situation. Such a fiscal situation was unsustainable and required immediate corrective measures.



These measures enabled the government at the Centre to reduce fiscal deficit from about 7.8% of GDP in 1990-91 to around 5.6% of GDP in 1992-93 but rose to 7% in 1993-94. In 1996-97, it fell to 4.8% of GDP. But the expectations with respect to fiscal deficit remained unfulfilled in 1997-98 and, as a result, fiscal deficit once again rose to 5.8% of GDP. It rose further to 6.5% of GDP in 1998-99 and stood at 6.2% of GDP in 2001-02.

There was, however, a steady decline in FD-GDP ratio subsequently as a result of the enactment of Fiscal Reforms and Budget Management (FRBM) Act in 2004. The fiscal deficit of the Central government declined to 3.5% of GDP in 2006-07 and further to 2.5% of GDP in 2007-08 due to substantial effort at fiscal correction. The target for fiscal deficit was kept at 2.5% of GDP for 2008-09. However, due to slowdown in the economy during the latter half of this year, there was a fall in tax collections. At the same time, the government had to increase expenditures substantially in a bid to generate demand in the economy. As a result, fiscal deficit rose considerably to 6% of GDP – the highest in the last 7 years. The fiscal deficit rose further to 6.5% of GDP in 2009-10. After declining to 4.8% of GDP in 2010-11, it again rose to 5.7% of GDP in 2011-12. It stood at 4.4% of GDP in 2013-14.

RELATIONSHIP OF CURRENT ACCOUNT DEFICIT WITH FISCAL DEFICIT

Basic Identity of National Income Accounts:-

Y=C+I+G+M-X

Y-C-I-G=X-M

Yd+T-C-I-G=X-M

(S-I)+(T-G)=X-M

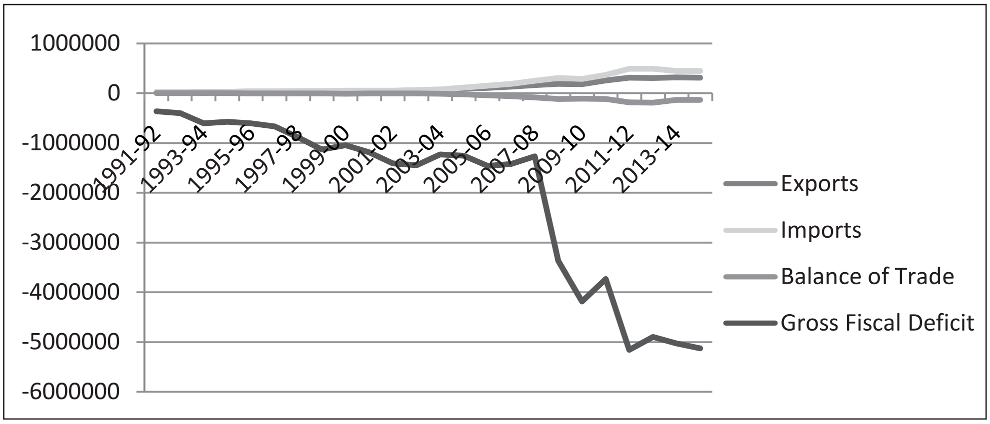
(I-S)+(G-T)=(M-X)

Where, Y=National Income, Yd=Disposable Income, C=Consumption Expenditure, I=Investment, G=Government Expenditure, M=Imports, X=Exports.

This is the Dual Deficit Theory. (G-T) denotes the fiscal deficit and (M-X) denotes the current account deficit. From the above relation it is clear that increase in FD will also increase CAD. India has been facing such dual deficit. Due to the increasing trend of fiscal deficit in the country, the current account deficit has also been increasing

The increasing share of commercial borrowings coupled with the decline in the grant element in external assistance has raised the average cost of external debt over time.

over the years. This actually is a vicious cycle, which increases both CAD and FD, and leads to a gloomy economic situation.

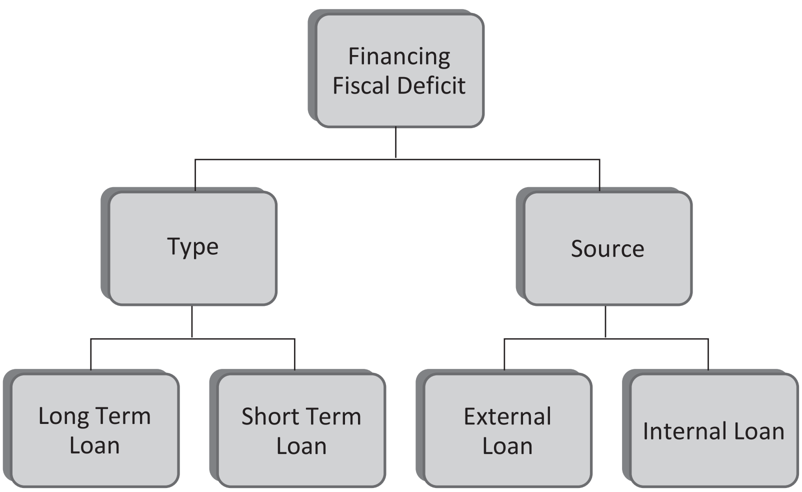


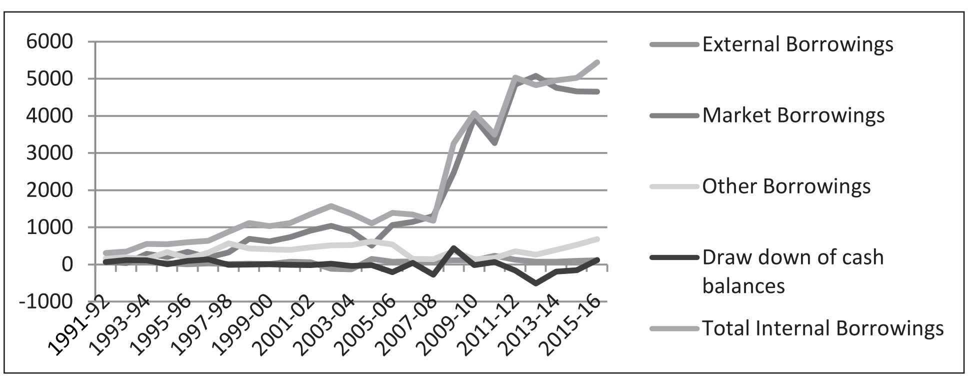
In the above line diagram, the relationship between current account deficit and gross fiscal deficit of the country has been established. Due to increasing difference in the value of exports and imports, the balance of trade has steadily increased at an increasing rate in the post liberalization period. This has led to a situation of twin deficit in the country.

If we take current account deficit(CAD) as the y-variable and fiscal deficit (FD) has as the x-variable, we can find out by multiple regression that the correlation co-efficient between the two is 0.942583604, which proves that the two variables lie very much close to a straight line when plotted in a scatter diagram. Hence there is a strong correlation between the two which has resulted in a high increasing trend of both CAD and FD over the past two decades.

From the above line diagram, it can be seen that the total debt of the country is showing an increasing trend. Let us consider the external debt of the economy. The external debt position of the country has been taking serious turns with the growing increase in the volume of debt. In terms of rupee, total external debt increased from Rs.14,520 crores in 1980 to Rs.1,30,199 crores in 1990 and then to Rs.3,15,435 crores in 1996. Moreover, the share of external assistance to external debt has been declining gradually and the share of commercial borrowings and NRI deposits in total debt increased from 22.5% in 1980-81 to 26% in 1995-96. The increasing share of commercial borrowings coupled with the decline in the grant element in external assistance has raised the average cost of external debt over time. Thus this change in the pattern of debt has added to the debt servicing burden of the country.

FINANCING OF GROSS FISCAL DEFICIT





Moreover, the internal borrowings also show a very high increasing trend, which may lead to several problems in the economy; the chief among them being inflation. It is to be noted that the continuing gap between import payment and export earnings (Current Account Deficit) has made it necessary to keep on increasing more and more debt.

SOME KEY POINTS OF FISCAL POLICY ADOPTED IN THE UNION BUDGET OF 2016-17

- Setting up of a Committee to review the FRBM Act
- Target to reduce FD to 3.5% of GDP in FY 2017 & 3% in FY 2018
- 15.3% higher expenditure at Rs.19.78 lakh crore (Rs.5.50 lakh crore plan & Rs.14.28 lakh crore non-plan)
- Interest payments increased to Rs.492670 crore
- Tax revenue projected to grow at 11.24% to Rs.10.54 lakh crore
- Prioritization of expenditure towards One Rank One Pension Scheme

CONCLUSIONS

- There is a strong correlation between FD and CAD of India, which leads to a high rate of increase of both the variables due to the Dual Deficit Theory.
- The FRBM Act aimed at reducing FD/GDP ratio to a ceiling of 3% by 31st March, 2008. It further targeted a minimum annual reduction of 0.3%. But the current FD/GDP ratio is still not up to the mark as set by the FRBM Act.
- Both external debt burden and debt servicing expenditure are on the rise. This will increase the fiscal deficit of the country. Further, increase in money supply in the economy in order to finance the fiscal deficit has an inflationary effect on the economy. This in turn is increasing the fiscal deficit of the country.

THE GAME PLAN

- Cut down subsidies as percentage of net receipts.
- Reduction in non-plan and non-development expenditure.
- Increasing capital expenditure with respect to revenue expenditure.
- Widening the base of taxation and unifying the indirect tax system into a single tax.
- Increasing the rate of service tax.
- Effective collection of tax, reduction in generation of black money.

Further, increase in money supply in the economy in order to finance the fiscal deficit has an inflationary effect on the economy.

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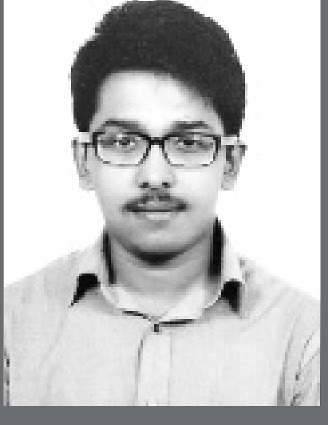

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The Effect of 'Babudom' on India's Infrastructural Boom

Well, for a start, this article is not supporting the Indian Government—nor is it in any way praising the MNCs, who are congenitally hell bent on tax evasions. Instead, this article attempts to shed some light upon the vulnerability of our business future taken up in an economic prosperity sense. We will begin by talking about the Indian Taxation Department's perspective on the subject, which will be followed by the MNCs 'vista' in the same respect—leading to our conclusion.

So, let's start by talking about the Indian Taxation Department's slant. With reference to the historic but recent past of the cases of the Taxation Department of India, a lot of things have been said, heard and introspected upon and re-said about the "Vodafone–Hutch" deal or say the Mc. Dowell's VAT case or the CAIRN Energy's case. The Indian Taxation Department has acted in a naïve manner with regard to such cases. Well put by the "SHARK" investor Mark Cuban, "Change is the only constant".

Now we acknowledge the fact that there can be several problem-solution scenarios in the same respect. But according to our conjecture, there are two major problems—with excessive requirement of growth leading to quite a few dynamic fast paced policies to convert our developing nation into a

> This will, in turn, make India a more feasible place for investment, which will pull both foreign and domestic investments, and this cycle will go on and on till perpetuity.

What they earned, and what they kept

	Revenues from UK sales	Estimated profit on UK sales	UK tax if levied	Tax actually paid in the UK
Apple	£6bn	£1.3bn	£370m	£10m
Amazon	£3.2bn	£150m	£42m	£517,000
Google	£2.1bn	£750m	£210m	£5m
eBay	£800m	£160m	£50m	£3.4m
Facebook	£100m	£51m	£14.2m	£396,000

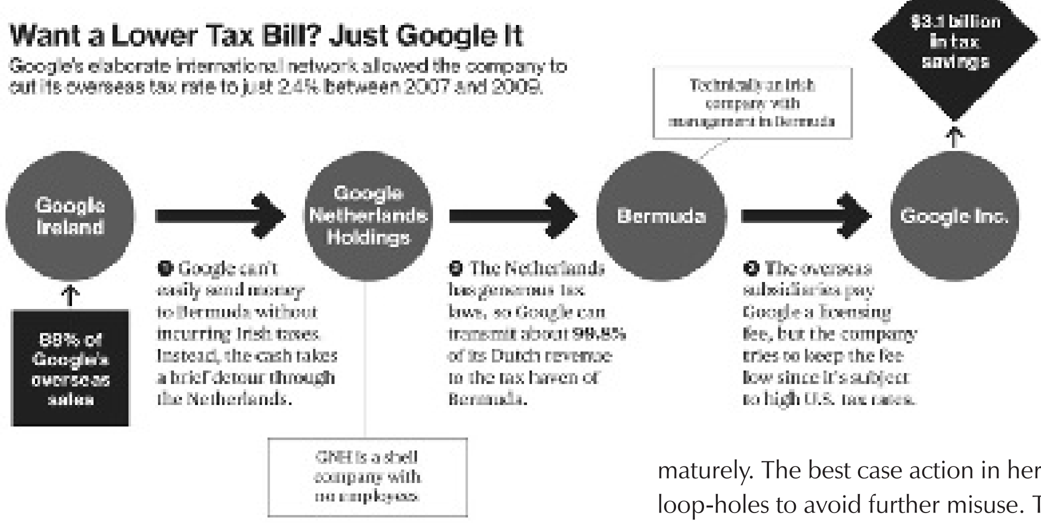
Sources: SEC FILINGS, ENDERS, COMPANIES HOUSE

clear consensus on the ideology that as many cases as an Assessing Officer would file would be the total number of cases he wins, increasing his chances for a promotion. Now, such an attitude can be concluded to become a serious detriment to the foreign investors in general.

Foreign Investors, in general, do not worry much about a particular cost involved while searching for a viable investment opportunity, so long as the cost is certain. In this era of Global Financial Boom, where international finance is the talk of the town, "RISK" is said to be the most important determinant for evaluating an investment. Hence, things like retrospective taxation make an economy more risky for investments because of the sheer nature of "uncertain cost". This is what terrifies investors, because all of their previous calculations relating to investment and financing decisions go haywire.

developed one, the Income Tax (IT) department's personnel are indeed in a jiffy to collect tax for funding very important infrastructural projects like the Statue of Unity.

The Government is slowly realizing that all promises at the end of the day need to be funded. Now, the economy is at such a juncture that domestic funds are just not enough to fund the high risk low return infrastructure projects. Hence, the need for foreign investment comes into picture. This will, in turn, make India a more feasible place for investment, which will pull both foreign and domestic investments, and this cycle will go on and on till perpetuity. So, we conclude that the jiffy nature of the IT department is a problem.



The second problem that we found was the internal working environment of the IT department of India. According to one of the Taxation department personnel, "In a lot many instances of promotions at the commissioner level, the same was decided on the number of cases filed or won by a particular officer". Amongst them, we found a

With a country like India, which is so fast growing that its Prime Minister is mocked on being on the "flight mode" so that he can avail large infrastructural development loans and high-end technology for his country, news like Retrospective Implementation of taxes is technically "dreadful" for its future. Hence, if the legislature made an error in designing a law, it is the responsibility of the executive to accept the former's error and act maturely. The best case action in here would be to plug in loop-holes to avoid further misuse. This is more of a need of the hour.

It would not be fair for us to conclude this topic without analyzing the other side of the story—the MNCs. As ruthless as it may sound, or say as oppugning would this be with the CSR objectives of MNCs in general, the truth is that none of the companies invest into an economy with a motive to develop a country's infrastructure. The

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The MNCs can hence be concluded as a "necessary evil", making it the government's responsibility to see that the MNCs are not allowed to exploit the economy.

development of the standard of living of an economy is just incidental to the most important of all objectives of a company—WEALTH MAXIMISATION. This creates a disconnect, and the sheer importance of this can be verified by the fact that industrialists like Ratan Tata talk about people coming to India to invest only if it makes business sense for them, irrespective of the promises made by Mr. Modi.

According to a research report by Bloomberg, Apple Inc., the most valuable company in the world in terms of market capitalization, earned approximately $10 billon USD of profit from 2009-2014, but paid a mere $34 million USD as taxes (approximate figures). Quite similar is the case with companies like Starbucks, Amazon, Google and Vodafone, which are facing tax litigations in multiple European countries. And again, there are no prizes for guessing that this is being done through the medium of tax havens. During our research, we found a very interesting detail with the case of Vodafone, which someone may quite easily term as "shamelessness", to be precise. When, on the one hand, it is already fighting the Hutch deal case in International Arbitration (about which we all know that Vodafone unethically took advantage of the Law), one of its India unit's spokespersons came out with a statement saying—"Retrospective taxation will be a delimiting factor for many investors and will drive away investments from India".

Now, the million dollar question is that can we accuse either of the party for negligence toward the society? This line of thought calls for an analysis of human nature in general—so ask yourself how is an Accountant involved in your or your parents' life? Why is he given the responsibility to file your returns, manage accounts, advise you in taking financial decisions etc.? The answer that you must get, is to SAVE TAX. The same line of thought can further be reinforced with respect to a recent study made by the Organization for Economic Co-operation and Development (OECD), where the tax morale of Indians was found to be pretty low compared to other countries in the Asian continent. It is simple human nature to increase wealth & satisfaction. Same is the nature of a Company—defined to be "an association of persons" by Lord Justice Lindley. Hence, the wealth maximization objective is superior to any other—which shows the difference between what should be done and what is being done.

The same act of the MNCs can also be justified in respect of International Taxation as a profession. Now, International Taxation, on the simpler side of things, is a profession where co-ordination of tax regimes of different nations is done to avoid legal complexities and litigation cases. But, if you go into the realistic side of this profession, where people earn handsome remunerations, you will find that their basic objective is to save tax –that too by whatever means possible—which defines to evading taxes.

The MNCs can hence be concluded as a "necessary evil", making it the government's responsibility to see that the MNCs are not allowed to exploit the economy. Allowing foreign companies to invest in India does involve risk, but the moment calls for risk to be taken. As Mark Zuckerberg had rightly said-"The most risky proposition these days is to not take any RISK".

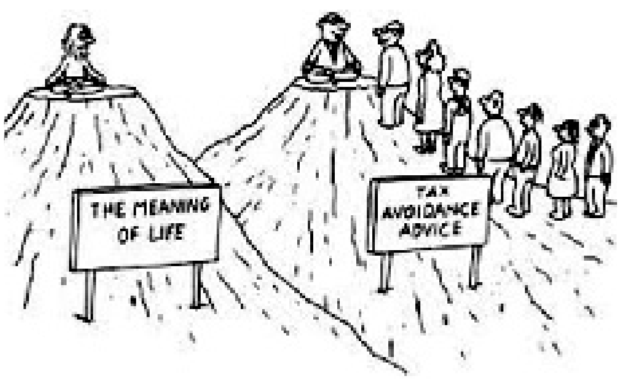

IMAGE SOURCES

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The Libor Scam

INTRODUCTION

LIBOR or ICE LIBOR (previously British Bankers Association LIBOR) is a benchmark rate that some of the world's leading banks charge each other for unsecured short term loans. It stands for Intercontinental Exchange London Interbank Offered Rate and acts as a first step to calculating interest rates on various loans throughout the world. LIBOR is administered by the ICE Benchmark Administration (IBA) and is based on 5 currencies: US Dollar, Euro, Pound Sterling, Japanese Yen and Swiss Franc and serves 15 different maturities- ranging from overnight to 12 months. There are a total of 35 different LIBOR rates each business day. The most commonly quoted rate is the 3 month US Dollar rate (also called the current LIBOR Rate), which is supposed to indicate what a bank would pay to borrow dollars for three months from other banks at 11 a.m. on the day it is set.

LIBOR is calculated at 11 a.m. every day by taking a trimmed average of the responses from contributing banks regarding their estimated borrowing costs. Thomson Reuters, a financial data and news provider, acts as the LIBOR collection agent. Each business day, it collects the banks' answers to the following question: "At what rate could you borrow funds, were you to do so by asking for and then accepting inter-bank offers in a reasonable market size just prior to 11 a.m.?" The bottom and top quartiles of submissions (i.e. the highest and lowest 25% of submissions) are dropped in order to limit the undue influence of any single bank on the overall rate.
The reasoning is that by culling outliers, any submission that is unduly high or low will have no effect on the LIBOR that is reported.

LIBOR or ICE LIBOR's primary function is to serve as a benchmark or reference rate for debt instruments, including government and corporate bonds, adjustable rate mortgages (ARM), variable rate loans, student loans, credit cards as well as derivatives such as currency and interest swaps, among many other financial products. LIBOR's volatile behaviour during the financial crisis provoked questions surrounding its credibility. Ongoing regulatory

> It stands for Intercontinental Exchange London Interbank Offered Rate and acts as a first step to calculating interest rates on various loans throughout the world.

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investigations have uncovered misconduct by a number of financial institutions. As many as 20 big banks have been named in various investigations or lawsuits alleging that LIBOR was rigged. LIBOR affects the payout of around $800 trillion of securities, and small manipulations can cause billions of dollars to change hands. Allegations against the financial institutions and traders involved are serious, as are the claims that regulators turned a blind eye to misconduct. The scandal also corrodes further what little remains of public trust in banks, and those who run them. Policymakers across the globe now face the task of reforming LIBOR in the aftermath of the scandal and crisis.

PRELIMINARY UNDERSTANDING OF WHY LIBOR IS USED AS A BENCHMARK ALL ACROSS THE WORLD:

The primary reason behind the use of LIBOR as a benchmark for floating rate debt instruments is its worldwide acceptability. Determination of LIBOR is widely perceived to be a simple, objective and transparent process which has helped it gain global acceptability and significance. LIBOR is viewed as a uniform and fair benchmark that creates a sense of certainty. However, with the LIBOR manipulation cases reported in recent times, the certainty can be argued to be more a matter of perception than hard reality.

The rationale for the wide usage of LIBOR in contracts stems from its construction. Because LIBOR represents the terms at which the world's largest and most financially sound institutions are able to obtain funding on a short-term basis, it serves as the lower bound for the borrowing rate of other less creditworthy institutions and individuals, ceteris paribus.

HOW WAS LIBOR MANIPULATED?

As stated earlier, LIBOR is calculated at 11 a.m. every day by taking a trimmed average of the responses from contributing banks regarding their estimated borrowing costs. Unfortunately, that mechanism has proven ineffective in preventing manipulation, which banks undertake to increase the value of their assets or to improve the appearance of their financial situation.

Second, in times of crisis, there is pressure on all of the contributing financial institutions to report lower rates, collusion aside. This is because borrowing costs are an indicator of financial health. High LIBOR submissions signal that a bank is weak and can motivate investors to flee, causing further degradation to the bank's balance sheet. Since every bank is motivated to have low submissions relative to its peers, a race to the bottom begins. The British bank Barclays has admitted to underreporting for this reason during the recent financial crisis, but it was merely the first to cooperate with regulators and other banks are entangled as well.

Finally, LIBOR can be manipulated by a bank acting alone. In fact, Bloomberg has reported that only 11 of 173 emails asking Barclays's rate-setters to manipulate the U.S. dollar LIBOR came from outside the bank. Although the trimmed average prevents any single bank from having an unbounded ability to control the average, it does not entirely eliminate the influence that a single bank can have. In fact, a bank can influence the rate by adjusting its submissions all the way to that of the first excluded bank.

WHY WAS LIBOR MANIPULATED?

The Barclays investigation revealed two types of LIBOR manipulation. The first involved requests to manipulate rates for the benefit of derivatives traders. The second involved submitting false rates during the financial crisis.

Requests to manipulate rates for the benefit of Derivatives Traders:

Between 2005 and 2009, derivatives traders at Barclays and several other banks attempted to manipulate LIBOR by requesting that submitters submit rates that would benefit the traders' trading positions by increasing profits (or reducing losses) on their derivatives exposure, even to the detriment of counterparties, instead of rates that conformed to the LIBOR definition. Submitters complied with at least 70% of requests to submit false rates made by Barclays traders from January 3, 2006 to August 6, 2007. Additionally, Barclays sent and complied with interbank requests for LIBOR manipulation. Barclays was a leading trader of many sorts of derivatives, and even relatively small moves in the final value of LIBOR could have resulted in daily profits or losses worth millions of dollars. In 2007, for instance, the loss (or gain) that Barclays stood to make from normal moves in interest rates over any given day was £20m ($40m at the time). In settlements with the Financial Services Authority (FSA) in Britain and America's Department of Justice, Barclays accepted that its traders had manipulated rates on hundreds of occasions. Barclays has tried its best to present these incidents as the actions of a few rogue traders. Yet, the brazenness with which employees on various Barclays trading floors colluded, both with one another and with traders from other banks, suggests that this sort of behaviour was, if not widespread, at least widely tolerated.

Manipulation of rates during the Financial Crisis:

BEHAVIOUR DURING THE CRISIS:

It is worthwhile to examine the theoretical components of LIBOR to better understand its behavior during the crisis. LIBOR can be thought of as a combination of term and risk spreads:

LIBOR = overnight risk free rate over the term + term premium + bank term credit risk + term liquidity risk + term risk premium

Prior to mid-2007, LIBOR tended to move closely with other short-term interest rates such as Treasury yields and the Overnight Index Swap (OIS) rate. However, LIBOR began to display greater volatility in August 2007 with the onset of the financial crisis. Rising spreads signalled the intensification of the crisis as liquidity and credit concerns drove interbank lenders to pare back funding while simultaneously demanding higher returns. Banks' inability to access funding in interbank markets fuelled perceptions of loss in creditworthiness, fuelling a positive feedback loop that increased the credit risk component of LIBOR, ultimately driving spreads wider.

Reasons cited for elevated interbank rates stem from both the supply and demand sides. On the supply side, banks were unwilling to tie up funds for long periods of time due to balance sheet uncertainty brought about by the blossoming subprime ordeal (term liquidity risk). Burgeoning demand chasing a shrinking supply of interbank funds, compounded by perceived increases in credit risk arising from subprime sectors, drove up LIBOR rates to new heights.

THE SCANDAL:

Beginning in June 2012, LIBOR came under public scrutiny due to controversy over individual panel bank submissions during the height of the financial crisis. Allegations arose that banks had purposefully underreported their borrowing costs by significant amounts in order to project financial strength amidst market uncertainty.

As the financial crisis began in the middle of 2007, credit markets for banks started to freeze up. Banks began to suffer losses on their holdings of toxic securities relating to American subprime mortgages. With unexploded bombs littering the banking system, banks were reluctant to lend to one another, leading to shortages of funding system-wide. In these febrile market conditions, with almost no interbank lending taking place, there were little real data to use as a basis when submitting LIBOR. Meanwhile, the health of fundamentally strong banking institutions came under question. In its settlement with regulators, Barclays owned up to massaging down its own LIBOR submissions so that they were more or less in line with those of their rivals. It instructed its money-markets team to submit numbers that were high enough to be in the top four, and thus discarded from the calculation, but not so high so as to draw attention to the bank (See Figure 1).

Additionally, Barclays sent and complied with interbank requests for LIBOR manipulation.

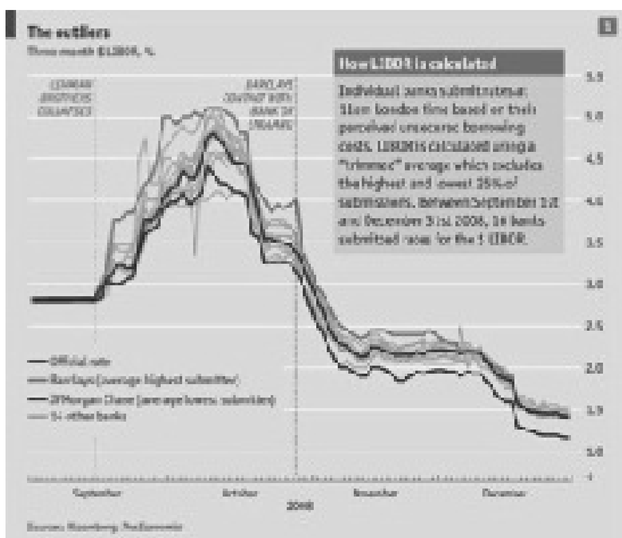
Confounding the issue is the question of whether Barclays had, or thought it had, the tacit support of both its regulator and the Bank of England (BoE).

Though many banks were allegedly involved in misreporting, the most prominent to have reached settlements to date are Barclays ($453.6m), UBS ($1.52b), RBS ($612m), and Rabobank ($1.07b).

FINDINGS AND RECOMMENDATIONS:

Wheatley Review:

Martin Wheatley, former Managing Director of Consumer and Markets Business Unit of the Financial Services Authority, released an independent review titled 'The Wheatley Review of LIBOR' on 28th September 2012, outlining his recommendations on how to go about reforming LIBOR, including regulatory steps, reform of the



submission process, new guidelines for contributing banks and immediate changes to LIBOR. The Wheatley Review ultimately concluded that the LIBOR should be reformed and not replaced.

Key recommendations:

- LIBOR submissions be regulated under the Financial Services and Market Act, 2000.
- On account of poor governance, insufficient oversight and lacking transparency, the BBA cease its involvement with LIBOR.
- Delaying publication of rates, reducing the number of indices published and increasing panel sizes to improve the credibility of LIBOR and to eliminate any scope for manipulation.

While the Review has received largely positive reactions, some question whether the suggested reforms are practicable. Though adequate in many respects, the Review leaves open the potential for LIBOR manipulation in strained financial situations when "banks do not lend to each other." Although the Review suggests that submissions be based on actual data, it provides the option of using "expert judgment" when data is unavailable, the very situation that allowed for false submissions.

> Banks began to suffer losses on their holdings of toxic securities relating to American subprime mortgages.

While there does not currently appear to be a clear alternative to LIBOR, the Review provides some guidance on the criteria a viable alternative should meet. LIBOR alternatives should include maturity curves for a wide range of maturities; be durable; have a "liquid underlying market"; utilize sufficient transaction data; be "transparent, simple and standardised"; and when possible feature a "historical time series."

CONCLUSION

The primary "structural problem" of LIBOR is that it is constructed from self-reported borrowing rates that are at many times hypothetical. Moreover, the fundamental question asked to panel banks has some inherent shortcomings. Phrases such as "reasonable market size" are subjective and open to interpretation. Additionally, there is very little independent oversight of the reporting process and very little internal process security to ensure that individuals cannot unduly influence each bank's reported cost of funds. These flaws dovetailed to create both the opportunity to manipulate LIBOR and the appearance that it was possible to do so with impunity.

The theoretical changes needed to repair LIBOR are not difficult, but there are practical challenges to reform. The thousands of contracts that use it as a point of reference may need to be changed. Moreover, the real obstacle to change is not a lack of good ideas, but a lack of will by the banks involved to overturn a system that has served most of them rather well. With lawsuits and prosecutions gathering pace, those involved in setting the key rate in finance need to get moving. Moreover, instead of creating additional regulation, the LIBOR crisis illustrates the need for effective and efficient enforcement of existing laws and regulations, and the need for smart reforms to internal and external reporting processes.

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The Setting Sun: Distress Analysis of The Indian Shipping Industry

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INTRODUCTION

The Indian Shipping Industry plays an important role in the Indian economy, as a major portion of the nation's trade is done via sea. Among the developing nations, India has the largest shipping fleet. Apart from transportation of national and international cargoes, it provides various other facilities such as ship building, ship repairing, lighthouse facilities, freight forwarding, etc. Over the years, the way cargoes were handled has changed in order to sustain the industry with stiff competition for foreign companies. After a long period of decline, with the addition of ship-tugs, survey vessel, towing vessel and pilot vessel, which belonged to ports and maritime boards, both tonnage and fleet size have grown. Whenever we think of the shipping industry, we mean it to be just vessel and tonnage. But actually, the shipping capabilities of any country are not solely measured in terms of the quantum of

> Today, India has become the source of quality seafarers & global ship owners.

tonnage under control. The soft intangible parameters such as human capital, information technology and expertise are becoming important with changing circumstances. Today, India has become the source of quality seafarers & global ship owners. However, the Indian Shipping Industry is riddled with problems. This scenario is mainly due to lack of adequate infrastructure, poor connectivity and financial constraints.

LITERATURE REVIEW

By studying the literature on financial distress, the first attempt to predict financial distress was made by Beaver who in 1996 established a dichotomous classification assessment based on a t-test in a univariate context. In a span of ten years, 79 failed and non-failed firms' financial ratios were harmonized by industry and asset size, and a new ratio of cash flow to total debt was revealed as the best predictor for bankruptcy.

Following the study of Beaver, Altman (1968) carried out a study to predict corporate sickness, whereby he considered 66 companies from a time span of 18 years (from 1946 to 1964), of which 33 were bankrupt companies and the remaining 33 were non-bankrupt companies. In his study, he used multiple discriminant analysis and considered five variables to predict bankruptcy.

In the study of Gordon (1971), it is seen that financial distress is a process followed by failure and restructuring, and should be defined in terms of financial structure and security valuation. A company reaches this state when its total debt exceeds its total assets, and its capacity to generate earnings weakens. Financial distress is characterized by lower yield on bonds as compared to the risk free interest rate, coupled with difficulty to raise external additional financing.

Khaliq et. al (2014), in their analysis of financial distress of Malaysia's Government linked companies, applied the Z score statistics model to assess the bankruptcy over a period of five years (from 2008 to 2012). Further, current ratio and debt ratio were identified and it was seen that the variables possessed a strong positive relation with the Z score.

This study tries to analyze the health of the shipping industry using Altman's Multiple Discriminate Analysis.

METHODOLOGY

The Z-score is a linear combination of five common business ratios, weighted by coefficients. These were categorized as following:

i. Liquidity Ratios

ii. Profitability Ratios

iii. Financial Leverage

iv. Solvency Ratios

v. Activity Ratios

The original Z-Score formula was as follows:

$$Z = 1.2X_1 + 1.4X_2 + 3.3X_3 + 0.6X_4 + 0.99X_5$$

X_1 = Working Capital / Total Assets. (Indicator of Liquidity)

X_2 = Retained Earnings / Total Assets. (Indicator of Re-investment of Earnings)

X_3 = EBIT / Total Assets. (Indicator of Profitability)

X_4 = M.V of Equity / Book Value of Total Liabilities. (Indicator of Financial Leverage)

X_5 = Sales / Total Assets. (Indicator of Sales Generating Capacity of Assets)

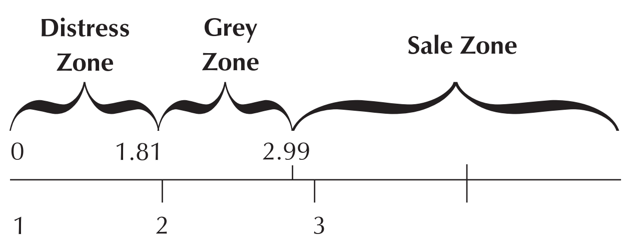
Zones of Discrimination:

When $Z > 2.99$ then it is considered as "Safe Zone"

When Z is between 1.81& 2.99 then it is considered as "Grey Zone"

When $Z < 1.81$ then it is considered as "Distress Zone"

The distribution of firms according to their Z-Scores has been shown in the chat below:



The study comprises of analysis of the data gathered from the financial statements of five shipping companies, namely - Shipping Corporation of India Limited, ABG Shipyard Limited, The Great Eastern Shipping Company Limited, GOL Offshore Limited and Global Offshore Services Limited, over a period of five years (from 2011 to 2015), and thereby their respective Z scores have been computed. Hence, the data used for the purpose of this study is secondary in nature.

FINDINGS AND ANALYSIS:

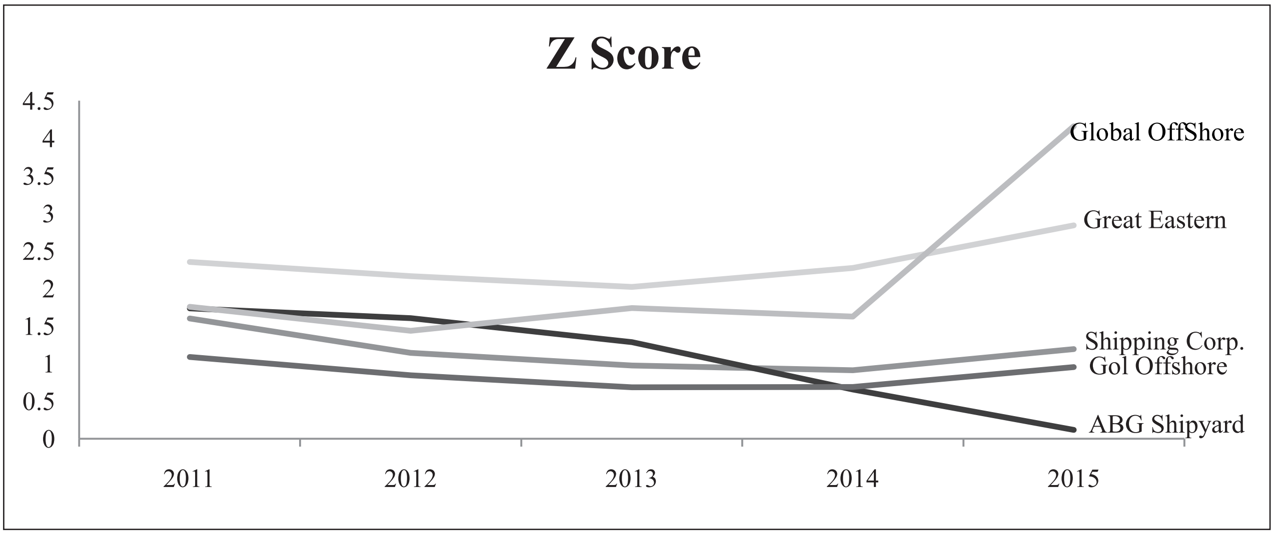
In order to analyze corporate sickness, all the five ratios from X1 to X5 have been calculated from the financial statements of the five shipping companies, namely - Shipping Corporation of India Limited, ABG Shipyard Limited, The Great Eastern Shipping Company Limited, GOL Offshore Limited and Global Offshore Services Limited(from 2011 to 2015) and thereby the Altman's Z score has been calculated. The following table shows the Z scores of the five shipping companies for the five-year period:

From the table given below, it is evident that Shipping Corporation of India has been in the Distress Zone for the last 5 years. For ABG Shipyard Limited, the Z-score is below the cut-off point 1.81 in all the 5 years, i.e., the firm has continuously been in the bankrupt state throughout the 5 years. The Great Eastern Shipping Company Limited shows Z-score in between the points 1.81 to 2.99. This means that the company is in the grey area all through the years taken into account i.e. 2011-2015. For GOL Offshore, it is observed from table above that the firm is in a state of distress from 2011-2015. The Z-score of the firm is less than the cut-off point 1.81, which means it is a failed firm and falls in the bankrupt category. Out of the last five years, their Z score is below 1 for four years, which signifies serious bankruptcy chances. From the above table, we can see that Global Offshore Service Limited shows Z-score less than the cut-off point 1.81 during four financial years prior to the last year, i.e. from 2010 to 2014. Looking at such data, one would easily say that this company would not survive. But the fortunes of this company improved and its share prices started rising from the very beginning of the

Name of the companies	2015	2014	2013	2012	2011
Shipping Corporation of India Limited	1.19465	0.9118902	0.9731304	1.1441806	1.5990331
Classification of firm	Distress Zoned	Distress Zoned	Distress Zoned	Distress Zoned	Distress Zoned
ABG Shipyard Limited	0.1173066	0.6558412	1.286194	1.6059013	1.7350359
Classification of firm	Distress Zoned	Distress Zoned	Distress Zoned	Distress Zoned	Distress Zoned
The Great Eastern Shipping Company Limited	2.8415278	2.2734442	2.0193019	2.1632343	2.3531973
Classification of firm	Grey Zoned	Grey Zoned	Grey Zoned	Grey Zoned	Grey Zoned
GOL Offshore	0.9553299	0.6857075	0.6831632	0.8423153	1.0888063
Classification of firm	Distress Zoned	Distress Zoned	Distress Zoned	Distress Zoned	Distress Zoned
Global Offshore Services Limited	4.1600535	1.6286863	1.7379295	1.4375226	1.7583385
Classification of firm	Safe Zoned	Distress Zoned	Distress Zoned	Distress Zoned	Distress Zoned

financial year, and continued to rise till the end. This helped the company survive and reach the Safe Zone for the period 2014-2015 in spite of lower sales and profits as compared to last year. The Z-scores of the companies reveal that the financial prospects of the companies do not seem to be promising, which signals that they are either going to shut down within a few years,or some major internal reconstruction policies are required to be adopted to save the companies from the clutches of bankruptcy.

distressed zone for four years from 2011 to 2014, and surprisingly entered the safe zone in the year 2015. The average Z-score of the five companies taken for the analysis is 1.514044, which itself suggests that the whole shipping industry has been in distress for the five year period 2011-2015. In the chart below, it is evident that four of the companies except The Great Eastern Shipping Company Limited have been in distress i.e. their Z-Score has been below 1.81,for most of the financial years.



CONCLUSION

The present study, pertaining to the Distress Analysis of the Indian Shipping Industry for a period of 5 years (from 2011 to 2015), reveals that the companies Shipping Corporation of India, ABG Shipyard, GOL Offshore, The Great Eastern Shipping Company Limited and Global Offshore Service Limited have been in distress for most of the years. The Great Eastern Shipping Company Limited has consistently been in the grey zone throughout the five year period, whereas Global Offshore Service Limited remained in the

The Government of India plans to invest in the development of 12 major ports in the 'Sagarmala' initiative.

GROWTH AND FUTURE PROSPECTS

For maintenance of the port sector, the Indian Government plays an important role. It has allowed up to 100% FDI (Foreign Direct Investment) under automatic route for ports and harbor construction and maintenance projects. It has also provided a 10-year Tax Holiday to enterprises that develop, maintain and operate ports, inland waterways and inland ports. The Government of India plans to invest in the development of 12 major ports in the 'Sagarmala' initiative. To further transload the operations in Haldia, Jindal ITF plans to invest nearly Rs.500 crore. A Memorandum of Understanding (MoU) has been signed between the Inland Waterways Authority of India (IWAI) and Dedicated Freight Corridor Corporation of India (DFCCIL) for creating logistics hubs with rail connectivity at Varanasi, which would lead to the convergence of inland waterways with railways and roadways. The Government of India also plans to construct two new major ports: one at Sagar in West Bengal, and the other at Dugarajapatnam in the Nellore district of Andhra Pradesh. The development projects for major ports are being monitored very closely along with proper streamlining of security clearance procedures. The Ministry of Shipping, along with the Directorate General of Lighthouses and Lightships, is contemplating converting 78 lighthouses in the country to centers of tourism in the first phase under Public Private Partnership (PPP). Despite being the cheaper mode of transportation, the shipping industry has remained in the backseat for quite some time. In order to boost the shipping industry's internal reconstruction, development of infrastructure and government aid will be required. With the series of development projects being implemented and the ones yet to be implemented, the shipping industry is looking forward to seeing a ray of hope for its survival.

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Analysing the Role and Effectiveness of Product Packaging on Consumer Perception

A NEUROLOGICAL ANALYSIS

"From a myopic role of merely serving as the outer shell of the physical product, the package today, is known to effectively communicate the brand image and identity of an organization."

INTRODUCTORY REFLECTIONS

In a world replete with clutter, consumers actively seek out clarity and distinctiveness in their purchase decisions. In this light, packaging has largely been hailed as a crucial ingredient in the purchase process of consumers. Archetypally, packaging may be regarded as the enclosing of a physical object, typically a product that would be offered for sale. It is the process of organizing items of equipment for transportation and storage and which embraces preservation, identification and packaging of products. As marketing matures further, the role of packaging seems to become much more sophisticated. The importance of how marketers package their product has acquired more significance than ever. From a myopic role of merely serving as the outer shell of the physical product, the package today, is known to effectively communicate the brand image and identity of an organization. This acts as a shortcut avenue that consumers often adopt when making decisions, be it moderate or low-involvement purchases. Interestingly, if marketers can make that effort to capture the attention of their audiences for merely a second, they have won half the battle by elevating themselves above the noise and making an impact in that moment of verity. Mohanachandran (2006) corroborates this by noting that packaging is often the most pertinent element of a trademark and is rudimentary to advertising or communication.

A few schools of marketing, though, often argue that packaging should be placed in the category of promotion, but several others opine that packaging embodies so much more than simple promotion. Indeed, packaging can make or break how a brand is positioned. Consider how ITC Foods aims at a superior and innovative packaging strategy. It has created a first in packaging in the branded atta (flour) category by introducing its premium offerings in carton packaging and offering vacuum sealing in the 5-kilogram premium pack. Such innovations help maintain the freshness of the product. Incidentally, Cadila Healthcare Ltd. has been awarded the World Star Award 2016 for Excellence in Packaging in the Consumer Pack Category for Fair Eye: Multifunctional Security 'Talking Carton'.

These illustrations bring to light, the relevance of considering packaging as a fifth element of the marketing mix, as it helps connect with the customers as much as the other elements of the mix. This largely depends on the perception of the consumers as it is based on the effectiveness of positioning it in their subconscious. Notwithstanding, little research has been done in this domain, which strives to potentially discern the role of packaging in shaping impactful consumer perceptions of a product, and consequently, in defining its positioning in consumers' minds.

This is because previous research has traditionally focused on positioning through ephemeral messages transmitted by the mass media, without considering the permanent character of the tangible codes that packaging transmits. However, contemporary researches reveal brand images and advertisements as robust positive influencers of consumer buying behaviour. For example, Malik et al (2013) had observed that teenagers in Gujranwala district of Pakistan are more conscious about their social status, which leads to their strong preference for branded products and advertisements, thereby influencing their behaviour favourably.

To this end, this paper shall examine the versatile possibilities that packaging furnishes within the positioning strategy of tangible products. In fact, this study is the upshot of the escalating managerial recognition of the prowess of packaging to trigger differentiation and identity, above all in the case of relatively homogenous grooming and personal hygiene products.

OBJECTIVES

These illustrations bring to light, the relevance of considering packaging as a fifth element of the marketing mix, as it helps connect with the customers as much as the other elements of the mix.

This study tries to analyse and find out the most important elements of packaging that influence the buying decision process, in order to correctly design product package and to achieve the desired position in the minds of consumers.

Thus, the study will try:

- To find out the impact of packaging on the buying behaviour decision.
- To check the effect of various elements of a package on the consumers' behaviour.
- To measure the relative impact of each packaging element on the consumer.
- To actualise a comparative analysis of the synergies between package design and desired positioning of the product.

RESEARCH METHODOLOGY

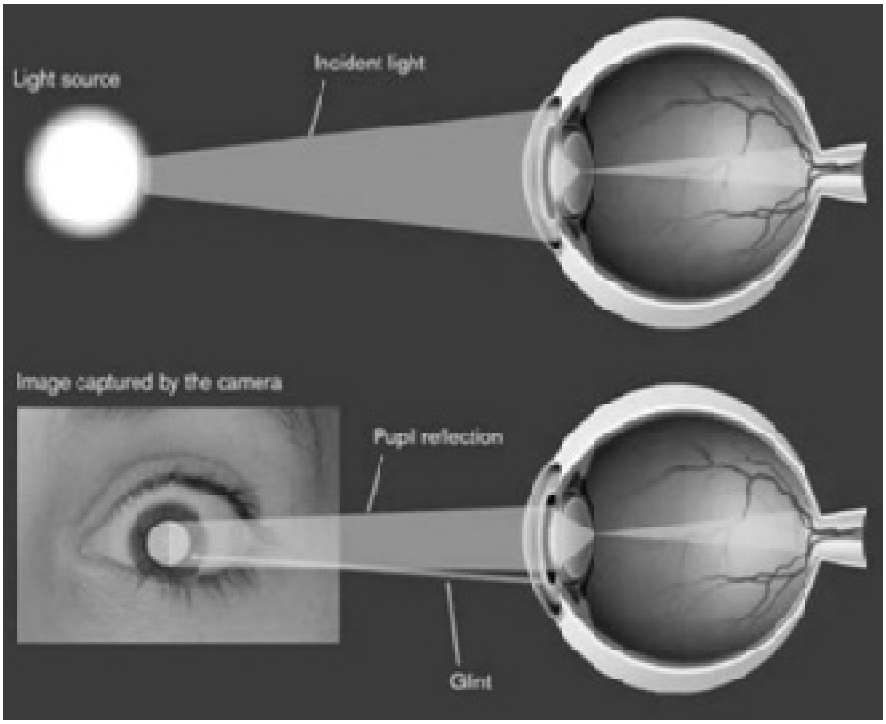
Tools of Data Collection

Since consumers consciously do not realise or notice how each element of a product packaging affects their perception about the product, we undertook to collect data with behavioural research methods like eye-ball tracking primarily, which was undertaken at IIT Kanpur.

The study used both types of data, primary and secondary. The primary data was collected through eye-ball tracking experiments. Whereas the secondary data was collected from psychological theories, research papers, books, textbooks, online articles, journals, research papers etc.

Sampling Technique & Sample Characteristics

The sample of the study consisted primarily of college students from educational institutions in Kolkata, Delhi, Bangalore and Kathmandu, in which the sample size of 400 students was chosen for conducting the study by using simple random sampling & snowball sampling in order to generalize the finding in the particular sector and to create a larger sample with ease, respectively. A remote computer station was installed in each of the cities, where the subjects were asked to take the test in batches, while the same was remotely being recorded and monitored at the analysis station at IIT Kanpur.



Pupil-centered corneal reflection Source: (Tobii, 2010)

However, contemporary researches reveal brand image and advertisements as robust positive influencers of consumer buying behaviour.

Research Design

An experimental design was used. The experimental design consisted of the process of remote eye-tracking. The design was chosen because of the limited awareness of people towards packaging i.e., people are not consciously aware of the factors, rather elements of a product package that shape their perception about the product, the brand and ultimately their buying behaviour. And hence, the experiment was designed to study the hidden forces that shaped the consumers' perception.

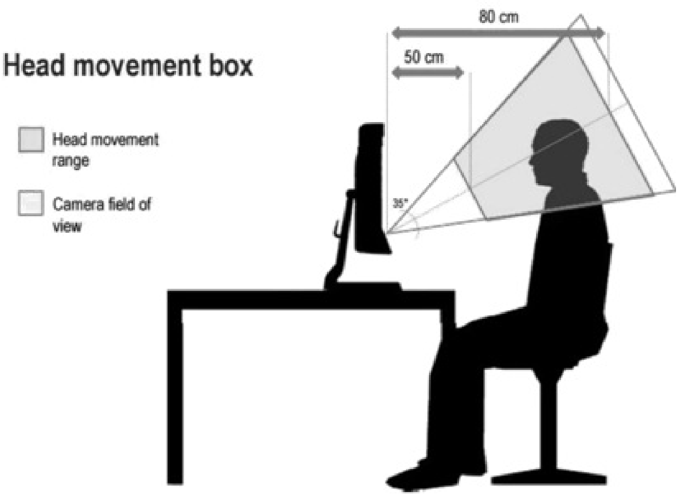
In order to understand the research design, one has to understand the process of remote eye-tracking and the principles associated with it. The basic principle that our eye tracking followed was that of 'pupil-centred corneal reflection' (Figure 1). This process involves passing of light through the light source at the subject's eye, and the reflection from the pupil along with the glint of rays captured by the camera.

It is important to understand that eye tracking systems use video cameras that take a series of individual pictures of the subject's eye. Each picture is then processed by the eye tracker, which returns the screen coordinate for the gaze position also known as the GazePoint to GazeTracker. The speed at which an eye tracker can take pictures and return GazePoints is measured in Hz. A 30Hz eye tracker measures where the subject is looking up to 30 times a second or once every 0.033 seconds. A 60Hz eye tracker returns up to 60 gaze points a second and so on. (Eyetellect, 2010)

After having established the principle behind remote eye-tracking, the equipment has to be understood. The equipment used to conduct our research was a 'LC Technologies Eyegaze Edge® 600 Series binocular system' which has a 120 Hz sampling rate.

LC Technologies Eyegaze Edge® 600 Series' binocular system

The device recorded both, eye & face movements. The range of movements captured by the device started with an incident angle of 35° from the camera, which ideally has a head movement range of 30cm and camera field view of 80cm.



Head movement field Source: (Tobii, 2010)

Theoretical Framework

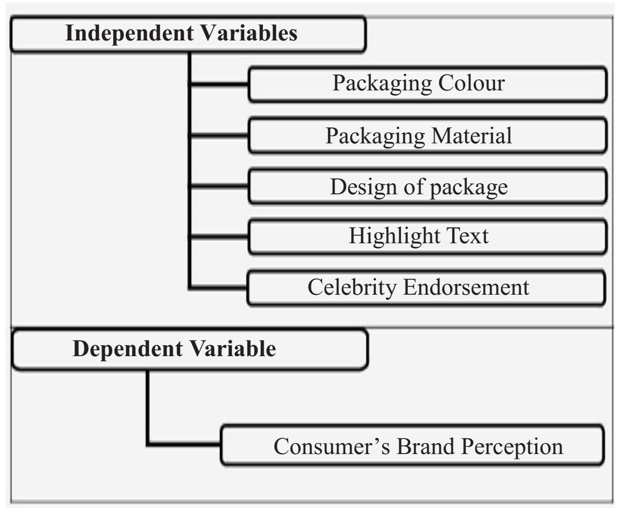
The consumers were exposed to an array of seven different cosmetic products (concealed within their packages), each of which represented different seven product-positioning strategies. The seven positioning strategies that were targeted and assigned to respective brands were:

i) Positioning through customer benefits (Fair & Lovely)

ii) The price-quality approach (The Body Shop)

iii) The application approach (Boroplus)

iv) The product-user segment approach (Sunsilk)



Framework between independent & dependent variables

v) The product-class approach (Johnson's Baby)

vi) The cultural symbol approach (Santoor)

vii) The competitive differentiation approach (Joy Skin Care)

The theoretical framework between independent and dependent variables can be expressed as follows:

ANALYSIS & FINDING

Eye ball tracking pictorial results

FAIR & LOVELY

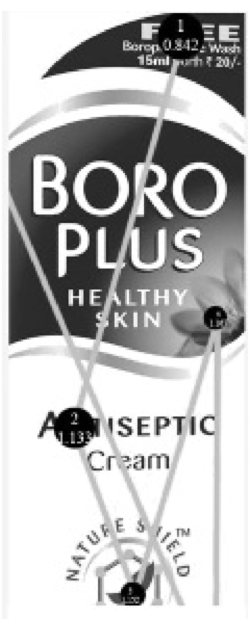
Fair & lovely positions itself through customer benefit of fairness, and its package delivers the same message efficiently. Most of the respondents noticed the "&" part of the logo, which is dressed in silver first, followed by the glowing face and the streak continued. The key was to use colours that represented fairness, and the same were white and silver. Also, the package had blank spaces, which defined spotless skin.

THE BODY SHOP

The body shop uses a premium positioning and its package follows a monochromatic colour of green throughout along with minimalist package with a transparent plastic bottle with a paper label on top of it, which ran well with the position sought by the company. However, the shape of the bottle along with the look of the bottle needs a change to make it stick better. Frosted plastic, with logo embossing, along with a streamlined bottle shape in a shape similar to their logo emblem would do the job. The font used was the best among all the seven products, because it brought the attention to the product details very clearly.

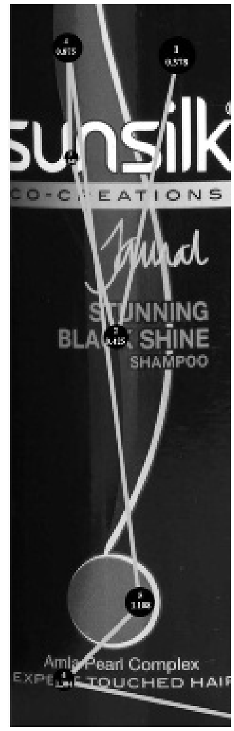
BOROPLUS

Boroplus positions itself with its application i.e., as a multi-purpose antiseptic cream. The pack that we used for the test was an offer pack, which instantly attracted consumer attention, with an out of the line colour bold font. The package failed to divert attention to the brand name, primarily because of the logo. However, it was successful in focussing attention to its application followed by its natural shield trademark, which was a differentiating factor from other antiseptic creams. The colour played a great role in soothening the image of a usual antiseptic cream, making the consumers see it as an antiseptic skin care cream.



SUNSILK CO-CREATIONS

Sunsilk Co-Creations had the weakest package in the pool, but there was a differentiating factor which saved its image and not only that, it created an impactful image in the minds of the prospects. The colour of the package served as the primary attraction point for the prospects, which saved the otherwise weak package design. The package tried to highlight quite a few things about the product like the endorsement of the expert Jamal Hammadi but that mostly went unnoticed, along with the anti pearl complex. The exclamation mark in the back didn't strike any cord with the users either. But ultimately, it attracted the customers as it had a different colour as compared to their competitors and by establishing the stunning black shine aspect for their target segment seeking shiny hair.



JOHNSON'S BABY SHAMPOO

Johnson's baby did an exemplary job with their minimalist package in this segment. Their labels were shaped in a water droplet, where one had "no more tears" highlighted, and the second one had the branding. The shape of the label created the perception of a pure product. Following this, the red colour, which is usually the colour of energy, was carefully placed to attract attention because it disperses the least. A great call with the use of red colour, which would have been risky otherwise with the positioning sought by the company.

Next, the transparent bottle

BEYOND

where the shampoo had microbubbles in it reinforced the water droplet and purity again. Johnson's baby took the game away with shape, colour and transparency, with the final colour play of pink in the ribbon highlighting mildness.

SANTOOR SOAP

Yet another special offer pack without any out-of-the-line colour, but it still successfully grabbed the attention easily.

This product positions itself culturally with two points: Daughter & Mom relationship and culturally used ingredients i.e., sandal and turmeric. Both of these have been highlighted in the package and successfully creates the same image in the mind of the consumer. The colour of the package is vivid, which doesn't support the otherwise serene cultural image.

JOY SKIN FRUITS

Joy skin fruits, tries to position itself by differentiating it from its competitors through fruit flavoured cosmetics, each having a different function. The colourful approach has differentiated it well. A similar design has been used in the package, where the fruits have been highlighted and the same takes the game away successfully helping in the positioning. But one problem that stands in the way is that the package fails to keep the brand name in attention as the fruit takes it all. The brand name comes into play later, which should've been the strategy when they entered the market, but in their growth strategy, brand recognition should be the key ahead. Here, we also tested the prospects with a print ad of joy (Figure 11) with their brand ambassador, Anushka Sharma on the ad to note down the differences. The use of colour again remains the key here and the conclusions that the use of their brand ambassador on the ad but not on the package created confusion among the prospects, where they took the two face washes to be from different brands and preferred the Anushka endorsed brand on a larger scale.

With its increasing function role, both for producers and the consumers, there is no doubt over the role packaging plays in today's business ecosystem.

MANAGERIAL IMPLICATIONS

From what has been deliberated above, it is possible to make the following germane implications for branding and marketing management –

- The FMCG brands, irrespective of their product nature i.e., high involvement or low involvement product offerings, should focus not only on market-oriented packaging research, but also design-based industrial ergonomic packaging research. Packaging should be treated as one of the most valuable tool in today's marketing communication. In fact, it can be treated as the fifth 'P' of marketing. This clearly highlights the need of a more detailed analysis of its elements and an impact of those elements on consumer's buying behavior.
- Packaging has been seen and observed with a myopic and a unilateral view of being the medium of spot purchasing, offer display and attracting the consumer in their first moment of truth. This study clearly concludes that while this stands true, packaging has to be studied with a multilateral view. A view that moves over just the print aesthetics and divulges into material & shape of packaging, size of packaging to facilitate creation of new market space and market penetration, packaging

as a cost function, packaging as a storage utility and moreover post consumption usage of a package that has the highest impact on brand recognition.

- The primary purpose of the study was to analyse the relative impact of its separate elements on consumer's choice. For this purpose, the primary elements of packaging had been identified, which are; Shape, Size, Material, Form, Print Graphics & Post-consumption utility of the package. Hence, the relative impact of different packaging elements on consumers purchase decisions have been evaluated, and it is concluded that post consumption utility of the package has the highest impact on brand perception, recognition & loyalty, but it is the material and graphic of the package that has primary role in spot purchasing & creating the impression in the first moment of truth. However, universally it would depend upon the consumer's time pressure, involvement level, or individual preferences of consumers.
- The array of products chosen ranged from low involvement (Santoor) to high involvement products (Body Shop). The analysis of the impact of package elements on consumers purchase decisions w.r.t. the level of involvement is in line with those of pre-established theoretical framework, which reveals that print graphics and vibrant colours have relatively stronger influence on purchasing behaviour of the consumer when it comes to low involvement products. This is in contrast to preference for minimalism for high involvement products.
- This research has concluded that different packaging cues impact consumers' brand and product perception drastically. The concept of gestalt comes into play here, which can explain how the packaging is considered and perceived by the consumer as a part of the product itself.
- Finally, as we see consumers becoming increasingly demanding; packaging has constantly shown its immense role in serving consumers by facilitating consumption utility, providing information & post consumption benefits. With its increasing function role, both for producers and the consumers, there is no doubt over the role packaging plays in today's business ecosystem. It comes out as an important strategic tool to attract consumers' attention and to mould perception on the product, brand quality and attributes.

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Homeless Humanity

A TALE OF TWO IDEOLOGIES

BEYOND

> Over 1.3 million migrants have been given asylum in the EU over the past 2 years.

Sauntering in heaven, as the Gods looked upon humankind, one asked another, "Deva, you took away that man's family, job, home and the land he called his own. Spare that lone mortal something!" "Lo! At your behest", replied the Deva, "he shall never be alone. His grief shall follow him everywhere." Such is the story of hundreds of thousands of migrants who have sought asylum in Europe, triumphantly or otherwise.

The influx of migrants in Europe has provided route to a debate among the members of the EU on a seemingly unanswerable question-how to deal best with resettling refugees? The only ray of light on this unending road of misery covered with broken pieces of many lives is the willingness of the EU to provide asylum to numerous that seek it. Over 1.3 million migrants have been given asylum in the EU over the past 2 years. But an aerial view of the crisis leads one to an apparently unflawed conclusion that a union of 28 countries with one of the least population densities, coupled with economic conditions superior to most places on Earth, should find it easy to provide asylum to all applicants. However, push the shovel an inch deep into the crust and the fountain of problems begins to spring to the surface.

Firstly, nobility is often noncontagious, and this is the genesis of the problems within the EU. The Dublin Regulation requires migrants to seek asylum in the country where they first arrive. In an attempt to best the regulation, certain countries like Hungary, Austria, Bulgaria and Slovenia have established barriers to prevent the influx of more than a certain number of people, which includes the erection of fences along their boundaries. Moreover, certain other countries have allowed migrants to move freely across their borders into other countries. Thus, the share in discharge of responsibilities is disproportionate

and certain countries bear the brunt more than others. In stark contrast, while Germany received over 1.1 million asylum seekers in 2015, the United Kingdom received approximately 32,000. Naturally, this is dissuading enough for countries who have been, until now, doing their part unsparingly.

Secondly, the wish of many European nations to aid the migrants is not amply succoured by the existing solutions to practical challenges brought by the crisis. The volume of people moving is overwhelming; their profiles diverse and their routes of entries into EU unveiling the dormant loopholes in security arrangements of many nations. The asylum regulations in most nations require migration to be forced. However, except for migrants from a few middle east countries, it is becoming increasingly difficult to deem the status of migrants as 'forced' or 'voluntary'. The turtle-like progress in bringing reforms is deterring many nations from diving into the deep end of the pool.

Thirdly, the economic growth (GDP Growth Rate 2014-2016) of a majority of EU members has been lingering near 1%, annually. The financial cost involved in resettling migrants is thus, huge. And while financial support has been extended to the EU by international organizations from time to time, the short term costs are more than what many nations can comfortably bear.

The additional concerns over how long such support may be provided to the migrants further aggravates the economic recovery of the EU.

While the problems are many and solutions are few, there never comes the right time to help humanity if humans keep waiting for it, and there is no excuse good enough to justify not helping those who need it the most. The 'Universal Declaration of Human Rights' reads, "Whereas disregard and contempt for human rights have resulted in barbarous acts which have outraged the conscience of mankind...The General Assembly,...shall strive... to secure their universal and effective recognition and observance", and it is under this declaration that the right to seek asylum was established as a quintessential human right.

It is human nature to keep the doors of our homes shut to strangers, but it is also human nature to open these doors to humanity. While the reluctance of a few EU members in opening up their boundaries to migrants and refugees in understandable, their apathy is warranted by their lack of effort in coming up with better solutions. The justification for recognising a human right lies not in the files in which it is established, but in the acts carried out for its vindication. While the nations go over impotent maneuvers, there are millions struggling to keep themselves alive. The campaigns against Muslim immigrants in Germany, the fear of deterioration of local culture in Cyprus, the emergence of Anti-Mass Immigration Party in the United Kingdom, are proof that while the world at large wants to safeguard interests of humanity, not all its citizens are ready to make sacrifices.

> And while financial support has been extended to the EU by international organizations from time to time, the short-term costs are more than what many nations can comfortably bear

To prepare for any calamity, the best maneuver is cooperation. A million is too many if the burden has to be

borne by a single community. In face of this challenge, to disperse is to deliver. A single solution cannot work effectively for all constituents of EU. This crisis cannot be mitigated until all the members of the union come together not half-heartedly, but willingly, to provide people with the right they once believed was necessary to preserve the dignity and freedom of humans. But coming together of nations implicitly requires their people to come together, for a house divided amongst itself cannot stand. The fear of local communities of losing their potential sources of income to immigrants, the transfer of cost burden by government to its people, the alleged increase in crimes in and near immigrant establishments, and the subsequent mix of local ethnicity with resettled population inadvertently lead to a revolt among the concerned people of a nation.

Thus, as important as it is to cater to the onslaught, the members of the EU may also benefit from resolving the insecurities of their people. In this multilegged race, everyone can win only if the actions are coordinated. Fate may take away from a man his home, but it is only upon humankind to give him hope.

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Human Dimensions of Ecological Crisis

PROGRESS OF MANKIND?

ABSTRACT

One of the most significant and euphoric issues in today's context is the emergence of multidimensional crisis, which extends to the economic, political, cultural and general social level. This is pronounced as ecological crisis which is concerned not only with the relations between social individuals but also our interaction with the environment and other stakeholders of the society. Humanity is currently faced with multidimensional aspects of the crisis. These crises are greatly overlapping with each other because one has caused the other. The urbanization undoubtedly enhanced growth prospects of a nation but it is leading to ecological destruction in terms of environmental hazards. Unsustainable consumption with unrestrained increase in population has led to a shortage in terms of natural resources that impose a serious threat to human civilization. Moreover the ethical destruction as fallout of the crisis leads to dialectical attitudes among individuals. The concerns regarding these issues trigger the current challenges of human dimensions.

This motivates us to look into the rapidly deteriorating ecological crisis and the glimpses about it. Further the approaches of the ecological crisis need to be explored to delve into the inter-relationships between them. The role of academicians is of utmost importance. The proposal of inclusive democracy can make an attempt to mitigate the adverse impact of the ecological crisis.

This will surely instill values and cohesiveness among interpersonal relations.

INTRODUCTION

The issues related to the multidimensional crisis comprise of economic, political, cultural and social aspects. This is captured by ecological crisis which concerns not the relations between social individuals, as the other dimensions of the crisis, but our interaction as social individuals with the environment. Urbanization and Industrialization have enhanced the growth potentials of nations worldwide. The mass primary habitat of human population is the most significant human ecological event in the past 100 years. Nevertheless, the human ecological dimension of the phenomenon has gone virtually unnoticed. The developmental strategies have been analysed only through the narrow lens of material wealth and prosperity. The human dimensions have generally got unnoticed.

Knowledge of the ecological properties of cities as the dominant human habitat is vital even to global sustainability. Most studies of urban health and stability focus on investment flows, income generation, job creation rates, crime statistics, and other socioeconomic indicators. However, economic analyses are so abstracted from physical reality that they reveal nothing about the interpersonal human behaviour. In fact, the prevailing focus on money wealth and the economic surpluses generated by 'successful' cities does not reflect ecological health and humanity. The urban ecosystem requires a direct focus on the values and ethics that will definitely sustain the human population. However, unsustainable consumption with unrestrained increase in population has led to a shortage in terms of natural resources that impose a serious threat to human civilization. Moreover, the ethical destruction takes place as fallout of the crisis leads to dialectical attitudes among individuals.

Learning to live together is one of the contemporary issues since the world is too often a world of intolerance and ecological crisis. So, it is necessary to devise a form of education which will make it possible to avoid conflicts or resolve them peacefully by promoting learning to live together with others, by developing a spirit of respect for the values of pluralism, and the need for mutual understanding and peace.

The developmental strategies have been analysed only through the narrow lens of material wealth and prosperity. The human dimensions have generally got unnoticed.

Learning to live together in peace, respecting human rights, practicing democracy and achieving sustainable development requires a coherent and integrated approach to ensure learner involvement that has an impact on every aspect of the learner as an individual. This approach will involve an integrated curriculum framework, appropriate teaching strategies, a variety of approaches, techniques and resources, access to key international documents, and the direct involvement of students in internalizing and practicing these values in realistic situations.

Integral human development and dignity cannot be imposed, but require that persons be permitted to be "dignified agents of their own destiny" through "communion with others, and in a right relationship with all those areas in which human social life develops – friends, communities, towns and cities, schools, businesses and unions, provinces, nations, and nature.

Participation of all members of the society is essential. Responding to the needs of vulnerable groups, such as the poor and marginalized, the disenfranchised migrants, youth, and the elderly should be a central feature of inclusive governance. In fact, this represents a litmus test of good local governance as a whole. If local governments are to respond to the challenge of social inclusion, they will have to reinvigorate, refocus, redefine paradigms and reclaim the participatory process that first brought them into being rather than trying to identify or uncover some new direction.

The concerns regarding these issues trigger the current challenges of human dimensions. The objective of the study is to analyze the stance of ecological crisis and explore its human dimensions. This will necessarily ensure sustainable development.

The following section deals with glimpses of ecological crisis.

GLIMPSES OF ECOLOGICAL CRISIS

The major waterway in central China runs through the city of Nanjing and empties into the East China Sea by Shanghai. When more than 38 billion gallons of highly polluted water was flushed into it, the Huai River turned black, leaving agriculture and fishing devastated, pollution-borne disease became rampant with incalculable long term effects. The Huai's water was rendered unfit even for industrial use and agricultural irrigation, let alone human and animal consumption.

Nature's casualties include the rampant and recurring flooding of the Yangtze and other major rivers and spreading desertification. Currently, the deserts covering one-fourth of China's landmass steadily erodes more and more of China's arable land, causing the skies around Beijing and other northern cities to darken from recurring dust storms; severe and growing water shortages; dwindling forests, with much of the still- remaining forest areas continuing to dwindle due to illegal logging; and a massive and still-growing human population, the world's largest population in any one country occupying an arable land mass that was never very large to begin with, and one which continuing pollution and environmental degradation continue to erode.

A historically high rate of ice melt in the Arctic, devastating floods from the Philippines to Nigeria, a record-setting decline in Australia's Great Barrier Reef, and extreme levels of drought in much of the United States are just some of the recent manifestations of ecological crisis.

The drought of 2015 has severely impacted health conditions by deepening the Aral Sea crisis and resulting in further losses in the agriculture sector. Almost all rice and cotton plantations have been seriously affected by the drought with consequences to the whole ecosystem, the economy, and the social condition of the people, resulting in increased unemployment, migration, and health risks. The Aral Sea crisis has not only led to wide scale environmental degradation, but also economical, social, and medical problems. It has become a human crisis. There is an emergency to extend practical help to people in this region, firstly, in solving the water problem. It is necessary to create an international coordinating body at the UN level to monitor water distribution in Central Asia. Every nation should follow a limit in the use of water for irrigation and development and practices that will ensure safe water for drinking. These rights should be protected on an international level. There is an acute necessity of taking wide-scale measures to relieve the negative impact of environmental factors on human health and to consolidate efforts to render practical support to improve the situation.

The failure of the Rio Summit to address the crucial issue of transnational corporations (TNCs) and their culpability for the global ecological crisis was perhaps the Summit's major failing. Since Rio, the processes of liberalization, commercialization and globalization have facilitated the expansion of TNCs and their destructive impact on the environment. Meanwhile, within many countries, particularly those in the South, the same processes embodied in structural adjustment programs (SAPs) have accelerated the development of environmentally harmful patterns of production and consumption.

Environmental concerns, together with social and development concerns, fell several notches in the political agenda, internationally and nationally. The inescapable overriding conclusion of an objective assessment of the environment would be that liberalisation, commercialisation and globalization together with the logic of the race to retain or gain 'competitiveness' have undermined sustainable development both as a principle and as a programme.

The failure to internationally monitor and regulate TNCs, and the moves instead to widen their rights and access, have led to a spectacular rise in their power and authority. TNCs have generally and rapidly expanded the outreach and volume of their activities. This has correspondingly increased the damage caused to the environment in terms of volume and geographical spread.

Liberalization policies and global market integration have facilitated the institutions and activities that contributed to greater exploitation and depletion of biological diversity and resources such as forests and fishery resources and which promote and expand environmentally harmful land-based activities (agriculture and aquaculture), that lead to continued depletion of biodiversity. Other resources continue to be depleted beyond sustainable rates, such as water, soil and minerals. Liberalisation has opened up more mining concessions and a new wave of environmentally damaging mining activities.

There is slow progress in reducing the trade in toxic and hazardous substances and products, and the export of these to the South has continued and even increased. The emphasis on the need to be competitive has meant slow progress (and in some countries an actual rolling back) in the control of pollution and energy use. Big infrastructure projects that are ecologically harmful are proliferating. The race to earn foreign exchange has led to increased tourism promotion and activities, along with their harmful side effects. With the accelerated spread of information and communications technology products, consumer culture has become more widespread. In the North and among Southern elite, there is little progress in curbing wasteful lifestyles. On the whole, there is an increase in unsustainable consumption patterns.

According to Walden Bello (1994), most of the top 15 Third World debtors have tripled the rate of exploitation of their forests since the late 1970s. This is related to the survival imperative of poor, landless people and the pressing need of nations to gain foreign exchange for debt servicing. Bello has also summarised detailed case studies of four countries that adopted SAP (Chile, Costa Rica, Ghana and the Philippines), demonstrating the dynamics and interrelations between structural adjustment, poverty, market liberalisation and environmental degradation. In these countries, the overriding need to service debts led to an emphasis on expanding exports of natural resources and commodities (such as timber, fish, bananas, cocoa and minerals). Moreover, SAP-induced poverty resulted in a situation where landless farmers had to exploit forest, land and fishery resources. The result was rapid depletion and degradation of the fragile natural resource base in these countries.

Migratory water birds – shorebirds, ducks, swans, egrets, geese and cranes – share this Flyway with 45 percent of the world's human population. Unbridled recent exploitation of coastal and wetland areas in the Flyway for infrastructure and other development has resulted in a loss of habitat for migrating water birds, precipitating rapid and accelerating decline in many species. The Yellow Sea region of China and Korea is a critical bottleneck for many species and the rapid loss of intertidal wetlands here threatens many species, particularly shorebirds.

The wetland and mangroves stretch at Roadpali along the Taloja creek are under threat from dumping of debris and encroachment by an illegal shop, claim activists. The area is known to attract migratory birds. Debris continues to be dumped along the Roadpali mangrove stretch, killing mangroves and reclaiming the wetland along the Taloja creek.

The next section incorporates the real life instances to overcome crisis.

REAL LIFE INSTANCES TO COMBAT ECOLOGICAL CRISIS

Inspired by Pope Francis' encyclical on caring for creation, and concerned by environmental threats around them, Catholic parishioners in Thailand are planting hundreds of new trees. "Pope Francis has enlightened us and appealed to us in his encyclical 'Laudato Sì' for collective action and a bold cultural revolution to tackle environmental issues," said Father Daniel Khuan Thinwan.

The Inclusive Democracy (ID) approach on the ecological crisis investigates the causes of the ecological crisis (which is considered as part of a multidimensional crisis), in terms of the present huge and growing concentration of power at all levels that, in turn, is seen as the inevitable outcome of the dynamics of the market economy and representative 'democracy' and of the related hierarchical structures. In this sense, the ID approach represents an explicit attempt for a synthesis of the two historical traditions, the classical democratic tradition with the socialist tradition, as well as with the radical currents within the new social movements (ecological movement, identity movements and so on).

The following section explores the Inclusive Democracy approach as an appropriate mechanism to mitigate the impact of such crisis.

INCLUSIVE DEMOCRACY APPROACH

Political and economic democracies are inseparable in the sense that political power is shared equally among all citizens. This is neither feasible nor desirable, unless it is accompanied by economic democracy in the sense of equal distribution of economic power. This does not ensure an inclusive democracy unless it extends to the broader social sphere to embrace the workplace, the household, the educational institution and indeed any economic or cultural institution which constitutes an element of this realm through various forms of self-management. Ecological democracy is an indispensable part of inclusive democracy since the attempt to dominate nature and its habitat are integral parts of the interpersonal relationship. The replacement of the market economy by a new institutional framework of inclusive democracy constitutes only the necessary condition for a harmonious relation between the natural and social worlds.

At the broader social level, the establishment of a democracy at the social realm, it is reasonable to assume that, with the phasing out of patriarchal relations in the household and of hierarchical relations in general, should create a new ethos of non-domination which would engulf both society and nature.

The decentralised character of an ID might also be expected to enhance its environment friendly character. It is reasonable to assume - and the evidence about the remarkable success of local communities in safeguarding their environments is overwhelming - that when people rely directly on their natural surroundings for their livelihood, they will develop an intimate knowledge of those surroundings, which will necessarily affect positively their behaviour towards them. One should not forget that the economic effectiveness of the renewable forms of energy (solar, wind, etc.) depends crucially on the organisation of social and economic life in smaller units.

As a responsible stakeholder of the society, the fundamentals of the nation must be strengthened. The educational structure should convey signals to promote solidarity and peace. This leads us to rethink about the issue in terms of responsibilities to be rendered by universities in the following manner :

Promoting Peace Education in Classroom

Education is the key to uniting nations, bringing human beings closely together. A culture of peace must take root in the classroom from an early age. It must continue to be reflected in the curricula at secondary and tertiary levels. Active listening, dialogue, mediation, and cooperative learning are delicate skills to develop. It requires participation at all levels - family, school, places of work, news rooms, play grounds, and the community as well as the nation.

The training of teachers, education workers and all education stakeholders, including staff from ministries of education is crucial. Educators promote the development of the whole person, so as to enable everyone to contribute to society in a caring and responsible manner. Governments must also focus on providing attractive working conditions including small class sizes, career paths and more opportunities for professional growth and development, financial and other incentives, and support systems for new teachers, such as mentoring programs. The programs must encompass interdisciplinary courses such as social sciences and masters in social work. The research expertise can be extended in the fields of sociology and welfare enhancing programs.

To Develop International Community

Universities have frequently been regarded as key institutions in processes of social change and development. Community Development is "a process where community members come together to take collective action and generate solutions to common problems." It is a broad term given to the practices of civic leaders, activists, involved citizens and professionals to improve various aspects of communities, typically aiming to build stronger and more resilient local communities. This will enrich scholars with sensitivity and expertise at observing and interpreting culture. The society will contribute innovators who create culturally responsive strategies to address social issues. Critical thinkers should be able to evaluate existing approaches to meeting the needs of the marginalized, poor and oppressed. Leaders and managers will definitely inspire with life-changing compassion and world-changing vision. Overall collaborative practitioners will build authentic and supportive communities. A set of values and practices will be instilled that will necessarily strengthen mutual respect of human rights.

Mission of United Nations and EU - Educating for a Sustainable Future

Moving towards the goal of sustainability requires fundamental changes in human attitudes and behaviour. Progress in this direction is thus critically dependent on education and public awareness. The core themes of UN for sustainability include lifelong learning, interdisciplinary education, partnerships, multicultural education and empowerment. Education should also be seen as a means of empowering youth and vulnerable and marginalized groups, including those in rural areas, through intergenerational partnerships and peer education. The EU must devise strategies, for a sustainable future should engage a wide spectrum of institutions and sectors, including but not limited to business/industry, international organizations, youth, professional organizations, non-governmental organizations, higher education, government, educators and foundations, to address the concepts and issues of sustainable development, as embodied throughout Agenda 21. It is necessary to support and strengthen universities and other academic centres in promoting cooperation among them, particularly cooperation between those of developing countries and those of developed countries.

The new approach of inclusive democracy and collaborative effort of the stakeholders of society will surely bring in compassion and humanitarian aspects in life. Then only caring for others and sharing for all will make an attempt to mitigate the intensity of the crisis.

CONCLUSION

The increasingly global human ecosystem serves as centers of socio-cultural interaction, information exchange and processing of economic growth. However, seen through an ecological lens, industrialization appears as dense nodes of energy/material consumption and residual production. Large concentrations of people and industrial activity necessarily consume more available energy and material than can be produced, and produce more waste than can be assimilated, within the relatively small areas they physically occupy. Indeed, ecological footprint analysis reveals that cities, urban regions, and many whole countries depend for their maintenance and growth on resource stocks and waste sinks scattered all over the world. The aggregate ecosystem area required to support a typical high-income, consumer-oriented city may be 200 times the size of the city itself.

As far as the causes of the crisis are concerned, this multidimensional crisis can safely be attributed to the very institutions of modernity, which have been universalised. In other words, it is the dynamics of the market economy and representative 'democracy' that have led to the present concentration of power at all levels which, in turn, is the ultimate cause of every dimension of the present crisis.

The new approach of inclusive democracy will surely bring in compassion and humanitarian aspects in life. Then only caring for others and sharing for all will make an attempt to mitigate the intensity of the crisis.

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PROFESSOR'S DESK

Advertising to Children

THE ETHICAL ASPECT

ABSTRACT

One of the most controversial areas of marketing ethics is advertising to children. Children are consumers of a variety of products and services. Advertisers direct their marketing efforts at this segment of the society to build up positive images about their products and develop brand preferences from an early age. This paper addresses the issue of ethicality of advertising to the child audience in the light of public concern. The article based on a review of existing literature, attempts to look into the effects of advertising on young minds and the regulatory measures adopted in India to control promotional activities directed at them.

Keywords: *children, advertising, ethics*

INTRODUCTION

Advertising, being a very powerful communication tool, is used by the marketers to reach their target customers. In the present age of market segmentation, children and adolescents comprise of a significant group of customers that are targeted by the marketers. Aggressive advertising adopted by companies invade the lives of children all over the world. In India, a large number of brands target this

Advertising has a pervasive influence on this group, as the advertisers skillfully design their messages by using specific colours, shapes, sizes, animations, and images of children and animals to create visual appeal and influence the young minds.

vulnerable group, who are attractive customers. Exposure to advertisements of an endless array of products on multiple types of media has become a part of their daily lives. It is not only the toy industry which is targeting this segment of the population, but also other industries producing a variety of products and services such as food, beverage, confectionary, fashion, toiletries, to name a few, have joined the game. More and more advertisement campaigns are being launched in an assortment of media by these companies, which are specifically targeting children to promote their products.

Children are defenseless targets in front of the advertisers. They are easily attracted to colorful and moving images. Advertising has a pervasive influence on this group as the advertisers skillfully design their messages by using specific colours, shapes, sizes, animations, and images of children and animals to create visual appeal and influence the young minds. The companies seek to gain acceptance among the children by imprinting the image of their favourite cartoon character on the products and promoting these on various media.

Most children are unable to distinguish between the programmes they watch on television and advertisements. They are immature to understand the value of time, money, and benefits to be obtained from a brand or to evaluate brands. They easily believe in the things they see and are unable to understand the persuasive intention of commercials. Exposure to such commercials can lead to false beliefs or unrealistic product expectations. These young minds become lucrative targets for the advertisers, as they can be easily influenced. They can also persuade their parents to buy them the products they see in the advertisements. Companies have realized that if they can nurture brand loyalty from a young age, these youngsters will turn into loyal customers in the future.

Not only are the children being exposed to a never-ending assortment of advertisements for the products and services of which they are potential consumers, but they are also being extensively used in the promotion of products and services with which they have no actual or potential involvement. It is common to find children in advertisements for jewelry, banking and financial services etc., which raises a serious question of whether children are being dragged too early into the world of materialism owing to such strategies of the advertisers.

Advertising to children has turned into a very sensitive issue, and sparks up a debate on whether it is ethical on the part of the companies to target this innocent segment of the society.

LITERATURE REVIEW

Several studies show the impact of advertising on children. Christopher Preston (1999) was of the opinion that advertisements for products and services meant for the adult sector, when viewed by children, can have unintended effects upon them. Gennadi Gevorgyan et al. (2012) emphasized that targeting children through persuasive communication is not only unethical, but also legally incorrect. Moses and Baldwin (2005) say that advertising affects children's value system and has an impact on their socialization. McGinnins et al. (2006) discusses the effect of advertising on the food habits of children. A study conducted to understand how children respond to advertising suggested that greater the television viewings, more were the demands to parents for products seen in the advertisements, resulting in parent-child conflicts (Thomas S. Robertson, 1989).

REACHING OUT TO CHILDREN

Television, as a medium, plays a unique role in the lives of children. Nowadays, with limited outdoor activities, children spend a considerable time watching television. In India, there are approximately 763 permitted private satellite television channels (as on 30.06.2015) broadcasting various types of programmes to the viewers. Of these, several channels telecast children-based programmes in the country. Besides cartoon channels, there are several knowledge-based channels that are often viewed by this young population. Almost all the channels offer their programmes in English or Hindi. Some of these also translate the programmes in regional languages. These channels abundantly show advertising messages that are attentively taken in by the kids, and remain embedded in their memory.

The television set is no longer the only screen available to the kids. The kids of the current generation are tech-savvy, have access to the Internet, and play games on computers or cell phones. Apart from placing advertisements in the more traditional media such as television, radio and print, the advertisers now have the opportunity to expand the presence of their brand through the Internet via every device that children have the right to use – smart phones, tablets, laptops, etc. Advertisements are on billboards, children's magazines, video games and even at the back of amusement park tickets. Advertisements are placed in children's magazine in the form of cartoon stories, which the children fail to recognize as promotional messages. Moreover, there are sales promotion techniques adopted by many companies that entice the kids with toys in the packs in an attempt to sell the products. Increasingly, the advertisers are resorting to more innovative techniques to reach the children and lure them to buy their goods.

THE IMPACT OF ADVERTISING ON CHILDREN

Apart from familiarizing the kids with the different products and services available in the market, advertising inculcates some good habits in them as well. It makes them understand the importance of oral hygiene and the ill effects of consuming drugs, tobacco and alcohol. But commercials can also have several negative impacts.

Exposure to advertisements of fast foods, beverages, candy and sweetened cereals has created a strong influence on the food habits of children. As they find it difficult to resist the temptation of consuming the appetizing food they come across in advertisements, unhealthy eating habits develop through regular consumption of junk food items, and lead to childhood obesity.

Children focused advertisements are often blamed to be misleading. The manner in which certain products are portrayed in advertisements to children creates a false impression in their young minds- that the products are capable of bringing wonders in their lives. Such tricks and gimmicks are used to attract children and get them to buy the product, which subsequently result in disappointment when their expectations remain unfulfilled.

Knowledge gathered from attractive advertising offers is often translated into purchase demands on parents by the children. Demand for food, toys, clothes and other items after watching the eye-catching advertisements increases, and the parents are put under psychological pressure to meet such demands. Refusals are often met with temperamental tantrums and subsequent depression in the child, resulting in conflict with the parent.

Many advertisements on television show dangerous stunts done by experts. Though these commercials are broadcasted with statutory warnings, children who are unable to read, or who fail to note or comprehend the complete information, can try to imitate the stunts in the absence of adults, and meet with fatal accidents.

THE DEFENDERS' VIEW

The defenders of marketing to children claim that there is no evidence that advertising to children causes any damage to them. They argue that advertising is essential as the knowledge of products and brands help the children to grow into mature adult consumers. Besides, they believe that it is the parents' responsibility to protect their children from the advertising messages and media that they consider inappropriate. They advocate that parents blame the companies for targeting children, but they themselves often give in to the demands of children and buy them everything they ask for.

VARIOUS REGULATIONS ON ADVERTISING TO CHILDREN

Children have been variedly described as minors, juveniles, young people etc. in different regulations. The age of a 'child' also widely differs from one country to another and from one regulation to another regulation. UNICEF – The United Nations Children's Fund defines a child as a person below the age of 18 years, unless the laws of a particular country set the age for attaining adulthood earlier. UNESCO – The United Nations Educational, Scientific and Cultural Organization defines early childhood as a period from birth to 8 years of age. In advertising, the definition of a child differs from one jurisdiction to another. In most of the countries, 12 years is taken as the cut off age, as it is considered that by the time a human being attains 12 years of age, his behavior as a consumer develops and he is in a position to critically observe advertisements.

International Scenario:

Protection of children from any form of exploitation should be of prime importance in any society. Advertising has often been criticized for exploiting young minds. Government warnings and protests voiced by the critics have prompted many companies to take action beforehand to avoid stringent laws.

Many European countries have strict legislations regarding advertising to children. To combat the problem of obesity in children, many soft drink companies in Europe have adopted self regulatory practices and stopped marketing of soft drinks to children below the age of 12 years. In the year 1995, Belgium issued the 'five minute rule', where children's advertisements cannot immediately follow or precede children's programmes. Norway declared a complete ban on television advertisements directed at children. Later, Sweden also prohibited television advertising to children below the age of 12 years. Finland has barred commercialization of children's programmes. From the year 2005, Ireland introduced a ban on celebrities who endorsed fast food and beverages to children. In Romania, the advertisers of junk food and soft drinks maintained their credibility in front of parents by pledging that they would not target their products to children.

However, these companies adopt indirect form of advertising and use children in their advertisements to create an image in the young minds that the products have nutritional value. In USA, Children's Television Act, 1990 protects the interest of children by limiting the commercial time on children's programmes to 10.5 minutes per hour on weekdays and 12 minutes per hour in the weekends. UK has, from the year 2008, banned advertisements of junk food during television programmes meant for children less than 16 years of age. In children's programmes of longer durations, Canada does not allow repetition of any advertisement or airing of more than one advertisement of the same product in half hour durations.

India:

The regulatory measures relating to advertising to children in India are not as structured as in other developed countries of the world. Strong criticism against advertising to children has prompted the self-regulatory body 'The Advertising Standards Council of India (ASCI)' to issue guidelines on the advertising of food & beverages directed at children less than 13 years of age.

The ASCI Guidelines

1. Advertisements should not misinform children to trust that consumption of product advertised will result directly in personal changes in intelligence or physical ability, or exceptional recognition. Such claims, if made in advertisements, should be supported with adequate scientific substantiation. All nutritional and health benefit claims in Food & Beverage advertisements are mandatory to be validated scientifically.
2. Unless a food product has been nutritionally designed as a meal replacement, it should not be portrayed as such.
3. Messages in advertising to children will represent the products accurately, in a way that is in keeping with their ability to understand.
4. Advertisements should not show over consumption of Foods & Beverages. It should reflect moderation in consumption and portion sizes, appropriate to occasion or situation. Advertising of promotional offers on Food & Beverage products should also not show extreme consumption.
5. Advertisements should not undermine the role of parental care and guidance in ensuring that proper food choices are made by the children.
6. Visual presentation of Foods & Beverages in advertisements should not mislead the consumers about the material characteristics of the products advertised.

(Source: www.ascionline.org)

The Cable TV Networks (Regulation) Act, 1995 states that any advertisement which endangers the safety of children or portrays them in an undignified or indecent manner shall not be carried in the cable service. Cigarette and alcohol advertisements are completely banned under the Cable Television Network (Regulation) Amendment Bill, 2000.

CONCLUSION

The main purpose of this article was to disclose the vulnerability of the children in front of the marketers' highly refined marketing techniques. Unlike other developed countries of the world, India has still not adopted stringent regulatory measures to restrain undesirable advertisements targeted at children. The government should recognize the urgency of protecting children from the influence of advertisers. It is the responsibility of the government to come up with strict legislations to curb the promotional activities of the companies that target children.

Although ASCI – the self regulatory body, tries to safeguard children from the advertisers attempts to manipulate young minds, still a lot remains to be done to ensure their protection. There is an urgent need for separate codes for advertising to children. Consumer Complaint Council has been established by ASCI, wherein consumers can lodge complaints against advertisements they consider inappropriate. But the level of public awareness and involvement in the process is still not encouraging.

The parents also have a great role to play in protecting the children from the harm caused by frequent exposure to commercials. Children's susceptibility to persuasive commercial appeals can be reduced by restricting their exposure to all sorts of advertisements on television and internet. Parents have the prime responsibility to explain the meaning and purpose of advertising to their children at an early age, so that advertisers cannot take undue advantage of their limited understanding of the nature of commercials. Children must learn to distinguish between unhealthy snacks and healthy food, and must be educated about balanced, nutritious diets.

Although ASCI – the self regulatory body, tries to safeguard children from the advertisers' attempts to manipulate young minds, still a lot remains to be done to ensure their protection.

It is almost impossible to bind everything by law as it is impossible to completely shield the children from advertisements directed at them from different sources. Companies have taken advantage of the absence of strict government regulation in India and successfully invaded their world. Considering the ill effects of advertising to children, the corporations can think of acting more ethically and be more responsible to the society. Food advertisements directed at children should emphasize on healthy eating habits and an active lifestyle. Self-regulation and responsibility towards the society can bring about better results than government imposed restrictions.

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Broadly speaking, the people of India are largely living in the darker side of governance of the country and are often uninformed about the affairs around them which led to the domination by those who wheel the power in the executive, legislature, and judicative spheres.

An Overview of the Right to Information Act 2005

EFFECT AND IMPLEMENTATION

INTRODUCTION

Corruption is inherent in the character of the state machinery. It encompasses within itself the denial of transparency, accessibility and accountability with cumbersome procedure, proliferation of the mindless control and poor commitment. Corruption exists at all levels because no one is willing to work unless paid a little money extra, regarded to be a voluntary contribution as a sign of gratitude for the work done. Corruption may also lead a person to lose faith in the public administration. To mention a few, corruption in politics, private sector and administration of the public offices includes the illegal selling of land, adulterating goods as well as taking bribes to do or not do something; a tendency of exploitation of men in power, torture, custodial misconduct, ill treatment meted out to the prisoners and accused, delay in work and so on. The causes for increased corruption are the artificial increase of want, allurement of goods and services, inaction of the administrative agency, lack of platform for raising the voice against injustice, lack of proper moral orientation and many others. With the development of science and technology, corruption has also increased. People have adopted a novel and innovative method to defraud others, causing wrongful gains to one's own self. Broadly speaking, the people of India are largely living in the darker side of governance of the country and are often uninformed about the affairs around them which led to the domination by those who wheel the power in the executive, legislature, and judicative spheres. But no democracy can be meaningful unless the civil society cannot audit the performance of the elected representatives, the bureaucrats and the other functionaries who act on behalf of the State. All may feel the effect of corruption as it causes an increase in violation of the Rule of Law, basic human rights and freedom. The Supreme Court has identified in State of Madhya Pradesh v Shriram Singh that corruption is a cancer, if not detected in time could cause a policy to become "malignant" which would have delirious consequences. The socio-political system would crumble under its own weight. The Fifth Five-Year plan specified that corruption not only inflicts wrongs that are difficult to redress but also undermines the structure of the administration and the confidence of the public in the administration.

This is a doctrinal study that gives a brief overview of the Right to Information Act 2005, identifies the importance of the Act in a democracy and the opinion of the Indian Judiciary.

THE RIGHT TO INFORMATION ACT 2005: A BRIEF OVERVIEW

The preamble to the Act, suggests that there is a positive relation between right to information and good governance, which entails full accountability to the stakeholders. Empowerment of the citizens can guarantee life, liberty and justice to all. Public authorities are required to provide as much information suo moto to the public at regular intervals through various means of communication including the internet so that the public has minimum resort to the use of the Act.

Every public authority shall, within one hundred days of the enactment of the RTI Act, designate as many officers as the Central Public Information Officers [CPIO] or the State Public Information Officers [SPIO], as the case may be, in all administrative units offices which is necessary to provide information to persons requesting for the information[1]. Every public authority shall designate an officer, within 100 days of the enactment of the RTI Act, at each sub-divisional level or other sub-district level as a Central or State Assistant Public Information [ACPIO or ASPIO], as the case may be, to receive applications for information or appeals for being forwarded to the CPIO or SPIO.[2]

The Central Government shall by a notification in the Official Gazette, constitute a body to be known as the Central Information Commission [CIC][3]. Every State Government shall similarly constitute a body called the State Information Commission [SIC][4]. Each of these commissions will consist of the Chief Information Commissioner and such number of Information Commissioners not exceeding ten, as may be deemed necessary.[5] The general superintendence, direction and management of the affairs of the CIC and the SCIC shall vest in their respective Chief Information Commissioner, who shall be assisted by the Information Commissioners, who may exercise such powers and do all such acts and things which may be exercised or done by the CIC or the SIC, as the case may be, autonomously without being subjected to directions by any other authority under the RTI Act.

The Act does not merely oblige the public authority to give information on being asked for it by a citizen but requires it to suo moto make the information accessible. This is the most important provision, which provides for an information regime. Section 4(1)(a) requires every public authority to maintain all its records duly catalogued and indexed in a manner best understood. The form which facilitates the right to information under this Act and ensure that all records that are appropriate to be computerized and within a reasonable time and subject to availability of resources, computerized and connected through a network all over the country on different systems so that access to such records is facilitated. The purpose of this provision is to make information accessible even if a citizen does not ask for it. A citizen will then have comparatively fewer queries to make and that makes the operation of the right to information practicable. However, that does not make the individual's query less important. The success of the Act depends upon how seriously the administration takes the provision of section 4(1). Civil society organization will have to be vigilant so that these provisions do not become mere rituals and help achieve this purpose. There is no legal sanction against a public authority, which does not fulfill its obligation under section 4(1).

Every Central Public Information Officer (CPIO) or State Public Information Officer (SPIO), as the case may be, shall deal with requests from person seeking information and render reasonable assistance to the persons seeking information.[6] He may seek the assistance of any other, as he may consider necessary for the proper discharge of his duties. The CPIO or SPIO, as the case may be, on receipt of a request for information shall, as expeditiously as possible and in any case within 30 days of the receipt of the request, either provide the information on payment of prescribed fee or reject the request for any of the reasons for which such information can be refused under the Act.[7] However, where the information sought concerns the life or liberty of a person, it shall be provided within 48 hours of the receipt of the request.[8] When an intelligence or security organization included in the second schedule or intelligence or security organization notified by the state government is asked to furnish information pertaining to the alleged violation of human rights, such information must be provided within 45 days.

For non-response from Public Information Officers, the Central Information Commission or the State Information Commission acts as an appellate authority. It has the duty to receive and inquire into a complaint from any person. Where the CIC or the SIC is satisfied that there are reasonable grounds to inquire into the matter, it may initiate an inquiry in that matter.[9] The Act empowers the CIC or the SIC during the inquiry of any complaint to examine any record to which the Act applies.[10] The provision starts with the 'non obstante' clause that makes the powers of the CIC or SIC prevail over any provision such as S.123 of the Evidence Act. No claim for withholding the disclosure of documents can stand against the power of the CIC or SIC to access the required information. However section 8 provides a list of Exemption from disclosure of information.

It must use the scientific innovation to bridge the gap between the "information rich" and the "information poor" because people have the right to observe and scrutinize the decision making process which will create the conditions of accountability of public servants that may result in ending of poverty and unproductive use of resources.

RIGHT TO INFORMATION: A POTENT WEAPON FOR CLEANSING DEMOCRACY IN A WELFARE STATE.

Information is generated by the officers in the course of the official duty in discharging the functions for public interest so the general public has a better claim over it. Better-informed citizens can create a healthy democracy because the details of the performance of the elected representative or the amount spent for various programmes undertaken by the government can also act as a boost or impediment as the case may be, during election campaigns, as people are the agents of change. Promotion of citizen and government partnership and participation in the social and economic process through dialogue can cause a more dynamic development. Involvement of affected groups, local groups and non-governmental organization in implementation of the policies can promote democracy in a true spirit. Government has an obligation to provide an open and transparent environment. It must use the scientific innovation to bridge the gap between the "information rich" and the "information poor" because people have the right to observe and scrutinize the decisions making process which will create the conditions of accountability of public servants that may result in ending of poverty and unproductive use of resources.

In H.E. Rajasekharappa v. State Public Information officer, Karnataka[11], the Karnataka High Court clarified the purpose of the Act. It stated that the correct and right information must reach the citizens so that they may take decisions correctly and also promote the transparency and accountability in the public affairs.

The State has interfered in all aspects of a person's life and the government runs many organizations, which is helpful for the survival of the impoverished. The persons elected to the post should function as public servants but it is seen that they tend to become the masters and feel that the persons who are not directly related to the government cannot question whatever they do—honest, lawful or fair. How can masters be subject to such questioning?[12] But this mindset of the people has changed after the implementation of the Act as the pervading effect can be felt at all levels.

To name a few, information from the public authorities can be sought for in regard to the estimates, sanctions, bills, vouchers and muster roll for all public work, criteria and procedure for selection of candidates to the post which includes the list of the applicants and the persons selected; per capita food eligibility and allotment under nutritional supplementation program in hospitals, welfare and custodial institutions, allotment and purchase of drugs and consumables in hospitals; rules to the awards of permit and license; tools relating to the imposition of the various tax and the reasons for the imposition; copies of all land records, statements of civil, criminal, revenue case disposal, details of afforestation work; list of children enrolled, scholarship and other facilities, procedure for sending names from the employment exchange, details of the demand of the employers, procedure of the college admission, applicants, details of the person selected; copies of the monthly crime report, details of the list of the person in custody, reasons length of the custody and the details of the presentation in the court. All the beneficial schemes of the government for the socio-economic development of the citizens which includes Integrated Child Development Scheme, Public Distribution Scheme, Indira Awas Yojana, Sarva Siksha Abhiyan, and Jawaharlal Nehru Urban Renewal Mission can be properly implemented by closely monitoring them through the right to information. People have the right to seek information in regard to the misappropriation, diversification of the funds or any other fraud.

INDIAN JUDICIARY ON THE RIGHT TO INFORMATION

Analyzing few landmark judgments by the Supreme Court of India on Right to Information, it can be inferred that the Supreme Court took a very strong and firm view on protecting right to information well before the Right to Information Act came into being in 2005. The Supreme Court, earlier in 1950, in Romesh Thappar v. State of Maharashtra[13], has observed that the freedom lay at the foundation of all democratic organizations, for without free political discussion on public education, the proper functioning of the processes of popular government is not possible. Similarly, in State of Uttar Pradesh v. Raj Narain[14], the Supreme Court held that in a Government of responsibility like ours, where all the agents of the public must be responsible for their conduct, there can be but few secrets. The people of this Country have a right to know every public act, everything that is done in a public way, by their public functionaries.

Therefore, as early as 1950 and 1975, Supreme Court took a strong and firm stand on RTI. It was held in case of S.P. Gupta v. Union of India[15] that right to know is implicit in right to free speech and expression. Disclosure of information regarding functioning of the government must be the rule. No democratic government can survive without accountability and the basic postulate of accountability is that the people should have information about the functioning of the government. The Supreme Court in another case of, Peoples' Union for Civil Liberties v. Union of India[16] held that true democracy cannot exist unless the citizens have a right to participate in the affairs of the policy of the country. The right to participate is meaningless unless the citizens are well informed on all sided issues in respect of which they are called upon to express their views.

The records revealed names of the dead people at the muster roll and fake receipts for delivery of materials, which revealed that corruption, stopped a person from delivery of services to the deserved.

In the absence of law on Right to Information, the Supreme Court in the case of, Union of India v. Association for Democratic Reforms[17], gave the directives that were in operation only till the law was made by Legislature and in that sense, 'pro tempore' in nature. The Supreme Court, in this case, held that the right to get information in democracy is recognized all throughout and it is the natural right flowing from the concept of democracy. The members of the democratic society should be sufficiently informed so that they may influence intelligently the decision which may affect them. The Court, in case of Union of India v. Association of Democratic Reforms[18], issued the direction to Election Commission of India regarding voters' right to know the antecedents of the election candidates.

During that time, a plethora of sensitive judgments reflected the Supreme Court's concern on the "right to know". The Law Commission of India's 179th Report in 2001 followed the Right to Information, and finally Indian Parliament passed the Law on Right to Information in May 2005. In the case of Shri M. Velmurugan v. Supreme Court of India on 17 Nov, 2008[19], again reiterated the fact that every citizen has the right to seek information and it becomes the duty of the CPIO to collect the information held by that public authority to service an application.

Thus, it can be inferred that the Supreme Court played a very dynamic role from the year 1950, even before the enactment of the Right to Information Act and over the years, it had contributed to the passing of the present Right to Information Act by delivering landmark judgments. The Supreme Court of India gave an impetus to the growth of the Right to Information.

Whatever the representatives' demand from the opposition, or the ruling party demands from the Parliament, the information should be provided to the sovereign people otherwise it would lead to secrecy, the misuse of power and diversion of funds for individual purposes.

The following judgments prove that the Right to Information Act 2005, if effectively implemented, would be very fruitful in a democratic country like India for combating corruption. Even if corruption may not be absolutely ruled out from the society, but it may still be reduced to a considerable extent.

In A. C. Sekar v The Deputy Registrar of Cooperative Societies[20], the information sought was for the seven ration shops run by the respondent society. The Court decided that any beneficiary is entitled to seek information. The Court further opined that the right to information can be a potent and useful weapon to check the criminal and illegal activity of the employees of the shop. In Pritam Raj v University of Calcutta and ors,[21] the Calcutta High Court held that if the answer scripts are denied to the examinee, he would be denied his right to expression and information. No draconian, elitist one-sided right to know can be perpetuated,

It is found that the individual right to privacy was given more importance than the right of the citizens to seek information. The right to privacy is a sacrosanct facet of Article 21 of the Indian Constitution. In District Registrar and Collector v Canara Bank[22], the Supreme Court held that when any personal information having no relation with the public authority is demanded, the same cannot be provided. The people in Vijay Wada in Rajasthan demanded expenditure details including the quantum of their rations to be provided to their young children. They also asked the information about the owner of the "patta" and the purpose for which it was given, which exposed the fraudulent company that had supplied only on paper. The people demanded the records of their dues be made public, obtained some decisions through informal means and placed them in the public domain.[23] The records revealed names of the dead people at the muster roll and fake receipts for delivery of materials, which revealed that corruption stopped a person from delivering of services to the deserved. The ordinary people were information activists who caught hold of more information. In the same case people raised an alarm through public audit of postmen who stole the pension of aged village officials, of those who built roads, wells only on papers, subsidized goods which reached private shops instead of government subsidized ration shops, teachers who did not teach and hospitals without doctors and medicines. In Andhra Pradesh, social audit of village public works showed rupees 100 crores, of which 30 crores was given back by the officials concerned.[24] In the same article, some crimes of corruption, which highlighted survivors of mass communal violence of 2002 in Gujarat, found that the entire criminal system –police, prosecution and the Court stacked against them in such a way which became impossible to identify and punish those who were actually accused of murder or rape.

Information Commission observed that the ground situation ranged from satisfactory to poor. Commission has the occasion to see the file maintenance, record maintenance, recording and indexing, which by and large may reflect the sorry state of affairs, as the prescribed registers are not maintained and arrangements for recording cases are not implemented.

In Kasim Maraikkayar and Anr V Haji K. B. Trust and Anrs[25], the Madras High Court observed that while deciding the litigation between the parties, the Court cannot put the parties in darkness about the material which weighed the Court in arriving at the conclusion. Information in regard to the public authorities has been made mandatory to be disclosed if it comes within the purview of the Act.

The Central Information Commission on 20th August 2010 directed the Director of Health Services, Delhi to pay compensation of Rupees 5 lakhs to a poor patient who could not get treatment under the economically weaker section category. He was having a life threatening spinal disease and the Indian Spinal Inquiry Center estimated that it would require him 1.75 lakhs for undergoing the operation. He sought for the details of the information so that he would quickly benefit from the scheme. The Public Information Officer was obligated to answer the queries within 48 hours as it involved the life and safety of the persons concerned. No information was received and it got delayed and ultimately led to the paralysis of his lower portion of the body.[26]

CONCLUSION

In India, the Right to Information Act was enacted by the Parliament for promoting transparency and accountability, which would provide for the good governance and administration in the working of the government, safeguarding against the arbitrariness. In the democratic participatory system, the superior aspect of good governance is given prime importance. It can be achieved by the Right to Information. It is a tool in the hands of the public to know about the functions, fairness and the activeness of the government.

Whatever the representatives' demand from the opposition, or the ruling party demands from the Parliament, the information should be provided to the sovereign people otherwise it would lead to secrecy, the misuse of power and diversion of funds for individual purposes. It creates an atmosphere of distrust, which jeopardizes good governance. The Center, State and the local bodies are expected to have all the important documents published on the internet which may be a very good means of communication. The details of the decision making process have to be disclosed, which includes file noting, cabinet papers, papers for recruitment and selection of the staff etc. Citizens have the opportunity to discuss the policies that may influence and affect them and to gather information directly from those who are considered well informed as well as from other sources. This is an important feature of a well-represented democracy.

It is a very important legislation; giving power to the democratic public. It makes the public supreme not only at the election but also at all times. The former President of India Mr. A.P.J. Abdul Kalam stated that "...the bringing into being the right to information has been an important milestone. The Act that came into being in 2005 assures every citizen has the right to know what the citizen should do and throws open the system of governance to the total transparency and therefore inescapable accountability. Adequate safeguards have been built in the Act to ensure that this right is exercisable consistent with the dictates of national security which by no means can ever be compromised. After all every right has to have checks, built into prevents its unbridled sway, which is sure to lead to the certain failure of every system.[27]

The Act that came into being in 2005 assures every citizen has the right to know what the citizen should do and throws open the system of governance to the total transparency and therefore inescapable accountability.

Former Prime Minister of India Dr. Manmohan Singh expressed "whatever may be the differences on the final point of the Act, we must all be aware of the course that we are setting for the future of democratic governance. It can be said that the right to know is the most fundamental of all those rights which are essential for upholding human dignity. We love the age of information, in which the free flow of information and ideas determine the pace of development and well-being of the people. The implementation of the Act is therefore an important milestone in our quest for building an enlightened and at the same time a prosperous society…"The former Secretary of the Planning Commission also opined that an effective right to information is mandatory for good governance because transparency and monitoring of government's policies are essential to fight endemic corruption. This is an Act of individual relief against injustice, which showed that a new class of activists is born which even cause the poor rural people asking questions and demanding answers from the structures of power and illegal authority. If all sections of the society join hands and struggle against the unjust system rather than asking for individual relief, it can have the potential to build a truly dynamic and democratic India.

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PROFESSOR'S DESK

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"While in some relationships, men and women may cooperate over household management, in others they may disagree or come into conflict over how resources are used."

Gender Specific Micro Insurance Products and Their Pricing

ABSTRACT

The financially excluded women are especially vulnerable to risks related to health, income generation, old age and death. This paper explores how Micro insurance could be designed and delivered to help them manage those risks and contribute to poverty alleviation.

Micro insurance refers to the protection of low-income people against specific perils in exchange for regular premium payments proportionate to the likelihood and cost of the risk involved. Women are good candidates for Micro insurance because they respond to different risks in different ways than men and are often particularly vulnerable. To reach them, Micro insurance providers must pay attention to the unique characteristics of this segment by:

a. Addressing women-specific risks: Women face special health risks, such as those related to pregnancy and childbearing, those arising from greater vulnerability to diseases such as HIV/AIDS, and those related to longevity as women are more likely than men to outlive their spouse.

b. Addressing women as household risk and resource managers: Women play key roles in managing risk and resources for their families and are frequently their family's primary caregiver, as mentioned above.

c. Addressing gender dynamics in households: While in some relationships, men and women may cooperate over household management, in others they may disagree or come into conflict over how resources are used. Dynamics within the household can be a source of risk for poor women, one that affects how they seek to manage the other risks they face.

INTRODUCTION

For millions of women around the world, the difference between life and death often lies in having an effective way to cope when a disaster strikes. Having a coping mechanisms is crucial for poor women, who not only face a severe vulnerability to risk for themselves, but who also share the burden of managing their family's risks. Over the course of a woman's lifetime, these risks can include health problems for themselves and family members, the loss of a breadwinner's income due to death or divorce, vulnerability in old age, worry over the care of children in case of own death, domestic violence, job-related risks such as income volatility or on-the-job injuries, natural disasters, and other emergencies. Unmanaged, any one of these risks can deliver serious and often devastating financial shocks to poor women and their households, potentially intensifying poverty, instability, and vulnerability. Poor men face many of these same risks. However, the impact on poor women is far greater. Globally, women comprise 70 percent of the world's poor. They face disproportionate levels of physical vulnerability and violence. They earn less income, often from informal sector employment, with less ownership and control of property. When these vulnerabilities are combined with the responsibility of ensuring the welfare and security of their families, it is clear that women have not only a unique and pressing need for appropriate means to manage risk, but also serve as proxies for the risk management of their entire families.

Women lose the financial support of their husbands, a cost which is underlined in countries where alimony is either not required or not enforced.

NEED FOR GENDER-SENSITIVE MICRO INSURANCE PROGRAMS

Poor women have traditionally managed and coped with risk by means such as selling assets, relying on their husbands, pulling children out of school to earn income, or utilizing informal mechanisms such as helping groups for support. They also practice risk-averse behavior, such as prioritizing savings over investing and spreading what little investment they have made across several low risk/low return businesses. While these approaches offer some protection to poor women, they are frequently limited, inefficient, unreliable, or even harmful. For example, in poor households, high savings rates mean that women have few remaining resources to invest in their businesses. Allocating resources in this way stunts their businesses' ability to grow and alleviate poverty.

Micro insurance offers a promising new way for poor women to manage risk. From Bolivia to India, successful micro insurance programs have emerged in recent years as powerful tools to help poor families cope with risk and alleviate poverty. Women form a significant segment of this market because they seek micro insurance both for themselves and for their families, serving as risk managers for entire households.

Nonetheless, millions of poor women are uninsured. In response to the needs of women and their households, this paper aims to serve as a call to action to MFIs and other delivery channels (such as employers, unions, cell phone providers), as well as to donors, insurers, and the research community to develop gender-sensitive micro insurance programs.

RISKS GENERALLY FACED BY WOMEN

Health

Health shocks are amongst the biggest and least predictable risks that poor households face. Indeed, poor health is not just a symptom of poverty; health-induced financial shocks are also a serious cause of persistent poverty for many households. Mounting medical costs and lost wages can often push otherwise stable households into poverty. Women face a double blow when it comes to health risks: they are more susceptible to health problems for themselves and more likely to be responsible for caring for the health problems of others, including children, husbands, and elderly parents or in-laws where joint families are common. Poor women may also be less likely to use their limited resources for treatment when they are sick, preferring instead to use resources to treat sick family members, which can exacerbate their health issues.

Death of Husband

The likelihood increases where women are likely to marry men who are many years older than them, and where male life expectancy is shortened by violence, unsafe working conditions, or military participation. For poor women, the death of a husband can be devastating – not just emotionally, but financially and legally as well. Widows must survive independently without a spouse for a period of time, often in their old age, with rare opportunities to remarry. The risk is magnified for women with young children to support and educate. Widows may also face significant legal and cultural battles to retain shared property upon their husband's death.

Divorce

Divorced women are under intense financial pressure that is heightened if she has children to care for. Divorce presents many of the same risks as death of a spouse. Women lose the financial support of their husbands, a cost which is underlined in countries where alimony is either not required or not enforced. In many cultures, divorced women are looked down upon, blamed, or eyed with suspicion, even by friends and family. These barriers can perversely make it harder to manage the risks associated with divorce.

Own Death

Many women worry that their children, especially their daughters, will not be properly looked after in the event of their death. Women also worry about burdening their families with funeral costs and outstanding debt, and those that earn income fear that their family may not have the resources to survive without their contribution. Micro insurance is an obvious tool for providing financial support - including repaying outstanding debts and providing other financial benefits - to children in such cases, yet many women express concern whether life insurance payouts will in fact be used for that purpose. Some women fear that their spouses, if declared the beneficiary of the life insurance policy, may spend part or all of an insurance payout for unintended purposes. To work around this problem, many women designate friends or relatives as beneficiaries and instruct them to use the payout for their children's education and other necessities. This suggests that delivery channels might offer culturally-sensitive counselling to help women think through their options for naming a beneficiary. Micro insurance can also be designed to provide practical benefits directly, such as groceries or vouchers for school fees.

Old Age

Old age exerts substantial pressure on poor households through the need for financial support, living assistance, and increased health care. This pressure is amplified for poor women, who are more likely to outlive their spouses, less likely to have employer pensions and less likely to have resources to support themselves independently. Traditionally, women have coped with this risk primarily by relying on their adult children to support them.

Domestic Violence

Domestic violence not only puts women's physical and mental health at risk, but can also threaten their financial security. Domestic violence may also limit a woman's ability to access coping mechanisms, again if doing so subjects them to abuse. For poor women who do not own property, this risk is exacerbated. This research suggests women who own assets may be safer and more protected from risks in their households than those who do not. Thus, MFI efforts to encourage asset ownership through savings and credit can also be an important risk management tool for women.

Micro insurance, when effectively designed to meet the unique needs of poor women, can offer compelling benefits to this target market and help them move out of poverty.

Job Related Risks

Poor people face a range of job-related risks. Income losses due to either job loss or a decline in business revenues can be particularly devastating because they may not have savings or other safety nets to fall back upon, especially if income is lost over a long duration. Pregnancy, illness, and caring for young children or sick family members can have the same effect. Sometimes, work is itself the source of risk, especially the kind commonly done by poor women.

Natural Disasters

The effects of natural disasters on poor people can be especially acute. Furthermore, a significantly larger proportion of disaster victims in many recent natural disasters have been women. Cultural restrictions on the ability of women to leave their homes without male permission may also limit timely evacuation. The risks associated with natural disasters are particularly difficult for poor women because the informal coping strategies that they often employ, such as relying on friends and family for help, tend to break down during such crises since many of those same people have also been affected. The effects may span across several aspects of people's lives, including health, housing, children, and income generating activities. Without effective safety nets, these risks can be unbearable for poor people, particularly women.

Sample survey

A sample of 400 respondents was collected across 4 districts of West Bengal namely, Purulia, South 24 Parganas, Hooghly and Coochbihar. The respondents included a majority of female respondents.

The following crosstabs show that the demand for micro insurance product is high among women and the take-up rate is also high among women.

CROSSTAB OF GENDER - would you like to continue with your current Insurance policy?

		Would you like to continue with your current insurance policy?		Total
		YES	NO	
GENDER	Male	22	2	24
		6.0%	7.7%	6.1%
	Female	344	24	368
		94.0%	92.3%	93.9%
	Total	**366**	**26**	**392**
		100.0%	**100.0%**	**100.0%**

Field Survey

CROSSTAB OF GENDER - is micro insurance helpful for you?

		Is micro insurance helpful for you Total?		Total
		YES	NO	
GENDER	Male	18	7	25
		4.8%	20.6%	6.1%
	Female	356	27	383
		95.2%	79.4%	93.9%
	Total	**374**	**34**	**408**
		100.0%	**100.0%**	**100.0%**

Field Survey

CROSSTAB OF GENDER - micro insurance policies availed till now

		Micro insurance policies availed till now				Total
		CROP	HEALTH	LIFE	LIVESTOCK	
GENDER	Male	7	4	8	2	21
		13.0%	4.7%	3.7%	5.7%	5.4%
	Female	47	81	207	33	368
		87.0%	95.3%	96.3%	94.3%	94.6%
	Total	**54**	**85**	**215**	**35**	**389**
		100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Field Survey

The above tables represents a contingency table, which cross-classifies respondents in terms of two variables. There has been inconsistency in the number of respondents in every cross tab but that is due to the variations of number of respondents answering the questions.

In all the tables, it is evident that the respondents are mainly women and their interest in availing continuing micro insurance policy is very high across districts. This not only emphasizes on the importance of micro insurance products but also on its success.

CONCLUSION

Poor women face a range of potentially catastrophic risks. The traditional risk strategies at their disposal are diverse but often inadequate. Micro insurance, when effectively designed to meet the unique needs of poor women, can offer compelling benefits to this target market and help them move out of poverty. Yet, with extensive demands for comprehensive coverage, and pressures to keep costs low for MFIs, insurers and poor women themselves, the execution of successful gender-sensitive micro insurance programs represents a serious challenge. This paper has attempted to raise many of the gender issues related to the provision of micro insurance, and proposes an urgent call to action to donors, insurers, the research community, MFIs and other delivery channels.

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Negative Interest Rates

A REAL MONETARY POLICY OR FICTION?

> "In the backdrop of its applicability, one critical requirement is that the nation should be dealing in electronic currency, rather than in cash."

INTRODUCTION

The world of banking is experiencing a revolution as Central Banks of major countries lower their interest rates below zero. The trend commenced with *Nationalbanken*, the central bank of the kingdom of Denmark, which has been charging negative interest rates since 2012. The same was followed by the *European Central Bank* two years hence. The majority increased when Switzerland, Sweden, Japan and Hungary accepted the same policy. Unlike the traditional approach of paying the lenders for borrowing money, the reverse is seen in effect. Back in the nineteenth century, Silvio Gesell proposed the theory of negative interest rate for the first time, as a means to revive lending and spur growth in the economy. Buiter, William H (2003) provides two options once an economy has entered the zero bound equilibrium trap. Other than optimistically waiting for time to provide some positive miracle, the government can lower the interest rates below zero, which translates to charging interest on currency. Ruchir Agarwal and Miles Kimball (2015) highlight that breaking the zero lower bound comes at a cost, the cost of inflation mostly. Matthew Rognile (2015) explained that if cash demand can be abolished, then the policy seems the most worthwhile option. But otherwise, elimination of larger denominations from the system can also be fruitful. In the middle of mixed opinions around the globe, it has been regarded as the last option left to the economy to give the ultimate boost. Even with warnings of the strategy backfiring, central banks are joining the trend with a positive outlook.

THE THEORY OF NEGATIVE INTEREST RATE POLICY

In times of deflation, people are taken by the notion of hoarding cash instead of looking for avenues to invest. This triggers a cycle of poor demand, lower production, further fall in prices and soaring unemployment. To combat this situation, quantitative easing and negative interest rates are followed to stimulate growth. Central banks, as a last resort, may charge negative interest rates to the banks, which in turn may penalize the depositors for parking funds in the banks. It was first adopted by the Swiss government in 1970 to protect trade and appreciation of the currency. To reverse the deflation process, negative interest rates would reduce the cost of borrowing in the market, incentivize risk taking and increase spending in the economy. In many countries, the burden of negative interest rate is still not shouldered by retail depositors. It is a stance to infuse the reserves held by banks with the central bank into the economy. In the backdrop of its applicability, one critical requirement is that the nation should be dealing in electronic currency rather than cash.

On the contrary, it also gives rise to a number of adverse effects. For example, the effort to implement the policy costs the banks their profit earning capacity. By reducing the margin between borrowing rate and lending rate, negative interest rate policy is not favored by most banks. Since borrowing becomes cheap, companies may resort to buying back of shares, making fewer shares available in the market and creating pressure on the share prices, which in the future may lead to less investment in projects and more of buying back leading to higher profits for the companies. Given the increase in risk taking capacity as borrowers are paid to take loans, it creates a psyche of biting more than one can chew. There is also increased pressure on non-banking financial institutions such as pension and life insurance companies. Such rate cuts for a prolonged period may create confusion in the market for valuation of assets and liabilities. Finally, it may even lead to financial instability in the country.

COUNTRY-WISE SCENARIO OF THE POLICY

Denmark

The country implemented this policy in 2012. It was adopted as a measure to protect trade with European counterparts and to keep the currency steady against the Euro. The current benchmark rate is at 0.65%[1], with no target rate for inflation. The GDP growth rate seemed to have reversed from a negative rate to a positive above two percent in 2016[2]. On the brighter side, it should be noted that the bank only charged large commercial customers to pay on deposits rather than retail depositors, sparing the economy from a withdrawal spree. Although the income from lending has reduced, fewer loans turned bad and the funding costs deescalated. However, on the negative side, rates below zero have channeled investments to the property market in order to achieve a safe route of securing funds. Against the housing market crisis in 2008, the rates below zero seem to be working for the nation. Property prices in Copenhagen exhibited a trend of a 5.5% rise in 2014, while the rise in property prices was 14.5% in 2015.[3] One of the nation's largest mortgage lenders, Realkredit Danmark provided more than seven hundred borrowers with negative interest rate in a year. The increased appetite for loans and mortgages may lead to an unsustainable future for the financial policy of the country. This only seems to be a temporary solution before the policy makers revert to the previous agenda.

Sweden

Riksbank, the national bank of Sweden, lowered the interest rate to -0.5% with a sight to strengthen the economy. Estimating an inflation percentage of approximately 3% by 2018, the interest rate was reduced from an initial 0.35% to 0.5%[4] below zero. With an AAA sovereign rating from Standard and Poor, it has often been remarked to have enough scope for flexibility in the monetary policy. Towards the beginning of 2016, it was noticed that inflation was standing at 0.8% against a forecasted 0.5%. Nordic economies have been achieving their goals by breaking the zero lower bound because the economies sparsely use cash. It is the only economy that is set to have a decline in the demand for cash over the years. Since the commencement of the policy, the currency has been devalued against the euro, a measure to loosen the economy. The same bubble, as faced in Copenhagen, is experienced in the housing market in Stockholm, credits to the favorable lending rates.

Switzerland

Joining the recent trend in January, 2015, the Swiss National Bank cut its interest rate to negative 0.75%[5] on sight deposits held by the banks with the national bank in excess of twenty times the legal minimum, and it aims to hold this rate for two years. A report by Ernst and Young revealed that in the post implementation period, banks rarely showed any urge to withdraw this excess. From January to April 2016, withdrawal of only 1.4 CHF billion was noticed. The effect of the interest rate is varied based on the type of banking sector it relates to. The private banks seem to be more affected than the retail and wholesale banks, owing to a higher proportion of sight deposits lying in excess with the national bank. While the retail and wholesale banks rarely face a scenario of holding an additional reserve since they already have to maintain a higher reserve than the private banks and the exemption limit is also much higher, private banks such as Alternative Bank Schweiz are forwarding the burden of negative interest rate by charging the customers for holding deposits above a threshold. Institutional investors on the other hand

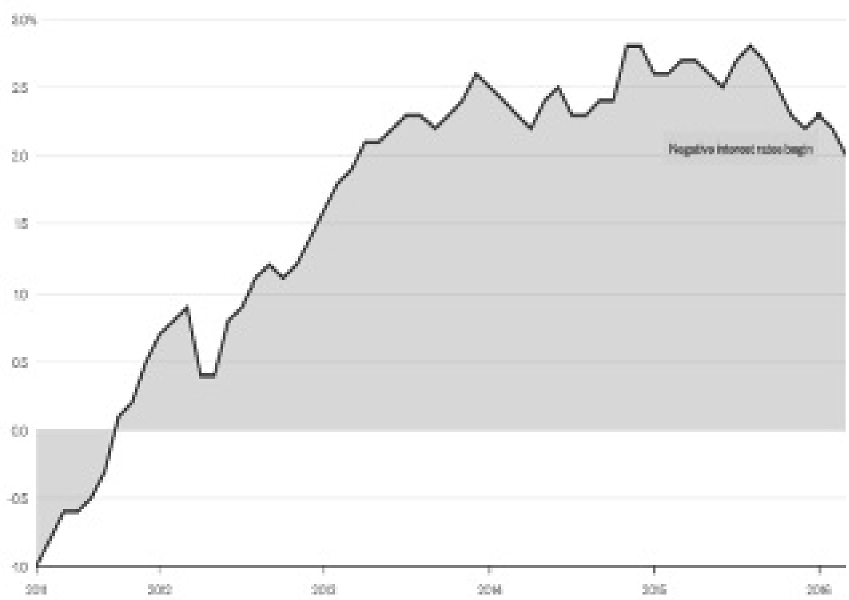

Fig 1: Year over year growth of loan outstanding[6]

are being charged negative rates by other private banks. But it also opines that negative rates are costing them a lot of profit too. Switzerland, as a nation, is not cash free, and thereby the slashing of rates below the zero level does not affect the public in general.

Germany

The European Central Bank at present is charging 0.4% for holding reserves overnight. The penalty is applicable for holding reserves over five lakh Euro in instant access accounts. It started selling, for the first time, five-year government debts at a yield rate below zero. It is a measure to leverage the balance sheets of the banks. In a way, the investors are paying the government for the debts they are holding. It is the second country after Finland to be selling such bonds.

Japan

With a target inflation rate of 2%, the Bank of Japan implemented the policy to charge -0.1 % to all the banks that kept additional reserves with the banks above the advised regulations up to 2017. The strengthening of the exchange rate of the yen against the dollar is a matter that the finance ministers are looking to overcome since the negative interest rate policy came into force. The 4 year Japanese government bonds, which have a market of $9 trillion, are losing their charm as rates fall to a record low of 0.3%. Most investors are pegging on *time* to see some returns.

Hungary

This is the sixth central bank and the first among the emerging markets. Hungary cut its deposit rate to -0.05%, and lending rate was made cheaper by 65% in 2016. With this measure, it aims to achieve a 3% inflation target. The national currency, the Hungarian Forint, has since fallen by 4% against the Euro.

POSSIBILITY OF NEGATIVE INTEREST RATES IN INDIA

Among all the above countries, Hungary is the only emerging country to have lowered its interest rate to the negative. The success of Denmark and Sweden could not be replicated in other parts especially by the European Central Bank (ECB). The lending sector did not receive the estimated impetus owing to the economy's dependence on cash for transactions. Authorities in Denmark and Sweden were clear on the outcome since they did not leave scope for the people to escape. The central banks of Japan, Sweden and Denmark charged the deposits instead of rewarding only for a proportion of deposits held by commercial banks, unlike what ECB followed.

The private banks seem to be more affected than the retail and wholesale banks, owing to a higher proportion of sight deposits lying in excess with the national bank.

Focusing on our country, Reserve Bank of India had cut its smalls savings deposit rate (on PPFs), which was an obstacle in lowering the lending rate before. The rate was lowered by 150 basis points this year, in an effort to make more funds available for loans. The report presented by State Bank Ecowrap showcased that most banks were unwilling to lend, provided the already adverse scenario of loans in

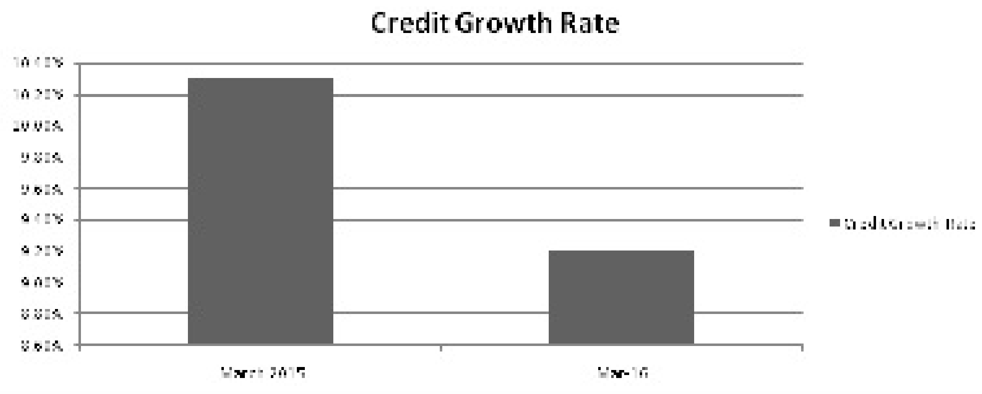

Figure 2: Chart showing the Credit Growth Rate of India

India. From the analysis of 26 banks, eighteen public and rest private, the deposits have grown by a meager 1.6%[7]. The credit growth in the country has suffered a decline as visible above, even when the RBI has constantly been reducing the lending rate.

For a country like India, where inflation rates are already nearing 5% and global oil prices have dropped to almost $50 per barrel, the policy of negative interest rates may not stimulate development.

For a country like India, where inflation rates are already nearing 5% and global oil prices have dropped to almost $50 per barrel[8], the policy of negative interest rates may not stimulate development. Learning from the adverse results displayed by Japan's Abenomics[9] policy and ECB, the rate cuts failed to meet the inflation target and increase spending in the economy. The policy will only lower the profits of the banks (which the industry will surely refuse to encounter), and will try to recover losses by charging the depositors sooner or later. Below zero rates, when passed on to the retail depositors, might trigger withdrawal from the accounts and hoardings of cash. As per recent reports, RBI has decided to keep rates stable. Various analysts and economists opine slashing of rates below zero will not be fruitful in the long run, especially in countries highly dependent on cash.

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Need for a Cleaner India: Swachh Bharat Abhiyan

PROSPECTS AND CHALLENGES

ABSTRACT

Swachh Bharat Abhiyan was launched by the Government of India in the year 2014, as a Clean India campaign for achieving the goal of cleanliness and hygiene all over the country, so that it may lead us towards development. It is the ultimate way to achieve success in many fields and would also help us enhance the economic status of the country. Recently, we have seen corporates taking up responsibility for the upliftment and development of our society through various social works such as providing medical camps, fresh water facilities, managing schools, creating awareness of safety and hygiene, etc. This paper examines whether Swachh Bharat Abhiyan can be a reality for the future. If successful, it can prove to be a good example for Public-Private Partnerships. Further, we study the steps undertaken by the Government and the corporates in the "Clean India" drive and analyze how challenging can taking an interest in the cleanliness drive of this country be for the corporates. To achieve this objective, secondary data was collected.

The programme aimed to ensure access to sanitation facilities such as toilets, proper solid and liquid waste disposal systems, cleanliness and safe and adequate drinking water supply to every person by 2019.

KEY WORDS: *Government; Corporate Responsibility; Society; Public-Private Partnership.*

INTRODUCTION

The Swachh Bharat Abhiyan was launched on the 2nd of October, 2014. It marked the beginning of the largest programme on sanitation by the Indian Government till date. The programme aimed to ensure access to sanitation facilities such as toilets, proper solid and liquid waste disposal systems, cleanliness and safe and adequate drinking water supply to every person by 2019. This campaign aims to accomplish the vision of "Clean India" by October 2nd, 2019, the 150th birth anniversary of Mahatma Gandhi, and is expected to cost over Rs 62,000 crore (US$10 billion). Under Swachh Bharat Mission, there are two sub-missions: Swachh Bharat Mission (Gramin) and Swachh Bharat Mission (Urban). The two missions fall under the Union Ministry of Drinking Water and Sanitation (for Rural) and the Union Ministry of Urban Development (for Urban). Funding for these new initiatives was to be made through budgetary allocations and contributions under Corporate Social Responsibility (CSR). Additionally, this programme replaced "Nirmal Gram Puraskar" with "Swachh Bharat Puraskar" with a focus to include block and district level benchmarks for coverage. In recognition of the need to strengthen the monitoring mechanism, the programme monitored both outputs (construction) and outcomes (usage). Another welcome measure was the proposed flexibility to states with regard to the use of funds. Swapping of funds between drinking water and sanitation was allowed, which ensured that funds do not lie idle and targets are not starved of funds in either of the two sectors.

OBJECTIVES OF THE PAPER

- To study the steps undertaken by the Government and the Corporates in the "Clean India" drive (Swachh Bharat Abhiyan).
- To study the present status of Swachh Bharat Abhiyan and the challenges it faces.

METHODOLOGY

This paper is of conceptual nature and uses descriptive research methodology. It is solely based on information from secondary sources. Secondary sources here include various articles, working papers, e-papers, and certain websites.

GOVERNMENT AND SWACHH BHARAT ABHIYAN

Corporate Social Responsibility

On October 24th, 2014, the Ministry of Corporate Affairs (MCA) included donations to the Swachh Bharat Kosh and the Clean Ganga Fund, which were set up by the Central Government, as a part of Corporate Social Responsibility. This means that the donations made by corporates towards these initiatives would be considered as Social Welfare Spending, and would qualify for certain tax breaks under the Companies Act, 2013. In February 2015, Finance Minister Arun Jaitley, while presenting his first full-fledged budget in the Lok Sabha, announced 100 percent tax exemption for Corporate Social Responsibility activities towards Clean Ganga Fund and Swachh Bharat Kosh. These norms are applicable to companies that have a net profit of at least Rs 5 crore, a turnover of Rs 1,000 crore, or a net worth of Rs 500 crore. Currently, the Government is in the process of evaluating various time-bound projects, for which it requires huge amount of funds. It is looking forward to mandate 25-30 per cent of CSR spends by corporates on projects related to Swachh Bharat Abhiyan by the end of the current fiscal year.

As of now, Swachh Bharat Cess has funded around 9.6 million new toilets.

Swachh Bharat Cess

Since the launch of this campaign, a total of 31.83 lakh toilets have been built till January 2015, which is only 25.4% of the actual target for 2014-15. The government had planned to invest nearly Rs 2 lakh crores to construct 12 crore toilets across India over 5 years. For this, it was in need of more funds and thus went on to impose a Swachh Bharat Cess at the rate of 0.5% on all taxable services from November 15, 2015. As such, SBC translates into a tax of only 50 paisa on every one hundred rupees worth of taxable services. The proceeds from this cess are to be exclusively used for Swachh Bharat initiatives. The government collected Rs 329.6 crore in a month's time from the 0.5 percent Cess, which went up to Rs 3750 crore till March 2016. The proceeds collected through the Cess are allocated to the State Governments to fund Swachh Bharat initiatives. As of now, Swachh Bharat Cess has funded around 9.6 million new toilets.

CORPORATE WORLD AND SWACHH BHARAT ABHIYAN

The Prime Minister urged the nation to take Swachh Bharat Abhiyan as not only a Government sponsored campaign, but also a campaign of every citizen of the country. They should collectively participate in the campaign to make it successful. Thus, the Indian corporates became an integral part of this campaign. The companies responded enthusiastically to the Swachh Bharat Campaign and cleaned public places. Within four days of Prime Minister Narendra Modi's call to the corporates to take up the building of toilets in schools as a priority under their Corporate Social Responsibility (CSR), companies announced over Rs 200 crore contributions for the "Swachh Bharat" campaign.

There were some remarkable contributions extended by the Public and Private sector undertakings of our country in the mission. They are mentioned below:

- Dabur rolled out a Swachh Toilet initiative under SBA to provide germ-free public toilets across the country. The company announced that it would contribute Re.1 from the sale of every pack of its SaniFresh toilet cleaner towards building toilets in the country.
- Oil and coal PSUs together undertook building one-lakh toilets in schools across the country in a year. Coal India undertook building 400 toilets while NTPC pledged for 240.
- L&T said it would build 5,000 toilets across the country while Bharti Foundation pledged Rs 100 crore to build toilets in Ludhiana. TCS had also pledged Rs.100 crore for building sanitation facilities for girls in 10,000 schools.
- Vedanta Group said it would build 10,000 toilets in addition to the 30,000 it was already building in a partnership with the Rajasthan government.

Clean Water

Some facts

Urban population in India now
400 million

Urban population in 2030
600 million

Clean water requirement for urban India
135-150 litres per person per day according to current usage patterns

WATER IS CONTAMINATED:

Less than 20% of waste water in the country treated
Untreated waste water flows freely into rivers
60% of the country dependent on septic tanks that can pollute ground water
Major cities do not have enough sewage treatment with the partial exception of Mubai and Delhi
India has the capacity to treat only 30% of urban sewage

GOOD TECHNOLOGY CAN SOLVE THE PROBLEM

The Moving Bed Membrane Bioreactor (MBBR): Gaining popularity as an advanced water treatment technology.
MBBR uses biological techniques to treat waste water.
It consists of a tank with a sufomerged plastic plate where bacteria grow and cleans up the waster water. It is supposed to be a durable and low-cost option and is spurring for their research into biological techniques.

TIOLETS:

One-third of the world population oes not have access to toilets.

Constructing toilets for everybody in India is not an easy problem to solve, as the technology has to be affordable, aligned to local culture and work well for long periods. Many technologies exist and several others are emerging and here are a few low-tech and high-tech options.

Blog degraeable bags : Known as peepoo bag, these are among the simplest options imaginable. This single use bag contains urea that will sanitise waster in four weeks. The degrading bag then releases the waste into the soil. Popular in developing countries but not in India, probably due to cultural reasons.

Pit latrines and septic tanks : A good choice in remote areas where the water table is very low. Not a good option when the water table is high or keeps fluctuating. Three-fourth of wells to Kerala - considered a state with high standards of hygiene - are contaminated becaused for proximity to septic tanks.

Zero discharge toilet : Developed by IIT Kanpur sometime ago, and being used in some places including the railways, this separates and reuses the solids and liquid parts of the waste. Requires no power or sewerage lines and can be used as standalone facility.

Off-grid treatment : IIT Madras is developing can off-grid sewage treatment plant that uses solar power when available. This is in pilot triaks

Centralised sewage treatment : A good option in large apartment complexes or congested areas. Many new technologies are emerging, some of them high tech but expensive.

Source : The Economic Times

- GAIL pledged to improve hygiene facilities for girls in schools by constructing 1,021 toilets across India under "Swachh Bharat, Swachh Vidyalaya" program. To realise the dream of the Father of the Nation Mahatma Gandhi, and mark the launch of the Swachh Bharat Abhiyan on his birth anniversary, GAIL community pledged to keep their surroundings neat and clean which included office premises, as well as the residential complexes and related areas.
- On August 15, Oriental Bank of Commerce became the first to earmark Rs 2 crore to construct over 200 toilets for girls and boys in primary government schools in villages.
- As part of the 'Swachh Bharat Mission', Indian Oil initiated cleanliness drives at Indian Oil offices, retail outlets, LPG distributorships, Kisan Sewa Kendras, colonies and various neighbouring regions across the length and breadth of the nation.

SWACHH BHARAT ABHIYAN: PRESENT STATUS AND CHALLENGES

Till date, sweeping streets and ending open defecation has been given more importance. Equally important to Swachh Bharat Abhiyan are access to piped water; well-functioning drainage system, efficient sewage and solid waste management in all cities and villages; elimination of ponds in which stagnant water collects, and serves as a host to bacteria and mosquitoes. But this campaign is facing some major challenges which are as follows:

- One of the main challenges of Swachh Bharat Abhiyan is that it faces huge financial and implementation challenges. Financially, the government will need a minimum of 2-3% of GDP annually till the target date. The mission to make India clean is expected to cost Rs 1,33,000 crore over five years. However, there has been a reduction in the budget allocation for Swachh Bharat Mission in the Union Budget to Rs. 2,625 crore from Rs 4,260 crore allocated in 2014-15. The government states that the funding gap will be filled through a number of initiatives, such as imposing a special Swachh Bharat Cess, activating the Swachh Bharat Kosh to tap Corporate Social Responsibility (CSR) funds, and getting states to contribute from their increasing share of taxes and duties. But again, it is unclear as to how much money these initiatives can raise and how they will be managed.
- Ending open defecation requires a large number of toilets, along with having to persuade the households to actually use them. This has proved to be a challenge as it is quite difficult to get people to change their old habits.
- In the first nine months of 2014, only about 25 lakh toilets were built and in the next three months another 24 lakh toilets were built – making a total 49 lakh toilets built in the year 2014-15. While that may seem like an impressive number, it is quite low as compared to the huge demand of 11.12 crore toilets needing to be built over the next four years. It is not clear as to how we can manage to jump from constructing just 50 lakh toilets per year to 2.6 crore toilets a year.

In the first nine months of 2014, only about 25 lakh toilets were built and in the next three months another 24 lakh toilets were built – making a total 49 lakh toilets built in the year 2014-15.

- Even after an earnest appeal made by PM Narendra Modi, private companies have constructed less than 1% toilets in schools under Swachh Bharat Abhiyan. Barely 10 private firms have helped build toilets in 20 months under the Swachh Vidyalaya Abhiyan, or Clean Schools drive, under the larger mission, as revealed by a survey.
- Tata Consultancy Services has built around 1,509 toilets, followed by Mahindra Group (1,171). Infosys Foundation (252) was a distant third, followed by IFIG (150), CII (138), Toyota Kirloskar Motor (69), ITC (60), Titan Company (42), Ficci (38), Microsoft India (22), Coca-Cola India (14) and Mercedes-Benz (1).
- Among state-run companies, Coal India built 51,115 toilets followed by NTPC (24,626), REC (12,379), Power Finance Corporation (9,026) and ONGC (7,958).

- A survey conducted by The National Sample Survey Organisation (NSSO) in May-June 2015 reveals that 52.1% of the people in rural areas still defecate in the open, as compared to 7.5% of the urban population. As per the report, only 45.3% rural households have sanitary toilets.

CONCLUSION AND SUGGESTIONS

Swachh Bharat Abhiyan is a good initiative taken by the Government of India, and has the potential of transforming India into a better and cleaner country. But for that, the mindset has to change. For Swachh Bharat Abhiyan to do well, we must try to encourage each state to have a separate public health department. Swachh Bharat Abhiyan should be promoted heavily by all TV channels to create awareness among the people. Programmes featuring experts from medical and related fields explaining the damage that poor personal hygiene, littering and open defecation can have on the health of all the citizens should be broadcasted. Creating awareness among people is important, but more important is the conversion of this awareness into actions. As this time the Government has taken the initiative, the people will be motivated. The time has come where we need more and more people to come forward and join this campaign. To make this campaign successful, we need people to change their attitude of "nothing will change" and also ensure their participation. For Swachh Bharat Abhiyan to work, it is really important to concentrate on responding to demands for cleaner toilets without any delay in the release of funds. Additionally, information on the funds approved should to be made easily available to people willing to know the annual plans. While we expect the communities to build toilets and adopt new hygiene behaviours, it is equally important for the state, civil and community organisations to be vigilant about any misuse of funds. When such efforts come together, success stories such as that of the Nadia district of West Bengal becoming the first district in the country to achieve open defecation free status, can truly be celebrated. If we work on this campaign as we did to eradicate polio, we can surely make the 150th birthday of the Mahatma a memorable day for every citizen of India.

Creating awareness among people is important, but more important is the conversion of this awareness into actions.

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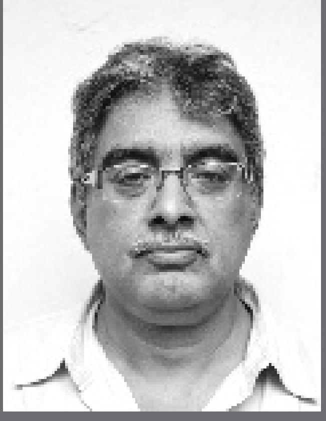

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Journey of an IPO

ABSTRACT

IPO (INITIAL PUBLIC OFFERING) has been the key for growth oriented newborn companies to raise capital from the public in the capital market. The process begins with the board passing the resolution. Subsequently, the offer documents are published and all the formalities are complied with. Thirdly, the investors apply for the bid-cum application form. The bids are locked after a specified period of time. The securities are then allotted and listed in the designated stock exchange.

This paper is an attempt to take the readers through the journey of an IPO by means of fundamental happenings.

LITERATURE REVIEW

The primary literature review were the public announcements of "Interglobe Aviation Limited" and "Coffee Day Enterprise Limited" published in The Economic Times Mumbai edition.

The newspaper article entitled "Autobiography of an Offer Document" by T. R. Ramaswami claims to reveal the birth and death of an offer document or an abridged prospectus for the first time. In this article, the offer document has been referred as the child of merchant banker (referred as "mummy"), and a company (referred as "daddy"). The child (offer document) is delivered in the hands of the "doctor" (SEBI). This article was published in The Economic Times on 11th May, 2011.

PUBLIC ANNOUNCEMENT

Public announcement is the first instance of communication between the Issuer Company and potential investors, by means of advertisements published in newspapers. These advertisements are published by book runner lead managers on behalf of the issuer company. By means of public announcement, the issuer company can address a large number of potential investors, giving them important information such as the company's promoter, date of registration, issue size, bid size, price band, and bidding period.

ISSUE MECHANISMS

A new company tries to access the capital market through the IPO process. IPO is a very important event for start-ups. It is alternatively called "a company going public by first issue of its securities". After the initial capital, the company may require further capital for expansion, which it fulfils through FPO. Offer for sale is a mechanism which the promoters of a company use to dilute their investments. A company in its expansion process tries to access foreign markets by issue of ADR and GDR. SEBI wanted the companies to approach domestic markets, and so it introduced the concept of QIP. In QIP, the securities are issued to QIBs.

Companies may want to issue security without losing control over management, so they may decide to privately place securities. This mechanism is called private placement.

BOOK BUILDING

Book Building is a price discovery method where investors determine the price of the security within a given range (if price band is mentioned), or above a price (if only floor price is mentioned). In the pre-liberalisation era, the company used to ascertain the price which the investor should invest (if the price is acceptable to the investor), but now the investors themselves decide the maximum price that they are willing to invest, and they bid on such price. After the bidding is closed, the company decides the price of the share in consultation with the BRLMs and the shares are allotted at that price.

ALLOTMENT

The allotment process is discussed taking the example of Quick Heal Technologies Ltd. All the snapshots in this chapter are from allotment advertisements in The Financial Express - Mumbai Edition on 18thFebruary 2016.

The Equity Shares are proposed to be listed on the BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE") and the trading will commence on February 18, 2016:

Initial public offer of 14,057,719 equity shares of face value ₹4,512.53 million (the "offer") consisting of a fresh issue of up to 7,788.161 equity shares by our company aggregating up to ₹2,500.00 million (the "fresh issue") and an offer for sale of 6,269,558 equity shares by kailash sahebrao katkar, sanjay sahebrao katkar, sequoia capital india investment holdings iii and sequoia capital india investments iii (collectively, the "selling shareholders") aggregating up to ₹2,012.53 million (the "offer for sale"). The offer comprises a net offer to the public of 13,901,956 equity shares (the "net offer") and a reservation of 155,763 equity shares aggregating up to ₹50.00 million for subscription by eligible employees (as defined in the prospectus) (the "employee reservation portion"). The offer would constitute 20.07% of our post-issue paid-up equity share capital and the net offer would constitute 19.85% of our post-issue paid-up equity share capital.

The Offer received 350,644 Applications for 112,537,170 Equity Shares (before technical rejections) resulting in 8,005 times subscription. The details of the Applications received in the Offer from various categories are as under (Before technical rejections).

Sl. No.	Category	No. of Applications	No. of Equity Shares	Equity Shares Reserved	No. of Times Subscribed
A.	Retail Individual Investors	350,183	18,118,485	4,865,685	3.724
B.	Non Institutional Investors	223	77,526,720	2,085,294	37.178
C.	Qualified Institutional Bidders (excluding Anchor Investors)	20	12,605,805	2,780,391	4.534
D.	Anchor Investors	13	4,248,180	4,170,586	1.019
E.	Employee Investors	205	37,980	155,763	0.244
	Total	**350,644**	**112,537,170**	**14,057,719**	**8.005**

ALLOTMENT TO EMPLOYEE RESERVATION PORTION

C. Allotment to Employee Investors (After Technical Rejections) (including ASBA Applications)

The Basis of Allotment to the Employee Investors, who have Bid at the Offer Price of ₹321 per Equity Share, was finalized in consultation with BSE. This category has been subscribed to the extent of 0.2230 times. The total number of Equity Shares Allotted in this category is 34.740 Equity Shares to 159 successful applicants. The category-wise details of the Basis of Allotment are as under :

Category	No. of Applications Received	% of Total	Total No. of Equity Shares applied	% of Total	No. of Equity Shares Allotted per Applicant	Ration	Total No. of Equity Shares Allotted
45	43	27.04	1,935	5.57	45	1:1	1,935
90	29	18.24	2,610	7.51	90	1:1	2,610
135	18	11.32	2,430	6.99	135	1:1	2,430
180	8	5.03	1,440	4.15	180	1:1	1,440
225	3	1.89	675	1.94	225	1:1	675
270	5	3.14	1,350	3.89	270	1:1	1,350
315	16	10.06	5,040	14.51	315	1:1	5,040
360	3	1.89	1,080	3.11	360	1:1	1,080
405	5	3.14	2,025	5.83	405	1:1	2,025
450	3	1.89	1,350	3.89	450	1:1	1,350
495	4	2.52	1,980	5.70	495	1:1	1,980
540	1	0.83	540	1.55	540	1:1	540
585	21	13.21	12,285	35.36	585	1:1	12,285
Total	**159**	**100.00**	**34,740**				**34,740**

ANALYSIS FROM ABOVE

Shares reserved for employees = 155763 shares
Application by employees = 37980 shares
Share application after technical rejection = 34740 shares
Allotment made to employees = 34740 share i.e. in 1:1 ratio
Shares left for spillover = 155763 - 34740 = 121023 shares

RETAIL INDIVIDUAL INVESTOR

A. Allotment to Retail Individual Investors, who have Bid at Cut-off at the Offer Price of ₹321 per Equity Shares was finalized in consultation with BSE. The category has been subscribed to the extent of 3.6214 times. The total number of Equity Shares Allotted in this category is 4,908,043 Equity Shares (including under subscribed portion of 42,358 Equity Shares spilled over from Employee Category) to 109,067 successful applicants. The category-wise details of the Basis of Allotment are as under :

Category	No. of Applications Received	% of Total	Total No. of Equity Shares applied	% of Total	No. of Equity Shares Allotted per Applicant	Ration	Total No. of Equity Shares Allotted
45	330,434	95.93	14,869,530	63.66	45	19:60	4,708,125
90	6,283	1.82	565,470	3.18	45	19:60	89,460
135	2,066	0.60	278,910	1.57	45	19:60	29,430
180	1,340	0.39	241,200	1.36	45	19:60	19,080
225	639	0.19	143,775	0.81	45	19:60	9,090
270	650	0.19	175,500	0.99	45	19:60	9,270
315	613	0.18	193,095	1.09	45	19:60	8,730
360	207	0.06	74,520	0.42	45	19:60	2,970
405	101	0.03	40,905	0.23	45	19:60	1,440
450	327	0.09	147,150	0.83	45	19:60	4,680
495	83	0.02	41,085	0.23	45	19:60	1,170
540	110	0.03	59,400	0.33	45	19:60	1,575
585	1,613	0.47	943,605	5.31	45	19:60	22,995
28 Applicants out of 4442 Allottees from Serial no. 2 to 13 have been allotted 1 (one) Additional share each						1:159	28

PROJECTS

ANALYSIS FROM ABOVE

Minimum application size = 45 shares* `321= `14445 shares

Maximum application size = (13lots*45shares)* `321= `187785 shares

Shares reserved for RII= (35% of net offer) = (13901956*35%) = 4865684.6 = ~4865685 shares

Whereas net offer = Public Issue - Employee Reservation

No. of shares for which application is received= 18118485 = 372.4%of shares reserved for RII.

The above application is inclusive of ASBA and NON-ASBA applications and figures are without any technical rejection.

No. of shares for which application is received (after technical rejections) = 362.14%of shares allotted to RII.

Total no. of shares available for allotment = 4908043 shares

Maximum no. Of Allottees=4908043/45=109067

No. of applicants = 344466

Therefore ratio of applicants = 19:60

Successful applicants have been selected on draw lot basis and each selected applicant has been allotted 1 lot of 45 shares.

The remaining 28 shares have also been allotted to 28 applicants.

ALLOTMENT TO NIIs

B. Allotment to Non Institutional Investors (After Technical Rejections) (including ASBA Applications)

The Basis of Allotment to the Non-Institutional Investors, who have Bid at the Offer Price of ₹321 per Equity Share, was finalized in consultation with BSE. This category has been subscribed to the extent of 36.6374 times. The total number of Equity Shares Allotted in this category is 2,103,447 Equity Shares (including under subscribed portion of 18,153 Equity Shares spilled over from Employee Category) to 180 successful applicants. The category-wise details of the Basis of Allotment are as under :

Category	No. of Applications Received	% of Total	Total No. of Equity Shares applied	% of Total	No. of Equity Shares Allotted per Applicant	Ration	Total No. of Equity Shares Allotted
630	13	6.40	8,190	0.01	45	5:13	225
675	6	2.96	4,050	0.01	45	1:3	90
720	1	0.49	720	0.00	45	1:1	45
765	5	2.46	3,825	0.00	45	2:5	90
810	1	0.49	810	0.00	45	1:1	45
900	6	2.96	5,400	0.01	45	1:2	135
990	5	2.46	4,950	0.01	45	3:5	135
1,125	1	0.49	1,125	0.00	45	1:1	45
1,260	3	1.48	3,780	0.00	45	2:3	90
1,350	5	2.46	6,750	0.01	45	4:5	180
1,395	1	0.49	1,395	0.00	45	1:1	45
1,530	11	5.42	16,830	0.02	45	10:11	450
1,575	9	4.43	14,175	0.02	45	1:1	405
1,620	2	0.99	3,240	0.00	45	1:1	90
1,710	1	0.49	1,710	0.00	47	1:1	47

ANALYSIS FROM ABOVE

Shares reserved for NII= (15% of net offer) = (13901956*15%) = 2085293.4 shares

Whereas Net Offer = Public Issue - Employee Reservation

No. Of shares for which application is received = 77526720 of shares reserved for NII

The above application numbers are without any technical rejection.

No. of shares for which application is received (after technical rejections) = 36.6374 times of shares reserved for NII.

Allotment to NII = 2103447 including 18153 spilled over from employee category.

ALLOTMENT TO QIBs

D. Allotment to QIBs (excluding Anchor Investors)

The Basis of Allotment to QIBs who have Bid at the Offer Price of ₹321 per Equity Share has been done on a proportionate basis in consultation with BSE. This category has been subscribed to the extent of 4.6182 times of the Net QIB Portion. As per the SEBI Regulations, Mutual Funds were Allocated 5% of the Equity Shares of Net QIB Portion available i.e. 142,046 Equity Shares (including under subscribed portion of 3,026 Equity Shares spilled over from Employee Category and other QIBs, including Mutual Funds, were Allocated the remaining available 2,698,857 (including under subscribed portion of 57,486 Equity Shares spilled over from Employee Category)) on proportionate basis. The total number of Equity Shares allotted in the QIB category is 2,840,903 Equity Shares, which were allotted to 20 successful Applicants. The category-wise details of the Basis of Allotment are as under :

Category	FIs. / Banks	MFs	ICs	FPC	VCs	FII	Total
QIB	67,449	374,351	236,071	319,773	454,223	1,389,036	2,840,903

ANALYSIS FROM ABOVE

Allocations to QIB (excluding anchor investor) = (net proceeds*50%)*40% = 13901956*50%*40% = 2780391 shares

Applications without any technical rejection = 12605805 shares = 453.4%of net QIB portion

Allotment for QIB available is calculated as follows:-

Total public issue	=	14057719
Less: allotment to RII	=	4908043
Less: allotment to NII	=	2103447
Less: allotment to employees		34740.
Shares available for QIB allotment	=	7011489 shares
Break-up of allotment to QIB=		
QIB (excluding anchor investors)	=	2840903 shares.
Anchor investors	=	4170586 shares

Minimum mutual fund allotment shall be 5% of net QIB allotment (excluding anchor portion) = 5%*28409038 = 142046 shares

Rest shall be allotted to other QIB including mutual fund =28409038-142046=2698857 shares

ALLOTMENT TO ANCHOR INVESTOR (IF APPLICABLE)

E. Allotment to Anchor Investors

Category	FIs. / Banks	MFs	ICs	FPC	VCs	FII	Total
ANCHOR	-	1,708,830	644,386	623,070	-	1,194,300	4,170,586

ANALYSIS FROM ABOVE

Maximum allocation to anchor investor = (net proceeds*50%)*60% = 13901956*50%*60% = 4170586 shares

Applications received = 4248180 shares = 101.9% of maximum available.

Shares for domestic mutual fund must be 1/3 of total allocation to anchor investor = 4170586/3 = 1390195

Allocation under anchor investor portion =4170586* `321= `1338758106

LISTING

Listing of shares in various stock exchanges is the last step of the IPO process. The companies must get their shares listed within a stipulated time period. This is a very important step, as it provides a platform for the investors to track their investment gains/losses in real time.

CASE STUDY: INDIGO

Interglobe Aviation Ltd., commonly known as Indigo, is a best in class low cost airline that took off for capital market on 10th November 2015, with BSE and NSE as its designated stock exchanges. The company offered fresh issue and offer for sale of 22824018 shares for the promoters of the company. The takeoff process started in mid 2015 and was at its peak in October 2015, when the passengers i.e. potential investors, were invited to bid for shares. The IPO was open for subscription for the public from 27th October 2015 to 29th October 2015. The issue had the price band of 700 to 765. IPO mechanism was used by Indigo to raise capital, with the following objectives:-

- Retirement of lease liabilities and consequent acquisition of aircraft
- Purchase of equipment for operation
- Other corporate purposes

Citigroup Global Markets India Private Limited, J.P. Morgan India Private Limited, Morgan Stanley India Company Private Limited were the Global Co-Coordinators & Barclays Bank PLC, Kotak Mahindra Capital Company Limited, UBS Securities India Private Limited functioned as Book Running Lead Manager.

Most of the brokers advised investors to invest in the company's IPO because of its efficient operations and the growing aviation industry. Moreover, the company's preference for domestic investment by IPO rather than FDI inculcated a sense of investment in majority of the first time investors.

Rakesh Jhunjhunwala, the name that needs no introduction. The legendary investor, who is known as the Warren Buffet of India, is said to have made huge bid on Indigo IPO at the cap price. The investor submitted his application just before the issue closing on Thursday, just as it looked like the non-institutional segment, which includes high net worth investors and companies, would go undersubscribed.

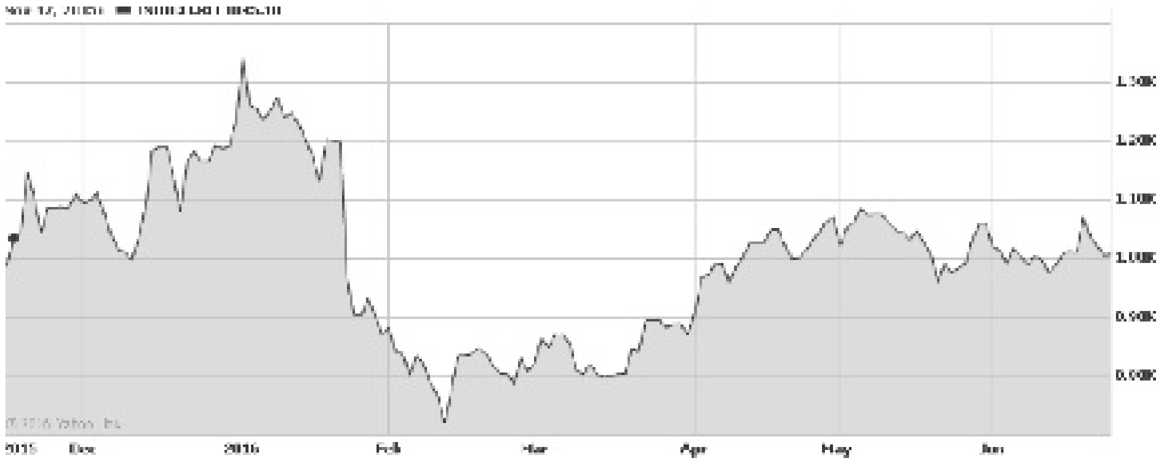
The issue saw an oversubscription from investors and the allotment was made at the cap price of ` 765 for each equity share of `10 each. The details of subscription have been presented below:-

The issue and the net issue will constitute 11% and 10.9% respectively of the post issue paid-up equity. The Issue received 135,224 applications for 195,472,950 Equity Shares (prior to technical rejections) resulting in 4.95 times subscription. Under-subscription in the retail category has been allowed to be met with spill-over from QIB category and NIB category in the proportion of their transches. Under-subscription in the Employee Reservation Portion has been added back to the Net Issue Portion. The details of the applications received in the Issue from various categories are as under (before technical rejections) :

Sl. No.	Category	No. of Applications	No. of Equity Sharres	No. of Times Subscribed	Amount	Shares Reserved
A.	Retail Individual Bidders	133,240	12,365,235	1.02	9,470,022,551.00	12,155,115
B.	Non Institutional Bidders	345	20,716,680	3.32	15,848,274,015.00	6,244,809
C.	Quantities Institutional Bidders (Excluding Anchors)	136	150,870,090	15.18	115,890,218,325.00	9,939,813
D.	Anchor Investors	43	11,249,505	1.03	8, 605,871,325.00	10,876,215
E.	Employee Reservation Category Bidders	1,460	271,440	1.09	187,253,487.00	248,610
	Total	**135,224**	**195,472,950**	**4.95**	**150,001,639,703.00**	**39,464,562**

The company expected a listing gain of 5%-10%, but witnessed a gain of 12%. As per a report in The Economic Times on 11th November 2015, Interglobe Aviation Ltd. made the 4th best debut among 16 IPOs in 2015.

The stock is currently trading around `1000. Fluctuations in the share price since its listing has been graphically represented:-



Source:- BSE Website

A report on utilization of proceeds is also filed with the designated stock exchanges. A snapshot of the same is presented below:-

Details of utilization of IPO proceeds are as follows:

(Rupees in million)

Particulars	**Objects of the issue as per the prospectus**	**Utilized upto March 31, 2016**	**Unutilized amount as at March 31, 2016**
Retirement of certain outstanding finance lease liabilities and consequent acquisition of aircraft*	11,656.63	6,731.32	4,925.31
Purchase of ground support equipment for our airline operations	342.58	109.50	233.08
General corporate purposes	91.79	91.79	-
Total	**12,091.00**	**6,932.61**	**5,158.39**

Source: Yahoo Finance

The unutilized amount of the issue as at March 31, 2016 has primarily been temporarily deployed in fixed deposits with banks.

CONCLUSION

In a nutshell, IPO is the financial instrument for the raising of long-term finance by the companies. It provides new companies an easy platform to approach investors for their capital requirements, and is the first step for companies in the capital market. Successful IPOs also foster investment among youths. IPO also encourages companies to approach the domestic market before exploring international markets. Thus, it is a small step towards economic growth of every country.

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Islamic Banking System : Fostering its Footfalls Globally with Special Emphasis on India

ABSTRACT

Islamic banking is termed as ethical banking or interest-free banking. The project report highlights the benefits and structures of Islamic banking all over the world specifically in nine economies of the world where Islamic banking has played a significant role in developing the economic structures of the country. The project report also concentrates on the scope of Islamic banking in India. This paper explores the basic principles and concepts in Islamic Banking and reviews the potential of Islamic Banking in India. Evidence suggest that Islamic banking is very much practiced like modern conventional banking with certain restrictions imposed by Sharia and addresses a large number of business requirements successfully. Introduction of interest-free banking will require a lot of changes in the Banking Regulation Act. The paper will try to answer two questions: why Islamic banking is growing & its present status worldwide and how Islamic banking is beneficial for India and how it can help India in boosting economic development in order to enhance India's global competitiveness? The need of Islamic banking in India is identified in this project along with the problems that will arise and the possible suggestions are given based on the research done. Islamic banking is considered aloof from conventional banking.

KEY WORDS: *Ethical Banking; Sharia; World Competitiveness; Banking Regulation Act.*

INTRODUCTION

Islamic Banking is growing at a rapid speed and has shown unprecedented growth and expansion in last two decades in spite of mismatching of existing financial framework and business practices. Islamic banking is consistent with the principles of Sharia and its practical applications through the development of Islamic economics. Sharia prohibits acceptance of specific interest for loans of money whether the payment is fixed or floating. By latest of 2014, the financial institutions represented approximately 1% of the total world assets estimated at roughly $2 trillion. Although Islamic banking still makes up only a fraction of the banking assets, it has been growing faster than banking assets as a whole at an annual rate of 17.6% between 2009 and 2013 and is projected to grow by an average of 19.7% a year till 2018. There has also been a surge of interest in Islamic finance among non-Muslim countries like UK, South Africa and Hong Kong.

Before getting into Islamic banking system, the concept of Islamic economy and finance should be taken into consideration. The basic framework of the Islamic financial system is governed by Sharia. Sharia is the set of rules and laws that govern the social, political, economical and cultural aspects of Islamic societies. The very essence of the Islamic economic system is based on the concept of Falah, which means the economic well being of the masses. It also believes in accountability before God. Falah is the driving source of Islamic banking. Another term that is considered in relation to the Islamic economic system is Taqwa which means internal vigilance. The third most important term is Zakah which means charity. When the savings of a sane Muslim adult exceeds the value of 85 grams of gold (approx) for one financial year, then he/she is supposed to give 2.5% of his/her savings as charity called Zakah. It generally leads us towards circulation of money.

These three terms are used in Islamic finance and economy which also leads us towards the objectives of Islamic banking. The main objective of Zakah is the circulation of money in the economy so that the inequality between the rich and the poor can be narrowed down. In terms of Islamic banking, we don't deal with Riba (interest), as Riba is not a monetary transaction. The term Falah is considered as the objective of Islamic banking.

OBJECTIVES

- To analyse the global economic changes due to Islamic banking;
- To determine the profitability of the banking system due to Islamic banking;
- To analyse the scope of Islamic banking in India;
- To analyse the problems and find out suitable measures to initiate Islamic banking in India;
- To analyse how Islamic finance helps to promote financial sector development and broaden financial inclusion.

RESEARCH METHODOLOGY

The project is based on secondary data. The secondary sources include collections from certain books, magazines, different websites and World Competitiveness Report 2014-15. The sources already consist of the Islamic growth and development of nine economies of the world. Again, the details about India are gathered from different search engines and the project report of a few students who gave their brief idea on Islamic banking system. The data used for the analysis of all banking variables is from World Bank recent updates. Development indicator variables are compiled from Governance Matters and the World Development Indicators (WDI) Database, both a part of the World Bank.

LIMITATIONS

- TIME CONSTRAINTS - The project report is based on the time frame of the last 6 years on an average. So the time span is one of the limitations regarding the project report as Islamic banking - though a new concept - is a wide area of banking system.
- SECONDARY DATA - The data collected for this project report is based on secondary data. Thus only the information provided in websites, magazines and the books are considered. There is a lack of direct communication with the banking system.

LITERATURE REVIEW

Some of the publications and articles regarding Islamic banking are as follows:

IBRAHIM WARDE - In 2000, Ibrahim Warde, in his book, stated the global condition and the emergence of Islamic banking. According to him, it is a dream which can be transformed into reality. But his research was based on the problems that focused on the areas which affected the emergence of Islamic banking. Again, it clearly stated that the facts mentioned in Sharia laws were not being followed everywhere for which a country is required to improvise its banking regulation system.

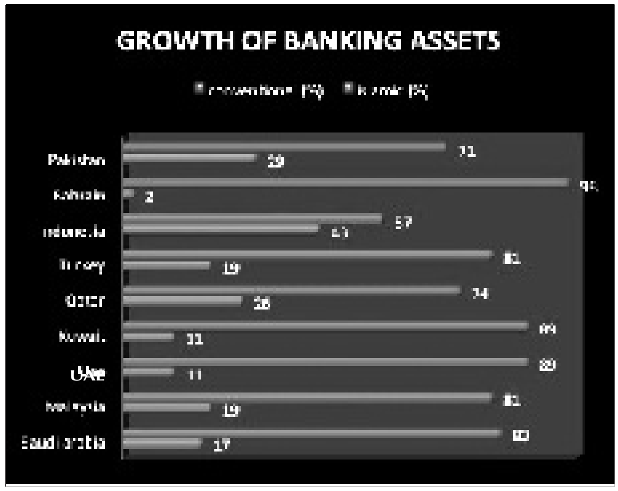
KATHLEEN M. MOORE - In 2010, Moore in her book, The Unfamiliar Abode: Islamic Law in the United States and Britain, states that there are more Muslims living in diaspora now than at any time in history. In this book, Kathleen Moore explores the development of new forms of Islamic law and legal reasoning in the US and Great Britain, as well as the Muslims encountering Anglo-American common law and its unfamiliar commitments to pluralism and participation, gender, family, and identity. Moore's analysis emphasizes the multiplicities of law, and the tensions between secularism and religiosity. She is the first to offer a close examination of the emergence of a contingent legal consciousness shaped by the exceptional circumstances of being a Muslim in the U.S and Britain in the 1990s and the first decade of the 21st century.

PROJECTS

ANALYSIS AND FINDINGS

The participation banking assets, along with many commercial banks, have maintained a strong growth in 2013 and are showing a trend of upward growth for the near future. The participation banking industry has gone mainstream in several markets like Saudi Arabia, Kuwait and Bahrain with more than 48.9%, 44.6% and 27.7% share of market respectively and has made considerable progress in the emerging markets such as Indonesia, Turkey and Pakistan with 43.5%, 18.7% and 22% market share between 2009-2013 (as per latest research).

Growth of the Banking Assets



Source: World Bank Report and World Competitiveness Report 2014-15

PARTICIPATION INDUSTRY

Almost 95% of the international participating assets with commercial banks are based in nine crore markets.

National Market Shares for Participation Banking

Islamic banking market shares in six countries have crossed the 20% threshold. Islamic banks are now acquiring not just Sharia sensitive customers but also the value seekers.

Global Distribution of Islamic Banking Assets

- QISMUT markets are the backbone of the participation banking industry and it holds 80% of its global shares.
- QISMUT shares are expected to strengthen further with populous markets of Indonesia and Turkey and it is regarded as the growth engine of industries over the next 5 years.

Countries	Saudi Arabia	**Malaysia**	**Bahrain**	**Kuwait**	**Uae**	**Qatar**	**Turkey**	**Indonesia**	**Pakistan**
National share	48.9%	20.7%	27.7%	44.6%	21.4%	23.6%	5.9%	5.5%	9.5%
Global share	31.7%	16.7%	1.7%	10.5%	14.6%	7.7%	5.8%	3.8%	1.2%

PROFITABILITY AND PROGRESS MEASURES

PROFITABILITY

Legacy cost structures and resultant choice of business mix are the primary contributors in the performance gap between conventional and Islamic banking. Profit percent of around 20 banks in the world has increased from US $0.5 billion to US $6.7 billion in 2013. Current performance gap compared to conventional banking may have cost the shareholders US $1.5 billion in forgone profit.

	Average ROE	Average assets	Average growth 09-13
Leading Islamic banks by assets	11.9%	Us$22 billion	17%
Comparable conventional average	14.5%	Us$87 billion	15%

PROGRESS MEASURES

- Enhance Sharia compliance, effectiveness of corporate government and transparency;
- Promote development of standardised products through research and innovation;
- Comply with the international accounting and auditing standards;
- Promote public awareness about Islamic financial services.

SCOPE OF ISLAMIC BANKING IN INDIA

According to the recent updates, Islamic banking is present in India in the form of NBFC and BAITUL MAL but in a small way. Some of the institutions are there in India which emerged for the niche segment such as the Kerala Government owned KSIDC, GIC, TASIS, etc. Recently Dr Subba Rao requested the Indian government to start Islamic banking in India. In 2008, a high-level committee on financial sector reforms of the Planning Commission of India, headed by Dr Raghuram Rajan, recommended starting Islamic banking in India due to its advantages, which can help the Indian economy as well as contribute towards financial inclusion. Aligarh Muslim University has already started a post graduate course in Islamic banking and finance. Thus, we can expect the emergence of Islamic banking in India very soon. This research will find out why Islamic banking is needed in India and the further consequences if it is started in India. Furthermore, to estimate the scope of Islamic investment opportunities in the Indian stock market, it is seen that out of 6000 BSE listed companies, approximately 4200 are Sharia compliant. The market capitalisation of these stock accounts are approximately 61% of the total market capitalisation of companies listed on BSE.

SWOT ANALYSIS OF ISLAMIC BANKING IN INDIA

STRENGTH

- Islamic banking in India will improve the condition of the poor as they will also get access to banks which lacks in the current state in many niche segment areas.
- The banking products that comply with Islamic laws are quite popular in the gulf and the eastern countries as has already stated in the research work. The potential market of such products is expected to grow in the Indian economy.

COMPARATIVE RETURNS OF THE ISLAMIC BANKING OF THE COUNTRIES

BANKS	RETURN ON ASSETS	RETURN ON EQUITY	COST TO INCOME RATIO	LEVERAGE	EVENUE RATIO
BAHRAIN	0.1	0.7	76	6.8	3.4
SAUDI ARABIA	2.3	1.5	36	6.7	4.6
MALAYSIA	0.8	10	41	12.1	2.6
KUWAIT	1	7.4	34.8	8.1	4.7
UAE	1.3	10	31	7.8	3.6
QATAR	2.1	13	28	6	3.3
TURKEY	1	11	51	10.7	5.1
INDONESIA	2.3	15	64	11.8	6.8
PAKISTAN	0.5	6.9	75	14.7	3.9

WEAKNESS

- Indian banking laws do not explicitly prohibit Islamic banking but there are provisions that make Islamic banking almost an unviable option. The financial institutions in India comprise Banks and Non Banking Financial Institutions. Banks in India are governed through the Banking Regulation Act 1949, the Reserve Bank of India Act 1934, the Negotiable Instruments Act 1881, and the Co-operative Societies Act 1961.

  Certain provisions regarding this are mentioned below:

  - Section 5(b) and 5(c) of the Banking Regulation Act, 1949 prohibit the banks to invest in Profit/Loss Sharing basis - the very basis of Islamic banking;
  - Section 8 of the Banking Regulations Act (BR Act, 1949) reads, “No banking company shall directly or indirectly deal in buying or selling or bartering of good…”
  - Section 9 of the Banking Regulations Act prohibits banks to use any sort of immovable property apart from private use - this is against Ijarah for home finance;
  - Section 21 of the Banking Regulations Act requires payment of interest which is against Sharia;

- Monitoring of data about firms in which Islamic bank invests would involve exorbitant cost. However, Islamic banks need to set up a monitoring cell to keep them informed of the internal function of their joint venture.
- Islamic banking needs to introduce corporate governance with transparent accounting standards. It needs to perform detailed evaluation before embarking Profit Loss Sharing Scheme, which demand a pool of highly trained professionals. The imparting of professional training is costly.
- Cheques could not be issued, financial products are interest based, capital inadequacy cannot be maintained and procedures of tax are there.

OPPORTUNITIES

- A growing Indian economy has created a huge enthusiasm among Islamic nations as it sees the unlimited opportunities it can avail. In fact, five Indian companies namely Reliance Industries, Infosys Technologies, Wipro, Tata Motors and Satyam Computer Services figure in the Standard & Poor’s BRIC Sharia Index.
- Islamic banking can be a reason for inclusive growth in India. If Islamic banking is introduced, the inadequate labour capital ratio, and informal sector workers associated with agriculture and manufacturing industries could be resolved through equity finance, which might be a revolution in our agriculture and unorganized sector.

THREATS

- In India, threats for Islamic banking are quite high. The Islamic banking system can be protested by a certain class of political groups. Islamic banking will give the Muslim community a wide exposure in the society and the market. There is a possibility that few people can misuse the advantages of Islamic banking.
- There is a possibility that segregation may take place among the conventional and the Islamic banking participants which will affect the financial sector of the country as the monetary policies will have to be changed to a certain level which is a threat from an economic point of view.

RBI POLICIES REGARDING ISLAMIC BANKING IN INDIA

Islamic banks in India do not function under banking regulations. They are licensed under the Non Banking Finance Companies Reserve Bank Directives 1997 RBI (Amendment) Act 1997 and operate on profit and loss basis of Islamic principles. RBI has introduced a compulsory registration system. There has been a serious controversy for years regarding the emergence of Islamic banking in India. Mr Raghuram Rajan was the first person to draft a report on the problems of the minority section of the society stating to start interest free banking in India.

RAGHURAM RAJAN COMMITTEE REPORT

The report was issued on 7th April 2008 where interest free banking was suggested as a part of the recommendations made for the financial sector reforms. Mr. Rajan used the term “interest free banking” instead of “Islamic banking” to avoid the communal uproar. The report submitted to the Prime Minister on 12th September 2008 includes:

"Certain faiths prohibit the use of financial instruments that pay interest. The non availability of interest-free banking products (where the return to the investor is tied to the bearing of risk, in accordance with the principles of that faith) results in some Indians, including those in the economically disadvantaged strata of society, not being able to access banking products and services due to reasons of faith. This non availability also denies India access to substantial sources of savings from other countries in the region. While interest-free banking is provided in a limited manner through NBFCs and cooperatives, the Committee recommends that measures be taken to permit the delivery of interest-free finance on a larger scale, including through the banking system. This is in consonance with the objectives of inclusion and growth through innovation. The Committee believes that it would be possible, through appropriate measures, to create a framework for such products without any adverse systemic risk impact"

The Reserve Bank of India (RBI) has allowed a firm in Kerala to operate as a non-banking financial company (NBFC) that follows Islamic principles; a small step towards developing Sharia-compliant finance in the country. But some companies, especially in Kerala which has a large Muslim population and an overseas diaspora of workers who remit money back from the Gulf, are nevertheless trying to develop Islamic financial products outside the banking sector. Financial Services, based in Kochi, plans to offer leasing and equity-finance products under Islamic principles. It said it had obtained approval to operate from the RBI and would follow the Islamic ban on interest; it will not take deposits from customers.

Again in November 2012, introduction of Islamic banking was ruled out by the Reserve Bank of India Governor, Dr Subba Rao and instead suggested introduction of different methods for channelizing the funds based on the Sharia rules. According to the RBI, there were certain legal problems which acted as constraints for Islamic banking in India.

In 2013, Minority Affairs minister K Rahman Khan took an initiative to make Islamic banking a reality. But RBI did not confirm the ministry's optimism at that moment. A spokesman from the RBI gave the following statement to the New Indian Express:

"There are no applications for any approvals lying with us for Islamic banking. Besides, it will take an amendment of the Regulations Act and the RBI Act to introduce Islamic banking."

Recently the demand for a re-look at Islamic banking regulations have revived with the Indian Central Bank opening up doors for differentiated banks in India, payments banks and smaller banks to begin with.

SUGGESTED RULES FOR ISLAMIC BANKING IN INDIA

Starting Islamic banking in India is a long term process and it will take another 7-8 years to create a base in India. In order to understand the concept of Islamic banking, first the problems need to be identified.

1. There can be non interest windows in the already existing commercial banks which can act on the principles of Islamic finance. The government can set separate rules for these without changing existing laws for conventional banks.
2. Following the examples of various countries that have opened full-fledged Islamic banks for attracting investments from those segments of the population that abstain from conventional banking due to religious inhibitions, India can also start Islamic banking in India. These banks can be governed by a separate segment of laws based on the Sharia, under the Banking Regulations Act, 1949.

CONCLUSION

This project report is to unveil a more complete picture of Islamic finance by presenting its many advantages, by placing it in the context of the global economy, and by exploring it from empirical, comparative and historical perspectives.

The report satisfies the objective that Islamic banking helps in GDP growth and financial inclusion of a country. The profitability of certain countries has increased to a certain level and the charts give a complete market scenario of Islamic banking in the world. Moreover, the data presented in this project clearly distinguishes conventional banking with Islamic banking from the instrument, deposits, credit and financing point of view.

Well, in India, Islamic banking is at an incipient stage. The existing legal framework does not permit Islamic Banking. Only selective activities like equity investment is possible while trade finance aspects like taking title to goods is not possible. A lot of amendments need to be carried out in the prevalent legal set up. Laws are required to be implemented to suit society's diverse financial needs. With only minor changes in their practices, Islamic banks can get rid of all their obstacles and can start an efficient interest-free banking.

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Arbitrage Trading Analysis of Stock Trading in NSE and BSE

WHAT IS ARBITRAGE?

Arbitrage is an opportunity to buy an asset at a lower price and then immediately sell it on a different market for a higher price. For Example: Infosys is quoting at Rs 2750 on the BSE and Rs 2760 on the NSE. Hence, one can sell the stock on the NSE and buy from the BSE at the same time. This trade will lead to a profit without any risk. This process is called arbitrage.

A central idea in modern finance is the law of one price. This states that in a competitive market, if two assets are equivalent from the point of view of risk and return, they should sell at the same price. If the price of the same asset is different in two markets, there will be operators who will buy in the market where the asset sells cheap and sell in the market where it is costly. This activity, termed as arbitrage, involves the simultaneous purchase and sale of the same or essentially similar security, in two different markets, for advantageously different prices (Sharpe & Alexander 1990).

The buying cheap and selling expensive continues till prices in the two markets reach equilibrium. Hence, arbitrage helps to equalize prices and restore market efficiency.

LITERATURE REVIEW

1. Arbitrage is a central paradigm of financial economics enforcing the law of one price and keeping markets efficient. It is defined as the "simultaneous

purchase and sale of equivalent securities in two different markets in order to profit from discrepancies in their price relationship" (BODIE; KANE; MARCUS, 2002).

2. The empirical tests of Arbitrage Pricing Theory (APT) have been carried out widely throughout the world from the USA to Greece to Indonesia (FABRIAN and HERWANY 2010) and (MICHAILIDIS 2009).

3. Transaction and holding costs make arbitrage costly. Mispricing exists to the extent that arbitrage costs prevent rational traders from fully eliminating inefficiencies. Although the relation between mispricing and transaction costs is well-known, the relation between mispricing and holding costs is misunderstood. One holding cost, idiosyncratic risk, is particularly misunderstood. Various myths are debunked, including the common myth that idiosyncratic risk matters because arbitrageurs only have access to a small number of projects (SHLEIFER and VISHNY 1997). The literature demonstrates that idiosyncratic risk is the single largest cost faced by arbitrageurs.

OBJECTIVES OF THE STUDY

1. The objective of the study is to analyze the possibility of taking advantage of arbitrage mechanism of the blue chip scrip's of core sectors of Indian economy, which are heavily traded in BSE and NSE.
2. The closing share prices of these companies in the two exchanges are being taken for analysis for the period of one month, i.e. February, 2016.
3. The difference in the prices is analyzed for any scope of arbitration.
4. To show that arbitrage helps, converge the prices of these shares in the two exchanges.

AVENUES FOR FURTHER RESEARCH

1. The study has been limited to the 2 stock exchanges, the NSE and the BSE. However arbitrage opportunities may also be present in other stock exchanges and also in the commodities market.
2. We have only considered cash transactions which are very simple. However, arbitrage opportunities are also present in futures and options. There are different models for arbitrage pricing which can be researched upon.
3. Arbitrage opportunities may also present to us in markets apart from the securities market. These can also be researched upon.

METHODOLOGY

For the purposes of this project report, closing prices of 5 companies, namely State Bank of India, Reliance Industries Limited, Infosys Limited, Hindustan Unilever Limited and Asian Paints, in both the National Stock Exchange and the Bombay Stock Exchange have been taken. The difference between their prices in both the exchanges has been computed and the percentage of difference has been calculated. The transaction costs have been assumed to be 0.128% *(0.10 – brokerage, 3% of brokerage as service tax + education cess, 0.025% as Securities Transaction Tax)*. If the price difference exceeds the transaction costs, we have an arbitrage opportunity. All statistical data used in the study are secondary data that have been taken from various web-sites.

ANALYSIS

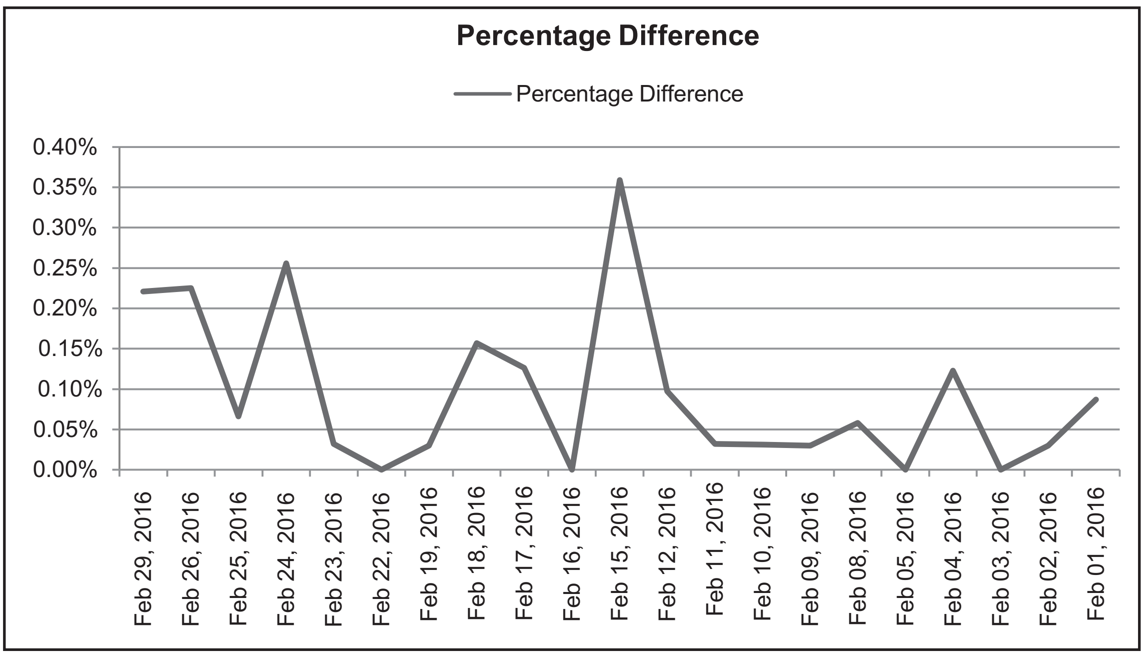
Analysis of Price Difference between NSE and BSE:

For the purposes of this project report, we shall now look at the closing prices of the 5 companies for the month of February 2016 and calculate the Arbitrage strategy.

State Bank of India

Date	NSE	BSE	Diffe-rence*	Strategy		Percentage Difference**
				Buy	Sell	
Feb 29, 2016	158.75	158.4	0.35	BSE	NSE	0.221%
Feb 26, 2016	155.9	156.25	-0.35	NSE	BSE	0.225%
Feb 25, 2016	151.8	151.9	-0.1	NSE	BSE	0.066%
Feb 24, 2016	156.3	156.7	-0.4	NSE	BSE	0.256%
Feb 23, 2016	158.5	158.45	0.05	BSE	NSE	0.032%
Feb 22, 2016	164.95	164.95	0	-	-	0.00%

Date	NSE	BSE	Diffe-rence*	Strategy		Percentage Difference**
				Buy	Sell	
Feb 19, 2016	164.7	164.65	0.05	BSE	NSE	0.030%
Feb 18, 2016	159.8	159.55	0.25	BSE	NSE	0.157%
Feb 17, 2016	158.95	159.15	-0.2	NSE	BSE	0.126%
Feb 16, 2016	156.4	156.4	0	-	-	0.00%
Feb 15, 2016	167.85	167.25	0.6	BSE	NSE	0.359%
Feb 12, 2016	154.8	154.95	-0.15	NSE	BSE	0.097%
Feb 11, 2016	154.25	154.2	0.05	BSE	NSE	0.032%
Feb 10, 2016	159	158.95	0.05	BSE	NSE	0.031%
Feb 09, 2016	167.05	167	0.05	BSE	NSE	0.030%
Feb 08, 2016	172.15	172.05	0.1	BSE	NSE	0.058%
Feb 05, 2016	168.2	168.2	0	-	-	0.00%
Feb 04, 2016	162.85	163.05	-0.2	NSE	BSE	0.123%
Feb 03, 2016	166.05	166.05	0	-	-	0.00%
Feb 02, 2016	169.4	169.45	-0.05	NSE	BSE	0.030%
Feb 01, 2016	172.75	172.9	-0.15	NSE	BSE	0.087%

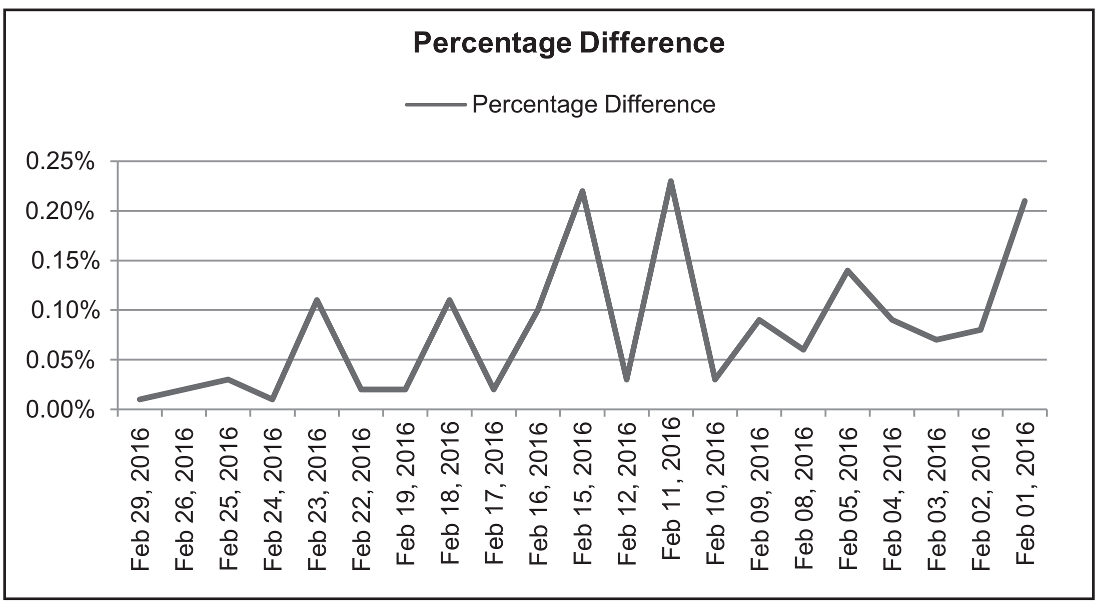


The above table and graph represents arbitrage price analysis of State Bank of India's stock trading in NSE and BSE. The above data shows that the maximum arbitrage profit for the month of February is 0.36. The minimum arbitrage profit is 0% which is because both the NSE and BSE are trading at same price, as such the investor is neutral to the market. Otherwise, when the price at both the market varies then the minimum arbitrage profit is 0.03%.

PROJECTS

Reliance Industries Limited

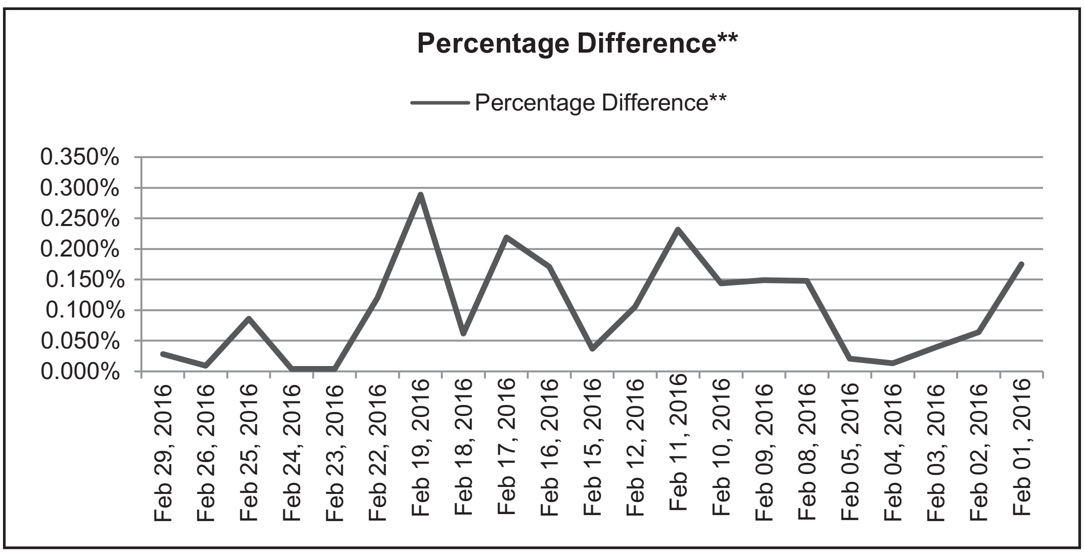
Date	NSE	BSE	Diffe-rence*	Strategy		Percentage Difference**
				Buy	Sell	
Feb 29, 2016	966.65	966.55	0.1	BSE	NSE	0.01%
Feb 26, 2016	950.35	950.5	-0.15	NSE	BSE	0.02%
Feb 25, 2016	944.1	944.4	-0.3	NSE	BSE	0.03%
Feb 24, 2016	952.65	952.55	0.1	BSE	NSE	0.01%
Feb 23, 2016	949.65	950.7	-1.05	NSE	BSE	0.11%
Feb 22, 2016	962.3	962.45	-0.15	NSE	BSE	0.02%
Feb 19, 2016	944.35	944.55	-0.2	NSE	BSE	0.02%
Feb 18, 2016	940.1	941.15	-1.05	NSE	BSE	0.11%
Feb 17, 2016	952.6	952.45	0.15	BSE	NSE	0.02%
Feb 16, 2016	930.55	929.65	0.9	BSE	NSE	0.10%
Feb 15, 2016	946.75	944.65	2.1	BSE	NSE	0.22%
Feb 12, 2016	906.55	906.3	0.25	BSE	NSE	0.03%
Feb 11, 2016	924.55	922.45	2.1	BSE	NSE	0.23%
Feb 10, 2016	962.65	962.4	0.25	BSE	NSE	0.03%
Feb 09, 2016	957.5	956.6	0.9	BSE	NSE	0.09%
Feb 08, 2016	961.05	961.6	-0.55	NSE	BSE	0.06%
Feb 05, 2016	970.9	972.3	-1.4	NSE	BSE	0.14%
Feb 04, 2016	973.05	973.95	-0.9	NSE	BSE	0.09%
Feb 03, 2016	981.4	980.7	0.7	BSE	NSE	0.07%
Feb 02, 2016	1001.15	1002	-0.85	NSE	BSE	0.08%
Feb 01, 2016	1030.3	1028.1	2.2	BSE	NSE	0.21%



The above table and graph represents arbitrage price analysis of Reliance Industries Limited's stock trading in NSE and BSE. The above data shows that the maximum arbitrage profit for the month of February is 0.23% and the minimum arbitrage profit is 0.01%.

Infosys Limited

Date	NSE	BSE	Difference*	Strategy		Percentage Difference**
				Buy	Sell	
Feb 29, 2016	1084.05	1083.75	0.30005	BSE	NSE	0.028%
Feb 26, 2016	1121.15	1121.05	0.09997	BSE	NSE	0.009%
Feb 25, 2016	1110.3	1111.25	-0.94995	NSE	BSE	0.086%
Feb 24, 2016	1125.35	1125.4	-0.05004	NSE	BSE	0.004%
Feb 23, 2016	1123.9	1123.95	-0.04993	NSE	BSE	0.004%
Feb 22, 2016	1126.65	1125.3	1.34997	BSE	NSE	0.120%
Feb 19, 2016	1127.25	1124	3.25	BSE	NSE	0.289%
Feb 18, 2016	1123.4	1122.7	0.70007	BSE	NSE	0.062%
Feb 17, 2016	1097.85	1095.45	2.40003	BSE	NSE	0.219%
Feb 16, 2016	1079.15	1081	-1.84998	NSE	BSE	0.171%
Feb 15, 2016	1091.75	1091.35	0.40002	BSE	NSE	0.037%
Feb 12, 2016	1084.65	1083.5	1.15002	BSE	NSE	0.106%
Feb 11, 2016	1078.65	1081.15	-2.5	NSE	BSE	0.232%
Feb 10, 2016	1108.55	1110.15	-1.59997	NSE	BSE	0.144%
Feb 09, 2016	1107.65	1109.3	-1.65003	NSE	BSE	0.149%
Feb 08, 2016	1150.8	1149.1	1.70007	BSE	NSE	0.148%
Feb 05, 2016	1174.7	1174.95	-0.25	NSE	BSE	0.021%
Feb 04, 2016	1179.75	1179.9	-0.15002	NSE	BSE	0.013%
Feb 03, 2016	1157.7	1158.15	-0.45007	NSE	BSE	0.039%
Feb 02, 2016	1175.55	1174.8	0.75	BSE	NSE	0.064%
Feb 01, 2016	1173.35	1171.3	2.04993	BSE	NSE	0.175%

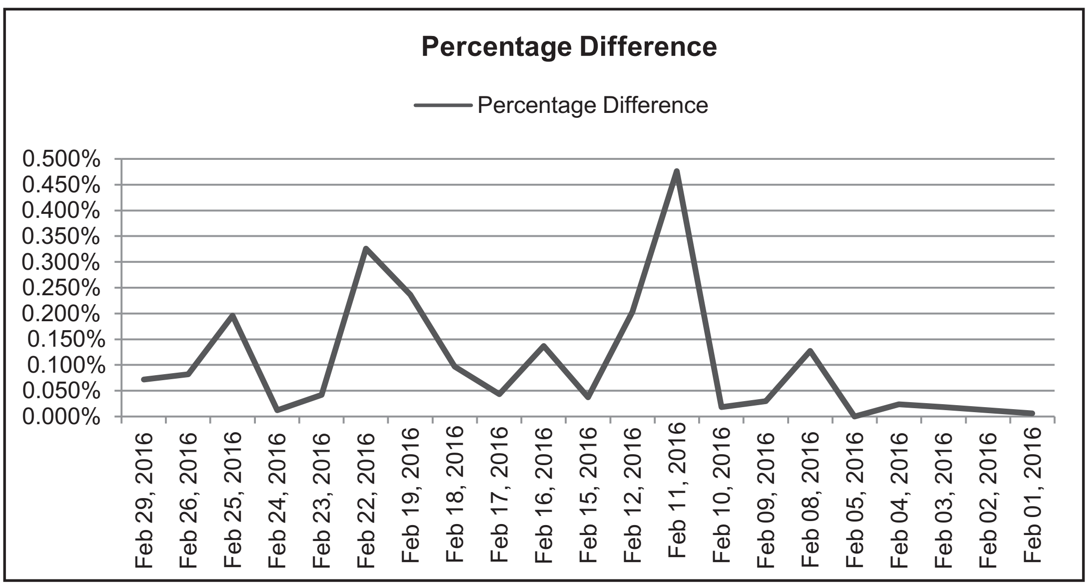


The above table and graph represents arbitrage price analysis of Infosys Limited stock trading in NSE and BSE. The above data shows that the maximum arbitrage profit for the month of February is 0.289% and the minimum arbitrage profit is 0.004%.

PROJECTS

Hindustan Unilever Limited

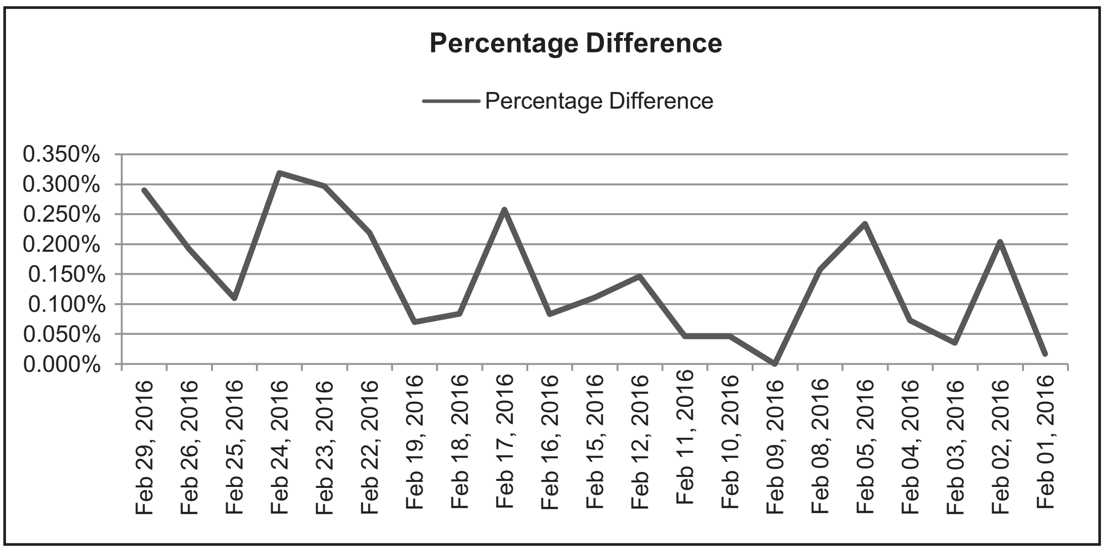
Date	NSE	BSE	Diffe-rence*	Strategy		Percentage Difference**
				Buy	Sell	
Feb 29, 2016	830.4	829.8	0.6	BSE	NSE	0.072%
Feb 26, 2016	849.9	850.6	-0.7	NSE	BSE	0.082%
Feb 25, 2016	842.8	841.15	1.65	BSE	NSE	0.196%
Feb 24, 2016	836.75	836.85	-0.1	NSE	BSE	0.012%
Feb 23, 2016	836.85	836.5	0.35	BSE	NSE	0.042%
Feb 22, 2016	861.65	858.85	2.8	BSE	NSE	0.326%
Feb 19, 2016	827.6	825.65	1.95	BSE	NSE	0.236%
Feb 18, 2016	827.4	826.6	0.8	BSE	NSE	0.097%
Feb 17, 2016	812.55	812.2	0.35	BSE	NSE	0.043%
Feb 16, 2016	803.2	804.3	-1.1	NSE	BSE	0.137%
Feb 15, 2016	804.7	805	-0.3	NSE	BSE	0.037%
Feb 12, 2016	812.6	810.95	1.65	BSE	NSE	0.203%
Feb 11, 2016	802.6	798.8	3.8	BSE	NSE	0.476%
Feb 10, 2016	824.55	824.7	-0.15	NSE	BSE	0.018%
Feb 09, 2016	826.35	826.6	-0.25	NSE	BSE	0.030%
Feb 08, 2016	828.9	829.95	-1.05	NSE	BSE	0.127%
Feb 05, 2016	844.95	844.95	0	-	-	0.000%
Feb 04, 2016	834.8	834.6	0.2	BSE	NSE	0.024%
Feb 03, 2016	821.6	821.45	0.15	BSE	NSE	0.018%
Feb 02, 2016	800.1	800.2	-0.1	NSE	BSE	0.012%
Feb 01, 2016	800.95	800.9	0.05	BSE	NSE	0.006%



The above table and graph represents arbitrage price analysis of Hindustan Unilever Limited stock trading in NSE and BSE. The above data shows that the maximum arbitrage profit for the month of February is 0.476% and the minimum arbitrage profit is 0%, which is because as both the NSE and BSE are trading at same price, the investor is neutral to the market. Otherwise, when the price at both the market varies, then the minimum arbitrage profit is 0.006%.

Asian Paints

Date	NSE	BSE	Diffe-rence*	Strategy		Percentage Difference**
				Buy	Sell	
Feb 29, 2016	846.1	848.55	-2.45	NSE	BSE	0.290%
Feb 26, 2016	862.55	860.9	1.65	BSE	NSE	0.192%
Feb 25, 2016	861.7	862.65	-0.95	NSE	BSE	0.110%
Feb 24, 2016	881.8	879	2.8	BSE	NSE	0.319%
Feb 23, 2016	877.1	874.5	2.6	BSE	NSE	0.297%
Feb 22, 2016	870.85	868.95	1.9	BSE	NSE	0.219%
Feb 19, 2016	854.7	854.1	0.6	BSE	NSE	0.070%
Feb 18, 2016	835.25	835.95	-0.7	NSE	BSE	0.084%
Feb 17, 2016	856	853.8	2.2	BSE	NSE	0.258%
Feb 16, 2016	840.3	841	-0.7	NSE	BSE	0.083%
Feb 15, 2016	858.7	857.75	0.95	BSE	NSE	0.111%
Feb 12, 2016	854.9	856.15	-1.25	NSE	BSE	0.146%
Feb 11, 2016	855.7	855.3	0.4	BSE	NSE	0.046%
Feb 10, 2016	876.55	876.95	-0.4	NSE	BSE	0.046%
Feb 09, 2016	884.2	884.2	0	-	-	0.000%
Feb 08, 2016	888.6	887.2	1.4	BSE	NSE	0.158%
Feb 05, 2016	899.25	897.15	2.1	BSE	NSE	0.234%
Feb 04, 2016	889.35	888.7	0.65	BSE	NSE	0.073%
Feb 03, 2016	863.7	863.4	0.3	BSE	NSE	0.035%
Feb 02, 2016	882.5	880.7	1.8	BSE	NSE	0.204%
Feb 01, 2016	887.4	887.25	0.15	BSE	NSE	0.017%



The above table and graph represents arbitrage price analysis of Asian Paints stock trading in NSE and BSE. The above data shows that the maximum arbitrage profit for the month of February is 0.319%. The minimum arbitrage profit is 0%, which is because as both the NSE and BSE are trading at same price, the investor is neutral to the market. Otherwise, when the price at both the market varies, then the minimum arbitrage profit is 0.017%.

*Difference= NSE- BSE

**Percentage Difference= Difference/Price at which the stock is bought according to the strategy

POST TRANSACTION COST ANALYSIS

We now look at the profitability of the arbitrage opportunities, by taking into consideration the transaction costs. The transaction costs have been taken as 0.128%*.

They have been assumed as 0.10% as brokerage, 0.025% as Securities Transaction Tax and 3% of brokerage as service tax and education cess. If the net profitability after adjusting the transaction costs is positive, we have an arbitrage opportunity.

* transaction cost= (0.03*0.10)+ 0.10+.025

State Bank of India

Date	Percentage Difference	Transaction Costs	Net Profit	Arbitrage Opportunity
Feb 29, 2016	0.221%	0.128%	0.093%	Yes
Feb 26, 2016	0.225%	0.128%	0.097%	Yes
Feb 25, 2016	0.066%	0.128%	-0.062%	No
Feb 24, 2016	0.256%	0.128%	0.128%	Yes
Feb 23, 2016	0.032%	0.128%	-0.096%	No
Feb 22, 2016	0.000%	0.128%	-0.128%	No
Feb 19, 2016	0.030%	0.128%	-0.098%	No
Feb 18, 2016	0.157%	0.128%	0.029%	Yes
Feb 17, 2016	0.126%	0.128%	-0.002%	No
Feb 16, 2016	0.000%	0.128%	-0.128%	No
Feb 15, 2016	0.359%	0.128%	0.231%	Yes
Feb 12, 2016	0.097%	0.128%	-0.031%	No
Feb 11, 2016	0.032%	0.128%	-0.096%	No
Feb 10, 2016	0.031%	0.128%	-0.097%	No
Feb 09, 2016	0.030%	0.128%	-0.098%	No
Feb 08, 2016	0.058%	0.128%	-0.070%	No
Feb 05, 2016	0.000%	0.128%	-0.128%	No
Feb 04, 2016	0.123%	0.128%	-0.005%	No
Feb 03, 2016	0.000%	0.128%	-0.128%	No
Feb 02, 2016	0.030%	0.128%	-0.098%	No
Feb 01, 2016	0.087%	0.128%	-0.041%	No

Reliance Industries Limited

Date	Percentage Difference	Transaction Costs	Net Profit	Arbitrage Opportunity
Feb 29, 2016	0.010%	0.128%	-0.118%	No
Feb 26, 2016	0.020%	0.128%	-0.108%	No
Feb 25, 2016	0.030%	0.128%	-0.098%	No
Feb 24, 2016	0.010%	0.128%	-0.118%	No
Feb 23, 2016	0.110%	0.128%	-0.018%	No
Feb 22, 2016	0.020%	0.128%	-0.108%	No
Feb 19, 2016	0.020%	0.128%	-0.108%	No
Feb 18, 2016	0.110%	0.128%	-0.018%	No
Feb 17, 2016	0.020%	0.128%	-0.108%	No
Feb 16, 2016	0.100%	0.128%	-0.028%	No
Feb 15, 2016	0.220%	0.128%	0.092%	Yes
Feb 12, 2016	0.030%	0.128%	-0.098%	No
Feb 11, 2016	0.230%	0.128%	0.102%	Yes
Feb 10, 2016	0.030%	0.128%	-0.098%	No
Feb 09, 2016	0.090%	0.128%	-0.038%	No
Feb 08, 2016	0.060%	0.128%	-0.068%	No
Feb 05, 2016	0.140%	0.128%	0.012%	Yes
Feb 04, 2016	0.090%	0.128%	-0.038%	No
Feb 03, 2016	0.070%	0.128%	-0.058%	No
Feb 02, 2016	0.080%	0.128%	-0.048%	No
Feb 01, 2016	0.210%	0.128%	0.082%	Yes

Infosys Limited

Date	Percentage Difference	Transaction Costs	Net Profit	Arbitrage Opportunity
Feb 29, 2016	0.028%	0.128%	-0.100%	No
Feb 26, 2016	0.009%	0.128%	-0.119%	No
Feb 25, 2016	0.086%	0.128%	-0.042%	No
Feb 24, 2016	0.004%	0.128%	-0.124%	No
Feb 23, 2016	0.004%	0.128%	-0.124%	No
Feb 22, 2016	0.120%	0.128%	-0.008%	No
Feb 19, 2016	0.289%	0.128%	0.161%	Yes
Feb 18, 2016	0.062%	0.128%	-0.066%	No
Feb 17, 2016	0.219%	0.128%	0.091%	Yes
Feb 16, 2016	0.171%	0.128%	0.043%	Yes
Feb 15, 2016	0.037%	0.128%	-0.091%	No
Feb 12, 2016	0.106%	0.128%	-0.022%	No
Feb 11, 2016	0.232%	0.128%	0.104%	Yes
Feb 10, 2016	0.144%	0.128%	0.016%	Yes
Feb 09, 2016	0.149%	0.128%	0.021%	Yes
Feb 08, 2016	0.148%	0.128%	0.020%	Yes
Feb 05, 2016	0.021%	0.128%	-0.107%	No
Feb 04, 2016	0.013%	0.128%	-0.115%	No
Feb 03, 2016	0.039%	0.128%	-0.089%	No
Feb 02, 2016	0.064%	0.128%	-0.064%	No
Feb 01, 2016	0.175%	0.128%	0.047%	Yes

Hindustan Unilever Limited

Date	Percentage Difference	Transaction Costs	Net Profit	Arbitrage Opportunity
Feb 29, 2016	0.072%	0.128%	-0.056%	No
Feb 26, 2016	0.082%	0.128%	-0.046%	No
Feb 25, 2016	0.196%	0.128%	0.068%	Yes
Feb 24, 2016	0.012%	0.128%	-0.116%	No
Feb 23, 2016	0.042%	0.128%	-0.086%	No
Feb 22, 2016	0.326%	0.128%	0.198%	Yes
Feb 19, 2016	0.236%	0.128%	0.108%	Yes
Feb 18, 2016	0.097%	0.128%	-0.031%	No
Feb 17, 2016	0.043%	0.128%	-0.085%	No
Feb 16, 2016	0.137%	0.128%	0.009%	Yes
Feb 15, 2016	0.037%	0.128%	-0.091%	No
Feb 12, 2016	0.203%	0.128%	0.075%	Yes
Feb 11, 2016	0.476%	0.128%	0.348%	Yes
Feb 10, 2016	0.018%	0.128%	-0.110%	No
Feb 09, 2016	0.030%	0.128%	-0.098%	No
Feb 08, 2016	0.127%	0.128%	-0.001%	No
Feb 05, 2016	0.000%	0.128%	-0.128%	No
Feb 04, 2016	0.024%	0.128%	-0.104%	No
Feb 03, 2016	0.018%	0.128%	-0.110%	No
Feb 02, 2016	0.012%	0.128%	-0.116%	No
Feb 01, 2016	0.006%	0.128%	-0.122%	No

Asian Paints

Date	Percentage Difference	Transaction Costs	Net Profit	Arbitrage Opportunity
Feb 29, 2016	0.290%	0.128%	0.162%	Yes
Feb 26, 2016	0.192%	0.128%	0.064%	Yes
Feb 25, 2016	0.110%	0.128%	-0.018%	No
Feb 24, 2016	0.319%	0.128%	0.191%	Yes
Feb 23, 2016	0.297%	0.128%	0.169%	Yes
Feb 22, 2016	0.219%	0.128%	0.091%	Yes
Feb 19, 2016	0.070%	0.128%	-0.058%	No
Feb 18, 2016	0.084%	0.128%	-0.044%	No
Feb 17, 2016	0.258%	0.128%	0.130%	Yes
Feb 16, 2016	0.083%	0.128%	-0.045%	No
Feb 15, 2016	0.111%	0.128%	-0.017%	No
Feb 12, 2016	0.146%	0.128%	0.018%	Yes
Feb 11, 2016	0.046%	0.128%	-0.082%	No
Feb 10, 2016	0.046%	0.128%	-0.082%	No
Feb 09, 2016	0.000%	0.128%	-0.128%	No
Feb 08, 2016	0.158%	0.128%	0.030%	Yes
Feb 05, 2016	0.234%	0.128%	0.106%	Yes
Feb 04, 2016	0.073%	0.128%	-0.055%	No
Feb 03, 2016	0.035%	0.128%	-0.093%	No
Feb 02, 2016	0.204%	0.128%	0.076%	Yes
Feb 01, 2016	0.017%	0.128%	-0.111%	No

From the above five tables, we see that after the transaction costs are taken in consideration, taking the arbitrage opportunity is not profitable as it looks. This is because the cost of taking up such opportunity is more than the return from such opportunity. In most cases, the investors might suffer huge loss if the volume of transaction is huge. Small transactions may not affect the investors.

In the real market, it is believed the there is zero, or minimum transaction cost. However, this may not always be true, because in the real world, every service involves some cost and no one works for free. So, there is always a transaction cost. While taking any investment decisions, this cost has to be considered to get the maximum returns and select the best opportunity. Transaction costs are important to investors because they are one of the key determinants of net returns. Transaction costs diminish returns, and over time, high transaction costs can mean thousands of rupees lost from not just the costs themselves but because the costs reduce the amount of capital available to invest. Different asset classes have different ranges of standard transaction costs and fees. All else being equal, investors should select investment whose costs are at the low end of the range for their type.

SUMMARY OF FINDINGS

1. We find that arbitrage opportunities are present in the market.
2. This proves to us that the Efficient Market Hypothesis does not hold.
3. The arbitrageurs present in the market help to bring about equilibrium in the prices between the two stock exchanges by increasing the demand in the exchange with low price and increasing the supply in the exchange with higher price and vice versa, so as to bring about changes in the share prices.
4. We also notice that the percentage of arbitrage profit is not very high and as such to earn substantial profit we have to trade in a large number of shares.
5. We find that the transaction cost plays an important role in determining the Net Profit or Net Return which the investor can earn.

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An Empirical Study of Non-Performing Assets

Abstract

An asset becomes non-performing when it ceases to generate income for the bank. Earlier an asset was considered as non-performing on the concept of 'Past Due'. A 'non performing asset' (NPA) was defined as credit in respect of which interest and/or instalment of principal has remained 'past due' for a specific period of time. An amount is considered as past due when it remains outstanding for 30 days beyond the due date. However, with effect from March 31, 2001, the 'past due' concept has been dispensed with and the period is reckoned from the due date of payment. In this paper, I have analysed the main reasons behind NPAs in India. I have also studied the Gross and Net NPA of 1 randomly selected Private Sector Bank and 2 Public Sector Banks between 2010 and 2015 (Secondary Data). It was found that the overall Gross NPA ratio of all scheduled commercial banks follows the trend similar to that of the public banks because of the large constituent of their gross NPAs in the total amount, with the percentage hovering around 80%.

Key Words : *Commercial Banks; Doubtful Assets; Non Performing Assets and Scheduled Banks.*

INTRODUCTION

An asset becomes non-performing when it ceases to generate income for the bank. Earlier an asset was considered as a non-performing asset (NPA) based on the concept of 'Past Due'. However, with effect from March 31, 2001 the 'past due' concept has been dispensed with and the period is reckoned from the due date of payment. With a view to moving towards international best practices and to ensure greater transparency, '90 days' overdue norms for identification of NPAs have been made applicable from the year ended March

31, 2004. As such, with effect from March 31, 2004, a non-performing asset shall be a loan or an advance where:

- Interest and/or instalment of principal remain overdue for a period of more than 90 days in respect of a Term Loan;
- The account remains 'Out of order' for a period of more than 90 days in respect of an Overdraft/Cash Credit (OD/CC);
- The bill remains overdue for a period of more than 90 days in case of bills purchased and discounted;
- In case of all direct agricultural advances, the following revised norms are applicable with effect from September 30, 2004:

  a) A loan granted for short duration crops will be treated as NPA if the instalment of principal or interest thereon remains overdue for two crop seasons;

  b) A loan granted for long duration crops will be treated as NPA if the instalment of principal or interest thereon remains overdue for one crop season.

  Note:

  1) For the purpose of these guidelines, "long duration" crops would be crops with crop season longer than one year and crops which are not "long duration" crops would be treated as "short duration" crops.

  2) The crop season for each crop, which means the period up to harvesting of the crops raised, would be as determined by the State Level Bankers' Committee in each state.

- Any amount to be received remains overdue for a period of more than 90 days in respect of other accounts.

Any amount due to the bank under any credit facility, if not paid by the due date fixed by the bank, becomes overdue. An account should be treated as 'out of order' if the outstanding balance remains continuously in excess of the sanctioned limit/drawing power. When the outstanding balance in the principal operating account is less than the sanctioned limit/drawing power, then these accounts shall be treated as 'out of order'. However, this is subjected to no credits for 90 days or when credits are not enough to cover the interest debited during the same period.

LITERATURE REVIEW

Meeker Larry G. and Gray Laura (1987) performed a regression analysis by comparing the non-performing asset statistics with examiner classifications of assets. They suggest that the non-performing asset information can be a useful aid in analyzing the asset quality of banks, particularly when the information is timely. *Paul Purnendu, Bose Swapan and Dhalla Rizwan S. (2011)* attempted to measure the relative efficiency of Indian PSU banks on overall financial performances. Since the financial industry in a developing country like India is undergoing a very dynamic pace of restructuring, it is imperative for a bank to continuously monitor their efficiency on Non-Performing Assets, Capital Risk-Weighted Asset Ratio, Business per Employee, Return on Assets and Profit per Employee. Here, Non-Performing Assets are a negative financial indicator. *Selvarajan B. and Vadivalagan G. (2012)*, in their paper, concluded that the fear of Non-Performing Assets permeates the psychology of bank managers in entertaining new projects for credit expansion. Non-Performing Assets are not a dilemma faced exclusively by the bankers; it is in fact an all pervasive national scourge swaying the entire Indian economy. Non Performing Assets are a sore throat for the Indian economy as a whole. Non Performing Assets have affected the profitability, liquidity and competitive functioning of banks, development of financial institutions, and also the psychology of the bankers in respect to their disposition towards credit delivery and credit expansion. *Murthy, K. V. Bhanu Gupta, Lovleen (2012)* focussed on the impact of liberalization on the non-performing assets of the four banking segments namely, public sector, old private sector, new private sector and foreign banks by studying the overall trends in NPAs. They used the Structure-Conduct-Performance (S-C-P) approach that shows the relationship between competition and conduct, and concentration and growth in NPAs. The results show that across the banking industry segments, average non-performing assets in the past 11 years have been declining at a rate of 13% p.a. compounded growth rate. The old private sector banks' non-performing assets have reduced at a rate of 11.98% and that of public sector banks have declined at a rate of 18% and foreign banks' at 11.4%. Though new private sector banks and foreign banks seem to be more efficient, their conduct does not show consistency and stability. *Kavitha. N (2012)* emphasized on the assessment of non-performing assets on profitability, its magnitude and impact. Credit of total advances was in the form of doubtful assets in the past and has an adverse impact on the profitability of all Public Sector Banks. The banks are affected to a very large extent when non-performing assets work with other banking groups which also affect productivity and efficiency. The study observed that there is an increase in advances over the period of the study.

OBJECTIVES

1. To study the concept of non-performing assets in the banking structure of the Indian economy.
2. To analyse the impact of NPAs on the sample of companies of study for the relevant time period.

Research Methodology and Data Collection: The research design that will be used is descriptive research. Secondary data about NPAs, its composition and advances of different banks are taken from the Reserve Bank of India website and the annual reports of the respective banks. The data has been analysed using graphs, charts and simple ratios. A sample of 3 banks has been selected at random and the analysis has been done for a period of 5 years i.e. from 2010 to 2015. The banks are Axis Bank, SBI and Bank of Baroda.

ANALYSIS

Reasons for an Account becoming NPA: The RBI has summarized the finer factors contributing to higher level of NPAs in the Indian banking sector as:

- Diversion of funds, which is for expansion, diversification, modernization, undertaking new projects and for helping associate concerns. This is also coupled with recessionary trends and failures to tap funds in capital and debt markets;
- Business failures (such as product, marketing etc.), which are due to inefficient management system, strained labour relations, inappropriate technology/ technical problems, product obsolescence, etc;
- Recession, which is due to input/power shortage, price variation, accidents, natural calamities, etc. The externalization problems in other countries also lead to the growth of NPAs in the Indian banking sector;
- Time/cost overrun during project implementation stage;
- Governmental policies such as changes in excise duty, pollution control orders, etc;
- Wilful defaults due to siphoning of funds, fraud/misappropriation, promoters/directors' disputes, etc;
- Inefficiency on part of the banks which results in delays in release of limits and payments/ subsidies by the Government of India.

Empirical Analysis of Private and Public Sector Banks and Inferences:

1) AXIS BANK

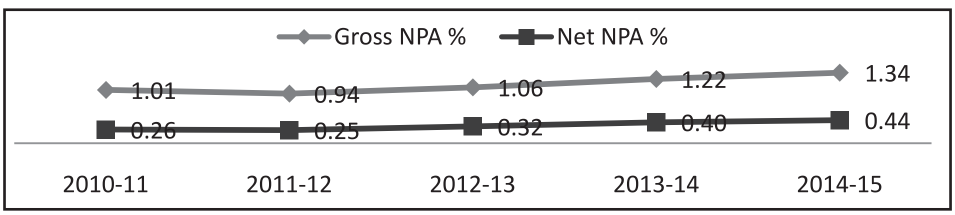


Chart 1: Gross and Net NPA of Axis Bank

Inferences:

- The Gross NPA has risen from Rs. 159.94 crores in FY11 to Rs. 4110.19 crores in FY16 which is a huge increase of 2469.83% and 3950.25 crores in monetary terms. The Net NPA has risen from Rs. 41.04 crores in FY11 to Rs. 1316.71 crores in FY16 which is a rise of 3108.36% and 1275.67 crores in monetary terms.
- The Gross NPA ratio or percentage has risen from 1.01% to 1.34% which is a 32.67% rise in the ratio. The Net NPA ratio has risen from 0.26% to 0.44%, a rise of 69.23%.
- Increasing NPA ratios show that Axis Bank had advanced bad quality of loans over the given period of time. However, as one of the top private banks of the country, it has maintained low NPA ratios comparatively and consequently good health of the bank. Gradual increase in Gross NPA ratio is worrisome.

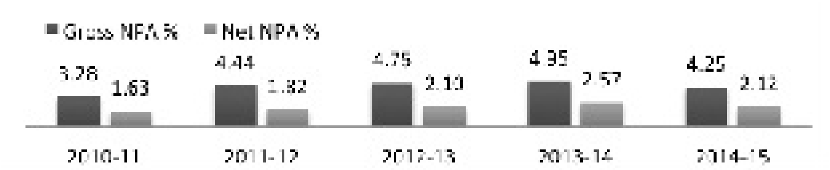
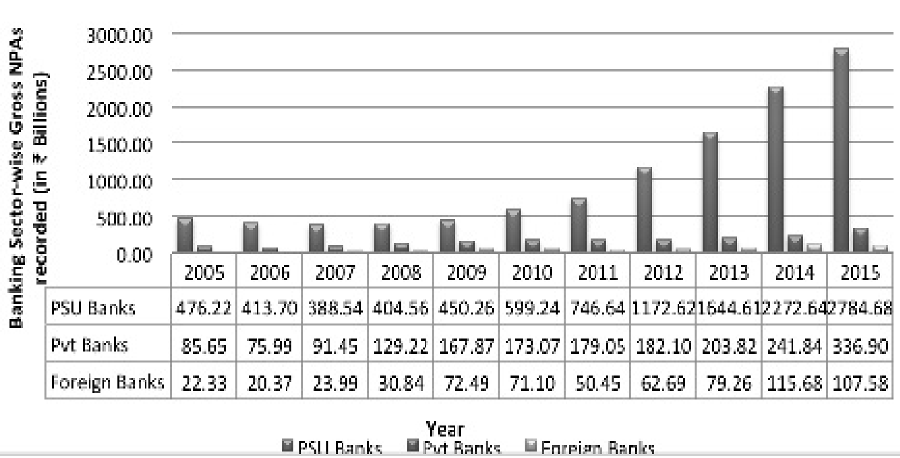


Chart 2: Gross and Net NPA of SBI and its associates

2) STATE BANK OF INDIA AND ITS ASSOCIATES (Public Sector)

Inferences:

- The Gross NPA has risen from Rs. 25326.29 crores in FY11 to Rs. 56725.34 crores in FY16 which is a huge increase of 108.18% and 27399.05 crores in monetary terms. The Net NPA has risen from Rs. 12346.89 crores in FY11 to Rs. 27590.58 crores in FY16 which is a rise of 123.46% and 155243.69 crores in monetary terms.
- The Gross NPA ratio or percentage has risen from 3.28% to 4.25% which is a 29.57% rise in the ratio. The NPA ratio has risen from 1.63% to 2.12%, a rise of 30.06%.
- SBI's NPA ratios have shown an increasing trend across the first 3 years of the given time frame with a dip in the same from FY14 to FY15. The increasing NPA ratios are indicative of the bad loans advanced by the bank due to multiple reasons. The dip in the ratios of FY15 may have resulted from the decision of writing off a chunk of loss assets eventually after change in management.



	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
PSU Banks	476.22	413.70	388.54	404.56	450.26	599.24	746.64	1172.62	1644.61	2272.64	2784.68
Pvt Banks	85.65	75.99	91.45	129.22	167.87	173.07	179.05	182.10	203.82	241.84	336.90
Foreign Banks	22.33	20.37	23.99	30.84	72.49	71.10	50.45	62.69	79.26	115.68	107.58

Chart 4: Sector-wise break-up of gross NPAs (in Rs. Billions)

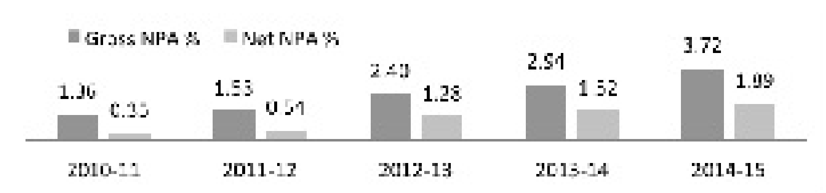


Chart 3: Gross and Net NPA of Bank of Baroda

3) BANK OF BARODA (Public Sector)

Inferences:

- The Gross NPA has risen from Rs. 3152.50 crores in FY11 to Rs. 16261.45 crores in FY16 which is a huge increase of 415.83% and 13108.95 crores in monetary terms. The Net NPA has risen from Rs. 790.88 crores in FY11 to Rs. 8069.48 crores in FY16 which is a rise of 920.32% and 7278.60 crores in monetary terms.
- The Gross NPA ratio or percentage has risen from 1.36% to 3.72% which is a 173.53% rise in the ratio. The NPA ratio has risen from 0.35% to 1.89%, a rise of 440%.
- Bank of Baroda has seen a huge increase in Gross NPA ratio which may have resulted because of the accumulation of newer non-performing assets due to low quality advances by the country's second largest lender. Also, the Net NPA ratio has seen a big jump over the 5-year period. The bank is unhealthy at the moment.

Inferences:

- The Gross NPAs have declined for the early part of the time period in case of all the three sectors: public, private and foreign. However, from the year 2008, the NPAs have been increasing with every year which imply:

- o The ever increasing advances made by the banks, since NPAs are generally proportional to the banking business taking place;
- o The poor quality of advances made by the bank without analysing the profitability of the business of the concerned borrowers;
- o The inability of the borrowers to clear the interest and/or instalment due because of the mounting losses as India, along with the whole world, is gripped in a financial recession or slowdown;

- The Gross NPAs of public banks have become 5.85 times, private banks' 3.93 times and foreign banks' 4.82 times in FY15 from what they were at the end of FY05. However, it is the Gross NPA ratio that can give a clear picture of the existing banking scenario.

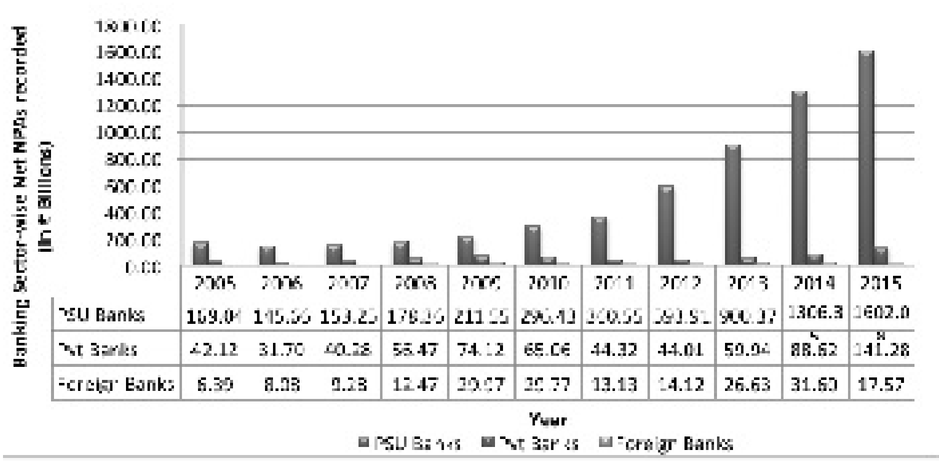


Chart 5: Sector-wise break-up of net NPAs (in Rs. Billions)

Inferences:

- The Net NPAs of the public banks have been consistently on the rise since FY07. It has risen by 847.75% over the last ten years with a simple annual growth rate of approximately 85%. Thus, the public banks have not been able to solve the menace of Net NPAs like its competitors in the private and foreign domain.
- The Net NPAs of the private banks have been fluctuating and have more or less kept non-performing assets very low in comparison to its public counterparts. However, there is a sharp increase in the last two financial years as is evident from the graph above. Foreign banks have maintained a miniscule part of the NPAs as in the books of not only public banks but also private ones. However, the figures have fluctuated all over the years even though they have been successful to keep them to minimum.

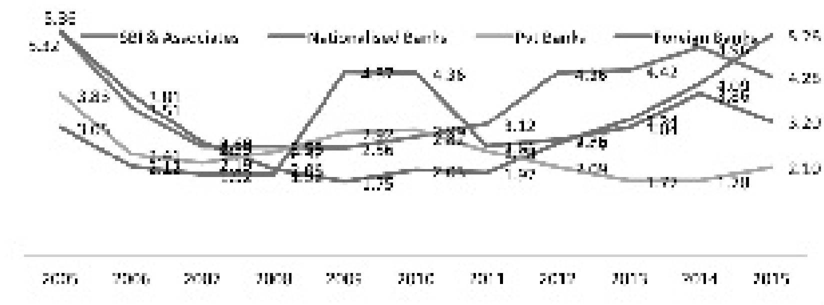


Chart 6: Sector-wise gross NPA percentage

Inferences:

- As it can be made out from the graph, the nationalised banks' Gross NPA % had been falling till 2009 after which it had gone on to climb to a staggering 5.26%, rising constantly and steeply because of the huge amounts of loans granted to alleged government-favoured parties and wilful defaulters during the UPA regime which have turned bad.
- The SBIs have followed the same trend on the lines of the nationalised banks even though it has managed to bring down the Gross NPA ratio from FY14 to FY15 due to better management and writing off a chunk of bad loans.
- The Gross NPA % of the private banks have fluctuated a bit but overall managed to come down by 45.17% over the period of ten years, which is evident from how they have been the best in controlling the problem of non-performing assets.
- Foreign banks have seen huge fluctuations in between

PROJECTS

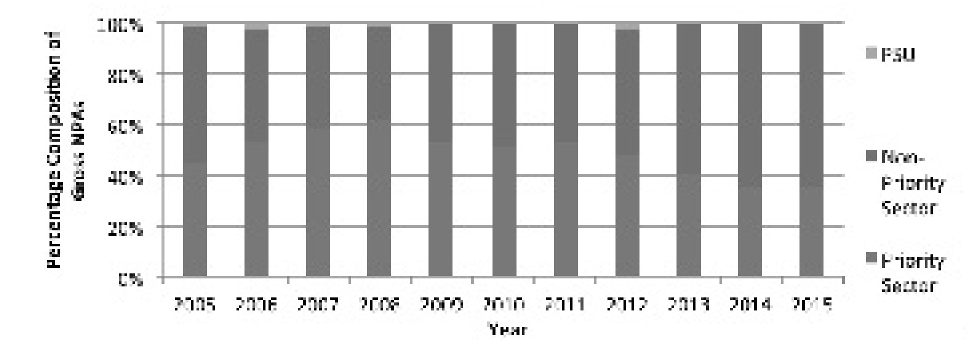


Chart 7: Percentage Composition of Gross NPAs

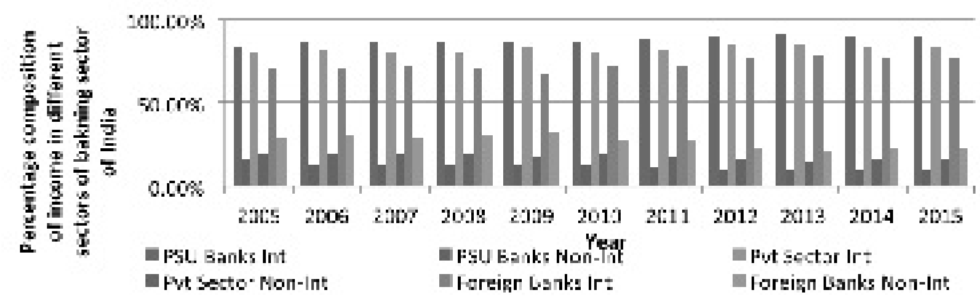


Chart 8: Classification of income for different sectors of banking sector of india

the years but have been able to maintain a low ratio as compared to the public banks. However, private banks have fared better than their foreign competitors.

Inferences:

- The income for the banks has been classified into two categories: Interest income and Non-Interest income. The odd numbered columns for every year represent the interest income percentage while the even numbered columns represent the non-interest portion of the total income.
- Interest income has continued to be the main source of income for all the sectors. However, public banks have been much more dependent on the same than its peers in the other two sectors with the proportion of interest income being almost 90% in comparison to 83.70% and 77.20% of private and foreign banks respectively.
- The proportion of interest income has, however, increased in all the sectors over the previous ten years. It has risen from 83.26% to 89.94% in public banks, 80.49% to 83.70% in private banks and 70.35% to 77.20% in foreign banks. This evidences the fact of increasing income from advances made by the bank which implies greater advances, which have in return led to an increase in NPAs.
- However, it can be inferred that private and foreign banks have been more profitable and healthier than public banks because of its good share of income from value-added and other services. Examples of non-interest income are deposit and transaction fees, insufficient funds (NSF) fees, annual fees, monthly account service fees, inactivity fees, privilege membership fees, Forex earnings, Real Time Gross Settlement earnings and earnings from technology finance. Foreign banks even provide Global Trade Solutions, Factoring Solutions, Private Equity Placement Services, etc.

OVERALL FINDINGS AND CONCLUSION:

- As per the latest records, the situation of Public Sector Banks is very bleak as non-performing assets of the same have exceeded their market capitalisation.
- The private and foreign banks have mostly succeeded in keeping their NPAs low as their advances are towards strong and robust projects of the private sector which promise good returns and thus prove to be healthy investments.
- The Public Sector Banks have been totally outperformed by its competitors in the private and foreign sector. This is mainly because of advancing bad loans for government projects for growth and welfare purposes.

- These sectors are priority sectors and they form the backbone of the Indian economy. The priority sector includes vulnerable sectors like infrastructure, textiles, aviation, iron and steel, and mining. These sectors are infamous for stalled growth and poor development.
- The priority sector constituent of the Gross NPAs has come down considerably. However, the amount in monetary terms has been increasing year after year and there is still an urgent need for further control. Also, the priority sector constituent (in percentage) of public banks still continues to be higher than that of the private and foreign sectors.
- The advances to non-priority sector have turned bad over the years because of the financial slowdown and sluggishness in the past few years, which has affected their profitability and sustainability adversely.
- The rise in Gross NPA ratio post 2009 can be due to the advances made by the government to alleged favoured parties which have resulted in wilful defaults. This is the reason behind public banks' ratios peaking and hovering around 5%.
- The overall Gross NPA ratio of all scheduled commercial banks follows a trend similar to that of public banks, because of the large constituent of their gross NPAs in the total amount, with the percentage hovering at around 80%.
- Interest-income proportion in the total income continues to be higher in public banks than private and foreign banks, which indicates how they continue to be dependent on advances for banking business, which has in turn affected its profitability. This also highlights the growing non-performing assets in books.

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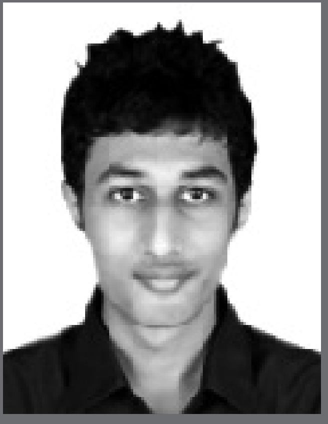

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Social Security & Low Income Groups

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ABSTRACT

At times they reap a bounty, at times they are left with cracked earth crying for rains. There are times they boast of a regular income just enough to meet their family's modest daily needs, then there are also times when they lose their only earning member just to make their lives a mockery in times of galloping inflation. They comprise the majority of India's population. They are none other than the people who are not as fortunate as to earn a decent level of income. They are the poor, the have-nots. These poor families always run at a greater risk of losing their livelihood at the blink of an eye. Some are daily wage laborers, some are piece basis workers, some serve as domestic helps and so on, all having a large number of dependents in the household.

India has remained in poor light for large-scale farmer suicides and pre-mature deaths leaving families in ruins, highlighting the need for some form of Social Security. That's where insurance comes in, or rather targeted Social Security Schemes or Micro-insurance. The protection of low-income groups against specific perils in exchange for regular monetary payments (premiums) proportionate to the likelihood and cost of the risk involved seeks to provide a suitable solution for managing these risks.

This Paper aims to study Insurance Awareness among the Lower Income Groups in the Indian-Urban landscape. It seeks to judge the perception and the existing challenges and its possible solutions, which turned more significant in the after-math of the launch of two major Social Security Schemes by the Union Government: *Pradhan Mantri Suraksha Bima Yojana (PMSBY) and Pradhan Mantri Jivan Jyoti Bima Yojana (PMJJBY)*.

OBJECTIVES

- To determine the awareness of insurance among Lower Income Groups.
- To estimate the insurance security cover of earning members of poor households.
- To decipher the perception about insurance being beneficial and important.
- To study the status of Government's recent signature social security schemes.
- To study the challenges and suggest possible solutions.

LITERATURE REVIEW

A study by Syed, Falaknaaz, "Popularizing Health Insurance in Rural Areas" (2006) showed that 70 per cent of India's population lived in villages, and only two per cent of them were insured.

A study by M-CRIL "Micro-Insurance regulation in the Indian financial landscape" (March 2008) estimated that near about 14 million adults were covered by life micro insurance in India, which is a very 'diminutive' part of the potential micro insurance market. Their observations opined how the regulations regarding micro-insurance have failed to spur greater interest in micro-insurance activity, which remains to be converted into a commercially viable opportunity.

"Outpaced and Underprepared" (2015) by BigDecisions.com found out that 95% of middle-class Indians do not have adequate health insurance to cover some of the most common procedures and ailments.

RESEARCH METHODOLOGY

The Paper is based on Primary Data. The data collection mechanism employed was Survey & Interview. A close-ended Questionnaire was used for 20 random households as sample in the slum area in the interiors of Phoolbagan area in Kolkata. The results of the Variables (Questions) were analyzed and co-related were appropriate to arrive at conclusions.

BACKGROUND

India is one of the first countries in the world to have introduced micro-insurance regulation. Initially, the schemes were initiated by NGOs. The concept gained significant impetus due to microfinance activity and IRDA regulations.

It was found from pertinent literatures that one-fourth of the poor who were hospitalized fell into poverty as they had to sell/pledge their assets to meet the high costs of healthcare (as per a Study by Shetty and Veerashekharappa published in The IUP Journal of Risk & Insurance).

IRDA in 2005 issued detailed guidelines on micro-insurance (the latest being in 2015). IRDA regulations were a milestone in the development of micro-insurance in India. However, the problems persisted.

THE *YOJANAS*

The Government, through the Budget Speech 2015, announced 3 ambitious Social Security Schemes pertaining to the Insurance and Pension Sectors: PMJJBY, PMSBY and the Atal Pension Yojana (APY), to move towards creating a universal social security net, targeted especially at the poor and the under privileged. Hon'ble Prime Minister Shri Narendra Modi launched these schemes nationwide in Kolkata on 9th May 2015.

In light of the fact that a large proportion of the population has no accidental insurance cover, the PMSBY is aimed at covering the uncovered population at a highly affordable premium of just Rs.12/year, with a risk coverage of Rs. 2 lakh for accidental death and permanent total disability and Rs. 1 lakh for permanent partial disability.

PMJJBY is a one year renewable life insurance scheme offering coverage for death due to any reason. Life cover of Rs. 2 lakhs is available at a premium of just Rs.330/- per annum per member.

In order to assure hassle free claim settlement for the claimants, a simple and subscriber-friendly administration claim settlement process has been put in place.

Pradhan Mantri Jan Dhan Yojana (PMJDY) - Linking Micro-credit with Micro-insurance

Linking of microcredit with micro-insurance is a very desirable situation. There is, therefore, a need to emphasize such linkage. The Government has taken a step in the right direction by bringing in PMJDY, the world's largest Financial Inclusion Programme.

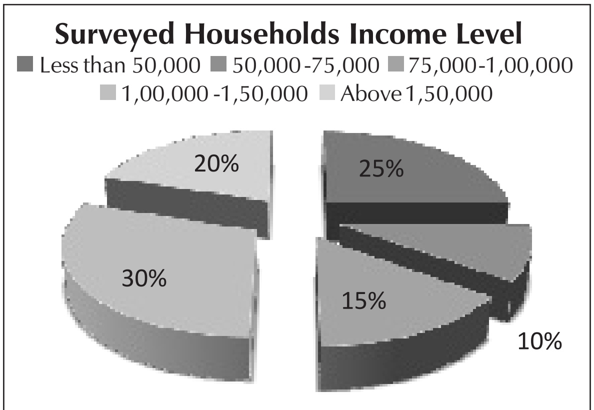
Ranking & Summary for PMJJDY, MPSBY & APY as on 09.05.2015

Summary of APY/PMJJBY/PMSBY as on 09.05.2015					
Scheme Name	**Rural Male**	**Rural Female**	**Urban Male**	**Urban Female**	**Grand Total**
APY	12,945	6,220	11,059	6,941	37,165
PMJJBY	4,990,993	2,500,082	3,957,461	2,115,087	13,573,623
PMSBY	14,106,768	7,522,145	14,905,589	7,791,519	41,126,021
Grand Total	**19,110,706**	**9,828,447**	**18,884,109**	**9,913,547**	**57,736,809**

Picture Above: Status Report updated on the Scheme Website on a Daily Basis.

ANALYSIS & FINDINGS IN BRIEF

A. Income Level of the Sample



B. General Parameters:

PARAMETER	RESULT
Awareness of Life Insurance	High
Awareness of Accident Insurance	Low
Most Popular Media for awareness	Advertisements (Television)
Percentage of Policy Holders (Life)	Very Low (12%)
Percentage of Policy Holders (Accident)	Very Low (7%)

C. Derived Parameters

PARAMETER	RESULT
Income-Policy Holding Relationship	Awareness was greater in Higher Income levels
	Policy-Holders remained Low in Higher Income levels as well.
House Type-Policy Holding Relationship	Few Takers of Life Insurance in brick Houses as compared to Kachcha Houses.
	No takers of Accident Insurance in Kachcha & Semi Kachcha Houses as compared to 33% in Brick Houses.
Dependent-Earning Member Analysis	Majority (70-80%) of the Earning Members did not have any kind of Insurance
	Low Policy-Holding even in cases of high number of dependents
	Low Policy-Holding even in cases of very few Earning Members.
Perception regarding affordability	60% of respondents were not aware of the price of insurance products, and thus could not judge its affordability. Almost half of these believed that insurance was costly, due to their general perception of inflation.
	40% of Respondents believed insurance is affordable. (although they did not view it as indispensable- as evident from low takers percentage)
Situation of PMSBY & PMJJBY	Many (55% of Respondents) were aware of the schemes.
	Advertisements being the most Popular Media.
	Very few takers (just 15% of those aware) of the scheme.

D. Dependent-Earning Member Analysis in Detail

TABLE-DE.1			TABLE-DE.2		
Case	**Dependents per EM**	**Have Life Insurance**	**Case**	**Earning Members**	**Have Life Insurance**
1	3	No	1	1	No
2	4	Yes	2	1	Yes
3	2	No	3	1	Yes
4	5	Yes	4	1	No
5	2	No	5	1	Yes
6	2	No	6	2	No
7	3	Yes	7	1	No
8	2	No	8	2	No
9	2	No	9	2	No
10	2	No	10	2	No
			11	2	No
			12	1	Yes
			13	1	No
			14	1	No
			15	1	No
10 Cases	**:TOTAL:**	**3 Policies**	**15 Cases**	**:TOTAL:**	**4 Policies**

Observations of Dependents-Earning Member Analysis:

- It was observed that just 30% of the Earning Members were covered by Life Insurance in cases, where Dependents per Earning Members Ratio was greater than 2. (Table: DE.1)
- Another dismal finding pointed out that just 26.67 % of the Households had Life Insurance Cover of their Earning Members, where the Earning Members in the Households were 2 or less. (Table: DE.2)

CONCLUSIONS & RECOMMENDATIONS

The present regime at Centre has identified the need for Social Security Cover for India's vast expanse of hinterland denizens. Despite sincere efforts to bridge the gap, the *Yojanas* do not seem to have taken off well due to trust deficit and lack of knowledge about usage, usefulness & importance and Perception Factor. Majority of those aware are not convinced about the usefulness. While Television (Advertisement) media emerged to be the one with greatest outreach, it failed miserably to be the perception-changing agent, given the lower levels of conversion ratio of schemes which were highly marketed like PMSBY & PMJJBY. Income failed to qualify as the sole determiner of insurance affordability as it was found that even higher income earning Households were non-takers; which hints Perception to be the major setback to higher percentage of insurance cover. Stark findings emerged in Dependents-Earning Member Analysis point to a grim situation of high risk looming large over poor households with a high number of dependents.

A UNDP Report also put forth overall key issues pertinent to the growth of the Indian Insurance Industry with respect to low income categories, such as:

- Little efforts at market development.
- Challenges in product design.
- Absence of a historical data base on claims leading to premium calculations based on remote macro aggregates and overcautious margins resulting in high product pricing.
- Difficulty in distribution.
- Cumbersome procedures.

When the nation came out of the shackles of colonialism, it had a host of problems to deal with. In fact, many of the problems persist till this day. Unfortunately, many still die of lack of food or water. In this backdrop, expecting people to ponder over things such as insurance cover seems a little misplaced. However, this situation makes the need of a form of security even more glaring. The oxymoronic situation is sure to put one in dilemma.

The following are the recommendations in this regard:

- Greater participation of State Governments - their advantage being the local factor to ensure easy acceptance and bring in the much needed trust.
- Exposure to mainstream technologies to enable ease of access to products.
- Simplification of products and processes.
- Focus on volumes by targeting large groups (associations, unions, etc.), so as to ensure larger enrollment.
- Outreach should be increased by innovative campaigns, given the demography and perception.

- Innovation should also be adopted at all stages for products, in pricing and in supply chain.
- Success of marketing insurance schemes also depends on understanding the social and cultural needs of the target population.
- Accident Insurance assumes significant importance, given the high number of accidental injuries and deaths in India. It has been found to be a neglected scheme in the Study findings. Policies for the same need to be popularized and made more lucrative.
- Government should make determined efforts towards increasing the health spending of people in India, which is currently at a very low percentage of the GDP as compared to other countries.

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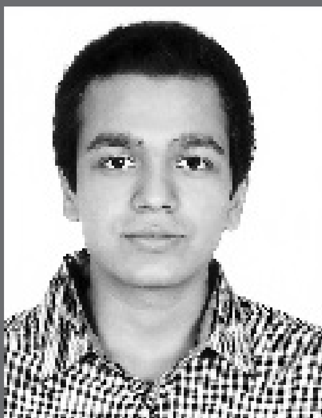

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Investigating the Brand Perception of Consumers towards B-Schools

PROJECTS

INTRODUCTION

Education has lately transformed into more of a business than an effort to educate the people of the country. There are thousands of private Business Schools across the country providing management degrees. This scenario entails that every Business School needs to establish its presence as a brand by showcasing its 'brand equity', which is the most valuable intangible asset for its survival in the long run. Brand equity is the public's valuation of a brand. It is associated with widespread recognition, customer loyalty and market share enjoyed by the branded product or service. Customer loyalty evokes the way consumers perceive the brand. The consumer perception theory attempts to explain consumer behavior by analyzing motivations for buying, or not buying, particular products or services. Three areas relate to consumer perception theory: self-perception, price perception and perception of a benefit to quality of life.

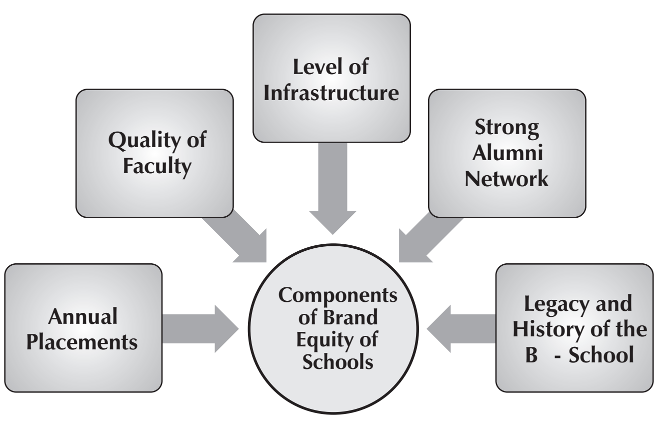
A rapid increase in the number of Business Schools, dimensions and variety of the courses and specializations offered by them, quality of placements, reputation, success of placements, specializations, infrastructure, teaching methodology and faculty are the factors and measures which are primarily responsible for affecting the brand equity of Business Schools. The agile increase in their numbers has made the market place much more competitive than it was a decade ago. One important question that arises is, "Will the MBA ever lose its shine and polished value?" This depends on where the degree and the student come from i.e. those doled by thousands of mushrooming management schools which never had the shine, or by those which established concrete brand equity and never lost its shine.

MANAGEMENT EDUCATION IN INDIA – AN OVERVIEW

According to one of the oldest and simplest laws of economics, popularly known as the Says Law:
"Supply creates its own Demand"

It can be instituted and restated in the terrene of the Indian Management education as:
"Demand creates its own Supply"

As per figures published by Business Standard, in 2013 the number of applications stood at 1.94 lakh, while in 2012 it was 2.14 lakh. The number of Master of Business Administration (MBA) aspirants has been consistently multiplying over the last 10 years, and according to the All India Council for Technical Education (AICTE), in 2014 – 3,54,421 students enrolled for MBA in 3,364 institutions across the country. It is estimated that Indians spend approximately more than Rs. 50,00,000 crores a year on management education. The worth of an MBA degree is, therefore, at the apex. But how consumers perceive Business Schools, and how these B-Schools maintain their brand equity, is of paramount importance. Since there are 'n' number of B-Schools today, consumers have also started perceiving the worth of the institutes granting the degrees. Various factors and parameters are responsible for establishing the brand equity of a Business School, such as:



The Common Admission Test, commonly known as the CAT, is undoubtedly the most sought after management entrance exam in India. The examination offers admission to more than 160 Business Schools across the subcontinent, including 13 coveted, as well as 6 new Indian Institutes of Management (IIMs). In 2011, there were 68 aspirants for one seat at an IIM, which has now dropped to 58 candidates a seat.

According to Business Standard, the number of registrations for CAT 2013 had witnessed a 9.3% drop. The total number of applications stood at 1.94 lakh, compared to 2.14 lakh in 2012. In comparison to this, in 2010 the competition ratio stood at 1:101, which was down from 1:125 in 2009.

OBJECTIVES OF THE STUDY

1. To analyze the importance of the brand equity of Business Schools for differentiating themselves in today's highly competitive environment.
2. To examine the factors, which impact the branding of Business Schools in India according to the applicants.
3. To identify elements considered by consumers while applying to Business Schools in India.
4. To explore the factors that would enhance the brand equity of Business Schools that consumers readily perceive today.

LITERATURE REVIEW

Purie (2004): Purie has highlighted the growing importance of the Master of Business Administration (MBA) degree in the Indian as well as the global corporate world and how the MBA aspirants are filling up the market. This leads to wealthy barons and moguls making money and creating a business of the management education system. The real question raised by the author here is that "will the MBA ever lose its shine?"

Heer and Offin (2015): According to Felicia de Heer and Patrick Tandoh Offin, today globalization, technology and competition have made it

PROJECTS

increasingly important for universities to differentiate themselves by the means of branding. In the current scenario, universities are in a situation of cutthroat competition with one another for rankings, reputation and resources. Branding would help to attract desired students and faculty itself. The motivation to brand colleges will turn stronger, when the benefits that are derived will be examined and made crystal clear. Branding defines universities in such a way that vision, mission and core values which form the essence of the existence of these universities are made stronger, thus making them a legacy in the years to come.

Boruah (2016): The MBA Course in India fascinates many aspirants and so the number of institutes offering this course has also swelled. Knowing the right set of criteria and the correct algorithm to crack the admission gateway is essential to bell the CAT and get a chance to go to one's dream Business School. The admission criterion also differs for each college. Every IIM judges candidates according to different parameters as required by them, a list of which is published on their official websites every year.

RESEARCH METHODOLOGY

Sampling Technique: In the study, a blend of the following sampling techniques has been used:

- **Simple Random Sampling:** Studies have been conducted across certain B-School students of India, purely on a random basis.
- **Purposive Sampling:** In the execution of the study, questionnaires have been deled out and filled by friends, relatives and acquaintances.

Sample Size: 127 respondents from various metropolitan cities across India, with the highest number of respondents being from Kolkata and Mumbai.

Research Instruments Used: The study constitutes research that was twofold in nature, and involved:

- Questionnaire method used for conducting the survey.
- Use of journals, magazines and online sources to collect material on the study.

A semi – structured questionnaire has been used consisting of both open-ended and close-ended questions. Further it also consists of quantitative questions for measuring the response of customers, such as through the Likert Scale, ranking scale and checklist.

Further, the hypothesis has been developed and analyzed using IBM SPSS 24.0 package. The various tools that have been used to validate the hypothesis are simple correlation as well as linear regression analysis. The output evolving from the aforementioned analysis has been further tested using ANOVA or F-test.

ANALYSIS OF DATA AND SUMMARY OF FINDINGS:

Correlation Analysis:

The Correlation table reflects the degree of association between the multiple variables present in the study. There are five variables, namely – Average Salary of Annual Placements (ASAP), Course/ Specialization offered (CSO), Use of Modern Technology and Aid for Teaching (MTTA), Quality of Infrastructure (QI) and Accommodation of B-School (AOB).

The table highlights a very strong correlation between most of the variables quoted in the study. It can be observed that there exists a very strong correlation between course/specialization offered (CSO) and importance of branding of B-Schools (BSOBS), which is 0.829. This indicates that correlation between course/specialization offered (CSO) have a high degree of association with branding of B-Schools (BSOBS). This is mainly because of the current situation of a bad job market, and also because more people today prefer to work independently rather than under others, thus preferring to have their own startups. This leads them to choose their desired courses/ specializations and manage their own startups.

On the other hand, there exists a very weak correlation between Accommodation of B-Schools (AOB) and the Importance of Branding of B-Schools (BSOBS), as revealed to be 0.390. The reason for such weak correlation could be justified as consumers at B-Schools are generally so involved in their curriculum and development that they hardly get a chance to even think about the emphasis and quality of accommodation that is offered to them, as it is above the minimum basic requirement needed by an individual.

		Average Salary of Annual Placements	Course/ Specializations Offered	Use of Modern Technology and Aid for Teaching	Quality of Infrastructure	Accommodation of B-School	Importance of Branding for B-School
Average Salary of Annual Placements	Pearson Correlation	1					
Course/ Specializations Offered	Pearson Correlation	0.760	1				
Use of Modern Technology and Aid for Teaching	Pearson Correlation	0.664	0.722	1			
Quality of Infrastructure	Pearson Correlation	0.552	0.619	0.793	1		
Accommodation of B-School	Pearson Correlation	0.424	0.469	0.518	0.591	1	
Importance of Branding for B-School	Pearson Correlation	0.642	0.829	0.573	0.511	0.390	1

Correlation Table representing degree of association between variables

Linear Regression Analysis:

Based on the regression analyses, we have derived our ANOVA results, which give us our significance values. These significance values shall help us summarize our hypotheses results post-testing. The results have been summarized as follows:

H1	VARIABLES	P-VALUE	F-VALUE	RESULTS
H1A	Average Salary of Annual Placements	0.000	87.524	Accepted
H1B	Course/ Specialization offered	0.001	273.916	Accepted
H1C	Use of Modern Technology and Aid for Teaching	0.000	60.946	Accepted
H1D	Quality of Infrastructure	0.000	44.092	Accepted
H1E	Accommodation of B - School	0.000	22.372	Accepted

Tabular representation of Summary of Hypothesis Testing

CONCLUSION

Business Schools in India have to do a considerable amount of envisioning and rethinking so that the products that are being transformed and educated in their institutes are quality individuals that meet the standards and expectations of the job market and the management industry, in particular, in today's global marketplace. Today's corporate scenario demands skills that embed students in such an environment where they can acquire and imbibe competence from each other, as well as from their collective experience. Management colleges should be flexible, responsive, innovative and be able to adapt to the changes of the dynamic management industry. They should be capable enough of cracking problems and solving the equation in the management sphere perfectly. The branding of any B-School would be reflective of its results. It produces and grows over a considerable period of time. It cannot be static like an immediate change and effect situation, but can only grow in the view of today's people by producing outstanding results in all fields and ticking all the right boxes.

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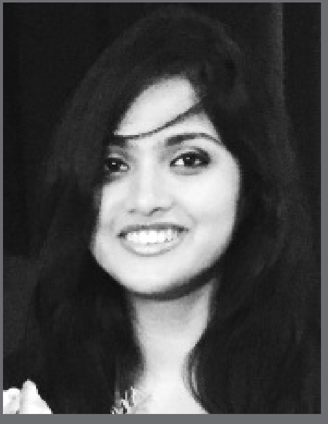

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PROJECTS

Sinful Indulgence or Responsible Luxury

A Study of Corporate Social Responsibility in India

CSR INITIATIVES IN INDIA

"Businesses need to go beyond the interests of their companies to the communities they serve" ~Mr. Ratan Tata

Even much before the issue became a global concern, India was aware of CSR due to the efforts of organizations such as the Tata Group. (Around 66 per cent of Tata Sons- the holding group of the Tata Group- is today owned by a trust).

Corporate companies like ITC have made farmer development a vital part of their business strategy and made major efforts to improve the livelihood standards of rural communities. Unilever is using micro enterprises to strategically augment the penetration of consumer products in rural markets. IT companies like TCS and Wipro have developed software to help teachers and children in schools across India to further the cause of education. The adult literacy software has been a significant factor in reducing illiteracy in remote communities. Banks and insurance companies are targeting migrant laborers and street vendors to help them, through micro-credits and related schemes.

In June 2008, a survey was carried out by TNS India and the Times Foundation with the aim of providing an understanding of the role of corporations in CSR. The findings revealed that over 90 per cent of all the major Indian organizations surveyed were involved in CSR initiatives. In fact, the private sector was more involved in CSR activities than the public and government sectors. The leading areas in which corporations were involved were livelihood promotion, education, health, environment, and women empowerment. Most of the CSR ventures were done as internal projects, while a small proportion involved direct financial support to voluntary organizations or communities.

In a survey by the Asian Governance Association, which ranks the top 10 Asian countries on corporate governance parameters, India has consistently ranked among the top three, along with Singapore and Hong Kong, for the last eight years.

In another study undertaken by automotive research company, TNS Automotive, India has been ranked second in global corporate social responsibility. State-owned Bharat Petroleum and Maruti Udyog were ranked as the best companies in India. Bharat Petroleum and Maruti Udyog came on top with 134 points each, followed by Tata Motors (133) and Hero Honda (131). The study was based on the public goodwill index, and India received 119 points in the index against a global average of 100. Thailand was at the top slot with 124 points.

NATURE OF THE PROBLEM

CSR should no longer be an option; it should be a compulsory aspect, and now it is about how responsible a company is and how far it goes for the sake of the society. A lot of published research papers talk about CSR, but still there are few practical guidelines to businesses on how to address CSR in an effective and innovative manner.

OBJECTIVES

- To understand the effect of CSR in the economic conditions of India.
- To find out whether CSR activities are implemented in India or it is just another word in the fad, by having an insight towards the incentives that the companies are getting for taking up CSR, and to understand the role and interests of the stakeholders in respect to CSR performed by their company.
- To understand the perception of the consumers about CSR and how the consumers behave when exposed to a particular kind of situation.

RESEARCH METHODOLOGY

Research Design

The research design used in this research is Descriptive Research, which is concerned with specific factors.

Data Collection Method

PRIMARY DATA

It is collected by means of questionnaires and interviews. These questionnaires and interviews will help in drawing conclusions about the case.

SECONDARY DATA

Different research papers were accessed for writing the literature review.

Questionnaire Design

There are two types of questionnaires comprising various questions for measuring the responses of the companies and consumers.

Sampling Method

iOS Numbers were used to make the charts and tables.

Sample Size

This refers to the number of items to be selected from a universe to constitute a sample. My sample size is 30 Indian companies and 50 Indian consumers.

FINDINGS AND OBSERVATIONS

"CSR is a hard-edged business decision not because it's a nice thing to do or because people are forcing us to do it…. because it's good for our business" ~ Mr. Niall Fitzgerald

There are very few companies in India which perform CSR activities, and this is not the cause but the effect, contributing towards India still being a developing economically backward country as compared to other countries. Many companies engage in import and export of finished goods and raw materials for the successful completion of their production. This apparently is of no harm, but has a deep effect in the national income of the country. The companies which are mainly India based and are setting up businesses outside India have to understand that due to the inflow and outflow of money for their business purposes, the Gross Domestic Product Value is affected and thus the National Income of the country is harmed. This was currently discovered by ITC. In an exclusive interview of the ITC welcome group, I got to know that they deliberately don't do any business outside

India, because they want the money generated in India to circulate within the national boundaries. To find out whether CSR is implemented in a developing country like India or is just another word in the fad, we need to have an insight towards the incentives that the companies get for taking up CSR and understand the role and interests of the stakeholders with respect to duties performed by their company. Some companies use it just for their audit purpose. Few others use CSR as just another promotional tool to promote their products or the brand as a whole, while for some companies wanting to increase their goodwill, CSR is a way to attract more customers and retain the existing ones. Some companies use CSR only as a tool to getting benefits from the government. Few companies engage themselves in sponsorships and charity and call themselves socially responsible. Some companies refrain from being socially responsible even after getting government support and clearing legal formalities, while some other companies do it only for the fear of law, because they don't want to violate the rules and spoil their goodwill.

The consumers are less aware of the exact concept of CSR. Rural consumers are mostly unaware of the benefits that they can derive if the companies become socially responsible. The consumers are rational, yet ignorant or less interested in knowing or understanding corporate social responsibility. The consumers who understand the value of corporate social responsibility are loyal to the products offered by socially responsible companies. Some consumers, as well as companies, are interested in making the corporate social responsibility concept even more popular and worthy. Price is also an important factor that determines consumer behavior in a developing country like India. Because of the different types of income level and uneven distribution of products and services, price discrimination is practiced largely. Peer pressure and influence from other factors of nature are also very important in the behavior pattern of the consumers, because of emotional attachment, varied tastes and preferences, blatant liking for a particular product and several other factors.

CONCLUSION

Corporate sustainability is an evolving process and not an end in itself. The Companies Bill is a good initiative on the part of the government. However, what constitutes CSR is unclear, and is left for the companies to decide. The challenge for the companies is to determine a strong and innovative CSR strategy, which should deliver in ethical, environmental and social areas and meet all the stakeholders' objectives. It is important for CSR strategies to become central to business strategies and a part of the long-term planning process. Stakeholders are questioning the CSR initiatives of the companies. They are challenging the companies' decisions-making in this direction. It has become imperative to incorporate the views of the stake holders.

In India, the CSR managers face a number of challenges in managing CSR activities. The biggest problem is lack of budget allocations, followed by lack of support from employees and the lack of knowledge as well. Lack of professionalism is another problem faced by this sector. Absence of training and undeveloped staff is an additional problem leading to reduced CSR initiatives. The general public too, does not take enough interest in participating and contributing to CSR activities of companies, as they have little or no knowledge about it.

The increasing demand for more transparency and accountability on part of the companies and disclosure of information through formal and improved reporting is also inevitable for the companies. The more open and honest the disclosure, the stronger and trusting the relationships can be with the stakeholders and consumers. Small companies do not take adequate interest in CSR activities, and those who undertake them fail to disclose it to the society. In the process, they lose out on people and their trust in them. Media can come up with strong support for CSR by informing the people at large about the CSR initiatives taken up by the companies. It can sensitize population and can also make them aware of the benefits of CSR. However, media is not doing enough in this regard.

"We generate wealth for the people. What comes from the people must, to the extent possible, therefore get back to the people" ~ JRD Tata.

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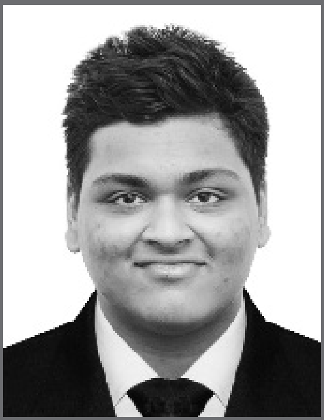

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Walk of Esteem

Getting a thrust from the stultifying summer after high school into a world freshly coloured with freedom, a carefree child steps into the arena of a glimmering life; a competitive environment. There are no rules because you haven't been taught them yet. It is that time when you can do anything and there aren't any repercussions, because, like a child, you don't know any better. Your thirst is to learn new things and to meet new people; make new friends, discover new opportunities. No sooner had we started defining our college life with the early morning classes and seminars, than we saw our fellow Xaverians strutting forth, wearing a jet black t-shirt with Xavier's Commerce Society imprinted boldly on it. At that very moment, the assuage saw new horizons and nothing remained quite the same again. The crave to possess it was not just to flaunt it on my back, but also to put myself to tests with a goal to find the real me. Two years down the line, with utmost meekness, without any ignominy, we can say, 'nothing worth having comes easy'. It's almost impossible to put in words what the Xavier's Commerce Society is to us. We were building our future on a spec, when XCS trained us to plan it brick by brick.

The first six months of a freshman can be revolutionary: either you are the reticent shy boy, afraid of obloquy, or you are the man who grasps every opportunity that beckons. Xavier's Commerce Society is that cohesive platform which provides a plethora of occasions to be neutralized by a Xaverian. The iota of professionalism, fidelity, magnificence and intellect grows to a colossal form under the guidance of XCS. Every individual has a strong suit and XCSers are given plentiful verticals to realize theirs strengths in different situations. The perfect elbow room of choice, liberty and freedom is plated where they can explore themselves completely and gobble the best out of it. Taught to stand on one's own hook, drained to master multitask, propounded frequently for astute thinking; an XCSer understands the intonation of success and stability. An XCSer as a winner rebukes and forgives, next to sincere compliment, prefers well-deserved and honest criticism of his ideas. Eventually, every action by XCSer would be for the holistic development of the students of the college as well as the progress of the society. He judges his calibre in the mirror and improves with every passing moment. So my dear black t-shirt, you have to live by the rules.

The numerous vacillations, argumentative decisions and rigorous attempts starts taking a seamless structure as we transcend from being preliminary tenderfoots to decision makers. We could never defer this responsibility to posterity just as a timer can never stop ticking. At this juncture, when every move is checked by the society, noted by the audience, it is important that we deliver the responsibility bestowed upon us with perfection and realize the accountability of every consequence that matters to the organization. These years in XCS teach you a vital lesson- that the world will not hold your hand and pamper you, but if you show the intent, it sure will offer you a palm of assured support, encouragement and morale. Your inner vision of conceivable ideas explodes with astounding innovations in the world, transforming you in concealment. How many minor errors and sacrifices are made while structuring one big picture, can only be answered by an XCSer at this blooming stage of life.

With just one more year left down the line we realize that our past has solidified into something real. Soon, the calendar becomes an enemy. Each ticked off day represents more and more stripped away from less and less. But because of this, we, strangely enough, revert to our beginning days, our starting-out days, days when everything was freshly surprising. To us, Xavier's Commerce Society will neither be about the events that we successfully pulled off on a trot, nor about the humility with which we impressed colleges across the country. Moreover, it will be about the bonds that we have made, the ardour that we have nurtured, the corporate outlook we have explored and the ecstasy of giving a tangible form to every plausible idea that we have had. You have solidified a group of friends your age, while you know a set of people below you and have a network of friends ahead. You don't really have to worry about the end, because there's still that group of older people, seniors, ahead of you. They are the buffer protecting you from having to ponder your exit. This is the age where you have both authority and energy. You're fresh enough to still swing, and you're old enough to know the ropes.

With its inception in the year 2006 by a handful of people, today, this society is over a decade old. The legacies that have been passed on year after year are something that fill all of us with immense pride and satisfaction. Today, as we hustle in college working tirelessly for the next event, the thing that keeps us going more than anything else is the way our fellow students look at us. The respect and affection that this society commands is something that we can never be grateful enough for. It has been very aptly stated, "With great power, comes great responsibility". It is this sense of responsibility that we have towards our Society and our fellow Xaverians that even the smallest of mishaps regarding our events haunt us for nights and we continue to work with the aim of achieving excellence, in our quest for perfection. Today, as the two of us be the wheel to drive this immense responsibility of keeping the XCS journey running, we do meet collywobbles in the stomach and shiver in the knees. What keeps our expedition to glory going is the passion that XCS has inculcated in us, which will surpass all obstacles in life, and we hope to definitely add to the plaudits of this brethren, leaving our insignia behind.

Notwithstanding how much an XCSer may grow and achieve any high stride, he will always be indebted to the grace of Rev. Fr. Dr. Felix Raj, S.J., the President of the Xavier's Commerce Society, the guide and mentor under whose leadership XCS has strived to reach the acme of perfection. Our efforts get energy from the constant encouragement of Rev. Fr. Dr. Dominic Savio, S.J., under whose blessings our endeavours become a success. We would also like to extend our earnest gratitude to Dr. Madhusree Mukherjee for being a source of motivation for all of us. We would like to thank Prof. Swapan Banerjee and Prof. Amitava Ghose for their continued guidance. A special mention also goes out to our Vice President Dr. Sumona Ghosh, the backbone of the XCS family. Our appreciation goes out to the entire faculty of B.Com Department and support staff, without whom XCS would not be able to put up any of its events with such ease and perfection. To each and every Xaverian, please do take our regards for accepting XCS and being our backbone all throughout.

We once heard it being said that the day your first child is born is the day you'll actually understand you're going to die. It's not a resentful feeling in the least, but rather the realization that you're taking your place among the genealogical hierarchy. You have got to go because you have got to make some room - it's really difficult to leave behind the thing you're most attached in your life. Very soon, there will be students filling in our shoes as leaders, in the autumn spring of their college lives, imparting their shards of advice as they move on to follow us into the world. With every crossroad in their life, humongous opportunities will be striking their way. To succeed, they just need to catch the right ball and bring it to their court. As truly said by Thomas Edison, 'Opportunity is missed by most people because it is dressed in overalls and looks like work'. Realizing my 'Dreams' and walking through the doorway of 'Development', the day I reach my 'Destiny', I will have but one single thing to thank – Xavier's Commerce Society!

Mayank Mohata **Ratul Borar**

INDIVIDUAL ACHIEVEMENTS

NAME	ACHIEVEMENT
Manjari Bagri	AIR 18 in CS-Foundation June 2015
Mayank Saraf	AIR 10 in CA-IPCC November 2015
Nitin Kulshreshtha	AIR 33 in CA-IPCC November 2015
Pallavi Bajaj	AIR 6; represented West Bengal and Sikkim in the Republic Day camp as the Best Air Force Cadet
Prajesh Dhanuka	All India ACET December 2015 topper
Prerna Agarwal	AIR 45 in CA-IPCC May 2016
Priyanka Chandak	AIR 7 in CS- Executive December 2015

PARTICIPATION IN OTHER FESTS

NAME OF THE FEST	NAME OF PARTICIPANTS	POSITION	EVENT NAME	OVERALL RESULT
Atharv (IIM - Indore)	Vedant Marda, Abhimanyu Gupta and Pawan Toshniwal	2nd	War of Words (Debate)	
	Rasesh Bhagat, Umang Parliwal, Harshit Lahoti, Ayush Bhagat and Vedant Kedia	3rd	Marketing	
Business Conclave (Shri Ram College of Commerce)	Divyanshu Damani	1st	Best Manager	SRCC Shield - 1st
	Puneet Saraf, Aakash Khemka and Sarvesh Saraogi	1st	Finance	
	Akash Kedia, Aditya Kedia and Shubham Agarwal	2nd	Finance	
Commercio Conclave (JD Birla Institute, B.Com)	Vedant Kabra and Shristi Bothra	1st	Marketing	Best Contingent
	Aditya Agarwal and Sarvesh Saraogi	1st	Finance	
	Shubham Agarwal and Uddhav Poddar	1st	Business Quiz	
	Pratik Agarwal, Saharsh Singhania, Vedant Poddar and Yash Dhanuka	1st	Corporate Treasure Hunt	
Confluence (Ecosoc, SXC, Kolkata)	Shubham Agarwal and Kush Kanodia	1st	Econopedia	
	Advika Jalan and Avigat Bawa	1st	Explicate	
Inertia (Team Inertia, SXC, Kolkata)	Sneha Agarwal and Raghav Agarwal	1st	Public Relations	
Invictus (JD Birla Institute, BBA)	Keshav Agarwal and Nikita Chowdhary	2nd	Human Resources/ Public Relations	
Konflict (IIM Indore)	Advika Jalan	1st	Opinion Article Writing	
Prayas (Christ University, B.Com)	Yash Rajgarhia	1st	Best Manager	
	Ratul Borar and Bhavik Vora	3rd	Marketing	
XMC (Xavier's Management Society, St. Xavier's College, Kolkata)	Deepshekhar Bajoria and Aditya Agarwal	1st	Public Relations	
	Anshul Jain and Achint Parmanandka	1st	Finance and Quiz	
	Advika Jalan and Viraj Agarwal	2nd	Marketing	
	Mihir Bajaj and Akash Rungta	2nd	B-Plan	
	Deepshekhar Bajoria and Aditya Agarwal	3rd	Human Resources	
	Anshul Jain and Achint Parmanandka	3rd	White Collar Crime	


THE INDIAN
Sushil Kumar
Bronze (2008)
Silver (2012)
Vijender Singh
Bronze
2008
Saina Nehwal
Bronze
2012
RS Rathore
Silver
2004


OLYMPIC SAGA
Leander Paes
Bronze
1996
Mary Kom
Bronze
2012
PV Sindhu
Silver
2016
Sakshi Malik
Bronze
2016
Abhinav Bindra
Gold
2008

DREAMS.DEVELOPMENT.DESTINY.

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